Holland & Hart

David Glynn

Of Counsel
303.295.8071
Denver
djglynn@hollandhart.com

Christine Garson

Associate
303.293.5977
Denver
cmgarson@hollandhart.com

Tariff Turmoil: What U.S. Companies Need to Know

Insight — March 10, 2025

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Our prior alert addressed the three Executive Orders issued by President Trump in early February imposing additional tariffs on goods from Canada, Mexico, and China. Since then, tariffs have been on again, off again, leaving American businesses reeling. This update provides the current state of tariffs for imports from Canada, Mexico, and China, a summary of tariffs specific to aluminum and steel, as well as provides potential tariff mitigation strategies for businesses grappling with the unforeseen impacts of a rapidly shifting trade landscape.

Canada and Mexico

On March 6, President Trump issued amendments to his original Executive Orders concerning additional tariffs on goods imported from Canada and Mexico. Again utilizing his authority under the International Emergency Economic Powers Act (IEEPA), President Trump this time cited concerns specific to minimizing disruption to the automotive industry in his decision to amend the original orders and allow goods qualifying for coverage under the United States-Mexico-Canada Agreement (USMCA) to continue to enter the United States duty free.

Otherwise, all goods imported from Canada and Mexico remain subject to the 25% ad valorem tariff, while Canadian energy products are taxed at 10%. Also of mention, the duty rate for potash not covered by the USMCA was reduced for both countries from 25% to 10%.

These changes took effect with respect to goods entered for consumption, or withdrawn from warehouse for consumption, on or after 12:01 am EST on March 7, 2025.

China

On March 3, President Trump issued an amendment to his China tariff Executive Order increasing the previously 10% ad valorem tariff to 20%. Also again utilizing IEEPA, President Trump reiterated concerns regarding the threat of fentanyl flowing from the PRC to the United States. This change had immediate effect.

Steel and Aluminum Tariffs

On February 10, President Trump issued a proclamation reinstating 25% tariffs on steel imports, followed by a proclamation on February 11 increasing tariffs on aluminum imports from 10% to 25%. These proclamations modify the tariffs originally imposed in 2018 under Section 232 of the Trade Expansion Act of 1962 (the “Section 232 tariffs”). The White House also issued a fact sheet regarding these changes. The specific HTSUS codes for covered products and their derivatives can be found in Annex 1 to each of the Federal Register notices published March 5 for steel and aluminum, respectively.

On March 11, President Trump threatened on social media to add an additional 25% tariff on all steel and aluminum products imported from Canada, bringing tariff amounts on those Canadian goods to a whopping 50%. This is in retaliation for Canada imposing surcharges on electricity supplied to New York, Minnesota, and Michigan. No official notices or proclamations have been issued as of this point in time.

The new Section 232 tariffs apply to covered steel and aluminum products, as well as their derivatives, that are entered for consumption, or withdrawn from warehouse for consumption, on or after 12:01 am EST on March 12, 2025. The tariffs are in addition to any antidumping (AD) or countervailing (CV) duties on Chinese products, as well as the additional 20% ad valorem tariff imposed in March. Previous exemptions for specific countries are removed.

For derivative products, the additional ad valorem duty will only apply to the steel or aluminum content of the article, but such content must be known and separately entered. Of note, there is a new exclusion from the tariffs for imports of derivative steel and aluminum articles that were processed using inputs that were originally "melted and poured" (steel) or "smelted and cast” (aluminum) in the United States.

Tariff Timeline as of March 10

Date	Country	Tariff Impact
March 4	China	20% ad valorem tariff in effect
March 6	Canada, Mexico	25% ad valorem tariff on most imports 10% ad valorem tariff for energy products from Canada Reprieve for goods qualifying for USMCA
March 12	Worldwide	25% ad valorem tariff on steel and aluminum
April 2	Worldwide	Possible tariffs on agricultural products, vehicles, and other retaliatory tariffs on numerous countries TBD

Tariff Mitigation Strategies

Recognizing that each business will have unique considerations and opportunities for mitigating tariff exposure, below are a few potential avenues to consider.

> **Temporary Importation under Bond (TIB)**. Businesses may wish to consider the TIB program for certain temporary imports. The TIB program facilitates the temporary importation of goods that will not be sold or used in the U.S. market, but rather are intended for specific purposes such as repair, alteration, or processing. Goods imported under TIB are not subject to duties, tariffs, or Merchandise Processing Fee (MPF). Importers must obtain a bond to guarantee that the goods will be exported or destroyed within the specified timeframe. The bond amount is typically double the potential duties and taxes that would otherwise have been payable.
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> **Tariff classification and valuation review**. Businesses may consider auditing their HTS classifications and goods valuation methodologies to ensure accuracy and apply strategies such as First Sale for Export, where appropriate.
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> **Free Trade Agreement (FTA) qualification**. Businesses may wish to reevaluate the use and application of FTAs. Whereas compliance and administrative costs may previously have dissuaded use, it may make sense to begin taking advantage of FTA programs in light of significant tariff increases.
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> **Instruments of International Traffic (IIT)**. Businesses may consider designating certain shipping containers as IIT. IIT refers to reusable items like shipping containers, pallets, skids, lift vans, and cargo tanks that are used repeatedly to transport goods internationally and deemed part of "international traffic." IIT are not subject to duties or tariffs. A continuous bond is required to cover the movement of IITs.

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