



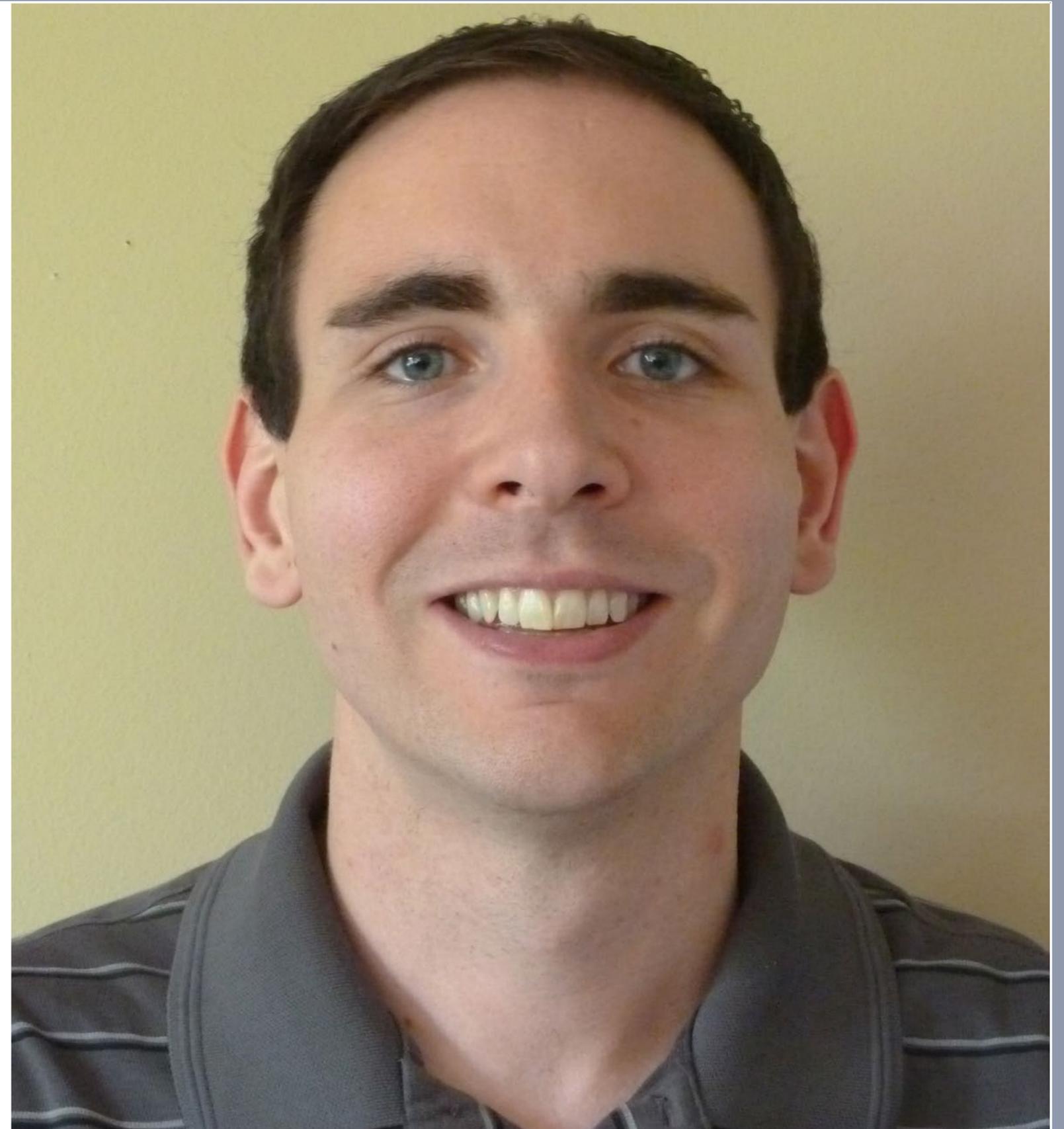
## Mastering 2026 Trade Compliance Updates

MASTERING 2026 TRADE COMPLIANCE  
UPDATES

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SECTION 1:

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# What are Tariffs?

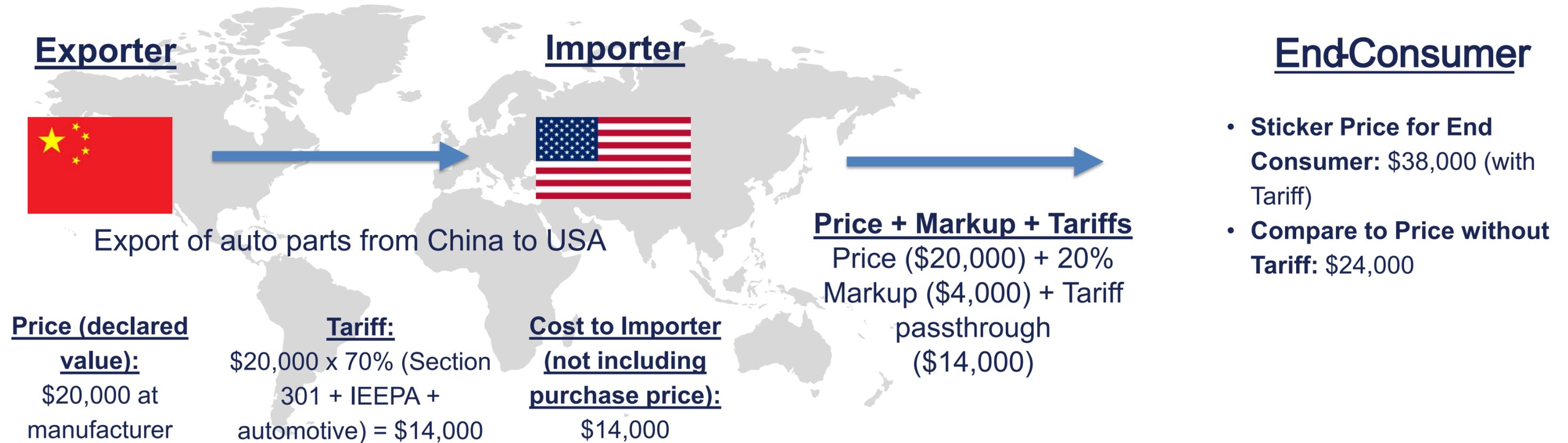
## WHAT ARE TARIFFS?

# 1.1 TARIFF BASICS

- Tariffs, also commonly referred to as duties, are a tax assessed upon certain goods imported into the United States.
- Tariff/duty rates are assessed based upon the following factors:
  - US Harmonized Tariff Schedule (HTS) code. This is a 10-digit numeric code that signifies what the product being imported is.
  - Country of origin. This means the country of manufacture, production, or growth of any article of foreign origin entering the United States. It is not always the country of export.
- Tariffs/duties are paid by the **importer of record**.
  - The importer of record is typically the United States company purchasing the goods.
  - The importer of record can also be the shipper or consignee (U.S. company that is different from the buyer).
- Tariffs/duties are collected by U.S. Customs and Border Protection (CBP)
  - Tariffs are paid either by the customs broker, who then invoices the importer of record or -
  - The importer of record establishes a connection with CBP to pay duties directly through ACH.

# WHAT ARE TARIFFS?

## 1.2 HOW DO TARIFFS WORK?



SECTION 2:

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# 2025 Tariff Timeline

# 2.1 2025 IEEPA TARIFF HISTORY

Under the International Emergency Economic Powers Act (IEEPA), several universal and country-specific tariffs were enacted to address trade deficits and migration issues.

- **Universal/Reciprocal Tariffs:** A baseline 10% tariff on all imports from all countries went into effect on April 5, 2025. Rates vary by country, ranging from 10% to 41% depending on reciprocal trade balances.
  - Note: A planned 125% tariff on China went into effect briefly, but was paused and remains at 10% until November 2026 following a bilateral trade deal.
- **Fentanyl & Migration Tariffs:**
  - Canada: 35% on most goods; 10% on potash and energy.
  - Mexico: 25% on most goods; 10% on potash.
  - China: 10% on all goods, coupled with the end of de minimis duty-free treatment.
- **Specific Country Remedial Tariffs:**
  - Brazil: 40% on select goods due to government policies.
  - India: 25% on most goods for importing Russian oil (rescinded in February 2026)

# 2.2 LEGAL CHALLENGES TO IEEPA

- On May 28, 2025, the U.S. Court of International Trade (“CIT”) [declared unlawful](#) President Trump’s worldwide ad valorem reciprocal tariffs and his tariffs against Canada, China and Mexico in connection with the illegal drug-trafficking and migration crisis (collectively, “President Trump’s IEEPA Tariffs” or the “IEEPA Tariffs”).
- The Government immediately appealed the CIT’s decision to the U.S. Court of Appeals for the Federal Circuit (“Federal Circuit”).
- On August 29, 2025, the U.S. Court of Appeals for the Federal Circuit ruled that the Trump administration's tariffs imposed under IEEPA were unlawful, holding that the statute does not grant the president authority to impose such taxes. This decision upheld a lower court's ruling, but was stayed until October 14, 2025
- Supreme Court [heard oral arguments in November 2025](#).
- The Supreme Court is currently in recess until early March 2026.
- Businesses should provision for the payment of the IEEPA Tariffs even if the U.S. Supreme Court upholds the CIT’s permanent injunction. U.S. government is moving forward with Section 232 investigations for specific industries and can impose tariffs under other Sections. Some tariffs could be imposed retroactively, impacting refunds.

# 2.3 2025 SECTION 232 EXPANSION

New Section 232 actions were implemented for national security reasons:

- Steel & Aluminum: Global rates increased to 50% (25% for the UK) effective early 2025, while the list of subject HTS codes was vastly increased.
- Automobiles & Parts: 25% globally (lower rates for UK, EU, Japan, and South Korea) effective April/May 2025.
- Copper: 50% on semi-finished copper and derivative products effective August 1, 2025.
- Timber & Wood Products: 10%–25% global tariffs on timber/lumber; 10% on softwood lumber effective October 14, 2025.
- Furniture & Cabinets: 25% on upholstered furniture and kitchen cabinets/vanities, effective October 14, 2025.
- Trucks & Buses: 25% on Medium and Heavy-Duty Vehicles (MHDVs) and parts thereof and 10% on buses, effective late 2025.

# 2.4 RELIEF IN 2025

Throughout 2025 many forms of relief were provided to the trade industry:

### 1. Section 301 Product Exclusion Extensions (China)

- 178 Exclusions Extended: Originally set to expire in late 2025, these were extended until November 10, 2026, following a bilateral trade deal.
- Covered Products: Relieved items include medical gear, solar manufacturing equipment, and specific industrial inputs.

### 2. Reciprocal Tariff “Annex II” Exemptions:

- Executive Order 14257, which established the universal reciprocal tariff on April 5, 2025, included Annex II to list goods exempt from this 10% base duty.
- Critical Industries: Exemptions were granted for semiconductors, smartphones, and computers to prevent supply chain disruptions.
- Essential Goods: Agricultural products (e.g., coffee, tea, tropical fruits), pharmaceuticals, and critical minerals not available in the U.S. were also excluded

# 2.5 RELIEF IN 2025 CONTINUED

### 3. Country-Specific Frameworks & Pauses

- Negotiated "framework deals" provided relief by capping or pausing certain tariffs for aligned partners.
  - Bilateral Truces: A planned 125% tariff on China was paused and lowered to 10% following trade talks.
  - Rate Caps: Imports from the United Kingdom were capped at a 10% duty for certain wood products, while the EU and Japan faced a 15% cap.
  - USMCA Preference: Goods that are USMCA-compliant generally remain at 0% duty, exempting them from the 25–35% tariffs applied to non-compliant Canadian and Mexican goods and the 15%/25% Section 232 tariffs applied to non-compliant auto parts.

### 4. Structural Relief & Deferrals

- Non-Stacking Rule: To prevent "stacking," the President announced that imports subject to auto/parts tariffs are generally not subject to additional IEEPA or Section 232 steel/aluminum duties.
- Duty Drawback: New tariffs on timber, lumber, and upholstered furniture (effective October 14, 2025) were explicitly made eligible for duty drawback, allowing importers to recover duties if the goods are later exported.
- Automobile MSRP offset credits for auto parts (including self-certified parts).

# 2.6 CHANGES TO STACKING

Announced on October 22nd, with further guidance received from CBP on October 29th, and effective November 1, 2025, the U.S. government now recognizes auto parts (and MHDV parts) that are qualified for USMCA as "subject to" the auto parts/MHDV parts tariff. [Source.](#)

- This means that auto parts qualified for USMCA now supersede Section 232 for steel/aluminum.
- No change for countries outside of North America; Section 232 for auto parts still supersedes the reciprocal tariffs and steel/aluminum.
- For China, IEEPA for Fentanyl and the older Section 301 from 2018 still stack with the auto parts and MHDV parts tariff.

# 2.7 CHANGES TO STACKING EXAMPLE

- A product is produced in Canada and is on the existing auto parts list, classified under 8708.29.5160. It is qualified for USMCA and on the aluminum Section 232 list.
- The product is valued at \$2000 USD and is 100% aluminum.
- Prior to November 1st, claiming USMCA eliminated the auto parts tariff and the IEEPA tariff, but did not eliminate the steel/aluminum tariff.
- Importer previously would pay up to 50% of \$2000, or \$1000 in duty, as the product is 100% aluminum.
- After November 1, goods qualified for USMCA are now considered "subject to" the auto parts tariff. As a result, Importer pays total of \$0 duty on a Canadian or Mexican origin auto part that is qualified for USMCA.

## 2.8 SELF-CERTIFICATION FOR AUTO OR MHDV PARTS

- Effective November 1, 2025, the U.S. government allows importers to self-certify that their products should be subject to the auto parts or MHDV parts tariff, if it meets certain criteria.
  - "(12) An importer of record may declare an automobile part or MHDVP as subject to the automobile parts tariff pursuant to Proclamation 10908, as amended, or to the MHDVP tariff pursuant to this proclamation. For an automobile or MHDV part to be eligible for this treatment, the part must meet the following conditions:
    - (a) the part cannot be presently subject to the tariffs imposed pursuant to Proclamation 10908, as amended, or this proclamation;
    - (b) the part cannot be classifiable in Chapters 72, 73, or 76 of the HTSUS; and
    - (c) the part must be used for automobile- or MHDV-related production or repair activity in the United States, as attested to by certification from the importer of record."

## 2.9 SELF-CERTIFIED PARTS THAT ARE USMCA QUALIFIED

- Since November 2025, Chapter 99 of the HTSUS has been updated to provide clarity regarding the USMCA exemption on self-certified auto parts:
  - Self-certified auto parts are declared under a new chapter 99 #, 9903.94.07, while the USMCA exemption code is 9903.94.06.
  - In chapter 99, 9903.94.07 is referenced in subdivision (f), subdivision (h) and subdivision (p).
    - Subdivision (h), covering 9903.94.06, refers to the USMCA exemption and references subdivision (g) and (p).
    - Subdivision (g), covering 9903.94.05, is the list of HTS codes on the existing auto parts list.
    - Subdivision (p), covering 9903.94.07 (self-certified auto parts), references subdivision (h) in turn and states "except as provided for in subdivision (h)" no FTAs will exempt the duty.
    - Due to subdivision (h), parts meeting the criteria of subdivision (p) (self-certified auto parts) can be exempted from the auto part tariff and are to be reported as 9903.94.06 on an entry.

SECTION 3:

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# Looking Ahead to 2026

# 3.1 MAJOR COUNTRY-SPECIFIC TARIFF CHANGES

- **India**: Effective **February 7, 2026**, the U.S. removed the additional **25% "secondary" duty** that had been imposed due to India's Russian oil imports.
  - Separately, a new trade deal announced on February 2, 2026 aims to lower India's reciprocal tariff rate from 25% to **18%.\***
- **Bangladesh**: A new reciprocal trade agreement signed on **February 9, 2026** is set to lower the tariff rate from 37% to **20%.\***
- **Taiwan**: A trade deal announced in early 2026 is set to lower the reciprocal tariff on Taiwanese goods to no more than **15%** and capped Section 232 duties on auto parts and lumber at 15%.\*
- **Argentina**: A trade deal announced on **February 5, 2026** is set to exempt certain goods (Schedule 2A) from reciprocal tariffs and cap others at **10%.\***
- **Nicaragua**: Phased-in Section 301 tariffs began **January 1, 2026**, starting at a **0% rate for 2026** but scheduled to rise to 10% in 2027 and 15% in 2028 for goods not originating under CAFTA-DR.

\*Will be official once signed in an executive order.

## 3.2 SECTORSPECIFIC AND PRODUCT TARIFFS

- **Semiconductors**: Effective January 15, 2026, a new 25% Section 232 duty was implemented on certain advanced computing chips and derivative products.
  - There are many exemptions to this tariff, which can be found in the [Annex](#) of the Executive Order.
- **Wood and Furniture**: Scheduled tariff increases for upholstered furniture (to 30%) and kitchen cabinets (to 50%) were delayed until January 1, 2027, by a December 31, 2025 proclamation. They remain at their 2025 levels (25%) through 2026.

### 3.3 USMCA REVIEW

The 2026 USMCA review is a mandatory "sunset" provision (Article 34.7) requiring the U.S., Mexico, and Canada to meet by July 1, 2026, to decide the future of the trade agreement. Originally intended as a routine "health check," it has transformed into a high-stakes renegotiation where the U.S. is leveraging the process to seek significant concessions on both trade and non-trade issues.

The review acts as a critical "decision node" for the North American economy. If all three countries do not confirm in writing that they wish to extend the agreement, a 10-year countdown to expiration begins, during which the parties must conduct annual reviews until they either reach an agreement, or the pact terminates on July 1, 2036.

Key Negotiation Flashpoints:

- Rules of Origin: The U.S. is pushing for even stricter North American content requirements for automobiles and steel to counter Chinese "back-door" imports.
- China Circumvention: A major priority is preventing China from using Mexico as a hub to transship goods into the U.S. duty-free.
- Energy & Judicial Reforms: U.S. and Canadian officials are concerned about Mexico's nationalist energy policies and recent judicial reforms that could weaken protections for foreign investors.
- Non-Trade Linkages: The Trump administration is explicitly using the review as leverage to secure cooperation on migration, fentanyl trafficking, and continental defense.

## 3.4 USMCA REVIEW POSSIBLE OUTCOMES

Experts at the [Center for Strategic and International Studies \(CSIS\)](#) and other institutions have identified several plausible pathways:

Outcome 	Description	Likelihood / Impact
<b>Renewal</b>	All parties confirm extension as-is or with minor technical updates until 2042.	<b>Low</b> ; U.S. signals indicate a "rubber stamp" is unlikely without concessions.
<b>Painful Extension</b>	Mexico and Canada offer major concessions (e.g., higher U.S. content rules, dairy access) to secure a renewal.	<b>Moderate</b> ; preserves the deal but weakens partners' parity.
<b>Serial Annual Reviews</b>	Failure to agree in 2026 triggers 10 years of annual reviews.	<b>Moderate</b> ; creates a "cloud of uncertainty" that could chill long-term investment.
<b>Bilateral Fallback</b>	The trilateral pact is replaced by separate U.S.–Mexico and U.S.–Canada frameworks.	<b>Low/Possible</b> ; floated by U.S. officials as a way to handle very different economic profiles.
<b>Withdrawal</b>	A party invokes Article 34.6 to exit the deal with six months' notice.	<b>Low/Moderate</b> ; used as a "bargaining chip" but would be highly disruptive to supply chains.

SECTION 4:

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# How the Industry can Adapt

# 4.1 HOW THE INDUSTRY CAN ADAPT

- Review your supply chain. This includes:
  - Analyze bills of material (BOMs) to identify materials that may contain aluminum or steel
  - Review countries of origin of goods you import into the United States
    - If you produce a good in a foreign country and import to the US, confirm the country of origin being declared.
    - Look for ways to shift the country of origin through substantial transformation.
  - Consider changing sourcing of key components. Examples could include:
    - Sourcing aluminum/steel which is cast/smelt or melt/poured in the United States. This would eliminate the 25% duty on aluminum/steel.
    - Sourcing high-value materials from a USMCA country to allow a finished good to qualify for USMCA
    - Changing what processing/manufacturing is done in what country to shift country of origins. E.g. a screw made in Thailand with Chinese steel vs. a screw made in China with Chinese steel.
  - For auto parts that are on steel/aluminum list, consider not qualifying for USMCA if steel/aluminum content is greater than 50%.
- Review your CBP Customs Bond to ensure it is sufficient. CBP will issue insufficiency notices if your Customs Bond is deemed insufficient.

# 4.2 HOW THE INDUSTRY CAN ADAPT PT. 2

- Mitigate Duties:
- If you import auto parts (self-certified or on the list), consider applying auto offset license credits to reduce duty to 0%.
- Temporarily import products (under a TIB). Ensure paperwork clearly states that a TIB is requested at time of import..
- For products moving through the US to another country E.g. from Canada to Mexico, use a T&E (Transportation & Exportation) bond to transport the goods. When a carrier or supplier sends a request for border crossing processing, they need to clearly advise that a shipment is to be bonded. The following is recommended to be on the paperwork submitted to the broker:
  - INBOND REQUIRED clearly stated in email and on invoice
  - Bond Type (IT or T&E)
  - Port of crossing and destination port
  - Bonded Carrier SCAC Code
  - Bonded Carrier ID (Tax ID #)
- Utilize bonded warehouses to keep goods out of the commerce of the US before export from the US.
- Consider using 9801 (goods returned) and 9802 (repair/alteration)
- Consider US duty drawback to reclaim applicable US import duties if goods are being exported
- Consider using an FTZ (Foreign Trade Zone)
- Utilize Post-Summary Corrections to recover unstacking-related tariffs, claim USMCA exemption after entry summary date.

# 4.3 HOW THE INDUSTRY CAN ADAPT PT. 3

Stay informed:

- Subscribe to the Buckland newsletter for breaking news trade-related emails. Available at the bottom of the [Buckland home page](#).
- Download the Buckland [Tariff Guide](#) periodically when new tariffs are announced/changed. Buckland updates based upon new and announced tariffs.
- Subscribe to trade law firm's newsletters (such as [STR](#), [Braumiller](#), etc.)
- Subscribe to [messages from CBP](#) (if you're in logistics or brokerage) sent to your inbox
- Monitor the White House [Presidential Actions](#) page.
- Monitor the Federal Register [page](#). Executive orders are typically published here 1-2 business days after posting on the White House website. Non-executive orders will also be posted here.

SECTION 5:

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# How Buckland Can Support

# 5.1 HOW BUCKLAND CAN SUPPORT

- Buckland can:
  - Advise on current rules and regulations relating to new duties.
  - Advise on upcoming tariff changes and help customers forecast how that may affect their future imports.
  - Assist customers with determining the aluminum and/or steel content in their derivatives related to Section 232.
    - Buckland can solicit aluminum/steel (and soon copper) content from a customer's vendors.
  - Assist customers with confirming their US HTS classifications. HTS classification, along with country of origin, determines things like the general duty rate, Section 232 flagging, and other trade remedy applications.
  - Assist foreign customers with confirming the country of origin of products they are producing outside of the US.
  - Advise regarding Free Trade Agreement eligibility. This is important to negate the automotive and IEEPA tariffs on Canada and Mexico origin goods.

# BUCKLAND'S TARIFF GUIDE



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Table Guide

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FAQs



Understanding trade tariffs is crucial for effective supply chain planning. Below is a summary table of key U.S. import tariffs, including Section 232, Section 301, IEEPA, and recent executive actions.

Check the table to see which tariffs may impact your shipments.

- Mexico
- Canada
- China
- All Countries



<https://buckland.com/tariff-guide/>

SECTION 6:

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Questions?