



This Week in Trade: Wrap Up

Trade Updates – March 7, 2025

Quick Hits

- White House Trade Adviser Peter Navarro said this morning the Administration will move forward on April 2 with one reciprocal tariff rate for each country
- President Trump pauses 25 percent tariffs on Canada and Mexico until April 2; first tranche of Canada retaliatory tariffs remain in place, with second tranche postponed; Mexico retaliation appears to be on hold
- Despite the Canada and Mexico tariff reprieve, Trump says he may impose “reciprocal” tariffs on Canadian dairy and lumber
- Fentanyl-related tariffs on Chinese goods increased to 20 percent; China hits back

Dates to Watch

- [March 11](#): Public comments [are due to USTR](#) on “unfair and non-reciprocal foreign trade practices”
- [March 12](#): 25 percent tariffs on steel and aluminum imports from all countries go into effect
- [March 24](#): USTR deadline for [public comment](#) in Section 301 shipping probe
- [April 1](#): Deadline for most reports outlined under the [America First trade memorandum](#);
- [April 2](#): Canada, Mexico tariffs reimposed; President Trump set to announce tariffs on autos, semiconductors, pharmaceuticals; reciprocal tariff action likely to begin;
- [April 30](#): Final report under the America First trade memorandum due from OMB on “any distorting impact of foreign government financial contributions or subsidies on US procurement programs

A Closer Look

Navarro Says One Reciprocal Tariff Rate for Each Country

Today, White House Trade Adviser Peter Navarro indicated the Administration will develop one tariff rate for each country as part of its reciprocal trade plans. He noted the rate will reflect both tariff and nontariff barriers. He stated, “The concept here is one number . . . that reflects, in the aggregate, the unfairness embedded in the higher tariffs and non-tariff barriers that countries impose on us.” He [characterized](#) reciprocal tariffs as a “certainty.”

Navarro’s comments provide some clarity on the Administration’s ambitious undertaking to evaluate approximately 13,000 tariff lines across approximately 200 different trading partners in preparation for its reciprocal trade rollout on April 2.

However, it is not clear how the Administration’s plans for a country-specific duty rate will interplay with a variety of sector-specific tariffs President Trump has said will be



announced on April 2. In recent weeks, President Trump has doubled on April 2 tariffs on autos, semiconductors, and pharmaceuticals. This week, he also said he would impose tariffs on “external” agriculture products on April 2, [stating](#), “To the Great Farmers of the United States; Get ready to start making a lot of agricultural product to be sold INSIDE of the United States. Tariffs will go on external product on April 2. Have fun!”

Importantly, the statutory authority under which the Administration will move forward with tariffs is also not yet clear, though the Administration could use the International Emergency Economic Powers Act (IEEPA).

On Again, Off Again with Canada and Mexico

After imposing 25 percent tariffs on Canadian and Mexican goods under IEEPA on Tuesday, President Trump has now implemented a 30-day pause on tariffs for USMCA-eligible goods, aligning the new deadline with the Administration’s forthcoming reciprocal trade actions on April 2.

The Administration first indicated it would consider tariff delays or carveouts for USMCA-compliant goods just hours after the tariffs went into effect on Tuesday. Tuesday evening, Secretary Lutnick stated, “If you live under those rules [USMCA], then the president is considering giving you relief.”

On Wednesday, the Administration indicated it would provide a 30-day reprieve for automakers compliant with USMCA’s rules of origin, which require 75 percent of a vehicle’s content to be made in North America to receive duty-free treatment. Ford, Stellantis, and General Motors are all in compliance with the rules of origin requirements, suggesting they will benefit from the 30-day reprieve. On CNBC this morning, White House Trade Adviser Peter Navarro suggested auto companies committed to moving supply chains to US as part of their discussions with the Administration.

Of note, while the auto supply chain between the US, Canada, and Mexico is highly integrated, modifications to auto rules of origin likely will be a top priority for the Trump Administration as part of the upcoming USMCA review in 2026. The US has expressed concerns regarding Chinese transshipment and investment in Mexico and has called for more stringent core parts requirements in regional value content calculations.

The Administration also previewed potential relief for agriculture on Wednesday. On Wednesday, Agriculture Secretary Brooke Rollins indicated the Administration was considering some agricultural carveouts for products such as potash and fertilizer amid pressure from some Members of Congress such as [Senator Chuck Grassley](#) (R-IA).

President Trump announced the 30-day delay first for Mexican goods on Thursday, [stating](#), “After speaking with President Claudia Sheinbaum of Mexico, I have



agreed that Mexico will not be required to pay Tariffs on anything that falls under the USMCA Agreement. This Agreement is until April 2nd. I did this as an accommodation, and out of respect for, President Sheinbaum. Our relationship has been a very good one, and we are working hard, together, on the Border, both in terms of stopping Illegal Aliens from entering the United States and, likewise, stopping Fentanyl. Thank you to President Sheinbaum for your hard work and cooperation!”

The President ultimately signed two Executive Orders delaying the tariffs for both [Canada](#) and [Mexico](#) on Thursday evening, noting the tariffs would go into effect on April 2 as part of the Administration’s broader reciprocal trade push. The orders pause tariffs on goods from Canada and Mexico that claim and qualify for USMCA preference and reduce tariffs on Canadian and Mexican potash imports that fall outside USMCA preference. Notably, while the President’s February orders delaying Canada and Mexico tariffs specifically outlined the tariffs would be delayed until March 4, yesterday’s orders do not explicitly specify an April 2 deadline.

The Administration has not yet announced any changes to the forthcoming (March 12) 25 percent tariffs on steel and aluminum, which stand to disproportionately impact Canada and Mexico. The orders yesterday only amend tariffs under IEEPA, suggesting the Administration likely intends to move forward with steel and aluminum tariffs as planned.

Importantly, President Trump also injected an additional layer of uncertainty with respect to Canada and Mexico duties this morning, stating in an interview with Fox Business host Maria Bartiromo “the tariffs could go up as time goes by, and they may go up . . .”

While the Canadian government [imposed tariffs on C\\$30 billion in US goods](#) on Tuesday, Canadian Finance Minister Dominic LeBlanc [said](#) Thursday Canada would delay a second tranche of tariffs scheduled to be imposed on March 25 on C\$125 billion in US goods. Mexican President Claudia Sheinbaum was [initially expected to roll out retaliatory action](#) at a protest this Sunday, and while she has said the event will move forward, she has reframed it as a “festival.”

A fact sheet on the Administration’s Canada and Mexico tariff delays may be viewed [here](#).

And Yet...Trump Says He May Shortly Impose Duties on Canadian Dairy, Lumber

Despite the one-month tariff reprieve, President Trump [stated](#) this afternoon he may impose “reciprocal” duties on Canadian dairy and lumber – potentially as soon as today or early next week.

The US has maintained longstanding concerns with Canada’s supply management system for dairy and initiated two Chapter 31 disputes under USMCA’s dispute settlement



mechanism related to Canada's allocation of tariff rate quotas for dairy under the agreement – the [first](#) of which favored the US, and the [second](#) of which favored Canada.

The US and Canada have also had a decades-long dispute related to softwood lumber, with the US alleging the Canadian federal and provincial governments unfairly subsidize the Canadian lumber industry. Of note, President Trump [directed Commerce](#) to initiate a Section 232 investigation over the weekend into the national security risks posed by imports of lumber – an investigation which could result in additional duties at the end of this year.

With respect to the “reciprocal” tariffs, President Trump said today, “Canada has been ripping us off for years on tariffs for lumber and for dairy products. 250% — nobody ever talks about that — 250% tariff — which is taking advantage of our farmers. So that’s not going to happen anymore. They’ll be met with the exact same tariff unless they drop it, and that’s what reciprocal means. And we may do it as early as today, or we’ll wait till Monday or Tuesday, but that’s what we’re going to do. We’re going to charge the same thing. It’s not fair.” It is not yet clear why President Trump intends to move forward with “reciprocal” duties on Canadian goods before the April 2 rollout; however, the Administration has raised issue with Canada’s refusal to remove its initial fentanyl-related retaliatory tariffs, which – as previously mentioned – impose 25 percent tariffs on C\$30billion in US goods.

More details to come.

[China Duties Increase to 20 Percent, China Retaliates](#)

This week, President Trump [signed an Executive Order](#) to increase fentanyl-related tariffs on Chinese goods from 10 percent to 20 percent – effective March 4. The President indicated China “has not taken adequate steps to alleviate the illicit drug crisis.”

As anticipated, China [retaliated with tariffs](#) ranging from 10 to 15 percent on agricultural goods and noted, “The U.S.’s unilateral tariff increase damages the multilateral trading system, increases the burden on U.S. companies and consumers, and undermines the foundation of economic and trade cooperation between China and the U.S.” China’s latest retaliatory tariffs – effective March 10 – impose 15 percent duties on chicken, wheat, corn, cotton and 10 percent duties on sorghum, soybeans, pork, beef, seafood, fruits, vegetables, and dairy products.

China’s Ministry of Commerce also added [15 American companies to its export control list](#), including: Leidos, Gibbs & Cox, Surveillance Research Company, SourceMap Company, Skydio, Rapid Flight LLC, Red Six Solutions Copmany, Shield AI, HavocAI, Neros Technologies, Group W Company, Aerokomm Inc., General Atomics Aeronautical Systems, General Dynamics Land Systems, Aerospace Environment Company.



Additionally, China added [10 American companies](#) to its “unreliable entity” list, including: TCOM, Stick Rudder Enterprises LLC, Teledyne Brown Engineering, Huntington Ingalls, S3 AeroDefense, Cubic Corporation, TextOre, ACT1 Federal, Exovera, and Planate Management Group.

China also noted it would [initiate an anti-dumping investigation](#) into US optical fiber producers.

What Else You Might’ve Missed This Week

- On March 3, USTR published the [President’s 2025 Trade Policy Agenda](#), which is a statutorily-required document outlining the Administration’s trade priorities. The report highlights the President’s goals of a “Production Economy” to “promote innovation, strengthen the national defense, raise wages, support farmers, and foster the manufacturing renaissance that many elites long thought was impossible for the United States to achieve.” It is not yet clear when Ambassador Greer will testify before the House Ways and Means Committee and the Senate Finance Committee on the 2025 trade policy agenda.
- House Foreign Affairs Ranking Member Gregory Meeks (D-NY) and Senate Foreign Relations Subcommittee on the Western Hemisphere Ranking Member Tim Kaine (D-VA) introduced resolutions ([House/Senate](#)) to terminate the President’s February 1 emergency declarations related to Canada and Mexico fentanyl trafficking/unlawful border migration. The emergency declarations provide the authority for the President to move forward with the 25 percent tariffs imposed under IEEPA. The House and Senate joint resolutions of disapproval would terminate the declarations but require a veto-proof majority in the House and Senate – the prospects for which appear unlikely at this time.
- House Select Committee on the CCP Chairman John Moolenaar (R-MI) and Ranking Member Raja Krishnamoorthi (D-IL) sent a [letter](#) to DOJ, DHS, and USTR urging them to address Chinese transshipment. The letter specifically cites concerns with transshipment of auto parts, textiles and apparel, and chemicals used to manufacture fentanyl.
- Ways and Means Trade Subcommittee Ranking Member Linda Sanchez (D-CA) introduced the [Closing the De Minimis Loophole Act](#), which would immediately end de minimis benefits for all Chinese goods and phase out the de minimis exception for all goods from other countries within 120 days.
- As mentioned, President Trump directed Commerce to initiate [a new Section 232 investigation](#) into the national security risks posed by imports of lumber. Commerce will have 270 days to report its findings to the President (November 26, 2025) and



the President will then have 15 days to determine whether to take action, potentially teeing up duties at the end of this year.

- Vietnam’s Trade Minister will meet with Ambassador Greer next Thursday, March 13, to discuss the US-Vietnam economic relationship. Vietnam is reportedly considering several measures to demonstrate good will to the Trump Administration, including [increasing US agriculture imports](#), supporting the [repatriation of Vietnamese nationals detained in the US](#), and [allowing Starlink to enter the Vietnamese market](#).
- In his remarks before a Joint Session of Congress on Tuesday, President Trump [called out](#) India’s high auto tariffs to highlight his broader reciprocal trade initiative. He stated, “India charges us 100 per cent tariffs; the system is not fair to the US, it never was. On April 2, reciprocal tariffs kick in. Whatever they tax us, we will tax them. If they use non-monetary tariffs to keep us out of their market, then we will use non-monetary barriers to keep them out of our market.” President Trump and Prime Minister Modi previously agreed to begin negotiations on a targeted trade deal, with the goal of completing the first tranche of an agreement by fall 2025. Secretary Lutnick [indicated this week](#) India must lower tariffs, shift defense equipment purchases away from Russia, and increase market access for US agricultural goods.

Save the Date!

We will be hosting a happy hour with the Congressional Tax and Trade Staff Association on Thursday, March 27 from 6-8pm. Formal invite to come.