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Tariff Surge: Trade Deals Announced, US Increases Canadian Tariffs and Amends Reciprocal Tariffs

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On July 31, 2025, President Trump issued two executive orders that further refine U.S. trade policy. The first executive order, "Further Modifying the Reciprocal Tariff Rates" (the RT Order), adjusts tariff rates for various countries based on trade negotiations and economic alignments, while the second executive order, "Amendment to Duties to Address the Flow of Illicit Drugs Across Our Northern Border" (the Canadian Order), increases duties on Canadian goods imported into the U.S. that do not qualify for preferential treatment under the United States-Canada-Mexico Free Trade Agreement (USMCA).

Background

President Trump's reciprocal tariff program began in April 2025 with Executive Order 14257, later amended by Executive Order 14266, and further amended by Executive Order 14316 (collectively with the RT Order, the Reciprocal Tariffs), which initially imposed significantly higher tariffs on imports from countries with which the U.S. had substantial trade deficits. These rates were subsequently adjusted to a 10% baseline for a 90?day period to encourage trade negotiations, with the temporary relief expiring on August 1. In parallel, the administration pursued a separate Canadian tariff regime under Executive Orders 14193, 14197, and 14231 (collectively with the Canadian Order, the Canadian Tariffs), which imposed additional duties on certain Canadian goods (*i.e.*, 25% tariff on non-USMCA-compliant goods and 10% tariff on Canadian "energy and energy resources" and potash). The Canadian Order builds on these prior actions, layering in new duties and enforcement measures linked to drug trafficking and border security while maintaining the broader Reciprocal Tariff framework for other trading partners.

Increased Canadian Tariffs

The Canadian Order amends duties on Canadian goods that do not qualify as originating under the USMCA, increasing the additional ad valorem rate from 25% to 35%, except for energy or energy resources, or potash that are products of Canada (which remain subject to a 10% tariff). The increased 35% Canadian Tariff is "effective with respect to goods entered for consumption, or withdrawn from warehouse for consumption, on or after 12:01 a.m. ET on August 1, 2025."

Goods transshipped to evade the 35% Canadian Tariff will be subject, instead, to a transshipment tariff of 40%, plus "any other applicable or appropriate fine or penalty including those assessed under 19 U.S.C. 1592."

90-Day Tariff Pause for Mexico

President Trump announced that the current 25 % tariff on all goods from Mexico not subject to preferential treatment under the USMCA will remain as is for a period of 90-days to allow for further trade negotiations. That rate had been set to rise to 30% on August 1.

Amended Reciprocal Tariffs

The RT Order sets new Reciprocal Tariff rates effective "with respect to goods entered for consumption, or withdrawn from warehouse for consumption, on or after 12:01 a.m. eastern daylight time" on August 8, 2025, "except that goods loaded onto a vessel at the port of loading and in transit on the final mode of transit before 12:01 a.m. eastern daylight time" on August 8, 2025, "and entered for consumption, or withdrawn from warehouse for consumption, before 12:01 a.m. eastern daylight time on October 5, 2025," will be subject to prior Reciprocal Tariff rates previously imposed in Executive Order 14257, as amended.

Tariff Rates for Countries With Trade Deals

Below are the current tariff rates, including Reciprocal Tariffs, for countries with announced trade deals, incorporating updates from the RT Order. Note that many agreements await formalization, and details may evolve.

- **Philippines:** On April 22, President Trump announced a trade deal setting a **19% Reciprocal Tariff** on Philippine imports, as confirmed in Annex I of the RT Order. This rate, slightly reduced from a threatened 20% but higher than the initial 15% proposed on "Liberation Day" in April. In exchange, the Philippines would grant duty-free access for U.S. goods. Although this announcement has been made, no additional details have been released and specifics around market access remain unclear.

- **UK:** On June 16, President Trump signed Executive Order 14309, which implemented certain provisions of the U.S.-UK Economic Prosperity Deal (EPD) that was announced on May 8. The U.S. will maintain its **10% Reciprocal Tariff** on nearly all UK imports. Under the deal, the U.S. will reduce its car tariff to 10% from 27.5%, but only for the first 100,000 vehicles annually, while UK steel and aluminum imported into the U.S. currently continue to face a 25% tariff, rather than the 50% rate imposed on most other countries. The agreement envisions a potential tariff?rate quota (TRQ) or alternative arrangement that could eventually lower these tariffs to zero, subject to UK compliance with supply?chain security and "melted and poured" origin requirements, but no immediate relief has been implemented. The Secretary of Commerce has been tasked with establishing TRQs for UK-origin steel and aluminum articles and their derivatives. On the agricultural side, both countries agreed to reciprocal beef market access of 13,000 metric tons duty?free, and the UK will remove its tariff on up to 1.4 billion liters of U.S. ethanol; any imports beyond those quotas will remain subject to existing duties The UK also pledged to reduce its average tariff on U.S. goods to 1.8% — a $200 million duty cut — lowering import taxes on roughly 2,500 products, and to reduce or eliminate certain non?tariff barriers. The EPD also grants tariff?free entry of UK aerospace parts (*e.g.*, jet engines) into the U.S. While the EPD is the start to opening specific trade channels between the two countries, key provisions — most notably, preferential?tariff treatment for UK pharmaceuticals — remain contingent on future negotiations.

- **Vietnam:** President Trump announced via social media on July 2, that the U.S. and Vietnam had reached a framework trade agreement, under which the U.S. will impose a **20% Reciprocal Tariff** on most Vietnamese-origin exports and a 40% duty on goods transshipped through Vietnam from third countries. In return, Vietnam agreed to grant zero?tariff access to U.S. imports, including preferential treatment for certain American goods like large-engine vehicles. While seen as a significant improvement over the initially proposed 46% tariff, key implementation details remain unresolved and await formal finalization.

- **Japan:** On July 22, the U.S. and Japan announced a trade deal setting a **15% Reciprocal Tariff** on Japanese goods imported into the U.S., reduced from a threatened 25%. Japan committed to investing $550 billion in the

U.S., spanning from energy infrastructure and production, semiconductor manufacturing and research, critical minerals mining, processing, and refining, pharmaceuticals and medical production, and commercial and defense, with the U.S. retaining 90% of the profits, and agreed to purchase $8 billion in U.S. agricultural goods, including corn and soybeans, and to increase U.S. rice imports to Japan by 75%, with a major expansion of import quotas. The deal helps open additional areas of Japan's market to U.S. industrial and consumer goods, notably by removing restrictions on U.S. car and truck imports.

- **Indonesia:** On July 22, the Trump administration unveiled the framework for a trade agreement with Indonesia, under which Indonesia will pay a **19% Reciprocal Tariff** on its exports to the U.S. — a significant reduction from the previously threatened 32 % — while committing to eliminate tariff barriers on approximately 99% of U.S. exports to Indonesia across the agriculture, industrial, digital, and health sectors. Indonesia also agreed to dismantle numerous non?tariff barriers — such as local content requirements, restrictive certification regimes, and restrictions on remanufactured goods — and to accept U.S. federal vehicle safety and FDA regulatory standards, "accepting FDA certificates and prior marketing authorizations for medical devices and pharmaceuticals," and remove export restrictions on critical minerals. Additionally, Indonesia has pledged to purchase $15 billion in U.S. energy products, $4.5 billion in agricultural products, and 50 U.S.-made aircraft, among other commercial commitments, while also joining global initiatives on labor rights and steel capacity transparency.

- **EU:** The U.S.-EU trade deal, announced on July 27, establishes a **15% Reciprocal Tariff** on most EU goods imported into the U.S., a reduction from the previously threatened 30% rate. This baseline applies to a broad range of products, including but not limited to "autos and auto parts, pharmaceuticals, and semiconductors." "However, the sectoral tariffs on steel, aluminum, and copper will remain unchanged — the EU will continue to pay 50% and the parties will discuss securing supply chains for these products." The EU will purchase $750 billion in U.S. energy products and invest an additional $600 billion in the U.S. by 2028, and "will work to address a range of U.S. concerns related to various EU requirements that are burdensome to U.S. exporters, particularly small and medium-sized businesses, including through efforts to eliminate the red tape that U.S. exporters face when doing business in the European Union."

- **South Korea:** On July 30, President Trump announced a U.S.-South Korea trade deal, establishing a **15% Reciprocal Tariff** on most South Korean imports, down from the previously threatened 25%, including a 15% tariff rate on autos. In return, South Korea pledged to invest $350 billion in the U.S., with roughly $150 billion dedicated to a shipbuilding initiative and the remainder targeting semiconductors, batteries, biotech, nuclear, and clean energy, while also agreeing to purchase $100 billion of U.S. energy products, including LNG, over three and a half years. The deal keeps U.S. tariffs on South Korean steel, aluminum, and copper at 50%. It is unclear whether the trade deal includes new concessions on U.S. rice or beef imports into South Korea, as South Korean officials have explicitly ruled out any new opening in its rice or beef markets as part of the recent deal, refuting the administration's claim on this issue. leaves sensitive agricultural sectors, such as rice and beef, largely closed, though South Korea granted duty?free access for U.S. autos and various goods subject to ongoing negotiations over non?tariff barriers. The Secretary of Commerce said "semiconductor and pharmaceutical exports [to the U.S.] would not be treated more harshly than those from other countries."

- **Cambodia:** On July 30, Secretary of Commerce Howard Lutnick announced a trade deal with Cambodia, establishing a **19% Reciprocal Tariff** on Cambodian-origin goods. Specific terms of the trade agreement have not yet been disclosed.

- **Pakistan:** On July 30, the U.S. and Pakistan reached a trade agreement expected to facilitate U.S. involvement in developing Pakistan's largely untapped oil reserves while lowering tariffs on Pakistani exports to the U.S. The deal includes a **19% Reciprocal Tariff** on Pakistani-origin goods. Further details of the trade agreement have yet to be announced.

Reciprocal Tariff Rates for Countries Without Deals

Below are the Reciprocal Tariff rates established pursuant to the RT Order for each country with no announced trade deal:

Country	Reciprocal Tariff Rate
Afghanistan, Angola, Botswana, Cameroon, Chad, Costa Rica, Côte d'Ivoire, Democratic Republic of the Congo, Ecuador, Equatorial Guinea, Fiji, Ghana, Guyana, Iceland, Israel, Jordan, Lesotho, Liechtenstein, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Nauru, New Zealand, Nigeria, North Macedonia, Norway, Papua New Guinea, Trinidad and Tobago, Turkey, Uganda, Vanuatu, Venezuela, Zambia, Zimbabwe	15%
Bangladesh, Sri Lanka, Taiwan	20%
Brunei, Kazakhstan, Moldova, Tunisia	25%
Algeria, Bosnia and Herzegovina, Libya, South Africa	30%
Iraq, Serbia	35%
Laos, Myanmar	40%
Syria	41%
Switzerland	39%
Brazil, Falkland Islands	10%
India	25%, with an unspecified additional penalty for Russian oil and military purchases
Malaysia, Nicaragua, Thailand	19%
China	Remains at 10% under a 90-day truce (pursuant to Executive Order 14257, as amended by Executive Order 14259 and further amended by Executive Order 14266), with a 20% across-the-board tariff on all Chinese imports (pursuant to Executive Order 14195, as amended by Executive Order 14228). No deal has been announced, risking tariff increases if negotiations falter.

Transshipment Penalties

Goods transshipped from any country to evade duties face a 40% tariff, plus fines and penalties under 19 U.S.C. 1592, with no mitigation allowed. The Secretaries of Commerce and Homeland Security will publish biannual lists of countries and facilities involved in circumvention schemes.

Conclusion

The tariff wave is here — preparation is critical. Companies should closely monitor evolving country-specific obligations, evaluate supply chain exposure, and consider tariff mitigation strategies. While several countries have reached framework agreements, many remain in negotiations, and tariff rates could continue to change if talks stall or enforcement benchmarks are not met.

This alert is intended only as a high-level summary of recent developments and is not a substitute for specific legal or tax advice. Things are rapidly evolving, and our Tariff Task Force will do its best to provide timely and relevant updates as things progress. Please don’t hesitate to reach out to us with questions.

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