

Publications

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25% Duties on U.S. Imports from Canada and Mexico Lifted for USMCA-Eligible Merchandise

Yesterday, March 6, President Trump signed two Executive Orders significantly curtailing the scope of the emergency tariffs he imposed on Tuesday, March 4, impacting U.S. imports from Canada and Mexico. Effective today, U.S. imports from Canada and Mexico that are eligible for preferential treatment under the U.S.-Mexico-Canada free trade agreement (USMCA) are exempt from these additional emergency duties.

On March 4, President Trump allowed most U.S. imports from Canada and Mexico to become subject to tariffs initially announced on February 1, 2025, and imposed under the International Emergency Economic Powers Act (IEEPA). Effective that day, imports of covered products of Mexico and Canada (except for Canadian energy and energy resources) became subject to 25% additional duties; covered Canadian energy and energy resources imports became subject to a 10% duty rate. Only limited products were not impacted, generally encompassing certain products qualifying for duty-free treatment under Chapter 98 or *de minimis* provisions, informational materials, donations intended to relieve human suffering and items ordinarily incident to travel to or from any country.

President Trump's actions yesterday amend those prior announcements. Effective today, March 7, products qualifying for USMCA preferential treatment will also be exempt from the March 4 IEEPA tariffs. Note, imports that entered between March 4 and yesterday, March 6, will still be subject to duties even if otherwise qualifying for USMCA preferential treatment. In addition, Canadian and Mexican potash imported into the U.S. that is not otherwise eligible for USMCA preferential treatment and, therefore, IEEPA duty-free treatment will be subject to 10% duties rather than the 25% duties originally imposed. Importantly, despite informally announcing this action as a deferral of IEEPA tariffs until April 2, these orders do not merely pause IEEPA tariffs on USMCA-qualifying imports until a new implementation date – meaning, President Trump would need to sign new Executive Orders on April 2 (or another date) further modifying the IEEPA tariffs to resume coverage of the now-exempt imports.

In implementing this modification, President Trump's executive orders focus on the impact his tariffs have had on the automotive industry. "The American automotive industry as currently structured often trades substantial volumes of automotive parts and components

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across our borders in the interest of bringing supply chains closer to North America,” he stated, justifying the modification as being necessary to “minimize disruption to the United States automotive industry and automotive workers.” However, the scope of the excluded tariffs is far broader than automobiles and automotive parts, instead encompassing all U.S. imports qualifying for USMCA preferential duty treatment. According to a White House official’s statement to reporters, approximately half of all imports from Mexico and more than one-third of all imports from Canada are utilizing USMCA preferential treatment and will be exempt from IEEPA tariffs.¹ U.S. Customs and Border Protection has already issued guidance regarding import classification codes to be utilized for shipments from Canada and Mexico under the modified tariffs.

U.S. imports are eligible for USMCA preferential treatment if those imports meet the requirements of the USMCA Rules of Origin, which are implemented General Note 11 of the Harmonized Tariff Schedule of the United States (HTSUS). If you need assistance with determining how this action could impact your company, contact Deanna Okun, Lydia Pardini, Polsinelli’s Executive Action Working Group or your Polsinelli contact.

[1] See, e.g., <https://apnews.com/article/tariffs-trump-economy-mexico-canada-bfed103a11a2a71d8353350f94c78814>