

US Tariffs Could Rise to Counter Tariffs, Non-Tariff Barriers, VAT, Wage Suppression and More

The reciprocal tariffs that the U.S. intends to levy on imports—which could be announced as soon as April 2—may not be a one-for-one match of the tariff rate of another country for that product. Rather, they could take into account wage suppression, exchange rate management, “mercantilist policies,” non-tariff barriers, value-added tax and extraterritorial taxes.

The [memo](#) said non-tariff barriers include “import policies, sanitary and phytosanitary measures, technical barriers to trade, government procurement, export subsidies, lack of intellectual property protection, digital trade barriers, and government-tolerated anticompetitive conduct of state-owned or private firms.”

The Commerce Department and the Office of the U.S. Trade Representative will lead the efforts to quantify the harm to American exporters from this myriad of issues, though the treasury secretary and the director of the National Economic Council also will have input, particularly on exchange rates. Peter Navarro, senior counselor for trade and manufacturing, will put forward his views, and the DHS secretary will advise on how the tariffs could be collected.

The memo says: “For many years, the United States has been treated unfairly by trading partners, both friend and foe,” and that’s one reason the U.S. has a “large and persistent annual trade deficit in goods.” It says this action is designed to reduce that deficit.

Many questions are unanswered by the memo. Will only goods that the U.S. exports (or exports in any quantity) be targeted, so that goods like mangoes or coffee will be spared? Will the U.S. hike tariffs on goods the countries export to the U.S. in the highest quantities, not all products, so as to affect the bilateral trade deficit most directly? Will only countries with goods trade deficits be targeted,

and countries that buy more goods from the U.S. than they export to the U.S., like Colombia and Australia, be spared?

A senior White House official, speaking on background, said that the Cabinet members that handle trade will “examine those countries first that have the highest trade deficits with us and or the most egregious issues,” and move quickly on those.

A [fact sheet](#) that justified the approach pointed to Brazil’s ethanol tariff, India’s food and motorcycle tariffs, a ban in the EU on U.S. shellfish exports from 48 states, and the EU car tax of 10%.

While Trump [said](#) appreciatively that the EU had lowered its car tariff to 2.5%—that has been suggested as a possibility by EU politicians, but is not a certainty—he also brushed aside a question from a reporter on whether negotiations with trading partners to lower tariffs would mean the tariffs would never be collected. He said he expects most trading partners’ tariffs to remain the same, and said that the tariff revenue will help the U.S. pay down its debt. He didn’t confirm the \$1 trillion annual number that senators were told in a private lunch, however, saying instead, “I think it’ll be a staggering amount” of money collected in tariffs each year.

Both Trump and a top trade hawk in his administration pointed to the EU as a target.

“They have a 20% VAT tax, which we’re considering to be similar or the same as a tariff,” Trump said, about the EU. “They sued Apple, they sued Google, they sued Facebook. The court system over there is not very good to our companies.” He said airlines have complained to him about fees they have to pay when they land at European airports. “The European Union has been absolutely brutal on trade,” Trump said.

Navarro, on the call with reporters, also put a bulls'-eye on the EU. “America runs its more than a trillion dollar pernicious trade deficits because the major exporting nations

OFFICE LOCATIONS

Moonachie, NJ (201-478-4600) * Long Beach, CA (562-435-2327) * Schaumburg, IL (630-860-0782)
Hong Kong • Shenzhen • Guangzhou • Shanghai • Ningbo • Nanjing • Dalian • Tianjin • Qingdao • Xiamen

DOMESTIC CARGO OPERATIONS

Moonachie, NJ (201) 941-4990

www.shipamerican.com

4PL LOCATIONS

New Jersey * California * Joliet, IL

of the world attack our markets with punishing tariffs and even more punishing non-tariff barriers,” he said. “A poster child is the EU’s value-added tax, which almost triples the EU’s tariff rate on American exports, even as it heavily subsidizes the EU’s exports.

“No wonder Germany sells eight times as many cars to us as we do to them, and President Trump is no longer going to tolerate that,” Navarro said.

The non-partisan Tax Foundation [wrote](#) that the VAT is no more trade distorting than state sales taxes. “Despite the appearance of subsidizing exports and punishing imports ... a border-adjusted VAT is trade neutral. A border adjusted tax leads to currency appreciation for the imposing country, which would make it cheaper to import goods, more expensive to export goods, and thus would cancel out the apparent benefits of the tax on imports and the rebate on exports,” the group explained.

The foundation did say that VATs are better for domestic producers because they make sure not to double-tax both a business buying inputs and the customer for that business when it buys the finished product.

“More than 40 percent of US sales tax revenue comes from intermediate transactions, which impose costs on US producers. This design flaw is not present in VATs, which do not double-tax intermediate transactions. Consequently, the sales tax imposes a penalty on domestic production that a VAT (or a better designed sales tax) would not. European VATs aren’t subsidizing anything—US states are just shooting themselves in the foot,” the group wrote.

Although South Korea, Mexico and Canada don’t charge tariffs on most U.S. exports because of their free trade agreements, Trump and his staff made clear that would not be enough to spare them from the reciprocal trade action.

The anonymous White House official said, “The President also is focusing like a laser beam on what he calls non-monetary barriers or non-tariff barriers, and across the international environment, any given country is like fingerprints. They all have a different mix of how they take advantage of the U.S. For example, Japan has relatively low tariffs but high structural barriers, whereas India has the tariffs. It has some of the highest tariffs in the world.

“It doesn’t matter whether it’s strategic competitors like Communist China or allies like the European Union or Japan or Korea, every one of those countries is taking advantage of us in different ways, and the President characterizes this as a lack of reciprocal trade.”

Trump, during the signing of the memo, complained to reporters about Canada. “Canada’s been very bad to us on trade, but now Canada’s going to have to start paying up,” he said. He said again “we just don’t need their products,” and said that Canada would “have to become a state” because the country cannot afford to invest in its military enough to be a full participant in NATO.

Trump talked about reciprocal trade just ahead of a meeting with Indian Prime Minister Narendra Modi. “India traditionally is just about the highest tariff country. They charge more tariffs than any other country. We’ll be talking about that,” he said.

But, again, when asked if his goal was to lower Indian tariffs to U.S. levels, he suggested that it wasn’t. “Whatever they charge us, we’re charging them, so it works out very well. It’s a beautiful, simple system.”

Commerce Secretary nominee Howard Lutnick, who was in the Oval Office during the press conference, struck a different tone, telling a reporter asking about higher prices for consumers: “Remember, if they drop their tariffs, prices for Americans are coming down.”

The memo said that the Commerce Department and USTR would “initiate, pursuant to their respective legal authorities, all necessary actions to investigate the harm to the United States from any non-reciprocal trade arrangements adopted by any trading partners. Upon completion of such necessary actions, they shall submit to me a report detailing proposed remedies in pursuit of reciprocal trade relations with each trading partner.”

A reporter asked the White House if it would be using Section 232, Section 301, Section 338 to impose tariffs.

The official said Section 301 will likely be “relied on quite heavily,” that Section 232 could be used, and so could the International Emergency Economic Powers Act, or IEEPA. “I think as this unfolds, you’ll see that we will rely on all of the various statutes that provide the president broad authority,” he said.

OFFICE LOCATIONS

Moonachie, NJ (201-478-4600) * Long Beach, CA (562-435-2327) * Schaumburg, IL (630-860-0782)
Hong Kong • Shenzhen • Guangzhou • Shanghai • Ningbo • Nanjing • Dalian • Tianjin • Qingdao • Xiamen

DOMESTIC CARGO OPERATIONS

Moonachie, NJ (201) 941-4990

www.shipamerican.com

4PL LOCATIONS

New Jersey * California * Joliet, IL

There are already Section 301 investigations completed for a number of EU countries, the United Kingdom, India and Turkey over digital services taxes, in addition to the investigations on Chinese practices.

A reporter asked the White House if each product would receive its own reciprocal tariffs—a different one for keys vs. cars. He didn't directly answer. He said, "The advantage of the reciprocal approach is that, rather than one-size-fits-all, it can customize the equivalent tariff to each of the major trading partners based on the kinds of actions they're taking.

"And by doing it at a country-specific level, it opens the door for each country to basically correct the unfair trade practices that they're engaging in. One country might have higher tariffs, another country has higher non-tariff barriers."

Trump also talked about future tariff actions, in addition to the reciprocal tariffs, saying he'd impose tariffs on pharmaceuticals, semiconductor chips and cars to drive more domestic manufacturing in all those sectors. On chips, he said, "Taiwan took our chip business away, and we want that business back. And if they don't bring it back, we're not going to be happy."

"It's not going to be a big shock to the system," he said of the tariffs on drugs, which are currently tariff-free.

"This is something that should have been done many years ago. And ultimately, prices will stay the same, or go down. Our manufacturers are going to be helped. There could be some short-term disturbance, but long term, it's going to make our country a fortune," he said.

"I don't expect exceptions or waivers," he said, after acknowledging that he chose not to impose tariffs on consumer electronics when Apple lobbied him, saying they'd lose market share to Samsung if he did so. "This applies to everybody across the board. This is a much simpler way of doing it, much better," he said. — *Mara Lee*

Steel and Aluminum Annexes Including HTS Codes for Derivative Items Released

The White House [published](#) the annex listing aluminum derivatives that will face additional Section 232 tariffs of 25%, as well as the [annex](#) with the steel derivatives that will face 25% tariffs.

For aluminum, 18 of the tariff lines are in Chapter 76, which means the entire value will be tariffed; the other 104 are in chapters 66, 83, 84, 85, 87, 88, 90, 94, 95 or 96, and only the aluminum content in those goods will face the tariffs.

For steel, 155 items are in chapter 73; an additional dozen items will only owe duties on the steel content in them, and those are either in chapter 84 or 94. The items in those chapters include bulldozer blades, parts of escalators and elevators, backhoe and front-loader attachments, plows, steel shelving, modular steel building units, brass lighting fixtures and other lighting fixtures.

If the steel in the product was melted and poured in the U.S., or the aluminum was smelted and cast in the U.S., then exported to the country that made the finished good, no tariff would be owed on the finished good.

The notice instructs importers of derivatives of either metal to provide to CBP "any information necessary" to identify the metal content in the product. "CBP is hereby authorized and directed to publish regulations or guidance implementing this requirement as soon as practicable."

The notice does not include an effective date, but says there will be another public notice on when the tariffs will be applied, once systems are in place to collect them.

Expect More FCA Enforcement of Customs Fraud, Attorneys Say

The U.S. could use the False Claims Act to more aggressively combat tariff evasion, attorneys at Ropes & Gray said in a Feb. 3 [alert](#). Companies should "carefully scrutinize their import policies and procedures to ensure they are adhering to all applicable laws," the firm said, adding that importers should ensure that they have "appropriate avenues" for internal and external parties to bring confidential reports to the company's attention.

Attorneys Amy Kossak, Megan Lenz and Emerson Siegle said the FCA, which bars the "knowing and improper avoidance of any obligation to pay money to the federal government," is used by DOJ and private whistleblowers to prosecute customs fraud. The statute was put under the "spotlight" after Michael Granston, deputy assistant attor-

OFFICE LOCATIONS

Moonachie, NJ (201-478-4600) * Long Beach, CA (562-435-2327) * Schaumburg, IL (630-860-0782)
Hong Kong • Shenzhen • Guangzhou • Shanghai • Ningbo • Nanjing • Dalian • Tianjin • Qingdao • Xiamen

DOMESTIC CARGO OPERATIONS

Moonachie, NJ (201) 941-4990

www.shipamerican.com

4PL LOCATIONS

New Jersey * California * Joliet, IL

ney general, told attendees at an FCA-focused conference that the law is a “powerful tool in the government’s arsenal for combating evasion of customs duties owed to the U.S. government.”

The three attorneys said Granston’s comments “read as a direct invitation to these plaintiffs’ lawyers to seek out and bring FCA claims based on customs duty evasion.” The alert noted that while President Donald Trump seems keen to downsize the federal government, FCA proceedings could stand as a robust avenue for customs enforcement, given that cases can be brought by private parties.

"As a result, companies may face an ever increasing number of FCA claims premised on (actual, suspected, or speculative) efforts to evade the sweeping new tariffs and the corresponding substantial costs they impose on international supply chains," the alert said. "Even if the claimed customs fraud is unsupported, defendants may need to engage in motions practice to eliminate specious whistleblower claims." — *Jacob Kopnick*

Trump Says UK Trade Deal Will Be ‘Done Rather Quickly’

President Donald Trump said he’s “very receptive” to reaching a trade deal with the United Kingdom that would mean hiking tariffs on the U.K. wouldn’t be necessary. Trump and U.K. Prime Minister Keir Starmer held a joint [press conference](#) after their meeting Feb. 27, which Starmer opened by emphasizing that trade is fair and balanced between the two countries.

Both men said they’re working on a trade deal, which Starmer described as having “advanced technology at its core.”

"I think we're going to have a deal done rather quickly," Trump said.

When a British reporter asked Trump if Starmer had convinced him not to impose tariffs on the U.K. under his reciprocal trade push, Trump joked, “He tried. He was working hard, he was working hard, I’ll tell you that.”

He then added, “I think there’s a very good case ... we could end up with a real trade deal where the tariffs wouldn’t be necessary. I’m very receptive to it. In all seri-

ousness, I think we have a very good chance of reaching a good deal. Could be really terrific for both countries.”

During the same press conference, Trump batted away a question about why he insists that foreign producers, not U.S. importers, pay tariffs.

"I put massive tariffs on China during my four years, we had the best economy in the history of our country. I used tariffs to even things up. We took in hundreds of billions of dollars and we had no inflation," he said. "We're going to bring our car industry back, we're going to bring our chips back ... pharmaceuticals and drugs. The thing that's going to bring us there is tariffs. It's going to make our country rich, and it's going to stop us from being a laughingstock all over the world." — *Mara Lee*

Chemicals Trade Group Asks Trump to Support Return of GSP

The Alliance for Chemical Distribution asked the Trump administration to support a renewal of the Generalized System of Preferences benefits program in Congress. The GSP program has been expired for more than four years.

In a [letter](#) sent Feb. 24, the trade group said that many “small U.S. businesses, including ACD members, rely on the lower duty costs afforded by the GSP Program to remain competitive in the marketplace and reduce their reliance on China.”

It said U.S. companies paid more than \$3 billion in tariffs in the first three years of the GSP lapse that they would not have owed if GSP had been in force, and chemical imports’ forgone GSP benefits averaged \$242 million.

"According to the Bureau of Labor Statistics, chemicals make up about 10.3 percent of input costs for products and services at the producer level. This means that the tariffs paid on previously duty-free products alone lead to an annualized price increase at the producer level of 0.03 percent," the group argued.

They said that the imports support “American workers such as longshoremen, truck drivers, and trade brokers,” as well as warehouse workers, retailers and manufacturers who use the inputs. — *Mara Lee*

OFFICE LOCATIONS

Moonachie, NJ (201-478-4600) * Long Beach, CA (562-435-2327) * Schaumburg, IL (630-860-0782)
Hong Kong • Shenzhen • Guangzhou • Shanghai • Ningbo • Nanjing • Dalian • Tianjin • Qingdao • Xiamen

DOMESTIC CARGO OPERATIONS

Moonachie, NJ (201) 941-4990

www.shipamerican.com

4PL LOCATIONS

New Jersey * California * Joliet, IL

ITC Issues LEO Against Imported Power Converters Used in ‘High-End’ Computing

The International Trade Commission is issuing a limited exclusion order banning imports of power converter modules (ITC Inv. No. 337-TA-1370) from Taiwanese companies Delta and Quanta, Chinese company Foxconn, and their subsidiaries, it said in a [notice](#) to be published Feb. 20. Additionally, the ITC issued cease and desist orders against the U.S.-based subsidiaries of the companies but imposed no bond for covered articles imported or sold during the period of presidential review. The order concludes a Section 337 investigation the ITC launched in August 2023, based on allegations by Vicor Corporation that the respondents are importing power converter modules and computing systems that infringe three of Vicor’s patents related to power system technologies used in high density and high efficiency applications like “high-end” computing (see [ITT 08/16/2023](#)).

FDA Releases New FAQs, Compliance Tools for Traceability Rule for High-Risk Foods

FDA recently added new [frequently asked questions](#) and other information to its [website](#) to help industry comply with upcoming requirements of its Food Safety Modernization traceability rule for high-risk foods, the agency [said](#) this week. The new FAQs “address questions to help clarify how the rule applies to specific situations and are largely based on questions received” from industry, FDA said. Also included are “commodity risk” scores for a list of “foods and associated commodity-hazard pairs,” new supply chain examples to “illustrate how the rule is applied in different scenarios for different commodities,” and more foreign language translations of compliance tools, FDA said. The compliance date for the final rule, issued in November (see [ITT 11/15/2022](#)), is in January 2026.

FDA Delays Effective Date for Final Rule on Food Labeling and Defining ‘Healthy’

The FDA has pushed back the effective date of a final rule on food labeling in response to President Donald Trump’s Jan. 20 executive order calling for a regulatory freeze.

The final rule, “Food Labeling: Nutrient Content Claims; Definition of Term ‘Healthy,’” now will take effect April 28, a *Federal Register* [notice](#) said. It had been scheduled to go into effect Feb. 24. The Feb. 25, 2028, compliance date (see [ITT 12/23/2024](#)) will not change with this effective date delay.

The final rule seeks to ensure that the implied nutrient content claim “healthy” is consistent with current nutrition science and federal dietary guidance, particularly the Dietary Guidelines for Americans. It revises the requirements for when the term “healthy” can be used as an implied nutrient content claim in the labeling of human food products.

New and Revised FDA Import Alerts for Feb. 27

On Feb. 27, the FDA posted new and revised versions of the following Import Alerts (after not having posted new ones for a number of days) on the detention without physical examination of:

- [99-47](#): Human Food Products that appear to be Adulterated for Economic Gain ([here](#))
- [99-45](#): Food Products that are or contain an Unsafe Food Additive ([here](#))
- [99-39](#): Imported Food Products that appear to be Misbranded ([here](#))
- [99-08](#): Processed Foods for Pesticides ([here](#))
- [99-05](#): Raw Agricultural Products for Pesticides ([here](#))

OFFICE LOCATIONS

Moonachie, NJ (201-478-4600) * Long Beach, CA (562-435-2327) * Schaumburg, IL (630-860-0782)
 Hong Kong • Shenzhen • Guangzhou • Shanghai • Ningbo • Nanjing • Dalian • Tianjin • Qingdao • Xiamen

DOMESTIC CARGO OPERATIONS

Moonachie, NJ (201) 941-4990

www.shipamerican.com

4PL LOCATIONS

New Jersey * California * Joliet, IL



International Trade Today

The source for trade compliance news

(ISSN 1932-6289)

PUBLISHED BY WARREN COMMUNICATIONS NEWS, INC.

Warren Communications News, Inc. is publisher of International Trade Today, Export Compliance Daily, Trade Law Daily, Communications Daily and other specialized publications.

Copyright © 2025 by Warren Communications News, Inc.

WARREN COMMUNICATIONS NEWS, INC.
 PO Box 91850, Washington, DC 20090

Albert Warren
 Editor & Publisher 1961–2006

- Paul Warren Chairman and Publisher
- Daniel Warren President and Editor
- Timothy Warren Executive Managing Editor
- Brian Feito Managing Editor
- Mara Lee Senior Editor
- Ian Cohen Deputy Managing Editor
- Jacob Kopnick Associate Editor
- Marc Selinger Assistant Editor
- Kate Nucci Assistant Editor
- Joanna Marsh Assistant Editor
- Amy Fickling Copy Editor
- Hannah Prince Deputy Managing Editor

Sales

- William R. Benton Sales Director
- Bruce Ryan Account Manager
- Jim Sharp Account Manager
- Kenny Johnson Account Manager
- Matt Long Account Manager
- Matt Peterson Account Manager
- Walt Sierer Account Manager

Send news materials to itnews@warren-news.com
 Phone: 202-872-9200
<https://internationaltradedatoday.com>
 Email: info@warren-news.com

- [66-41](#): Unapproved New Drugs promoted in the U.S. ([here](#))
- [45-02](#): Foods containing Illegal and/or Undeclared Colors ([here](#))
- [16-105](#): Seafood and Seafood Products from specific manufacturers/shippers due to Decomposition and/or Histamines ([here](#)).

OFFICE LOCATIONS

Moonachie, NJ (201-478-4600) * Long Beach, CA (562-435-2327) * Schaumburg, IL (630-860-0782)
Hong Kong • Shenzhen • Guangzhou • Shanghai • Ningbo • Nanjing • Dalian • Tianjin • Qingdao • Xiamen

DOMESTIC CARGO OPERATIONS

Moonachie, NJ (201) 941-4990

www.shipamerican.com

4PL LOCATIONS

New Jersey * California * Joliet, IL