



Reciprocal Trade: What to Know

April 10, 2025

OVERVIEW

On April 2, which the Administration characterized as “Liberation Day,” President Trump announced a 10 percent universal tariff on all imports from all trading partners and a separate, country-specific reciprocal rate for trading partners with which the US has the largest trade deficits. The President’s reciprocal trade agenda – aimed at rebalancing trade and reducing trade deficits, reshoring supply chains, and generating revenue – has rattled markets and injected uncertainty into the global trading regime. However, the President has suggested the reciprocal tariffs will counter high tariff and non-tariff barriers such as currency manipulation, subsidies, intellectual property theft, value-added taxes, and “unfair” sanitary and phytosanitary standards, among other non-tariff barriers. The tariffs have reportedly driven “[more than 75 countries](#)” to the negotiating table.

On April 9, President Trump [issued a 90-day pause](#) (through July 9, 2025) on country-specific reciprocal rates, though he maintained an across-the-board 10 percent duty on all trading partners who have not retaliated. The pause is intended to allow “the Departments of Commerce, Treasury, and the USTR to negotiate a solution to the subjects being discussed relative to Trade, Trade Barriers, Tariffs, Currency Manipulation, and Non Monetary Tariffs . . .”

RECIPROCAL RATES

On April 2, the President [invoked his authority](#) under the International Emergency Economic Powers Act (IEEPA) to impose reciprocal tariffs in two tranches: 1) a universal 10 percent tariff on all goods from all trading partners (with the exception of USMCA-compliant goods from Mexico and Canada), which went into effect on April 5; and 2) country-specific rates (set forth below) for countries which have the highest trade deficits with the US, which were scheduled to go into effect on April 9 but were ultimately paused for 90 days (with the exception of China).

Customs [issued guidance](#) on April 9 to implement the 90-day pause.

The White House [outlined](#) the following reciprocal duty rates, which will go into effect when the 90-day pause lapses:

Country	Reciprocal Rate	Administration Calculated Rate of Tariff and Non-Tariff Barriers Imposed on US
China	34	67
European Union	20	39
Vietnam	46	90

Taiwan	32	64
Japan	24	46
India	26	52
South Korea	25	50
Thailand	36	72
Switzerland	31	61
Indonesia	32	64
Malaysia	24	47
Cambodia	49	97
United Kingdom	10	10
South Africa	30	60
Brazil	10	10
Bangladesh	37	74
Singapore	10	10
Israel	17	33
Philippines	17	34
Chile	10	10
Australia	10	10
Pakistan	29	58
Turkey	10	10
Sri Lanka	44	88
Colombia	10	10
Peru	10	10
Nicaragua	18	36
Norway	15	30
Costa Rica	10	17
Jordan	20	40
Dominican Republic	10	10
United Arab Emirates	10	10
New Zealand	10	20
Argentina	10	10
Ecuador	10	12
Guatemala	10	10
Honduras	10	10
Madagascar	47	93
Myanmar (Burma)	44	88
Tunisia	28	55
Kazakhstan	27	54
Serbia	37	74
Egypt	10	10
Saudi Arabia	10	10
El Salvador	10	10
Cote d`Ivoire	21	41
Laos	48	95

Botswana	37	74
Trinidad and Tobago	10	12
Morocco	10	10

The order notably **EXCLUDED**:

- Steel and aluminum products subject to Section 232 tariffs;
- Autos and auto parts subject to Section 232 tariffs;
- Copper, pharmaceuticals, semiconductors, and lumber;
- All products subject to future Section 232 actions;
- Bullion; and
- Energy and other certain minerals not available in the US.

A full list of products excluded from the order may be viewed [here](#).

Importantly, Canada and Mexico are not subject to reciprocal or universal tariffs at this time. The order notes IEEPA tariffs on Canada and Mexico remain unchanged: USMCA-compliant goods are subject to zero tariffs, while non-USMCA compliant goods are subject to 25 percent duties, with the exception of energy products and potash, which are subject to 10 percent duties. If IEEPA orders are terminated, non-USMCA compliant goods would be subject to 12 percent tariffs.

RETALIATION

While the President’s order on reciprocal tariffs stipulates the US may further increase tariffs if countries retaliate, several countries have outlined potential countermeasures. However, only China has retaliated against the reciprocal tariffs. Of note, Canada imposed retaliatory tariffs on US autos but remains excluded from the scope of the reciprocal tariffs.

Imposed Countermeasures

China: On April 4, China’s Ministry of Commerce announced it will impose a 34 percent tariff on all US goods, effective April 10. The Ministry of Commerce also announced immediate export restrictions on several rare earth minerals used in the production of weapons, electronics, and other consumer goods, including: samarium-related items; gadolinium-related items; thorium-related items; dysprosium-related items; items related to ruthenium; scandium-related items; and yttrium-related items. Additionally, the Ministry outlined other countermeasures, including: suspending chicken and sorghum imports from certain US producers; launching an anti-dumping probe into imports of US medical CT tubes; adding 11 US defense companies to its unreliable entity list; imposing export controls on 16 US firms; and launching an antitrust investigation against DuPont China.

In response, President Trump imposed an additional 50 percent tariff, which was then further increased to 125 percent after China announced it would increase its countermeasures to 84 percent. The 125 percent duty on Chinese goods went into effect on April 9 and will supplement other duties on Chinese goods, such as the 20 percent duty imposed under IEEPA and existing Section 301 duties.

Note: a full list of all tariffs imposed after January 20, 2025 may be viewed as an annex to this document.

Canada: While the Administration excluded Canada from reciprocal duties, instead opting to leave 25 percent IEEPA tariffs in place for non-USMCA compliant goods, Canada [imposed](#) a 25 percent tariff on US-made autos in response to the United States' auto tariffs, effective April 9. The Canadian government [published a list of US autos](#) subject to retaliatory tariffs and noted the retaliatory action [only](#) applies to the US content of a vehicle. Canada also [initiated a WTO dispute](#) on auto tariffs. However, Canada remains excluded from the Administration's reciprocal trade actions.

Planned Countermeasures

European Union: While a majority of the European Union's 27 member states [voted on April 9 to approve approximately \\$23 billion in retaliatory tariffs](#) in response to the United States' Section 232 tariffs on steel and aluminum, the retaliation was ultimately postponed for 90 days. European Commission President Ursula von der Leyen [stated on X](#), "We took note of the announcement by President Trump. We want to give negotiations a chance. While finalizing the adoption of the EU countermeasures that saw strong support from our Member States, we will put them on hold for 90 days. If negotiations are not satisfactory, our countermeasures will kick in. Preparatory work on further countermeasures continues. As I have said before, all options remain on the table."

The planned duties range from 10 to 25 percent and were scheduled to be imposed in three tranches: the first tranche on April 15; the second tranche on May 16; and the third tranche on December 1. The EU has not yet published its list of products subject to retaliation. However, [reporting indicates](#) the first tranche will cover approximately \$4.3 billion in steel, aluminum, corn, rice, motorcycles, motor boats, dishwashers, washing machines, and orange juice, among other products. The second tranche will reportedly cover nearly \$15 billion in poultry, beef, fruit, cereal, wood, plastics, carpet, apparel, glassware, among other products. The third tranche reportedly will cover \$3.8 billion in soybeans and almonds.

Prior to the announced pause, some EU members such as France, Germany, and Austria also [called on the EU](#) to target US services as a potential countermeasure; however, there are differing views within the bloc regarding such an approach. France and Germany have called on the EU to deploy its novel [anti-coercion instrument](#), which not only provides for the imposition of tariffs, but also includes restrictions on trade in services, trade-related aspects of intellectual property rights, and restrictions on access to foreign direct investment and public procurement. Utilization of the ACI is viewed by some as a "worst case scenario" option which would significantly escalate tensions between the US and EU.

Our memo on the EU's anti-coercion instrument may be viewed [here](#).

European Commission President Ursula von der Leyen recently [noted](#) the EU offered the US zero-for-zero tariffs on autos and industrial goods. However, following a two-hour meeting with Secretary Lutnick and Ambassador Greer on April 4, EU Trade Commissioner Maros Sefcovic [stated](#), "Right now, we are in the early stages of discussions because the US views tariffs not as a tactical step but as a corrective measure."

President Trump [recently indicated](#) his desire for the EU to increase US energy purchases, noting “We have a deficit with the European Union of \$350 billion and it’s going to disappear fast. And one of the reasons, and one of the ways that can disappear easily and quickly is they’re going to have to buy our energy from us because they need it.” White House Trade Adviser Peter Navarro also [recently suggested](#) the EU must address non-tariff barriers such as the value-added tax (VAT) and restrictions on US agriculture imports.

Of note, Italian Prime Minister Giorgia Meloni [will visit the White House](#) on April 17 to meet with President Trump on trade.

United Kingdom: The UK has not definitively said it will move forward with retaliation. However, the UK is soliciting public feedback on [a list of products potentially subject to retaliatory tariffs](#) through May 1, 2025 and has indicated it will work to secure a deal with the US in the interim.

NEGOTIATIONS

As previously mentioned, Administration officials indicated “more than 75 countries” have approached the US to initiate trade discussions.

Following a conversation with Japanese Prime Minister Shigeru Ishiba on April 7, President Trump directed Treasury and USTR to negotiate with Japan. In a [post on X](#), Treasury Secretary Scott Bessent stated, “Following a very constructive phone discussion with the Government of Japan, @POTUS @realDonaldTrump has tasked me and @USTradeRep to open negotiations to implement the President’s vision for the new Golden Age of Global Trade with @JPN_PMO Shigeru Ishiba and his Cabinet. Japan remains among America’s closest allies, and I look forward to our upcoming productive engagement regarding tariffs, non-tariff barriers, currency issues, and government subsidies. I appreciate the Japanese government’s outreach and measured approach to this process.” Secretary Bessent [stated](#) he “expects Japan would get priority [in negotiations] as they came forward very quickly.” Prime Minister Ishiba appointed Economic Revitalization Minister Ryosei Akazawa to lead negotiations for Japan.

President Trump also recently [stated](#) “things are looking good” for a potential negotiation with South Korea.

National Economic Council Director Kevin Hassett [noted](#), “there is a big inventory of deals that are right close to the finish line” but stated the Administration would only consider reducing the tariff on a country below 10 percent if a trading partner offered “an extraordinary deal.”

CONGRESSIONAL RESPONSE

On April 3, Senators Chuck Grassley (R-IA) and Maria Cantwell (D-WA) introduced the [Trade Review Act of 2025](#), which would impose new parameters around executive authority to unilaterally impose or increase duties outside the scope of traditional trade remedies. The bill would require the President to submit to Congress within 48 hours “an explanation of the reasoning for imposing or increasing the duty and an assessment of the potential impact of imposing or increasing the duty on United States businesses and consumers.” The bill stipulates any such duties would expire within 60 days absent congressional approval. Seven Senate Republicans have now signed onto the measure: Senator Grassley (R-IA), Senator Moran (R-KS), Senator Murkowski (R-AK), Senator

Tillis (R-NC), Senator Young (R-IN), Senator McConnell (R-KY), and Senator Collins (R-ME). Rep. Don Bacon (R-NE), Rep. Jeff Hurd (R-CO), Rep. Josh Gottheimer (D-NJ), and Rep. Gregory Meeks (D-NY) [introduced a companion bill](#) in the House on April 8. The Administration issued a Statement of Administration Policy on April 7 [threatening to veto the bill](#) – seemingly in attempt to mitigate other potential Republican cosponsors.

Four Senate Republicans – Sen. Collins, Sen. Murkowski, Senator McConnell, and Sen. Paul – also voted with Democrats on April 2 support a [resolution](#) to overturn the President’s use of IEEPA to impose tariffs on Canada. However, House Republicans included language in [a rule](#) earlier this month to turn off privilege for the remainder of the year on the IEEPA resolution, suggesting the House is unlikely to bring up the resolution any time soon. Nevertheless, Rep. Gregory Meeks (D-NY) [indicated last week](#) he would file a discharge petition to overturn the Canada tariffs, which would force a vote on the House floor if it garners 218 signatures.

Senate Finance Committee Ranking Member Ron Wyden (D-OR) and Senator Rand Paul (R-KY) [introduced a resolution on April 8](#) to overturn the use of IEEPA for reciprocal tariffs. The resolution is privileged, meaning the Senate will be required to vote on the resolution in the coming weeks. However, House Republicans included [language in a rule](#) governing floor consideration of the budget resolution to also turn off privilege for any resolution to overturn the use of IEEPA for reciprocal tariffs in the House, suggesting House consideration is unlikely.

Ambassador Greer testified before the Senate Finance Committee on April 8 and the House Ways and Means Committee on April 9 and indicated the President’s reciprocal trade agenda is [intended](#) to invite negotiations with trading partners. During the hearings, [some Committee Republicans](#) urged Ambassador Greer to more clearly outline what the Administration hopes to accomplish with its reciprocal tariffs.

To date, Republican leadership has provided broad deference to the president on tariffs. Speaker Mike Johnson (R-OH) [recently stated](#), “I think you’ve got to give the president the latitude, the runway to do what it is he was elected to do.” Senate Majority Leader John Thune (R-SD) [echoed this sentiment](#), stating, “I expected some turbulence in the stock market, I think everybody did. This was a change in policy, a consequential one, but I think we got to let it play out and see what ultimately happens not only in the near term, but in the long term.”

LITIGATION

On April 4, Susan Webber and Jonathan St. Goddard – two members of the Blackfeet Tribe – [filed litigation](#) in the US District Court for the District of Montana challenging the constitutionality of the President’s use of IEEPA to impose tariffs on Canada and broader reciprocal tariffs. The lawsuit argues tariffs on Canadian goods violate the 1794 Jay Treaty, which exempted tribes on the US-Canadian border from customs duties on their goods. It also argues more broadly against the President’s authority under IEEPA to impose tariffs.

The New Civil Liberties Alliance [filed separate litigation](#) on behalf of a Florida-based stationary company in response to the 20 percent tariffs imposed on Chinese goods under the International Emergency Economic Powers Act (IEEPA). The suit was filed in the US District Court for the Northern District of Florida and the litigant [argued](#) the President does not have the authority under IEEPA to impose tariffs. The suit asks the Court to “declare the China import tariff unlawful, vacate

the increase reflected in the US tariff schedule, and enjoin this tariff's implementation and enforcement.”

The litigation marks the first test cases for the President's authority under IEEPA, which he has used to impose fentanyl-related tariffs on Canada, Mexico, and China, and also served as the legal basis for both the 10 percent universal and country-specific reciprocal tariffs. President Trump is the first to impose tariffs under IEEPA, though it has been used previously to impose export controls, block imports, and freeze assets.

DE MINIMIS

In addition to the reciprocal tariff rollout on April 2, the President also [announced changes to the de minimis exception](#) for Chinese goods, which provides duty-free treatment for shipments valued at less than \$800. While action to revoke the de minimis exception was originally paused in February, the President recently announced he would revoke the exception as of May 2, 2025. The order stipulates the following:

- Imported goods valued at or less than \$800 sent through means other than the international postal network will be subject to all applicable duties;
- Imported goods valued at or less than \$800 sent through the international postal network will be subject to a duty rate of 30% or \$25 per item (increasing to \$50 per item as of June 2, 2025) in lieu of any other duties.

However, the Administration amended the de minimis order on [April 8](#) and [April 9](#) as part of its supplemental tariffs on Chinese goods, ultimately increasing the duty rate to 120 percent and increase fees from \$100 on May 2 through June 2, to \$200 thereafter.

The order requires carriers transporting these shipments to “report shipment details to US Customs and Border Protection (CBP), maintain an international carrier bond to ensure duty payment, and remit duties to CBP on a set schedule.”

Importantly, while the Reciprocal Trade Executive Order notes the de minimis exception will remain in place for other countries, it notes duty-free de minimis treatment will be eliminated once the Secretary of Commerce affirms “adequate systems are in place to fully and expeditiously process and collect duty revenue applicable.”

SECTOR-SPECIFIC TARIFFS

The Administration has indicated it will impose sector-specific tariffs on pharmaceuticals, semiconductors, lumber, and copper but ultimately did not include such duties as part of its reciprocal trade rollout. President Trump [recently stated](#) the Administration would be “announcing very shortly a major tariff on pharmaceuticals,” though timing and process for such an announcement is unclear.

While the President could use his authority under IEEPA, an executive summary of the “America First” trade reports submitted to the President in accordance with his [January 20 memorandum on America First Trade Policy](#) recommended new Section 232 investigations on pharmaceuticals and semiconductors, which could be initiated as soon as this month. In testimony before the House

Ways and Means Committee, Ambassador Greer seemed to imply the Administration was looking at either a new Section 232 or Section 301 probe, stating “The President, he wants to get [pharmaceutical] manufacturing production back here, and so he's going to conduct an investigation to see what's appropriate in terms of tariffs.”

The Commerce Department has ongoing investigations under Section 232 of the Trade Expansion Act related to copper and lumber – the comment period for which closed on April 1, 2025.

The Section 232 process includes the following steps:

- Commerce initiates an investigation to determine the impact of certain imports on national security.
- Commerce will have 270 days to conduct the investigation and issue a report on whether such imports impair national security and provide recommendations to the President. Importantly, the Commerce Department does not need to use the full 270 days.
- The report will evaluate 1) existing domestic production; 2) future capacity needs; 3) manpower, raw materials, production equipment, facilities, and other supplies needed to meet projected national defense requirements; 4) growth requirements; and 5) any other relevant factors.
- Commerce may request public comment and hold public hearings if it chooses. As previously mentioned, the Commerce Department solicited public feedback as part of its ongoing Section 232 investigations on copper and lumber and likely would do the same for pharmaceuticals and semiconductors.
- If Commerce determines imports impair national security, the President will have 90 days to determine whether they agree and what remedial action to take. President Trump has used Section 232 to impose tariffs on steel, aluminum, and autos.

President Trump recently said sector-specific tariffs would be imposed “in the near future.”

CONCLUSION

President Trump’s sweeping reciprocal tariffs – which he characterized as a “declaration of economic independence” – have fundamentally reset the United States’ economic relationship with global trading partners. The extent to which the Administration will quickly negotiate with trading partners to reduce tariff and non-tariff barriers and “rebalance” trade remains to be seen. However, the Administration has signaled a willingness to negotiate “tailor-made deals” with key trading partners such as Japan, South Korea, and others in the coming weeks and months.

TARIFF ANNEX

Tariffs Imposed to Date						
Country	Rate(s)	Products Covered	Rationale	Authorities	Effective Date	Notes
China	20%	All	Fentanyl	IEEPA	3/4/25 (originally 10% on 2/4 and increased on 3/4)	Applies to all imports; supplemental to all existing duties (301, 232, 201)
Canada	25%	All	Fentanyl/border	IEEPA	3/4/25	All USMCA-compliant goods are exempt; 10 percent for Canadian energy and 10% for potash
Mexico	25%	All	Fentanyl/border	IEEPA	3/4/25	All USMCA-compliant goods are exempt
All	25%	Steel	National security	Section 232	3/12/25	No exemptions
All	25%	Aluminum	National security	Section 232	3/12/25	No exemptions
All	25%	Autos and auto parts	National security	Section 232	4/2/25 for autos; 5/3 for auto parts	For USMCA-compliant vehicles, 25% will apply to non-US content of vehicle; USMCA-compliant auto parts exempt for now; supplemental to all other duties (IEEPA, 232, 301, 201)
All countries importing Venezuelan oil	25%	All	Venezuelan oil purchases	IEEPA	4/2/25	At discretion of State Department in consultation with USTR, Commerce, Treasury, DHS; supplemental to all other duties (IEEPA, 232, 301, 201)
All except Canada and Mexico	Varying	All except excluded products	Reciprocal	IEEPA	4/5/25 for 10% universal rate; 7/9/25 for country-specific rates	10% baseline tariff will apply to all trading partners until July 9, 2025 at which point reciprocal rates will go into effect.

China	125%	All	Retaliation for reciprocal tariff	IEEPA	4/9/25	The 125 percent duty will supplement the 20 percent duties imposed under IEEPA and other existing duties.
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