

# CLIENT ALERTS

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## April 15, 2025 Tariffs Update

### Client Alert

4.15.2025

After yet another week of numerous tariff developments, here is a recap of what tariffs are in place as of April 15, 2025.

### **Section 232 Tariffs (Trade Expansion Act of 1962; 19 U.S.C. Section 1862)**

**Steel:** 25% tariffs placed on Steel and Steel Derivatives from all countries were announced by President Trump on February 10, 2025, with an effective date of March 12, 2025. They were based on a previous investigation by the Commerce Department under Section 232 of the Trade Expansion Act of 1962 conducted by the first Trump administration in 2018/2019 on the grounds that imports of steel were a threat to US National Security. All previous exceptions (for countries) and/or exclusions (for particular products or companies) that existed in the past have been cancelled by the President.

**Aluminum:** The White House also announced on February 11, 2025, that tariffs on Aluminum were raised from 10% to 25% and extended to additional aluminum derivatives. These modifications were also based on a Commerce Department investigation and finding of a national security threat during the first Trump administration. Similar to the Steel 232 tariffs, all previous country exceptions and product exclusions have now been erased.

**Autos and Auto Parts:** A 25% tariff on all automobiles and automobile parts imported into the US was announced by President Trump on March 26, 2025. The tariff on vehicles became effective on April 2, 2025; the effective date for tariffs on auto components is expected to take place sometime in May of 2025. These tariffs may be offset by a valuation of the US-made content of such vehicles and/or parts. The tariff on autos and auto parts was also apparently based on a Commerce Department investigation conducted under Section 232 and

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## CLIENT ALERTS

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reported to then-President Trump in 2019. The Commerce Report concluded that the importation of these products was also a threat to national security. (This Report was never acted upon during the first Trump administration and was not published until July of 2022, during the Biden administration.)

At this time, only automobiles and automotive parts (listed in the Section 232 Auto/Auto-Parts Executive Order) compliant with the United States-Mexico-Canada Agreement (USMCA) are excluded from the automotive tariffs. All of the new Section 232 tariffs are said to be in addition to pre-existing “base rates” in place in accordance with World Trade Organization (WTO) protocols.

On April 14, 2025, President Trump told reporters in the Oval Office that he is considering possible temporary exemptions on imported vehicles and parts to provide the auto industry more time to move manufacturing back to the US from Mexico and Canada.

### **IEEPA Tariffs (International Emergency Economic Powers Act of 1977; 50 U.S.C. Sections 1701 et seq)**

**IEEPA “Fentanyl” Tariffs:** On February 1, 2025, President Trump declared a national emergency using his authority under the National Emergencies Act (“NEA”) (50 U.S.C. Sections 1601 et seq). The emergency he cited was the “extraordinary threat posed by illegal aliens and drugs” including fentanyl. He then used his authority under the IEEPA to impose 25% tariffs on all imports from Canada and Mexico, and 10% (since raised to 20%) additional tariffs on all imports from China.

These “Fentanyl” tariffs were originally supposed to take effect on February 3, 2025; however, President Trump agreed to a 30-day “pause” on February 4, 2025, for Canada and Mexico, but not China. On March 6, 2025, the White House announced that, effective March 7, 2025, until April 2, 2025, USMCA qualifying goods would be exempt from these IEEPA Fentanyl tariffs. The tariff on non-USMCA qualifying potash from Canada was also lowered to 10%.

**IEEPA “Reciprocal” Tariffs:** President Trump made his highly-publicized announcement of “Reciprocal” Tariffs in the White House Rose Garden on “Liberation Day,” April 2, 2025. Again, citing his authority under the NEA and IEEPA, the President stated that the factors contributing to the “large and persistent US goods trade deficits” with many countries “constitute an unusual and extraordinary threat to the national security and economy of the US”. The tariffs he announced are in two categories. The first category is a 10% “base” or “universal” tariff applied to imports from all countries except Canada, Mexico, Cuba, Russia, North Korea and Belarus. It went into effect on April 5, 2025, on all goods except those specified in Annex II of the Executive Order.

Additionally, the President announced varying additional tariffs nearly on 80 countries enumerated in Annex I of the Executive Order. These amounts varied – from 17% to 50% at the time of the announcement; however, the President stated they would be increased for any country that retaliated. After China twice announced its own tariff increases on imports from the US, the President has raised these tariffs on China to 125%.

## CLIENT ALERTS

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These Annex I tariffs, which have become known as the “Reciprocal tariffs”, took effect at 12:01 am on April 9, 2025; however, at 1:18 pm on that day, President Trump announced a 90-day pause on them, lowering the IEEPA tariffs for those countries (with the exception of China) to the 10% “base” rate instead for that period.

Annex II of the April 2 Order exempts a number of products from both the “base” IEEPA tariffs and from the IEEPA “reciprocal” tariffs. The exempted products in the Annex include:

- Copper
- Pharmaceuticals
- Lumber
- Certain critical minerals
- Energy and energy products
- Semiconductors
- Products covered (now or in the future) by Section 232 Tariffs (currently, steel, aluminum, autos and auto parts).

On April 11, 2025, the White House issued a Presidential Memorandum “Clarification of Exceptions Under Executive Order 14257 of April 2, 2025, as Amended”. This document enumerates the Harmonized Tariff Schedule (HTS) codes that should be considered as covered by the Order’s exception of “semiconductors” in Annex II. These products include smartphones, modems, routers, and computers from all countries, including China (however, the President later noted that these products would still be covered by the 20% China IEEPA “Fentanyl” tariff). The clarification further noted that any IEEPA “base” or “reciprocal” tariffs that had been paid between April 5 and April 11, 2025, will be refunded.

The White House document states that, “Any duties that were collected at or after 12:01 a.m. Eastern Daylight Time on April 5, 2025, pursuant to Executive Order 14257 and the Subsequent Orders, on imports that are excepted under Executive Order 14257 and the Subsequent Orders because they are “semiconductors,” shall be refunded in accordance with US Customs and Border Protection’s standard procedures for such refunds.

The White House has since clarified that it has initiated Section 232 investigations for semiconductors, pharmaceuticals, lumber and copper. President Trump also told reporters on April 14, 2025, that he is considering temporary exemptions for the auto industry to give the companies more time to relocate their factories from Canada and Mexico back to the US.

### **Retaliatory Tariffs Imposed by Other Countries on Imports from the US**

**Canada:** Canada imposed 25% retaliatory tariffs on Steel and Aluminum and their derivatives imported from the US in retaliation for the US 232 tariffs on those products effective March 2025. 25% tariffs on automobiles imported from the US went into effect on April 9, 2025, in retaliation for the Section 232 Automotive Tariffs.

## CLIENT ALERTS

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**China:** China has reciprocated all US-imposed IEEPA tariffs with commensurate tariffs on all goods imported into China from the US. The Chinese Finance Ministry has stated that it will not respond to any further tariffs imposed by the US, since trade between the two countries has now been “effectively severed”.

China also announced this weekend that it will require special export licenses for six heavy rare earth minerals that are refined exclusively in China, as well as rare earth magnets that are 90% produced in China. Additionally, China has halted all Boeing deliveries.

### **Congressional Responses and Legal Challenges**

**US Senate:** Senators Cantwell (D-WA) and Grassley (R-IA) introduced a bill that would require the President to notify Congress within 24 hours of any new tariffs. The Trade Review Act would also require Congressional approval of any new tariffs within 60 days (without which those tariffs would expire); and would allow Congress to terminate most tariffs at any time through passage of a resolution of disapproval. Six other Republican Senators have expressed their approval of this legislation.

Senators Wyden (D-Or) and Paul (R-Ky) have introduced a resolution of disapproval to end the IEEPA-based tariffs announced on April 2, 2025. A previous resolution of disapproval introduced by Senator Kaine (D-Va) to end the IEEPA fentanyl and immigration-based tariffs imposed on Canada gained the support of four Republican Senators.

United States Trade Representative (USTR) Ambassador Jaimeson Greer also appeared in front of the Senate Finance Committee on April 8, 2025.

**House:** Legislation similar to the Senate-proposed Trade Review Act was introduced in the House by Representative Don Bacon (R-NE). Resolutions of disapproval of the IEEPA tariffs have also been brought in the House by Democratic Representatives. House Speaker Mike Johnson (R-LA) has blocked those resolutions from the Floor until September or later.

The House Ways and Means Committee also questioned USTR Greer on April 9, 2025.

**Legal Challenges:** Several lawsuits have been filed challenging the use of the IEEPA to impose tariffs. To date, these lawsuits have focused on challenging whether the definition of “emergency” applies to trade deficits; and/or whether implementation of the tariffs is unlawful under the “major questions doctrine”. The challenge under the latter is that, given the “vast economic or political significance” of the tariffs, Congress must have specifically authorized to President to impose them.

The Butzel Automotive and Tariffs groups are available to assist in dealing with these myriad tariffs and related issues. We will continue to update you as quickly and thoroughly as possible through these Client Alerts as well as our Webinar series.

## CLIENT ALERTS

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