

McLarty Update: MEXICO AND CANADA TARIFFS POLICY PIVOT -- PARTIAL TARIFF DEFERMENT

March 6, 2025

[Please find tariff memo series iterations [one](#), [two](#), [three](#), [four](#), and [five](#) here.]

[Please find McLarty trade timeline [here](#)]

TOP LINE

After several days of uncertainty, and amidst calls from industry and Congressional leaders to consider tariff exemptions for key sectors, the White House [announced](#) today that it will pause tariffs for US-Mexico-Canada Trade Agreement (USMCA) compliant goods (roughly 50% of imports from Mexico and 38% from Canada, [according](#) to White House officials) and modify tariffs for certain sectors implicated by the earlier announcement.

The White House, in its [press statement](#) accompanying the orders, justified the tariff deferment as necessary due to economic harm that could have impacted the US economy and key manufacturing sectors, and restated its claim that Canada and Mexico have not done enough to address the United States' border security concerns. Notwithstanding the statement, President Trump, in a Truth Social [post](#) earlier today commended Mexican President Sheinbaum for her cooperation and hard work (further noting that the tariff pause was done as an "accommodation, and out of respect for President Sheinbaum"), a strong indicator that a full agreement to lift all tariffs – notably with Mexico – could still be in the works. President Sheinbaum, in a press conference today [confirmed](#) that her Sunday, March 9 rally - originally intended to announce retaliatory measures - will go ahead as planned, but now as a "celebration" of the tariff reprieve.

The discourse with Canada has not been so rosy, particularly after a series of public outbursts from both leaders, though President Trump indicated in a Truth Social [post](#) that the latest bilateral call had ended in a "somewhat friendly manner". Even so, Canada has not announced any change to its retaliation; Canadian Finance Minister LeBlanc [noted](#) "We're not interested in meeting in the middle and having [some] reduced tariff. Canada wants the tariffs removed."

Notably, the [Mexico](#) and [Canada](#) orders do not include a sunset date, even after public statements by the President and Commerce Secretary Lutnick that the tariffs would be paused only until April 2, a date the President has referred to repeatedly as his target for new "reciprocal" tariffs.

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Today's actions are effective for goods entered for consumption or withdrawn from the warehouse on or after 12:01AM on March 7, if the goods qualify for US-Mexico-Canada [Origin Certification](#), also known as [General Note 11](#) of the Harmonized Tariff Schedule of the United States (HTSUS), and goods that receive "special classification status" under HSTUS subchapter XXIII of [chapter 98](#) and subchapter XXII of [chapter 99](#), which primarily deal with donated goods, temporary import provisions, or other special situations. Therefore, as it currently stands, goods that entered into the US for consumption or were withdrawn from warehouses between 12:01AM March 4 and 12:00AM March 7 are still subject to the relevant March 4 order duties, unless otherwise corrected by US Customs and Border Protection (CBP).

A number of special exclusions were also granted, including a duty exclusion for the automotive sector and a reduced tariff rate to 10% for [potash](#), due to its necessary usage as a fertilizer for US farmers. Notably, most Canadian energy goods are not USMCA-compliant, and will continue to be tariffed at 10%.