

NEWS FLASH

TRADE POLICY UPDATE:

Reciprocal Tariff Changes Effective August 7, 2025

On April 2, 2025, the Trump Administration issued Executive Order (EO) 14257 in response to significant trade deficits viewed as threats to U.S. national security and economic stability. Initially, the EO implemented country-specific reciprocal tariffs; however, a 90-day pause was placed on these measures, applying only a 10% tariff while negotiations took place.

Following the conclusion of multiple trade negotiations, major updates to Annex I have been finalized. These updates take effect today, August 7, 2025, at 12:01 a.m. Full details are available in the EO, with a quick reference to key points below:

- European Union Goods
 - If the current Column 1 (General) duty rate in the HTSUS is less than 15%, the total duty rate (Column 1 rate + additional tariff) will now be 15%.
 - If the duty rate is 15% or more, no additional tariff will apply.
- Other Foreign Trading Partners
 - Countries not listed in Annex I will be subject to an additional 10% ad valorem tariff.
- China Agreement
 - The EO does not alter the existing agreement with China.

In-Transit Exception

Goods meeting both of the following conditions will remain subject to the 10% ad valorem reciprocal tariff:

- Loaded and in transit before 12:01 a.m. EDT on August 7, 2025.
- Entered for consumption between August 7, 2025, and October 5, 2025.

Transshipment Penalties

Goods determined by CBP to have been transshipped to evade IEEPA reciprocal duties will be subject to an additional 40% ad valorem duty. This is in addition to any other applicable duties, penalties, or fees. CBP may require correction of entry documents or take action upon liquidation to collect these duties.

Sources: U.S. Customs and Border Protection. (2025, August 4). CSMS #65829726 – Guidance: Reciprocal tariff updates effective August 7, 2025. U.S. Department of Homeland Security.

<https://content.govdelivery.com/bulletins/gd/USDHSCBP-3ec7b5e>

The White House. (2025, July 31). Further modifying the reciprocal tariff rates [Executive Order].

<https://www.whitehouse.gov/presidential-actions/2025/07/further-modifying-the-reciprocal-tariff-rates/>

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If you are affected by this information and have questions, don't hesitate to contact your Fracht Group representative or email info@fracht.com.