10% or 12.5% Tariffs Begin July 24, Will Apply to Less Than 50% of Imports

The U.S. will impose 10% tariffs on goods from Argentina, Bangladesh, Cambodia, Canada, Ecuador, El Salvador, Guatemala, Honduras, India, Indonesia, Jordan, Malaysia, Mexico, Pakistan, Sri Lanka, the U.K., and Trinidad and Tobago, the Office of the U.S. Trade Representative announced just after 5 p.m. July 23 as it finalized its Section 301 forced labor action.

Compared with the proposed action, India, Jordan, Sri Lanka, Honduras, Cambodia, and Trinidad and Tobago were given credit for changing their policies on the import of goods made with forced labor.

The tariffs take effect at 12:01 a.m. ET on July 24, though there is an exemption for goods "loaded onto a vessel at the port of loading and in transit on the final mode of transit" at that time and entered by 12:01 a.m. ET on July 28.

The U.S. will impose a combination of most favored nation rates and an additional Section 301 duty to reach a flat 10% rate on goods from the EU and Taiwan, and if the goods have an MFN rate above 10%, there will be no additional duty.

It will impose a combination of MFN and additional Section 301 duty to reach a flat rate of 12.5% on goods from Japan, South Korea and Switzerland; if their goods' MFN rates are above 12.5%, there will be no additional duty.

All other countries will have a flat rate of 12.5%.

The 301 tariffs do stack on other 301 tariffs, so this will put tariffs of 37.5% on a subset of Brazilian products. However, goods subject to currently completed Section 232 investigations are exempt.

Goods from Canada or Mexico that meet USMCA rules of origin also are exempt.

There is a list of goods exempt from the action that applies to all 59 countries and the EU; there also are additional carve-outs for Argentina, Bangladesh, Cambodia, Ecuador, El Salvador, the EU, Guatemala, Indonesia, Jordan, Malaysia, Switzerland, Taiwan and the U.K. For the U.K., this proclamation finally implements the promised duty-free treatment for whisky negotiated by King Charles and exempts more than 40 tariff lines of medical equipment, parts of those machines, and implants like artificial joints and pacemakers.

For the list of exempt goods available to all 60 economies, according to Global Trade Alert, the original proposal of forced labor exemptions that would apply was 99.3%, the same as the current exemptions under Section 122. That original proposal, the Swiss-based non-profit said, would have covered about 60% of imports. A list of exempt products can be found here in the Final action notice.

The administration didn't remove any of the global exemptions from the June proposal except to narrow some chemicals to pharmaceutical applications only. It did add 471 tariff lines, plus specific products for individual countries or the EU "based on requested exemptions negotiated in the context of certain agreements and arrangements."

The additions include animal feed and animal feed inputs, seeds, fertilizer and pesticide inputs, products like coconut coir, jute burlap, and sisal twine that had been limited to religious purposes only and now are broad; in-quota sugar; unflavored instant coffee; exotic animal hides and leather, like ostrich and snake; eucalyptus wood; pig iron; vanadium oxides and hydroxides; certain ferrous inputs and waste; certain aluminum scrap and waste; battery scrap and waste; aluminum hydroxide; ash containing precious metals or precious metal compounds; certain semiconductor manufacturing equipment; certain pharmaceuticals and pharmaceutical ingredients; worked shell; used clothing; and certain antiques, collectibles and art.

For 15 countries and the EU, this is just the first shoe to drop. China, the EU, Switzerland, Norway, Taiwan, Vietnam, India, South Korea, Japan, Indonesia, Malaysia, Cambodia, Thailand, Bangladesh and Mexico also are under investigation for a second Section 301investigation on structural excess capacity; Vietnam also has a third 301 investigation specific to intellectual property issues.

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