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Trump administration executive action alert

Reciprocal and baseline tariffs | 2 April 2025

[Text of executive order on reciprocal tariffs; White House fact sheet](#)

[Text of executive order on de minimis exemption; White House fact sheet](#)

Key highlights

- On 2 April, President Trump unveiled the long-anticipated slate of “reciprocal tariffs” and signed an executive order (EO) to implement them. These tariffs, while subject to change, impact all US trading partners to varying degrees.
- Trump also signed an EO that moves forward with closing the de minimis exemptions on duties for low-value imports from mainland China and Hong Kong.
- Key elements of the EO on reciprocal tariffs include:
 - Tariff amounts and timing:
 - **Reciprocal tariffs (effective 9 April):** Individualized “reciprocal” higher tariffs on goods imported from jurisdictions with which the US has the largest trade deficits (see table below)
 - **Baseline tariff (effective 5 April):** 10% tariff on most other countries

US reciprocal tariff rates for select trading partners	
Jurisdiction	Tariff rate
Vietnam	46%
China Mainland	34%
Taiwan	32%
South Africa	30%
India	26%
South Korea	25%
Japan	24%
EU	20%
Nicaragua	18%
Israel	17%

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Venezuela	15%
Australia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Panama, Peru, UK, Uruguay	10%

■ Key elements of the EO on de minimis exemption:

■ Tariff amounts and timing:

- Eliminates the duty-free treatment of packages from mainland China and Hong Kong valued at \$800 or less. International package carriers must pay the new duties to the US government.
- All tariffs that apply to China would apply to such packages if shipped through means other than the international postal network.
- For small packages shipped through the international postal network, the international carriers must choose one of two fee options for all packages (the selection of the fee option can change monthly) in lieu of other tariffs that apply to China:
 - 30% of the value of the package shipped after 12:01 a.m. on 2 May 2025
 - \$25 per package for goods shipped between 12:01 a.m. on 2 May 2025 and 12:00 a.m. on 1 June 2025 and \$50 per package for goods shipped after 12:01 a.m. on 1 June 2025.
- Trump previously attempted to eliminate this exemption in February with the EO imposing tariffs on China due to its perceived role in the flow of fentanyl into the US. However, the Trump administration paused it due to operational challenges with collecting the duties.

Additional information regarding reciprocal EO

■ Legal basis for reciprocal tariffs:

- The reciprocal EO declares a national economic emergency arising from conditions reflected in large and persistent annual US goods trade deficits.
- Although described as “reciprocal” tariffs based on both tariffs and non-tariff barriers to US exports such as currency manipulation, value-added taxes (VAT) and other “harmful policies,” the US Trade Representative has [indicated](#) that the rates were calculated using a formula intended to “drive bilateral trade deficits to zero.” The central element of the formula is a country’s goods trade balance with the US divided by its goods exports to the US.

- **Fluid nature of the reciprocal tariffs:** The order stipulates that the president may increase tariff rates and scope in response to retaliatory actions from trading partners. Conversely, the order also indicates the president may decrease or limit the scope of tariffs for trading partners that take significant steps to remedy perceived non-reciprocal trade arrangements and align with the US on economic and national security matters.
- **Cumulative effect:** The reciprocal tariffs are in addition to any other country-specific tariffs. For example, in the case of China, the 34% reciprocal tariffs will be in addition to the 20% tariffs imposed recently due to China’s perceived role in the flow of fentanyl, among others.
 - However, the EO exempts certain goods including steel and aluminum, copper, pharmaceuticals, semiconductors and lumber articles that already face or will face sectoral tariffs.
 - The White House fact sheet indicates that certain critical minerals and energy and energy products also will be exempt.
- **US-Canada-Mexico Agreement (USMCA):** The EO maintains the current treatment of imports from Canada and Mexico pursuant to previous EOs issued in March to address fentanyl trafficking across the US borders with Canada and Mexico.

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- Those rates are:
 - No tariffs on imported goods from Canada and Mexico that claim and qualify for USMCA preference
 - 10% tariff on any potash imported from Canada and Mexico that falls outside the USMCA preference
 - 10% tariff on energy products imported from Canada that fall outside the USMCA preference
 - 25% tariff for all other imported goods from Canada and Mexico that fall outside the USMCA preference
- If the fentanyl EOs are terminated, the tariff rates on imports from Canada and Mexico will be:
 - No tariffs on imported goods from Canada and Mexico that claim and qualify for USMCA preference
 - No tariff on any potash imported from Canada and Mexico that falls outside the USMCA preference
 - No tariff on energy products imported from Canada or Mexico that fall outside the USMCA preference
 - 12% tariff on all other imported goods from Canada and Mexico
- **De minimis:** Duty-free de minimis treatment remains available for imports of small parcels valued at under \$800 from countries other than China until the Secretary of Commerce notifies the president that there are systems in place to process and collect duties on such shipments.
- **Business considerations**
 - Some analysts believe that with this announcement, US tariffs will approach levels not seen since the Smoot-Hawley Tariff Act of 1930. By some estimates, the average tariff rate charged by the US would increase to roughly 23% from 2.5% in 2024.¹
 - The 2 April announcement is expected to kick off a frenzy of bilateral discussions between the US and trading partners seeking to negotiate a lower tariff rate.
- **Initial reactions**
 - **Global reactions:** Reactions from US global trading partners have started to come in. Approaches are expected to vary.
 - **Australia:** Prime Minister Anthony Albanese described the US announcement as a “poor decision,” while saying that he will not respond with reciprocal levies.
 - **Canada:** Prime Minister Mark Carney stated that although Trump’s tariff announcement preserved “important elements” of the Canada-US trading relationship, it will hurt the international trading system and the US economy.
 - **China:** China urged the US to immediately cancel its latest tariffs and vowed countermeasures to safeguard its own interests.
 - **EU:** European Commission President Ursula von der Leyen vowed to respond to the latest tariffs, calling them “a major blow to the world economy.”
 - **Israel:** Economic officials in Israel expressed shock over the Trump administration's decision to impose a 17% tariff on Israel given that the country had announced a cancellation of all tariffs on imports of US goods.

¹ “Trump announces sweeping new tariffs to promote US manufacturing, risking inflation and trade wars,” *Associated Press*, <https://apnews.com/article/trump-tariffs-liberation-day-2a031b3c16120a5672a6ddd01da09933>

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- **Mexico:** President Claudia Sheinbaum praised the US' preferential treatment of Mexico, stating that "there are no additional tariffs to Mexico and that is good for the country."
- **UK:** Prime Minister Keir Starmer said that "clearly there will be an economic impact" from the US tariffs but that ministers will respond with "cool and calm heads." UK Business Secretary Jonathan Reynolds said "our intention remains to secure a deal."
- **Domestic reaction**
 - While the response from domestic constituents has been mixed, the administration is likely to face pressure to reduce some tariffs from those directly impacted.
 - Some Republicans have begun to express unease with the tariffs and their potential economic impacts to their constituents.
 - Following the announcement, some manufacturing associations (e.g., the National Association of Manufacturers) argue that "the high costs of new tariffs threaten investment, jobs, supply chains and, in turn, America's ability to outcompete other nations and lead as the preeminent manufacturing superpower."
 - The Business Roundtable urged the Trump administration and top trading partners to swiftly reach agreements that "level the playing field for American goods and services and remove these tariffs." It also called for the administration to implement during this negotiation period "additional reasonable exemptions and put in place a transparent, predictable exclusion process."
 - Others, such as the Alliance for American Manufacturing, have praised the tariffs as "a necessary step in the right direction."

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