

Tariffs on Mexico, Canada Paused for 30 Days

February 3, 2025

Earlier today, President Trump announced that he agreed to delay imposing the additional 25% tariff on Mexican products for 30 days after Mexican President Claudia Sheinbaum promised to send soldiers to the US-Mexican border to help stop the flow of fentanyl and migrants into the United States. The two Presidents also agreed to negotiations to be held between the U.S. Secretary of State, Secretary of Treasury and Secretary of Commerce, and certain Mexican government officials.

Similarly, after finishing a conference call this afternoon with President Trump, Canadian Prime Minister Justin Trudeau announced that President Trump agreed to delay imposing the additional 25% tariff on Canadian imports for 30 days in consideration for Canada implementing a \$1.3 billion border plan to reinforce the border to stop the flow of fentanyl, including appointing 10,000 frontline personnel and appointing a "Fentanyl Czar."

The 10% additional tariff on Chinese imports are still set to become effective on February 4, 2025 (see China EO).

The additional IEEPA national security tariffs to be imposed on Mexican and Canadian goods pursuant to President Trump's executive orders have not been canceled. The imposition of the tariffs has been just suspended to allow further bi-lateral negotiations to occur.

Due to current uncertainty, importers of Mexican and Canadian goods may seek to stock up on inventories over the next 30 days, which could cause logistical problems and major traffic at U.S. ports. Importers, however, will likely be exempt from the additional tariffs only if they meet the deadlines stated in the executive orders. These dates will most likely be updated to reflect the delayed implementation of the goods.

But any such imported goods will be exempt from the additional tariffs only if they meet the deadlines stated in the executive orders, which dates may or may not be updated to reflect the delayed implementation of the executive orders. Thus, importers need to closely monitor whether and how the timing for assessment of additional tariffs will be changed in any future pronouncements. The current executive orders provide that, in order to be exempt from the additional tariffs, the imported goods must have either (i) cleared U.S. customs, or (ii) been loaded or in transit on the final mode of transit on the way to the United States as of a certain date and time, as follows:

Such rate of duty shall apply with respect to goods entered for consumption, or withdrawn from warehouse for consumption, on or after 12:01 a.m. eastern time on February 4, 2025, except that goods entered for consumption, or withdrawn from warehouse for consumption, after such time that were loaded onto a vessel at the port of loading or in transit on the final mode of transport prior to entry into the United States before 12:01 a.m. eastern time on February 1, 2025, shall not be subject to such additional duty, only if the importer certifies to CBP as specified in the Federal Register notice (see Section 2(a) of the Mexico EO and the Canada EO).

In sum, as of the close of business today, the 25% tariffs on Mexican and Canadian imports that were promulgated pursuant to the Mexico EO and the Canada EO have been suspended for 30 days. Thus far, however, the additional 10% tariff to be imposed on Chinese imports still remains intact.