

US Tariffs

April 11, 2025 changes: a summary



On April 9, 2025 the US administration announced that the wide ranging ‘reciprocal tariffs’, to be levied on imports of goods into the USA, was suspended for 90 days. In this bulletin, we have summarised the key changes and how clients could start responding to the new tariff landscape.

Baseline tariffs

The **10%** baseline tariff on all countries (imposed on April 5*) remain in place on top of existing tariffs.

Reciprocal tariffs

A 90 day suspension on reciprocal tariffs from April 9.*

*Exemptions

There are some exemptions to products which have either already been targeted in earlier tariff announcements, or where it is in the US interest not to tariff. Some of these include:

- Steel/aluminium articles and autos/auto parts already subject to Section 232 tariffs
- Copper, pharmaceuticals, semiconductors, and lumber articles
- All articles that may become subject to future Section 232 tariffs
- Bullion
- Energy and other certain minerals that are not available in the US

A full review of the exemptions annex is recommended.



Canada / Mexico

For Canada and Mexico, the existing orders remain in effect.

- This means USMCA compliant goods will continue to see a 0% tariff.
- Non-USMCA compliant goods will see a 25% tariff.
- Non-USMCA compliant energy a 10% tariff.

De minimis

- The order states that the \$800 de minimis will be removed from all countries (not just China) when the US systems allow. No date for this has been announced yet.
- From May 2 – de minimis will be removed from Chinese-origin imports.

Impact

- Key UK sectors which are likely to be impacted include Automotive, Industrial Manufacturing and Retail.
- For products on the high seas the tariffs will have been unexpected and will impact pricing / margin.
- Erosion of profit margin / uncompetitive product – impact on business financials, covenants, loans, earning forecasts, supplier relationships, contracts, etc.
- Reconsideration of investment in UK / EU / Asia where final product is US bound.

Retaliation

Light on specifics at this stage – most trading blocks are in negotiation mode but the EU for example, have announced retaliatory measures (similar to 2018) should negotiations fail.

What should businesses think about and how can KPMG support

Step 1

Carry out a detailed impact assessment. This includes:

- Mapping supply chains to identify flows which are likely to be affected.
- Quantifying the additional annual duty costs using KPMG tariff modeller.
- Considering the duty impact of potential reciprocal tariffs (e.g. if using components imported from the US as part of the manufacturing process).
- Consider taking full advantage of the 90 day pause on reciprocal tariffs. This is an ideal opportunity to stockpile ahead of the US administration re-introducing them post 90 days.

Step 2

- Exploring supply chain remodelling/rerouting options – viable alternatives including expanding US presence, using available reliefs such as First Sale valuation principles, potential impact of bilateral deals between the US and various countries in the coming months.
- Impact on Transfer Pricing of any potential supply chain remodelling.
- Reviewing supplier and customer legal contracts to ensure the additional tariff costs are appropriately allocated between the parties in the supply chain.

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