

## McLarty Update: “Liberation Day” Trade Policy Updates

April 2, 2025

### TOPLINE

President Trump [announced](#) that after a review of US free trade arrangements and tariff barriers, foreign trade and economic practices have created a “national emergency.” In reaction to these challenges, President Trump announced a series of tariff adjustments to rebuild the economy and restore economic security.

**This memo is intended to provide clients with all available government documents provided today on process and administrability, the specific reciprocal country rates, and noted exemptions. On April 3, McLarty Associates will provide an analytical piece on these actions, and a “retaliation and country response” memo on April 4.**

### KEY POINTS

- **New Baseline Tariffs:** Citing IEEPA authority, President Trump will impose a 10% tariff on all countries that goes into effect April 5, 2025, at 12:01AM.
- **Individualized Rates:** Also using IEEPA authority, President Trump will impose individualized reciprocal higher tariff rates on countries with higher tariff bound rates, non-tariff barriers, and perceived currency manipulation that will go into effect April 9, 2025, at 12:01AM.
- **New Rates Added to MFN:** IEEPA “Liberation Day” tariff rates are in addition to country Most Favored Nation (MFN) rates.
- **Room for Negotiation:** The IEEPA statutes grant the President authority to alter tariff rates based on trading partner behaviors. President Trump may decrease or eliminate individualized tariffs on countries who change trading practices that “remedy non-reciprocal arrangements” or “align with US national security.” He also may increase duties against noncompliant partners.
- **China’s Special Case:** The White House Press Secretary [confirmed](#) to reporters that the new 34% individualized reciprocal rate will stack on top of 20% IEEPA tariffs on China levied by President Trump. It is unclear if these rates are also additional to the 301 tariff rates set by President Biden in 2024.
- **Status of De Minimis:** The De Minimis exemption for goods valued under \$800 USD will end for China and Hong Kong-originated goods on May 2, 2025.
  - Postal items that previously qualified under de minimis will be subject to a duty rate of either 30% of their value or \$25 per item on June 1, 2025.
- **Product and Sector Exclusions:** Exclusions were made available for select products, including those already subject to ongoing Section 232 investigations, energy and critical minerals not found in the US, bullion, products compliant with USMCA rules, and humanitarian articles, among others. See below for specific details.

### SECTORAL CONSIDERATIONS AND EXCLUSIONS

According to the Fact Sheet, several goods will not be subject to the general or reciprocal tariff rates, including:

- Articles such as food, clothing, and medicine, “intended to be used to relieve human suffering” per [50 USC 1702\(b\)](#)
- Steel/aluminum 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 United States

USMCA compliant goods are also subject to reciprocal tariff exclusions. Meanwhile, non-USMCA compliant goods will see a 25% tariff and non-USMCA compliant energy and potash will see a 10% tariff. If current fentanyl and migration IEEPA tariffs are terminated, non-USMCA compliant goods will be subject to a 12% tariff.

## RECIPROCAL TARIFF RATES

Using IEEPA authority, the President announced a generalized 10% tariff on all countries effective April 5, 2025. Individualized reciprocal tariffs will be applied against countries with which the US has the highest trade deficits, effective April 9, 2025.

For all countries, the general or reciprocal tariffs will be applied on top of a given country's MFN rate.

**The full list of reciprocal tariffs on each country can be found [here](#).**

Both the general and individualized reciprocal tariffs are set to remain in effect until the White House assesses that the danger posed by the "trade deficit and underlying nonreciprocal treatment is satisfied, resolved, or mitigated." The reciprocal tariff order also reserves modification authorities, allowing President Trump discretion to adjust individual tariff rates with trading partners who remedy non-reciprocal trade arrangements or align with US national security measures.

In addition to the sweeping reciprocal and universal actions, President Trump announced two more sectoral tariffs. The first [imposes](#) a 25% tariff on passenger vehicles and light trucks, as well as auto parts, the majority which are to be listed later in the Federal Register. The levies are set to take effect from April 3 with the annex of auto parts to be published no later than May 3. The second [announcement](#) sets a 25% tariff on beer and empty aluminum cans, the two will be added to the list of aluminum derivative products subject to the 232 duties. The levies are set to take effect from April 4.

## DOCUMENTS PROVIDED

- **[EXECUTIVE ORDER:](#)** Regulating Imports with a Reciprocal Tariff to Rectify Trade Practices That Contribute to Large and Persistent Annual United States Goods Trade Deficits
- **[DE MINIMIS FACTSHEET:](#)** President Donald J. Trump Closes De Minimis Exemptions to Combat China's Role in America's Synthetic Opioid Crisis
- **[RECIPROCAL TARIFFS FACTSHEET:](#)** President Donald J. Trump Declares National Emergency to Increase our Competitive Edge, to Protect our Sovereignty, and Strengthen our National and Economic Security
- **[TARIFF BREAKDOWN BY COUNTRY:](#)** The official list of tariffs imposed as of Liberation Day, broken by country and outlining the "Tariffs Charged to the U.S.A - Including Currency Manipulation and Trade Barriers", and "U.S.A. Discounted Reciprocal Tariffs."
- **[CHINA EXECUTIVE ORDER AMENDED:](#)** Further Amendment to Duties Addressing Synthetic Opioid: The official outline by the Trump Administration to hold accountable the People's Republic of China when it comes to the opioid crisis in the United States. The order holds accountable "carriers that transport international postal packages from the PRC or Hong Kong to the United States."
- **[AUTOMOBILES AND AUTO PARTS FACTSHEET:](#)** Utilizing Section 232 to impose "25% tariffs on imports of automobiles and automobile parts, addressing a critical threat to national security."