

# Inside the Latest Tariff Shifts

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July 15, 2025



At the date of this publication, polices are evolving. This presentation is for informational purposes only.

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It does not constitute legal advice - please consult with your own legal counsel for such advice.

Do not rely on this information without performing your own research.



## Meet our Speakers



*Host*

**Anne Meredith**

Sr. Marketing  
Analyst  
Global Marketing



*Panelist*

**Mark Hartlage**

US Small Pack  
Compliance  
Manager



*Panelist*

**Catherine Mellor**

Vice President, Global  
Public Affairs  
UPS SCS



*Panelist*

**Jessica Rosen**

Sr. Director of UPS  
Trade Advisory Services  
(TAS)  
UPS SCS

# Today's Agenda

Trade & Tariff Update: What's  
Changed Since April

1

Political Climate & Policy Outlook

2

Strategic Response: Moving Beyond  
the 10 Steps

3

ANY QUESTIONS?  
Ask our panelists using the  
"Q&A" function

Q&A

4



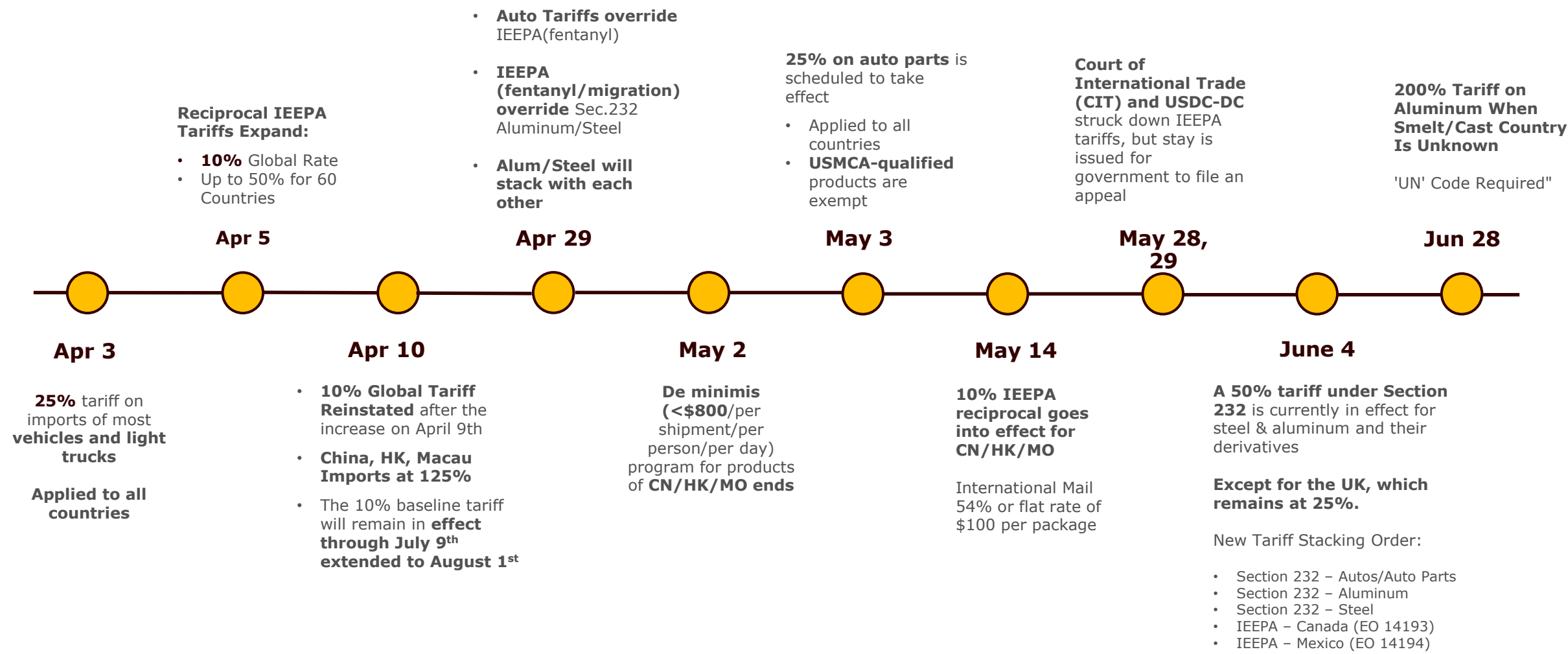


## UPS Trade Insights

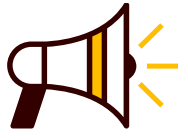
# Trade & Tariff Update: What's Changed Since April



# Timeline of Main Events



# Section 232: Automobile, Auto Parts and Civil Aircraft Parts



## Tariff Scope

- On April 3<sup>rd</sup> a **25% tariff** was imposed on **passenger vehicles** (sedans, sport utility vehicles, crossover utility vehicles, minivans and cargo vans).
- On May 3<sup>rd</sup>, a **25% tariff** was imposed on certain **automobile parts**.
- On June 30th, a new **Economic Prosperity Deal** was implemented with new tariffs on **UK products** that included automobiles, auto parts, and civil aircraft parts.
- A tariff rate quota of **10%** (2.5% general rate and 7.5% Sec 232) for **UK automobiles**.
- A new tariff of **10 % total for UK auto parts** including general rate.
- Qualifying parts of civil aircraft (engines, parts and components) are tariff-free.





# Section 232: Steel & Aluminum Tariffs

## Tariff Scope

- Steel and aluminum tariffs **increased from 25% to 50% as of June 4, 2025.**
- UK-origin goods remain at 25% until August 1.
- Russian aluminum and derivatives continue to face a 200% tariff.
- Aluminum derivatives with unknown cast/smelt origin are also subject to a 200% tariff on the aluminum content.
- No exemptions apply for Chapter 98 (Ex. US goods returning)

## Derivative Product Application<sup>1</sup>

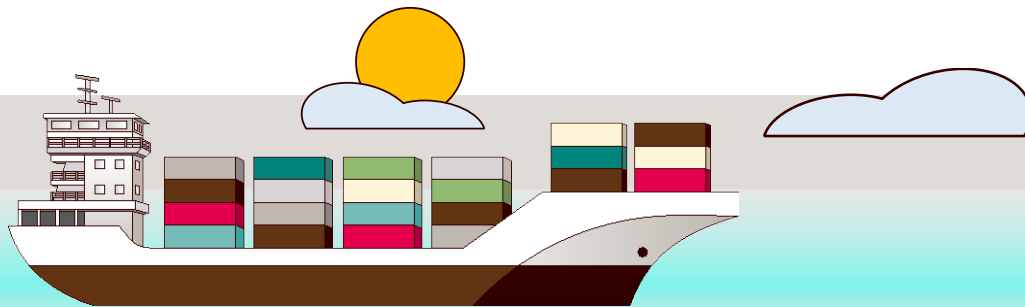
- Applies to derivative products made from steel and aluminum.
- Exempt if steel was melted/poured or if aluminum was smelt/cast in the US.

## Tariff Calculation<sup>2</sup>

- 50% tariff applies only to steel/aluminum
- Importers must keep a Bill of Material (BOM) for CBP verification.

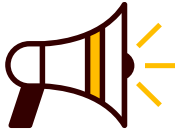
## New Reporting Requirements<sup>3</sup>

- Report melt/pour (steel) and smelt/cast (aluminum) countries. Keep mill test (steel) and analysis (aluminum) certificates for CBP.
- Invoice must show steel/aluminum value in derivatives—otherwise, full item value may be tariffed.





# Tariff Stacking-Determining Your Duty Rate



## Tariff Stacking Scope

- On **June 4th, 2025**, US Customs provided clarification on “**tariff stacking**”. Tariff stacking refers to the cumulative application of multiple tariffs on the same product.

## Stacking of Tariffs

- Determine all applicable Section 232 and IEEPA tariff programs.
- If the Items are subject to Sec 232 Auto/Part tariffs, then no other Sec 232 Steel/Aluminum or IEEPA 2 tariffs shall be applied to the items. IEEPA 1 CN/HK tariffs are still applicable.
- If the article is subject to Sec 232 Steel/Aluminum, IEEPA Canada or IEEPA Mexico tariffs will not apply. IEEPA 1 for CN/HK are still applicable.
  - IEEPA 2 reciprocal tariffs will apply to the non-steel/aluminum content
- USMCA qualifying articles are not subject to the IEEPA 1 Canada/Mexico tariffs.
- China 301 tariffs, when applicable, are always assessed

Source: CSMS 65236574



# Why Country of Origin (COO) Matters More Than Ever

## Origin

The importance of COO, Country of Cast/Smelt (Alm) and Melt/Pour (Steel) have major impacts on the U.S. Sec 232 and reciprocal tariffs

## Tariff rates depend on COO

- Correctly determining a product's country of origin is crucial, as it directly impacts the **amount of duty owed**. This distinction becomes even more significant under measures like **Section 232 tariffs**, which impose additional duties on **aluminum, steel, and related products**.

## Origin rules are complex

- Origin isn't just about where a product ships from — it's about where it is **sourced from or where it has undergone substantial transformation**.

## Accurate documentation

- Importers must maintain detailed, **five-year documentation** to verify product origin—especially for **aluminum and steel**—proving substantial transformation and specifying **country of cast, smelt, melt, or pour**.



# CBP Enforcement Priorities

## *Facilitation to Enforcement*

**The importing community has seen a major shift in priorities with US Customs. CBP staffing has grown for enforcement roles while facilitation tools like ACE and biometric systems are driven by more automation.**



## National and Economic Security

- Border Security
- Trade Security
  - CN 301, IEEPA (1&2), and Section 232



## Uyghur Forced Labor Prevention Act (UFLPA)

- Priorities of the UFLPA
  - Combat human rights abuse
  - Enforce ethical supply chain
- Industries most affected
  - Automotive and Aerospace
  - Consumer Products and Mass Merchandising
  - Apparel, Footwear and Textiles
  - Electronics
- Enforcement activities
  - U.S. Customs detains shipments linked to UFLPA violations
  - UFLPA Entity List is expanding with banned suppliers
  - Detainments and seizures up 31% year-over-year



## Intellectual Protection Rights Enforcement

- Counterfeit crackdown through automated and manual port inspections



# Changes to the De Minimis Exemptions

U.S. Customs has and will be making substantial changes to the **de minimis low value clearance process**. These changes are driven by the large increase of **e-commerce shipments**. In 2015, customs cleared nearly **139 million de minimis shipments**. In **2024**, customs cleared over **1.36 billion shipments**. This increased volume has now created a **higher risk, from an economic, health and safety perspective**.



## De Minimis Timeline

On **May 2<sup>nd</sup>**, all products made in **China or Hong Kong entering the U.S. are no longer eligible for the de minimis exemption**. Any shipment that contains any China or Hong Kong products are now subject to all applicable duty and taxes. (CSMS 64861116)

Starting on **August 12<sup>th</sup>**, 2025, CBP will begin to **enforce de minimis regulations that will only allow \$800 per person per day**. Once the \$800 is exceeded each shipment for that day will be fully dutiable. (CSMS 65406053)

The US Administration has included language in the recently approved OBB Bill that US Customs now has the authority to issue civil penalties for the misuse of the de minimis exemption for US import shipments. These penalties can be up to \$5,000 for the first offense and \$10,000 for each offense after.

The same bill also states **the de minimis exemption will end by July 1<sup>st</sup>, 2027, for US imports**.

On **July 9<sup>th</sup>**, the **FDA updated** their guidance regarding low-value de minimis shipments. All de minimis shipments of FDA regulated products, regardless of quantity and value are subject to the same regulatory requirements.



# **UPS Trade Insights**

## **Political Climate & Policy Outlook**



# U.S. Tariffs (as of July 13, 2025)

Increase in Compliance Costs, Strategic Shifts in Supply Chains



Trading Partner	Apr 2 Reciprocal Rate	Aug 1 rate
Vietnam	+46%	+20% (TBD)
Taiwan	+32%	TBD
India	+26%	TBD
EU	+20%	+30%
China	+34%	Aug 12 deadline - TBD

Still Negotiating

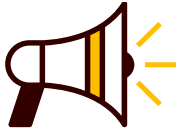
## New Reciprocal tariffs announced effective 1 Aug 2025

Trading Partner	April 2 Proposed Tariff	August 1 Proposed Tariff	Change*
Korea	25%	25%	-
Japan	24%	25%	↑
Malaysia	24%	25%	↑
Kazakhstan	27%	25%	↓
South Africa	30%	30%	-
Laos	48%	40%	↓
Myanmar	44%	40%	↓
Tunisia	28%	25%	↓
Bosnia and Herzegovina	35%	30%	↓
Indonesia	32%	32%	-
Bangladesh	37%	35%	↓
Serbia	37%	35%	↓
Cambodia	49%	36%	↓
Thailand	36%	36%	-
Philippines	17%	20%	↑
Brunei	24%	25%	↑
Moldova	31%	25%	↓
Algeria	30%	30%	-
Iraq	39%	30%	↓
Libya	30%	30%	-
Sri Lanka	44%	30%	↓
Brazil	10%	50%	↑
Canada - non-USMCA goods	25%	35%	↑
Mexico – non-USMCA goods	25%	30%	↑
European Union	20%	30%	↑

\* All tariffs are on top of applicable MFN rates



# Still Ahead for the America First Trade Policy Agenda



## Section 232 Tariffs – National Security

Copper, Timber and Lumber, Semiconductors, Trucks, Critical Minerals, Commercial Aircraft/Jet Engines, Pharma and Pharma Ingredients, Polysilicon, and Drones.

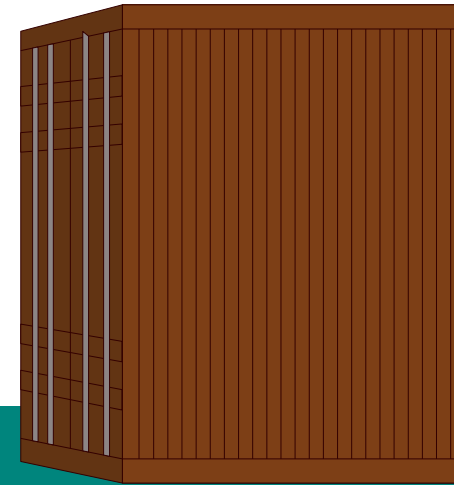
- Common Targets
- Derivative Products
- Non-Stacking Rule

## US-China Negotiations

- Pre-April 2 Status Quo
- Negotiations on rare earth and magnet exports
- Fentanyl & Phase I agreement targets
- Proposed Trump/Xi meeting, November 2025

## US-Mexico-Canada Agreement Review

- July 1, 2026, official date of review
- Fentanyl, immigration, supply chain security



# Legal Challenges to the Trump Administration Tariffs

## Federal Litigation

Ongoing legal challenges across multiple jurisdictions are contesting President Trump's use of the International Emergency Economic Powers Act (IEEPA) to impose a 10% tariff on U.S. trading partners, along with targeted tariffs on China, Canada, and Mexico, posing notable implications across sectors.

## Next Actions

- **July 31, 2025:** Oral Argument scheduled for the Federal Circuit
- **Late Summer 2025:** Possible court decisions
- **Q4 2025:** Possible Supreme Court review

## Why it Matters

**If the one or more federal courts rule that the Trump IEEPA tariffs are unlawful, the tariffs rates across countries could return to previous MFN rates, with *de minimis* on goods from China potentially restored, at least temporarily.**



# Advocacy in Support of UPS Customers

*Stay ahead of evolving customs trade regulations and ship confidently with UPS*

UPS advocates for customers by working to reduce trade barriers and ensure smooth, reliable global shipping.

## USTR Industry Advisory Committee (ITAC)

UPS participates as a cleared advisor to the security cleared process for trade policy review.

## Commercial Customs Operations Advisory Committee (COAC)

UPS provides regular counsel to the Customs and Border Protection on entry thresholds, transshipment, and de minimis.

## Trade Association Advocacy

- Tariff Relief for Manufacturing Inputs
- Opposition to 200% Tariff on 232 Aluminum duties
- Proposal for simplified processing for Low Value Shipments
- Legislative Agenda for tariff relief on medical goods





# **UPS Trade Insights**

## **Strategic Response: Moving Beyond the 10 Steps**



# Evolving the Mitigation Playbook

*Moving Beyond the 10 Steps – from Checklist to Strategy*

April's 10-Step Mitigation Framework was Foundational  
Now it is time to shift to resilience and foresight

1

Assess the impact of changed tariffs

2

Consider United States-Mexico-Canada Agreement (USMCA)

3

Investigate Duty Drawback

4

Consider FTZ, Bonded Warehouses & Transportation & Export Bonds (T&E)

5

Validate Product Origin & Product Valuation

6

Consider Chapter 98: Duty Free Provisions

7

Address Surety Bond Concerns

8

Ensure the Finance Side of Importing is in Order (ACH)

9

Investigate Cost Controls through Consolidation and Mode Shifts

10

Start optimizing your supply chain



Shift into Actionable  
Advantages

# Operationalizing Strategic Trade Responses

## Trade disruptions are no longer unicorns - they're constant and compounding

- Emphasize flexibility to navigate change
- Focus on resilience, cost efficiency, and competitiveness

## New Best Practices:

- Supply Chain Agility:
  - Nearshoring, dual sourcing, dynamic routing
- Financial Forecasting Models:
  - Scenario planning for tariffs, Forced Labor, and disruptions

## Real-World Trade Compliance Strategies

**Electronics:** Shifted sourcing to FTA countries

**Retail:** Used tariff engineering to lower apparel duties

**Automotive:** Leveraged bonded warehouses for duty deferral

**Pharma:** Secured favorable HS codes via advance rulings

**Manufacturing:** Automated compliance with cloud-based systems



# Advanced Trade Strategies

*Optimize, Automate, and Audit*

## Leverage FTAs & Trade Agreements:

- Map supply chains to FTA benefits (e.g., USMCA, CPTPP)
- Follow and read all new trade agreements
- Ensure origin documentation is audit-ready

## Customs Brokers & 3PLs:

- Share forecasts and compliance goals
- Co-develop SOPs for accuracy and speed

## HS Code Audits & Classification Reviews:

- Conduct regular audits internally and with brokers
- Identify misclassifications, explore BOM's
- Use AI tools (caution here) or third-party audits

## Trade Data Analytics & Compliance Automation:

- Real-time dashboards, audits
- Entry validations, license checks, recordkeeping

# Strategic Partnership



## Strategic Trade Management is a Competitive Advantage

- Optimize and innovate beyond baseline compliance
- Invest in tech, training, and strategic partnerships
- Stay agile amid global trade volatility
- Monitor tariffs, sanctions, FTAs, and geopolitical shifts
- Maintain flexible sourcing and routing strategies



# Resources

## Contact Information

### UPS Available Resources

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#### **Global Trade Advisory Services/ Duty Drawback**

UPS® Trade Advisory Services (TAS):  
[Tradeadvisoryservices@ups.com](mailto:Tradeadvisoryservices@ups.com)

#### **Foreign Trade Zones**

UPS Zone Solutions:  
[upszonesolutions@ups.com](mailto:upszonesolutions@ups.com)

#### **General Questions/FAQs**

[ups.com/supplychain](https://ups.com/supplychain)

### Market Updates

[Freight and Logistics News and Market Updates | UPS Supply Chain Solutions - United States](#)

### Customs Available Resources

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#### **Tariff Resources**

[Cargo Systems Messaging Service | U.S. Customs and Border Protection](#)

#### **ACH Setup Process**

<http://bit.ly/CBP-ACH>

#### **White House Fact Sheet**

[Fact Sheets – The White House](#)

#### **CBP FAQs**

[Trade Remedies | U.S. Customs and Border Protection](#)

# Questions?





**THANK YOU**