



BDO Talks Tariffs

Your 30-Minute Monthly Briefing

APRIL 22, 2025

BDO USA, P.C, a Virginia professional corporation, is the U.S. member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

With You Today



DAMON V. PIKE

Customs and International Trade Services
National Tax Office Technical Practice Leader

BDO USA

dpike@bdo.com



KLAUS KALSMOSE JAKOBSEN

Customs and International Trade Services
Principal

BDO Denmark

kja@bdo.dk

Fair and Reciprocal Plan

- ▶ On February 13, 2025, the White House issued a [memorandum](#) introducing a “Fair and Reciprocal Plan” (Plan) aimed at addressing the large and persistent trade deficits the U.S. has with its major trading partners.
- ▶ The Plan includes new “reciprocal” trade actions (both tariffs and non-tariff measures) against U.S. trading partners around the globe that engage in trade practices deemed to be unfair or that result in imbalances; will be announced on April 2nd.
- ▶ The stated goal of the Plan is to determine the “equivalent” of a reciprocal tariff with foreign trading partners by examining foreign duty rates on U.S. goods and “non-reciprocal” trade relationships with all U.S. trading partners.



Canada's Response to New U.S. Steel and Aluminum Tariffs

- ▶ On March 13, 2025, Canada imposed [25% tariffs on a list of U.S. goods](#) totaling C\$29.8 billion, including C\$12.6 billion worth of steel products, C\$3 billion worth of aluminum products, and other U.S. goods worth C\$14.2 billion.
- ▶ Merchandise categories include tools, computers and servers, display monitors, sports equipment, and cast-iron products.
- ▶ The new tariffs will apply to goods of U.S. origin as determined by the United States Mexico Canada Agreement (USMCA) marking rules (formerly NAFTA marking rules found at 19 C.F.R. § 102 et seq.).
- ▶ Canada's retaliatory tariffs announced on March 13 are in addition to those previously announced by Canada on March 4 covering C\$30B worth of other U.S.-originating goods (with no overlap between the two lists).
- ▶ Canada published a proposed list of C\$125B in additional duties on other U.S.-originating products that is open for public comment until April 2.
- ▶ This list includes all items on the March 13 list, meaning there could be multiple tariff measures in place on a specific item as of April 2.

Fair and Reciprocal Plan

The Plan's approach will be comprehensive in scope and will cover:

1

Tariffs imposed on U.S. products (by tariff code under the Harmonized Commodity & Description Coding System (HS))

2

Unfair, discriminatory, or extraterritorial taxes imposed by trading partners on U.S. businesses, workers, and consumers, including digital services taxes and VAT

3

Costs to U.S. businesses, workers, and consumers arising from nontariff barriers or measures and unfair or harmful acts, policies, or practices, including subsidies (and import bans, license requirements, or quotas), and burdensome regulatory requirements on U.S. businesses operating in other countries

Fair and Reciprocal Plan

The Plan's approach will be comprehensive in scope and will cover:

4

Policies and practices that cause exchange rates to deviate from their market value to the detriment of Americans, as well as wage suppression and other mercantilist policies that make U.S. businesses and workers less competitive

5

Any other practice that, in the judgment of the United States Trade Representative, in consultation with the Secretary of the Treasury, the Secretary of Commerce, and the Senior Counselor to the President for Trade and Manufacturing, imposes an unfair limitation on market access or structural impediment to fair competition with the U.S. market economy

The Plan allows the U.S. to factor “in losses as a result of measures that disadvantage the United States as applied, regardless of what they are called or whether they are written or unwritten.” Essentially, the U.S. can increase the “equivalent” reciprocal tariff for any trade practice by a foreign trading partner that it deems to operate counter to U.S. national interests, however the U.S. wishes to define those interests.

Legal Basis for the New Tariffs




In announcing many of these new tariffs, the President relied on the International Emergency Economic Powers Act (IEEPA) as the legal basis allowing him to take such actions.

This law was enacted in 1977 and cited in 2019 during the first Trump administration as the basis for threatened tariff increases of 25% on all goods exported from Mexico unless Mexico addressed illegal immigration issues at the border.

In the EO, President Trump claimed to have declared such an emergency with respect to “influx of illegal aliens and illicit drugs” on his first day in office.

Legal Basis for the New Tariffs



Many legal scholars question whether IEEPA allows the President to impose tariffs to counter “economic emergencies” that must be declared before any economic measures can be taken.

IEEPA has traditionally been viewed as the heart of the U.S. sanctions regime targeting countries, entities, organizations, and individuals that pose a national security threat to the United States by, e.g., freezing bank accounts and adopting embargoes.

It has never been used to impose tariffs - EVER. Lawsuits have already been filed challenging the President’s use of IEEPA in this manner. Legislation has been introduced in Congress to prohibit the Executive Branch from using IEEPA to levy tariffs.

Understanding U.S. Tariff Actions

Country Of Origin	Legal Authority	Proposed/Effective Tariffs	Effective Date
All Countries	IEEPA	<p>Reciprocal Tariffs (“Universal”): 10%; except CA & MX</p> <p>Reciprocal Tariffs: country-specific rates as of April 9, except CA & MX; otherwise, 10%; now paused until no later than July 9th</p> <p>Exempt for section 232 items, oil and gas products, and electronics</p>	<p>April 5 - all countries, except CA & MX</p> <p>April 9 - country-specific rates; 90-day pause <i>various product exclusions</i>; > 20% US originating content; <i>tariff then assessed only on non-US content</i>;</p>
Canada	IEEPA	<p>All products: 25% - exception for USMCA-qualifying products;</p> <p>Energy products & potash: 10% - exception for USMCA-qualifying products</p>	<p>March 4</p> <p>March 4</p>
Mexico	IEEPA	All products: 25% - exception for USMCA-qualifying products	March 4
China & Hong Kong	IEEPA	20% (10% effective on Feb. 4; other 10% on March 4); 125% (effective April 9) for a total rate of 145%	Feb. 4 / March 4 / April 9
China	Section 301	7.5%, 25%, 50%, 100%	2018 to Present

Understanding U.S. Tariff Actions

Country Of Origin	Legal Authority	Proposed/Effective Tariffs	Effective Date
All Countries	Section 232	25% on steel & aluminum products and certain derivatives (by tariff code)	March 12; <i>excluded from reciprocal tariffs</i>
All Countries	Section 232	25% on passenger vehicles/light trucks & certain auto parts	April 3 for vehicles/light trucks; May 3 for parts; <i>both excluded from reciprocal tariffs</i>
All Countries	IEEPA	25% on Countries importing oil from Venezuela	TBD
All Countries	Section 232	Under investigation: <ul style="list-style-type: none"> • Copper • Lumber • Timber • Certain derivatives of lumber/timber • Semiconductors • Pharmaceutical products/ingredients/derivatives • Critical minerals and derivatives 	TBD; <i>excluded from reciprocal tariffs</i>
All Countries	TBD	External Agricultural Products	TBD

Understanding Global Tariff Responses

Retaliating Country	Proposed/Effective Tariffs	Effective Date
Canada	<p>25% tariffs on certain products such as appliances, wine, bourbon, and orange juice</p> <p>25% duties on steel, aluminum, computers, sports equipment, and other goods - no relief for USMCA-qualifying goods</p> <p>25% on U.S. motor vehicles; assessed on full value for non-USMCA qualifying vehicles; for USMCA-qualifying vehicles, assessed only on value of non-Canadian and non-Mexican content</p>	March 4 / April 4 / April 4
China	125% on all U.S. goods	April 10
EU	<p>Rebalancing Regulations 1 and 2 were to go into effect in April 15th and later in May; these countermeasures were suspended for 90 days on April 10</p> <p>Targeted at U.S.-origin goods covering food, alcohol, motorcycles, clothing, video games, articles of plastic, and more</p> <p>New list released April 16th covering over 1,000 items.</p>	Paused for 90 days
Brazil	The countermeasures may come in the form of duties imposed on the import of goods or services, suspension of concessions or obligations under Brazil's trade agreements, and suspension of obligations relating to intellectual property.	TBD

EU Countermeasures

On the 12th of March 2025, in response to the U.S. trade policies on imports of steel and aluminum going into effect, the EU announces its countermeasures to affect around €21bn worth of U.S. product.

Rebalancing Measures

The first phase of the EU countermeasures includes enforcing currently suspended legislation adopted in 2018 and 2020. The enforcement was expected mid-April following a review of affected products.

► Rebalancing Regulation 1

Commission Implementing Regulation 2018/886

- Additional duty rates of 10-50% on a range of products including food, alcohol, clothing, motorcycles and video games.

► Rebalancing Regulation 2

Commission Implementing Regulation 2020/502

- Additional duty rates of 4.4-20% on a range of products including lighters, articles of plastic and video games.

New Legislation

The second phase of the EU countermeasures includes adopting a new package of legislation. The enforcement is expected mid-April following a consultation process from March 12th to March 26th.

► New Package of Additional Measures

- Additional duty rates to be applied to a list of products currently under review. The current list contains over 1,700 products across a range of categories.

EU Countermeasures

DETAILS

EU countermeasures in response to U.S. tariffs on EU steel and aluminum will affect imports of U.S. origin.

▶ **Commission Implementing Regulation 2018/886**

This regulation will affect imports of U.S. origin goods including:

- **Food and Agricultural Products** - a number of items including rice, fruit juices and frozen vegetables will be subject to a 25% import tariff
- **Clothing** - articles such as t-shirts, suits, jackets, trousers and footwear will be subject to tariffs from 25-50%
- **Alcohol** - U.S. whisky will subject to an additional 25% import tariff
- **Construction** - articles of steel and aluminum, including fixtures and fittings will face tariffs
- **Transport** - motorcycles and yachts will be subject to an additional 50% import tariff

▶ **Commission Implementing Regulation 2020/502**

This regulation will affect imports of U.S. origin goods including:

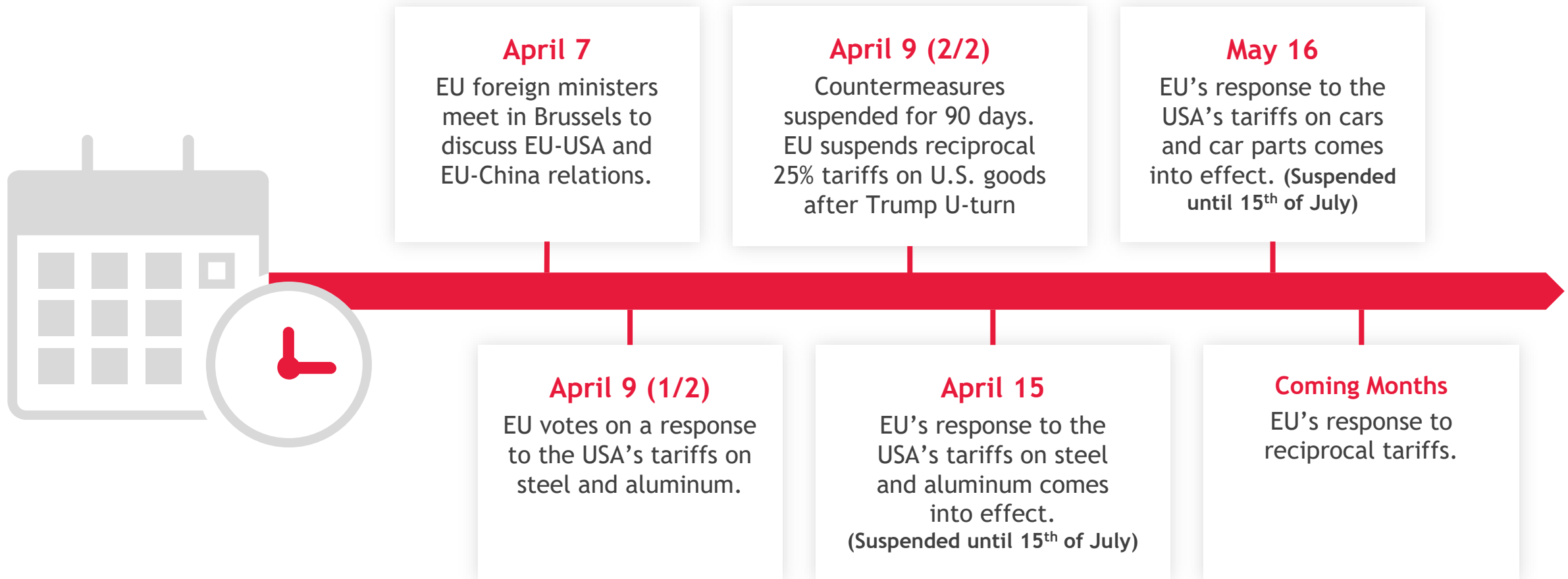
- Lighters, articles of plastic and video games

▶ **New Legislation - Regulation (EU) No 654/2014**

The new legislation currently under review contains over 1,700 products across a range of categories, a final list of products and applicable duty rates are pending, the current list contains products including:

- | | |
|----------------------------------|-------------|
| • Food and Agricultural Products | • Transport |
| • Clothing | • Furniture |
| • Alcohol | • Books |
| • Construction | |

EU's Timeline of Customs Developments From April 7th Onwards



14th OF APRIL

Response to U.S. Tariffs on Steel and Aluminum

► Commission Implementing Regulation (EU) 2025/778

- Concerns commercial rebalancing measures regarding certain products originating in the United States of America. Issued in response to the U.S. tariffs, which the EU considers to be in violation of WTO rules.

► Annex I

- A 10% and 25 % tariff rate is applied on various tobacco products, while whiskeys have been removed from the list. This annex updates and combines the previous lists from Annex I and II of Implementing Regulation (EU) 2018/886 (Recital 19)

► Annex II

- A 25% tariff rate is applied on various metal products. This includes copper ore, iron and steel, aluminum products, kitchenware, and metal mountings, fittings, and articles (Recital 20).

► Annex III

- A 25% tariff rate is applied to a variety of industrial and agricultural products. The list of targeted products is based on the consultation list circulated by the European Commission on 12 March 2025 and adopted by the EU Member States on 9 April 2025 (Recital 21).

► Annex IV

- A 25% tariff rate is applied to specific agricultural products, including almonds and soybeans. These products were also part of the consultation list circulated in March 2025 (Recital 21).



9th OF APRIL

Countermeasures Suspended for 90 Days

EU suspends retaliatory 25% tariffs on U.S. goods after Trump U-turn.

► Counter measure April 9th, 2025, 3:04 PM CET

- EU member states voted almost unanimously to impose 25% tariffs on €21bn-worth of U.S. agricultural and industrial products in retaliation for the steel and aluminum tariffs section 232.

► U-turn

- U.S. - 90-day pause on 'reciprocal' tariffs with exception of China

► Status as of 14th of April

- The actual implementation of the EU countermeasures on 15th April and 16th May 2025 has now been postponed to 15 July 2025. Which also marks the end of the suspension of the additional tariffs adopted in 2020 against US lighters, fittings for furniture and playing cards.



Points of Attention

When exporting from the U.S. to the European Union

Classification

Classification practice differs from the U.S. even at the 6-digit international Harmonized System level.

Origin

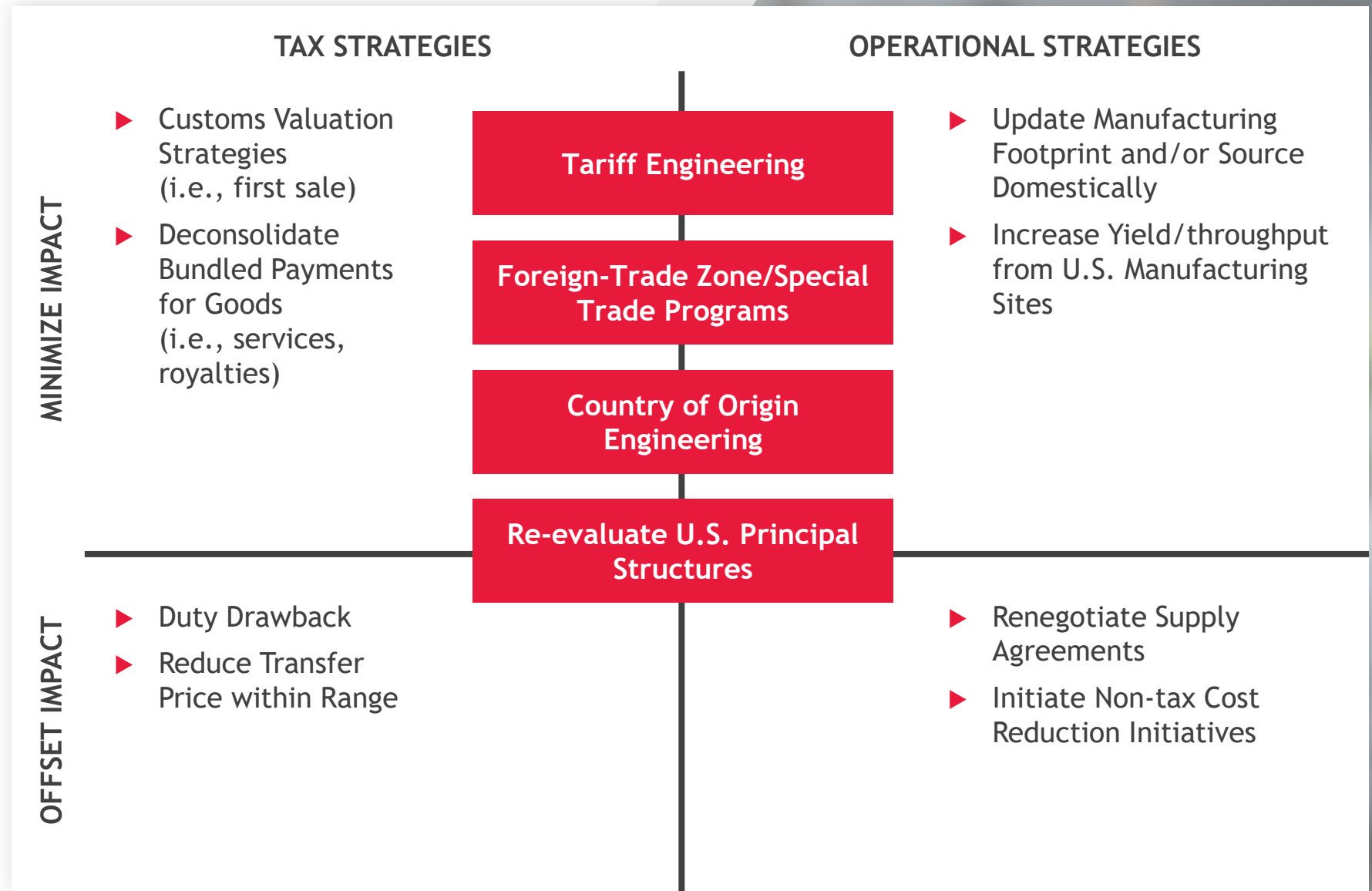
Practice and definition of last “substantial transformation” are different.

Many EU companies regard their products to be of EU origin based on the IP-rights.

Valuation

The rules for determining the customs value are different from the US.

Strategies to Navigate Trade Policy Changes

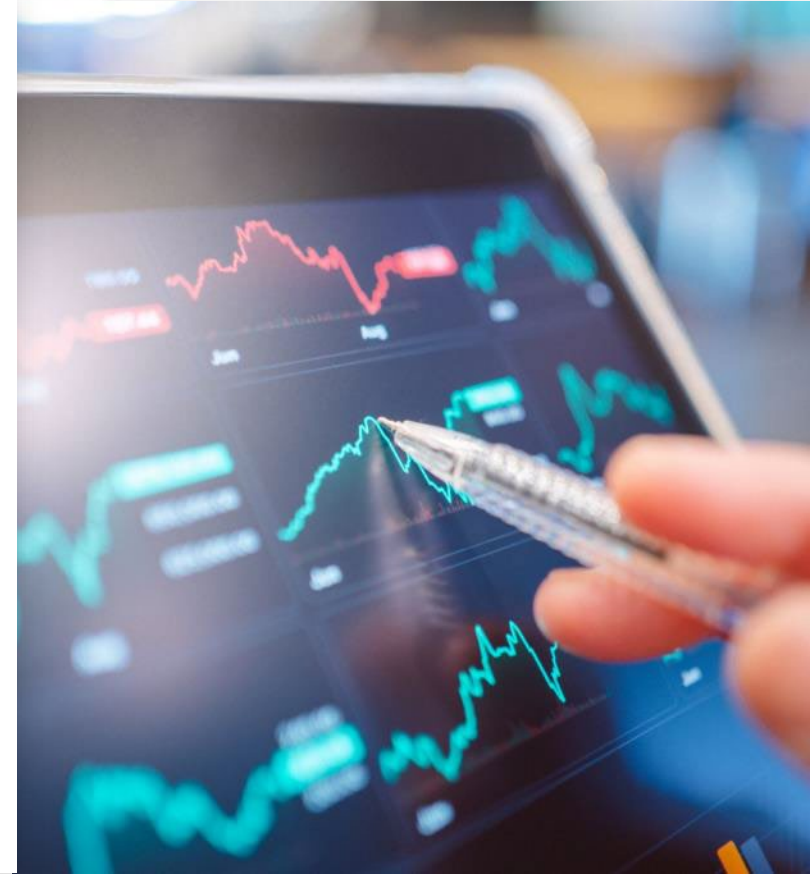


1

Recommended Strategies to Evaluate Based Potential Exposure

Consider **operational transfer pricing** changes to reduce the Customs impact of physical product flows but remain compliant with the arm's length principle, including:

- ▶ Revisiting transfer pricing characterization of foreign affiliates to ensure intercompany remuneration aligns with supply chain value creation
- ▶ Evaluate intercompany product price components to ensure pricing accounts only for the contributions made by the foreign affiliates; any remaining value (e.g., sourcing and strategy activities, intangible property) is encapsulated in sale price to customers

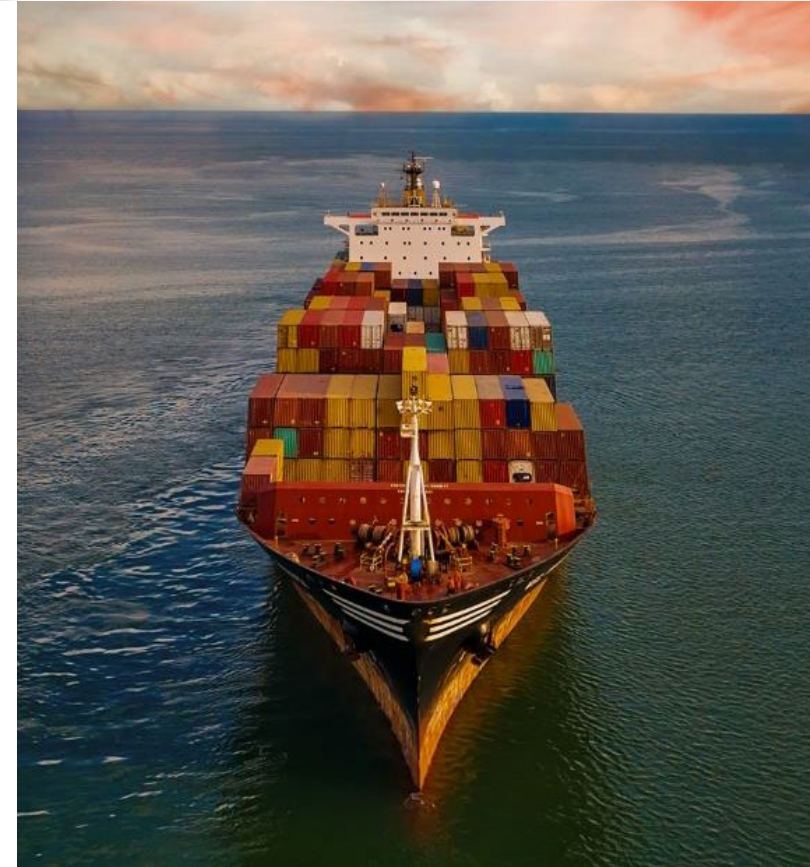


2

Recommended Strategies to Evaluate Based Potential Exposure

Review product flows to customers (including purchased-from legal entity) to identify **options to reduce dutiable costs on imported finished goods** by:

- ▶ Duty Drawback: Recover duties paid on imported goods or components that are subsequently exported or destroyed
- ▶ First Sale: Reduce the dutiable value of goods by basing it on the price paid by the first buyer in a series of sales
- ▶ Review Tariff Classification and Country of Origin
- ▶ Use of Foreign-Trade Zones or Bonded Warehouses



3

Recommended Strategies to Evaluate Based Potential Exposure

Conduct **cost/profitability assessment** on most impacted areas of the business to identify the total revenue loss should customers change buying habits if tariff changes are passed on by way of price increases, and/or identify portions of the business (SKUs, customer types) for which an exit should be considered to maximize overall profitability of business sectors, if more drastic changes are needed to offset the impact of tariffs.



Thank You!





DAMON V. PIKE

PRINCIPAL & TECHNICAL PRACTICE LEADER, NATIONAL TAX OFFICE — CUSTOMS AND INTERNATIONAL TRADE SERVICES

Direct: 561-207-3205 | dpike@bdo.com

1601 Forum Place, 9th Floor, West Palm Beach, FL 33401

Tel: 561-688-1600 | Fax: 561-688-1848

Experience

Damon founded the Customs and International Trade Services (CITS) group within the firm's International Tax practice in 2019. With 36 years of experience helping multinational companies navigate the complex rules governing the cross-border movement of goods and services, he now serves as the Technical Practice Leader for the firm's CITS team to support their mission of providing end-to-end global consulting services for all aspects of import/export planning and compliance.

Over his lengthy career, Damon has assisted clients with all aspects of customs and international trade issues. He is especially renowned for his insights in harmonizing transfer pricing policies and customs valuation requirements as part of designing in-house customs and trade compliance programs. Damon's other areas of focus include country of origin determinations, free trade agreements qualification, and customs controversy matters (audits, Prior Disclosures, Protests, etc.)

In addition, Damon advises clients on export compliance and exports controls, often in the context of government contracts under the Trade Agreements Act. He has worked with many companies in filing Voluntary Self Disclosures with, e.g., the Bureau of Industry & Security (Commerce Dept.), the Directorate of Defense Trade Controls (State Dept.), and the Office of Foreign Assets Control (Treasury Dept.).

Prior to running his own firm from 2006-2018, Damon spent 13 years with a Big Four firm as the National Director of the firm's customs consulting practice. He has experience in the legislative and judicial branches of the federal government, beginning his career as a law clerk to the Hon. R. Kenton Musgrave at the U.S. Court of International Trade. Damon was also an associate in the Washington, D.C. office of the Atlanta-based law firm of Kilpatrick & Cody (now Kilpatrick).

Damon is a former Federal Judge-designate of the United States (having been nominated to the U.S. Court of International Trade in 2005). He is an adjunct professor at Emory University School of Law where he teaches "Customs Law" based on the book he co-authored — the only U.S. law school casebook ever published in this field. He has written countless articles over his career and is an accomplished public speaker on the topic of international trade policy and customs planning. Damon was the keynote speaker at the 50th anniversary of the Denver World Trade Center in 2023 and the first World Customs Organization summit in Brussels on transfer pricing and customs valuation in 2007.

Education

- ▶ Law Degree, Wake Forest University
- ▶ Postgraduate Fellowship, University of Regensburg, Germany
- ▶ Undergraduate with Honors, Duke University
- ▶ International Business, University of Copenhagen, Denmark

Professional Affiliations

- ▶ Admitted to the Bars of the U.S. Supreme Court, the U.S. Court of Appeals for the Federal Circuit, the U.S. Court of International Trade, and the District of Columbia
- ▶ Licensed U.S. Customhouse broker
- ▶ Customs & International Trade Bar Association (Board of Directors)
- ▶ American Bar Association, Section of International Law — Customs Law Committee (Vice Chair for Policy)
- ▶ International Compliance Professionals Association
- ▶ National Customs Brokers and Forwarders Association of America



KLAUS KALSMOSE JAKOBSEN

CUSTOMS & INTERNATIONAL TRADE SERVICES PRINCIPAL

Direct: +45 89307867 | Tel: +45 60704818 | kja@bdo.dk

Experience

Klaus is Head of the Customs & International Trade team within BDO in Denmark, Greenland and the Faroe Islands.

Klaus driven by making a difference and creating value for the clients. Good advisory is when complex issues can be converted into operational solutions which can be implemented directly in the business.

Klaus has almost 20 years' experience in international trade, customs and excise duties and digitalization across different industries, from political level at the Ministry of Taxation and the EU and as well as the private sector.

Professional Qualifications

- ▶ Global Supply Chain and Duty Optimisation projects
- ▶ Customs valuation and transfer pricing
- ▶ Large scale classification projects >10.000 items
- ▶ EU Free trade agreements and tariff suspensions
- ▶ Export control and EU sanctions
- ▶ Special customs procedures e.g., Inward Process, End Use etc.
- ▶ Customs compliance framework
- ▶ CBAM services with focus on determination of relevant products and reporting

Education

- ▶ Master of Science (MSc) in Business Administration and Commercial Law, University of Aarhus.
- ▶ IPMA certified project manager

Professional Affiliations

- ▶ Member of the Customs liaison committee on behalf of Denmark's trade organization of auditing, accounting, tax and corporate finance, FSR



CONTACT US ►

About BDO USA

Our purpose is helping people thrive, every day. Together, we are focused on delivering exceptional and sustainable outcomes and value for our people, our clients and our communities. BDO is proud to be an ESOP company, reflecting a culture that puts people first. BDO professionals provide assurance, tax and advisory services for a diverse range of clients across the U.S. and in over 160 countries through our global organization.

BDO is the brand name for the BDO network and for each of the BDO Member Firms. BDO USA, P.C., a Virginia professional corporation, is the U.S. member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms. For more information, please visit: www.bdo.com.

Material discussed is meant to provide general information and should not be acted on without professional advice tailored to your needs.

© 2025 BDO USA, P.C. All rights reserved.

