2025 Trade & Tariff Outlook

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TRUMP ADMINISTRATION AND TRADE: POLICY AND BUSINESS CONSIDERATIONS

A Presentation to the American Wire Producers Association

February 26, 2025

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Agenda

Setting the Stage

Trade Policy

- Trump's Trade Team
- America First Trade Policy
- Tariffs and Retaliation
- China PNTR
- USMCA
- Trade Legislation

Practical Considerations

Washington's New Balance of Power

White House

 

President Donald J. Trump (R)
Vice President JD Vance (R)

Won Electoral College 312-226

Won Popular Vote 49.8% to 48.3% (+2.3M votes)

Collective margin in seven battleground states was about 760,000

Senate

53 / 47

GOP **Dem**

Republicans Flipped the Senate, Pick Up of 4 Seats

In late January, new Senators Husted (R-OH) and Moody (R-FL) were sworn in

House

218 / 215

GOP **Dem**

Currently 2 GOP vacancies; a 3rd coming soon

Republicans Maintained their Majority

Early vacancies shrinking House GOP majority further

For several months, GOP will have a 217-215 advantage – **no margin for error**

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Trump’s Trade Team

Scott Bessent
Treasury Secretary

Founder of macro investment firm Key Square Capital Management.

Wants to “ensure that trade is free and fair, supporting **long-term U.S. competitiveness**.”

Sees **three distinct uses for tariffs**: (1) to remedy unfair trade practices; (2) to raise revenue; and (3) for negotiating leverage.

Has floated idea of “phasing-in” global tariffs.

Howard Lutnick
Commerce Secretary

CEO of financial services firm Cantor Fitzgerald.

“My way of thinking, and I’ve discussed this with the president, is country-by-country macro [tariffs]. Let America make it more fair. We are **treated horribly by the global trading environment**. They all have higher tariffs, non-tariff trade barriers and subsidies.”

Jamieson Greer
U.S. Trade Representative

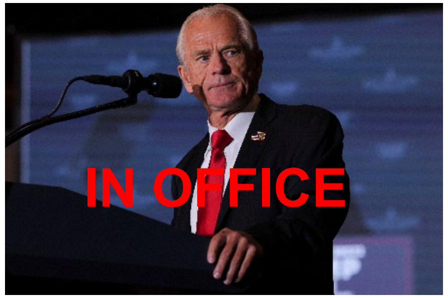
Chief of Staff to USTR Lighthizer during Trump’s first term.

“[T]he implementation of robust U.S. trade measures to manage trade and investment with China have not slowed down or undermined the U.S. economy. Rather, **such measures have strengthened the resilience of the U.S. economy and incentivized production in the United States**.”

Marco Rubio
Secretary of State

Influential China hawk and has long advocated for fighting China’s unfair trade practices.

“Here in America and in many of the advanced economies across the world, **an almost religious commitment to free and unfettered trade at the expense of our national economy shrunk the middle class, left the working class in crisis, collapsed our industrial capacity** and has pushed critical supply chains into the hands of adversaries and of rivals.”



Peter Navarro
Senior Counselor for Trade and Manufacturing

This role is similar to one Navarro held in Trump’s first term, during which he led the administration’s efforts to strengthen Buy America policies.

“We put on significant tariffs on China, steel, aluminum, dishwashers, solar, a lot of increased countervailing duties to stop the dumping. **We had zero inflation from any of that.**”

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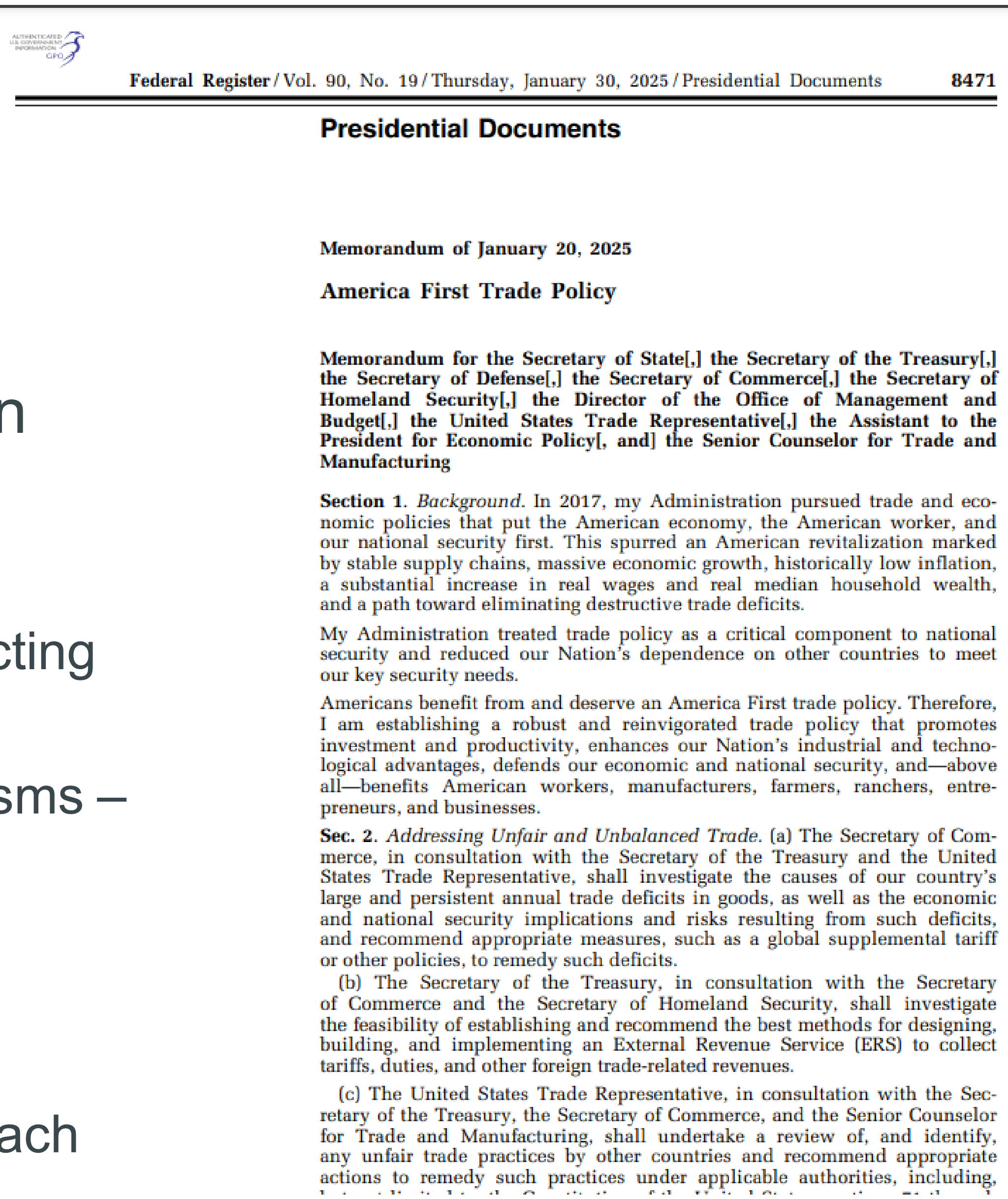
Trump's America First Trade Policy – Top Line Objectives

- Trade policy priorities, building on first term approach and achievements
  - Pursue reciprocity with trading partners
  - Reduce bilateral trade deficits
  - Bolster / reshore domestic manufacturing
  - Raise revenue for the federal government

- Separately, President Trump will also utilize trade tools – primarily tariffs – as leverage to achieve other non-trade policy priorities
  - For example, in response to border/national security concerns, fentanyl trafficking, Digital Sales Taxes, OECD global tax deal, failure to purchase U.S. oil and gas
  - "Transactional" approach

“Day 1” Executive Actions

- Despite early rhetoric, no “Day 1” tariffs
- Dozens of Executive Orders were signed on Jan. 20, but none explicitly imposing tariffs
  - Instead, a broad trade memorandum was issued outlining the administration’s trade goals and directing agencies to report back (by April 1)
  - No specifics on tariffs or implementation mechanisms – but a “blueprint” for possible future tariff actions
- Reflective of:
  - Agencies heads still not in place
  - Uncertainty within Administration as to best approach



Federal Register / Vol. 90, No. 19 / Thursday, January 30, 2025 / Presidential Documents 8471

Presidential Documents

Memorandum of January 20, 2025

America First Trade Policy

Memorandum for the Secretary of State[,] the Secretary of the Treasury[,] the Secretary of Defense[,] the Secretary of Commerce[,] the Secretary of Homeland Security[,] the Director of the Office of Management and Budget[,] the United States Trade Representative[,] the Assistant to the President for Economic Policy[, and] the Senior Counselor for Trade and Manufacturing

Section 1. *Background*. In 2017, my Administration pursued trade and economic policies that put the American economy, the American worker, and our national security first. This spurred an American revitalization marked by stable supply chains, massive economic growth, historically low inflation, a substantial increase in real wages and real median household wealth, and a path toward eliminating destructive trade deficits.

My Administration treated trade policy as a critical component to national security and reduced our Nation’s dependence on other countries to meet our key security needs.

Americans benefit from and deserve an America First trade policy. Therefore, I am establishing a robust and reinvigorated trade policy that promotes investment and productivity, enhances our Nation’s industrial and technological advantages, defends our economic and national security, and—above all—benefits American workers, manufacturers, farmers, ranchers, entrepreneurs, and businesses.

Sec. 2. *Addressing Unfair and Unbalanced Trade*. (a) The Secretary of Commerce, in consultation with the Secretary of the Treasury and the United States Trade Representative, shall investigate the causes of our country’s large and persistent annual trade deficits in goods, as well as the economic and national security implications and risks resulting from such deficits, and recommend appropriate measures, such as a global supplemental tariff or other policies, to remedy such deficits.

(b) The Secretary of the Treasury, in consultation with the Secretary of Commerce and the Secretary of Homeland Security, shall investigate the feasibility of establishing and recommend the best methods for designing, building, and implementing an External Revenue Service (ERS) to collect tariffs, duties, and other foreign trade-related revenues.

(c) The United States Trade Representative, in consultation with the Secretary of the Treasury, the Secretary of Commerce, and the Senior Counselor for Trade and Manufacturing, shall undertake a review of, and identify, any unfair trade practices by other countries and recommend appropriate actions to remedy such practices under applicable authorities, including,

America First Trade Policy Memo: Areas of Study

Commerce Department

- Trade deficits / implications & remedies (e.g., global tariffs under Section 122)
- Application of U.S. AD / CVD laws
- Economic & security review of U.S. industrial and manufacturing base (new Section 232s)
- China PNTR legislation
- China's IP regime
- Export controls / closing loopholes [with State Department]
- Biden-era "connected vehicle" regs; possible expansion
- Illegal migration and fentanyl flows

USTR

- Unfair trade practices / potential remedies (e.g., Section 301, IEEPA)
- USMCA 6-year review (public consult)
- Existing trade agreements / changes to ensure reciprocity
- Potential new market access agreements
- Impact of trade agreements on Buy American requirements
- "Phase 1" China agreement and possible enforcement actions
- Possible modifications to Sec. 301 China tariffs
- Other discriminatory Chinese acts, policies and practices

Treasury Department

- Feasibility of creating an External Revenue Service to collect tariffs
- Exchange rate practices of major trading partners / "currency manipulation"
- Lost tariff revenue resulting from *de minimis* program for low-value shipments
- Foreign countries' use of discriminatory or extraterritorial taxes against U.S. citizens / corporations
- Possible strengthening of Biden-era outbound investment EO

White House

- Section 232 exemptions and exclusions (NEC)
- Distorting impact of foreign government financial contributions or subsidies on U.S. federal procurement programs / propose guidance, regs or legislation (OMB)

Reports due April 1, 2025

(OMB report due 4/30)

January 1, 2025: Where Did We Stand with Tariffs?

- Section 232 Steel and Aluminum Tariffs
  - National security-based tariffs on steel imports (25 percent) and aluminum imports (10 percent)
  - Numerous country exclusions (Australia, Argentina, Brazil, Canada, EU, Japan, Mexico, South Korea, Ukraine, UK) – with some additional requirements (quotas, TRQ, melt and pour requirements)
  - Only applied to certain steel articles (most upstream steel inputs, including wire) and a select few derivative/downstream products (nails, tacks, staples, auto bumper stampings, and auto body stampings)
- Section 301 Tariffs
  - 301 investigation on China initiated in 2017 regarding Chinese intellectual property-related practices
  - Beginning 2018, tariffs put on numerous products, ranging from 7.5% - 25%
  - Most wire products at 25%, but there are a number of exclusions. Exclusions to expire in May 2025.

Initial Tariffs on Canada, Mexico, China

- Announced on February 1 under International Emergency Economic Powers Act ("IEEPA")
- Effective February 4 for China; delayed until March 4 for Mexico and Canada
  - 25% tariff on goods from Mexico and Canada, 10% tariff on goods from China (additive)
  - Designed to pressure action to address migration and fentanyl
  - "Energy and Energy Resources" from Canada (including critical minerals) subject to only 10% tariff
  - No duty drawback or FTZs; no *de minimis* exception; no exclusion process (yet)
  - Trump may expand scope or increase duties in response to retaliation
- Trump has also threatened 100% tariffs on BRICS countries if they move away from USD as reserve currency and on the EU if they don't increase purchases of U.S. energy

"If we are your biggest trading partner, show us the respect. Shut your border and end fentanyl coming into this country. So it is not a tariff per se; it is an action of domestic policy.

So this is a separate tariff to create action from Mexico and action from Canada, and as far as I know, they are acting swiftly, and if they execute it, there will be no tariff, and if they don't, then there will be."

-Secretary of Commerce Howard Lutnick

Response by Canada and Mexico

- Canada and Mexico pledged to respond to new tariff actions by placing retaliatory measures on politically sensitive U.S. exports; retaliation is now on hold for 30 days
  - Canada
    - Announced two-tiered retaliatory measures involving imposition of 25 percent tariffs on CN$155 billion of U.S. goods (approximately one-third of U.S. annual exports to Canada)
      - Tier 1 (CN$30 b.) – Tariffs initially set to take effect on February 4; focused on consumer-type goods
      - Tier 2 (CN$125 b.) – Initially set to take effect following 21-day comment period; focused on goods including passenger vehicles and trucks (including electric vehicles), steel and aluminum products, aerospace products, trucks and buses, recreational vehicles, and recreational boats
  - Mexico
    - Telegraphed plans to impose retaliatory tariffs and non-tariff measures, but did not specify goods affected or tariff rates

Response by China

- On Feb. 4, when the new U.S. tariff on Chinese imports took effect, China announced the following countermeasures:
  - Imposition of a 15% tariff on certain types of coal and liquefied natural gas and a 10% tariff on crude oil, agricultural machinery, large-displacement cars and pickup trucks (effective Feb. 10)
  - New export controls on more than two dozen metal products and related technologies, including various tungsten-, tellurium-, bismuth-, molybdenum-, and indium-related materials (effective immediately)
  - Addition of biotech company Illumina and fashion retailer PVH Group to its unreliable entities list
  - Initiation of an antitrust probe into Google
- China is also challenging the tariffs at the World Trade Organization (WTO)

Response by China

- In response to Biden-era actions, China had recently already implemented – or announced it was contemplating – aggressive counter-measures
  - An "unreliable entity list" penalizing companies that undermine national interests
  - Rules to sanction firms that comply with U.S. restrictions on Chinese entities
  - Expanded export control laws
  - A federal procurement price advantage for Chinese products
  - A new ban on export to U.S. market of several materials with high-tech and military applications (gallium, germanium, antimony)
  - Possible devaluing of the yuan

Reinstituting 232 Steel and Aluminum Tariffs

- President Trump’s February 10 Proclamations modified the existing Section 232 steel and aluminum tariffs to “eliminate exemptions” and “close loopholes”
  - Country-specific deals reached since 2018 to limit the tariffs or exempt certain countries are being terminated, effective March 12, 2025
  - The process for importers to request exclusions from the tariffs has ended
    - Exclusions already granted under the exclusion request program remain in effect until their expiration date or until the excluded product volume is imported, whichever comes first
    - General Approved Exclusions (GAEs) will be terminated as of March 12, 2025
  - Tariffs on aluminum imports will increase from 10% to 25%
  - For example, imports of wire rod and carbon/galvanized wire from Mexico (and other countries) will be subject to 25% tariffs.

232 Steel and Aluminum Tariffs: New Derivative Products Added

- February 18 published Annex includes broad array of downstream steel/ steel wire products to be included in expanded 232 tariffs, including:
  - Virtually everything in HTS Ch. 73 included. Wire products include:
    - Stranded wires and cables (HTS 7312)
    - Barbed wire (HTS 7313)
    - Steel cloth, grill, netting and fencing (HTS 7314)
    - Chain and parts thereof (HTS 7315)
    - Nails, tacks, brads and staples (HTS 7317)
    - Needles and safety pins (HTS 7319)
    - Springs (leaf, helical, mattress) (HTS 7320)
    - Garment hangers, sod staples, double loop bar/wire ties, paint roller frames, cables/wires for brake assemblies (HTS 7326)

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232 Steel and Aluminum Tariffs: New Derivative Products Added

- Additional steel products added, including:
  - Heavy machinery (HTS 8431)
  - Plows (HTS 8432)
  - Conduits and conduit joints (HTS 8547)
  - Lockers and boltless shelving (HTS 9403)
  - Lampposts and parts (HTS 9405)
  - Modular building units (including greenhouses and animal sheds) (HTS 9406)
- For products outside Chapter 73, only the steel portion of the import is subject to the 25 percent tariff
- Some <u>steel</u> product HTS codes contained in <u>aluminum</u> derivatives Annex I – needs fix

232 Steel and Aluminum Tariffs: New Derivative Products Added

- Tariffs on new derivative products won't immediately take effect; pending public notification from Commerce that adequate systems are in place to fully, efficiently, and expediently process and collect tariff revenue of the covered articles

- Steel products melted and poured in the U.S. exempt

- The Proclamations also instruct the Secretary of Commerce to establish, by May 11, 2025, a process for including additional derivative articles within the scope of the remedy
  - The process must allow for producers or industry associations to request that a derivative steel product be covered by the Section 232 tariffs
  - Increase in imports of the derivative product identified as a factor
  - Commerce must make a determination within 60 days of receiving such a request

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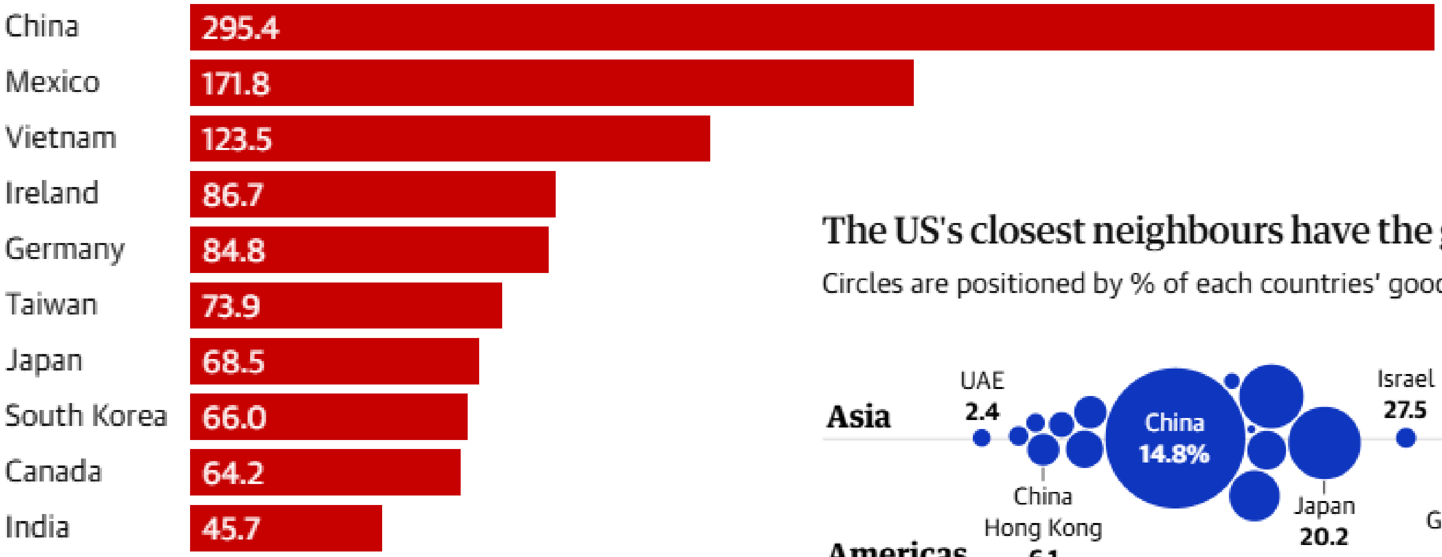
Global Reciprocal Tariffs

- On February 12, President Trump signed a memorandum directing the development of a “Fair and Reciprocal Plan” for imposing a supplemental tariff designed to counteract a wide range of economic barriers that negatively affect U.S. producers and workers, including:
  - tariffs
  - unfair, discriminatory or extraterritorial taxes (including value-added tax, or VAT);
  - nontariff barriers (e.g., technical barriers, government procurement, digital trade barriers)
  - harmful acts, policies, or practices burdening U.S. businesses operating in other countries, including subsidies and burdensome regulatory reporting requirements
  - policies and practices “that cause exchange rates to deviate from their market value to the detriment of Americans;” that cause “wage suppression;” or that make U.S. businesses and workers less competitive
  - any other unfair limitation on market access or structural impediment to fair competition with the U.S.
- The goal of the Plan is to make U.S. trade “more reciprocal and balanced,” thereby reducing the trade deficit, growing the U.S. economy, and improving U.S. trade relationships
  - Example: U.S. vs. EU auto import tariffs

China, Mexico, and Vietnam had the largest trade surpluses with the US in 2024

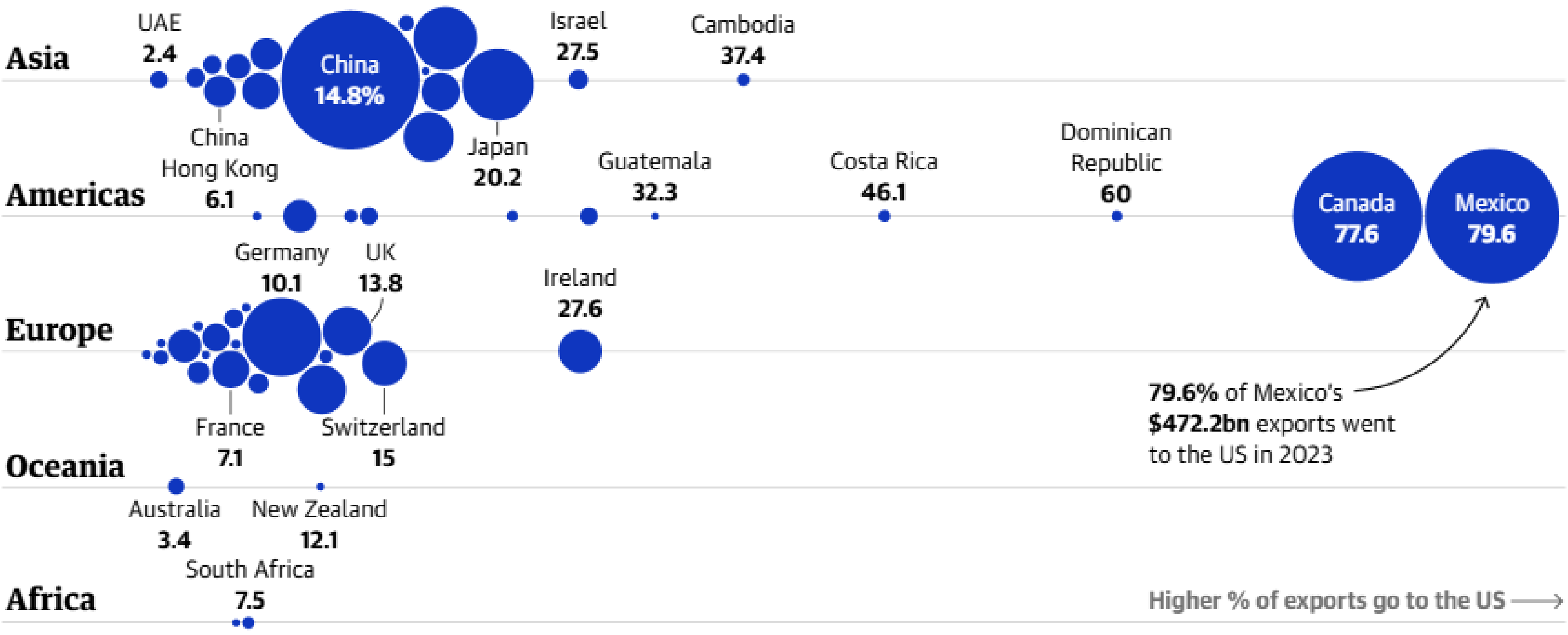
Top 10 surpluses in the trade of goods with the US, $bn



Guardian graphic

The US's closest neighbours have the greatest exposure in terms of trade

Circles are positioned by % of each countries' goods exports that go to the US and sized by the value of those exports in 2023



Guardian graphic. Source: UN Comtrade 2023. Full 2024 data not available at time of publication. Note: Filtered by the top 50 exporters to the US in 2023

Global Reciprocal Tariffs (cont'd)

- Following submission of the America First Trade Policy reports due April 1, the Commerce Secretary and the USTR will lead an interagency process to develop the Plan
  - This includes the initiation of "all necessary actions to investigate the harm … from any non-reciprocal trade arrangements adopted by any trading partners"
  - At the conclusion of such investigative actions, a report detailing proposed remedies will be submitted to the President (no deadline is provided)
- OMB is separately directed to deliver a fiscal impacts assessment by August 12, 2025

THE WHITE HOUSE

Fact Sheet: President Donald J. Trump Announces "Fair and Reciprocal Plan" on Trade

THE "FAIR AND RECIPROCAL PLAN": Today, President Donald J. Trump signed a Presidential Memorandum ordering the development of a comprehensive plan for restoring fairness in U.S. trade relationships and countering non-reciprocal trading arrangements.

- The "Fair and Reciprocal Plan" will seek to correct longstanding imbalances in international trade and ensure fairness across the board.
- Gone are the days of America being taken advantage of: this plan will put the American worker first, improve our competitiveness in every area of industry, reduce our trade deficit, and bolster our economic and national security.

Global Reciprocal Tariffs

- Other considerations and unknowns
  - The Plan will result in a determination of “the equivalent of a reciprocal tariff with respect to each foreign trading partner” to sufficiently counter the identified economic barriers / nonreciprocal relationships
    - Unclear how this will be determined – many hurdles to an “apples-to-apples” comparison
  - Statutory mechanisms for imposing such tariffs are uncertain, but Section 338 of the Tariff Act of 1930 is possible – as is Section 301 of the Trade Action of 1974
  - Possible that the Administration will prioritize certain countries and will likely afford governments the opportunity to offer concessions to the United States (tariffs as negotiating leverage)
    - Those with whom the U.S. has the highest trade deficits are likely to be high on the list
  - Details on any formal opportunities for stakeholder engagement during the investigation process are not yet known
  - Finally, while we anticipate this process will take some time, there is no requirement that the President wait until the process is concluded to take action in pursuit of reciprocity

Potential Future Tariffs

- More tariffs – or, at a minimum, more tariff threats as leverage – are likely
  - During his first term, President Trump utilized Section 301 and Section 232, as well as other trade statutes to impose (or threaten to impose) tariffs on a host of trading partners
  - Additional actions under those statutes are possible, and lesser-used authorities are also under consideration
    - Some authorities allow quicker action, e.g., IEEPA, Section 122 of the Trade Act of 1974 (balance-of-payments), and Section 338 of the Tariff Act of 1930
    - Modifications to *existing* tariff programs can also happen quite quickly – as we saw earlier this month with the Section 232 proclamations
    - *New* tariffs under Sections 301, 232, and 201, however, will require the administration to conduct investigations and these procedural requirements mean tariffs will take longer to impose

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Potential Future Tariffs (cont'd)

- The timing and scope of future tariffs (including products and countries) remains uncertain
  - President Trump has recently mentioned automobiles, semiconductors, metals (e.g., copper), and pharmaceuticals as sectoral priorities
    - February 18th announcement that 25% tariffs on autos, semiconductors and pharmaceuticals "likely" by April 2.
  - At the same time, he has regularly threatened a 10-20% tariff on all U.S. imports
    - Stressing reciprocity, Commerce Secretary Lutnick has said he prefers "across-the-board" tariffs
  - In some instances, we may see "grace periods" or delays to allow for negotiations
  - We could also see "escalating" tariffs – either to increase pressure on targets or respond to retaliation

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Modifications to Existing Section 301 Tariffs

- President Trump's Section 301 China tariffs are still in place
  - <u>Additive</u> to 232 tariffs
  - Existing exclusions set to expire May 31, 2025
  - Biden Administration increased some Section 301 tariff rates in late September 2024, following statutory four-year review
  - Tariffs on certain "strategic" goods already at 50 percent (and 100% for electric vehicles)
    - President Trump can use this existing program to further increase tariffs on goods from China – something he's long promised
  - "American First Trade Policy" memo directs consideration of potential modifications to the existing program, including to address third-country circumvention
    - The memo also directed review of the 2020 U.S.-China "Phase One Agreement"
- Pending Section 301 cases (shipbuilding, legacy semiconductors) likely to be continued

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U.S. – EU Trade

- President Trump has spoken extensively about the lack of reciprocity with the European Union (e.g., the trading bloc's higher tariffs on U.S. autos)
  - He has also threatened tariffs if the EU doesn't purchase more U.S. oil and gas; and the U.S. is likely to demand further cooperation to counter China's trade and economic policies
- European leaders have made clear they are poised to retaliate swiftly if Trump decides to impose tariffs
- A key milestone occurs at the end of March, when the European Commission's postponement of retaliatory tariffs in response to the Section 232 tariffs on U.S. imports of steel and aluminum expires
  - The EU postponed its imposition of retaliatory tariffs while efforts were underway to negotiate an agreement on a Global Arrangement on Sustainable Steel and Aluminum, a key Biden Administration objective
  - EU's "rebalancing measures" set to resume March 31

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What Else to Expect

- Exclusions process largely at the discretion of the President – so far, we have seen a move away from exclusions, which the administration views as “loopholes”
- Legal challenges expected, but will take years to play out
  - The Courts have largely upheld Trump’s previous tariff programs
- Retaliatory tariffs will continue
- Despite likely resistance from more traditional “free trade” Republicans and those worried about retaliation, legislation to rein in existing tariff authority is unlikely in the near-term
  - Trump has floated, and Congressional Republicans have been receptive to, the use of tariff revenue to help offset the cost of tax cuts
  - Congressional Republicans now far more deferential to President Trump’s imposition of tariffs than during his first term

Congress and Tariffs as a Revenue Source

"I don't want to do tariffs just to raise revenue. If President Trump must do tariffs, it should be to equal the playing field for American businesses. But I don't think just using them just to be revenue raisers is necessarily a strategy we would employ," said Rep. Greg Murphy, R-N.C.

New tariffs from Trump have been cited as one way to offset the cost of new tax cuts by adding a new revenue source for the government. Smith said "everything is on the table" when he is looking at "how to thread the needle. .. I have to get 217 votes out of the House and make sure at least 51 in the Senate and if I rule anything out it gets harder."

"I think it'd be a heavy lift," Senator Kevin Cramer, Republican of North Dakota, said. "Here's my fundamental reason: I support tariffs for certain defensive measures and other outcomes. I don't support them as a means of revenue."

John Thune said it's a "novel" idea to raise revenue for tax cuts but only one of many options: "The question is, what are the other implications of doing that?"

Sen. Thom Tillis, R-N.C., called relying on tariffs to finance tax cuts "unsustainable at scale."

"If we just do it like a blunt force object, we're gonna have blunt force trauma," Tillis said.

House Speaker Mike Johnson tells CNN's Jake Tapper that it will be "a balancing act" to determine how to impose tariffs on imports.

China Permanent Normal Trade Relations (PNTR)

- Countries with PNTR status – also known as "Most Favored Nation" (MFN) status – enjoy lower "Column 1" duties when exporting to the United States
  - Currently, only North Korea, Cuba, Russia, and Belarus do not have PNTR status with the U.S.
- Increasing momentum to revoke or suspend PNTR for China
  - By phasing out PNTR (rather than fully revoking it), Congress could provide businesses with time to prepare for any additional tariff changes
  - It is possible that such a transition period would pressure the PRC to renegotiate certain trade and economic issues before higher rates kick in
- Level of Congressional support uncertain, but that may change if the Administration makes a push
  - USTR-designate Greer has previously expressed support
  - American First Trade Policy memo directs study of legislative proposals

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China PNTR

OPINION

China abused its US trade relationship. Trump can fix it

Permanent Normal Trade Relations let China commit every economic crime imaginable

By **Rep. John Moolenaar** , **Sen. Tom Cotton** **OPINION** **Fox News**

Published December 9, 2024 5:00am EST

- Legislation would gradually phase in 35% tariffs on non-strategic Chinese goods and 100% tariffs on strategically-vital Chinese imports
- Presidential discretion to impose additional restrictions on critical imports
- Would use tariff revenue to compensate businesses targeted by possible Chinese retaliation, strengthen the military and pay down the national debt

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USMCA Review

- Under the terms of the USMCA, the trilateral governments are required to conduct a "joint review" every six years
  - Six-year anniversary of the Agreement's effective date is July 1, 2026
  - Negotiations could begin soon and ahead of July 2026 schedule
    - America First Trade Policy memo tasks federal agencies with identifying priority negotiating objectives to be pursued during review process
  - USMCA implementing law requires USTR to seek views from stakeholders and hold a hearing 270 days before a joint review commences, as well as issue a report to Congress 180 days before a joint review starts

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USMCA Review

- Trump Administration is likely to use the review as an opportunity to push Mexico – and, to a lesser extent, Canada – on a range of trade and economic policy issues
  - Steel and auto sectors likely to be priorities
  - Potential focus on revisions to “rules of origin”
    - Means of discouraging use of Chinese inputs in goods eligible for trade preferences under USMCA
  - Chinese investment in Mexico an increasing concern for the United States
    - More generally, expect an effort to ensure that non-signatory countries don’t benefit from the agreement
  - Tariffs will be used as leverage by the U.S. during this review

Additional Trade Legislation

- Many trade programs' authorizations have expired (or will soon expire):
  - Generalized System of Preferences (expired December 31, 2020)
  - Miscellaneous Tariff Bill (expired December 31, 2020)
    - The outlook for MTB remains cloudy, particularly given China-related concerns
  - Trade Promotion Authority (also known as "fast track") (expired June 30, 2021)
  - Trade Adjustment Assistance (expired June 30, 2022)
  - The upcoming reauthorizations of the African Growth and Opportunity Act (AGOA) and Haiti / HOPE programs – set to expire September 30, 2025 – could drive a more comprehensive trade package
- Bipartisan Members have begun working on a Customs reauthorization, and legislation to further curb the use of *de minimis* continues to gain momentum
- Robust support exists for new trade enforcement legislation during the 119th Congress

What Should I Do Now?

For U.S. Manufacturers: Section 232 Derivative Additions

- If your (or your customers') products are not included, prepare for process to add new derivative products (process to be established by May 11, 2025)
  - What we know:
    - Request can come from producer of steel article, derivative steel article, or industry association
    - Import volumes must be increasing
      - Important to identify appropriate (and mis-used) HTS codes
  - What might also be helpful (based on PC strand case):
    - Basic trade data on both the upstream and downstream products
    - Capacity utilization (below 80%)
    - Layoffs
    - Idling of operations or closures
    - Lost sales to imports
  - Once submitted, Commerce must make a determination within 60 days

For U.S. Manufacturers: Revisions to AD/CVD Rules

- America First Trade Policy directed the Secretary of Commerce to review policies and regulations regarding the application of antidumping and countervailing duty (AD/CVD) laws, and to "consider modifications to these procedures, as appropriate"

- Opportunity for U.S. manufacturers to advocate for stronger/more efficient procedures in AD/CVD proceedings; e.g.:
  - Strengthening respondent verification procedures
  - Strengthening adverse facts available ("AFA") when respondents provide vague/incomplete responses, particularly at preliminary determination; limit "bites at the apple"
  - Increase ITC's use of "threat" to find affirmative future injury
  - Broadening use of critical circumstances, to stop surge of imports at beginning of trade cases and provide relief to domestic industry sooner

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For Importers/Exporters: Assess Your Risk Exposure

- Know your imports (sensitivity to U.S. tariff increases)
  - Raw / intermediate materials, finished products, packaging, means of production, valuation
  - Proper HTS tariff classification / country of origin (ruling request vs. self-classification)
  - Do not limit inquiry to products where your company is the importer of record
    - Who do you buy imported products from? Risks and duty implications?
- Know your exports (sensitivity to retaliatory tariffs)
  - Proper HTS / Schedule B tariff classifications / opportunities to change
  - Monitor retaliation (not all retaliatory lists are in published in English)
  - Country of import / target countries for exports → reroute?
- Focus on high-volume / value and/or strategic importance

For Importers/Exporters: Mitigating Tariff Impacts

- Depends on the statutory program
- Look at shipments In Bond, shipments to a Free Trade Zone, Drawback
- Does the import need to come to the U.S. if it is going to be sold outside the U.S.?
- Get the Customs basics right: classification, origin, valuation
- Customs ruling requests; protests and appeals filed with CBP
- Other strategies available specific to your business, import and export activities
- If you are looking at significant risk, consider trade review with a consultant and/or specialty law firm

For Everyone: Advocacy

- Know agencies and representatives with responsibilities on trade issues? Do they know your company?
- Develop an "impact narrative" – what is your story?
- Prepare messaging points / asks
- Develop engagement strategy
- Plan to monitor developments – things will move quickly
- Participate in agencies' public comment opportunities
  - USTR announced on Friday that it is seeking public comment on countries with unfair trade practices that are harming U.S. interests, with March 11, 2025 submission deadline

Kelley Drye

Key Upcoming Tariff Dates

Date	Action
March 4, 2025	IEEPA Tariffs on Canada and Mexico set to resume (est.)
March 6, 2025	Canadian tariffs on U.S. goods set to resume (est.)
March 11, 2025	Deadline for submission of unfair trade practice comments to USTR
March 12, 2025	Section 232 country-specific arrangements, and general exclusions, expire
March 31, 2025	EU's "Rebalancing" measures set to resume
April 1, 2025	Agency reports due under America First Trade Policy Memo
Post-April 1	Commerce, USTR, and other agencies to investigate and report on reciprocal tariffs
April 2, 2025	Announced date for additional tariffs on automobiles, semiconductors, pharm. (est.)
May 11, 2025	Deadline for Commerce to establish process for adding 232 derivative products
May 31, 2025	Section 301 exclusions set to expire

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Questions?