



Beyond Substantial Transformation: Tariff Stacking and the New COO Compliance Landscape

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Agenda

Evolution of the Tariff Landscape

Conceptualizing the Stacking Problem

Navigating Different Stacking Scenarios and COO

Edge Cases and Future Compliance Concerns

Questions

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Past U.S. Tariff Landscape – Trump I & Biden

Most Favored Nation (MFN) Rates

Most goods from all countries subject to **standardized rates and schedules.**

AD/CVD Remedies

- Potentially stacked duties not a new concept.
- AD/CVD orders targeting **specific products and/or exporters from specific countries** have required consideration and application of additional duties for over 100 years.

Sector-Specific Section 232 Tariffs

- “Sector-specific” tariffs **imposed on national security grounds** pursuant to Section 232 of the Trade Expansion Act of 1962 (“Section 232”)
- **March 2018:** Section 232 invoked to address national security risks
 - **Steel** (25%)
 - **Aluminum** (10%)

Section 301 Tariffs

- Tariffs targeting **unfair trade practices** on Chinese goods with 7.5% to 25% rates.
- Some sectors increased up to 100% in 2024

Current* U.S. Tariff Landscape – Old Regimes Expanded

Section 301 Tariffs

- Expanded to new sectors and countries
- Increased rates on specific sectors
- **New Section 301 investigations** opened since 2024
 - Chinese Implementation of Phase One Agreement
 - Chinese Targeting of Semiconductor Industry
 - Chinese Targeting of Maritime / Logistics / Shipbuilding
 - Brazilian Policies on Digital Trade and Environment
 - Nicaraguan Labor and Human Rights

Sector-Specific Section 232 Tariffs

- Expanded via inclusion of **derivatives** of metals products. Trump Administration is just getting started – expect Section 232 tariffs to continue in 2026-2028.
- More scrutiny of **upstream inputs and parts**.
- **7 active Section 232 actions** in force, some with lower rates for EU, Japan, and/or UK (*)
 - Steel / Aluminum Products and Derivatives (50%)*
 - Automobiles and Auto Parts (25%) *
 - Semifinished Copper & Intensive Copper Derivatives (50%)
 - Timber and Lumber Products (10%-25%) *
 - Trucks, Truck Parts, and Buses (10%-25%)
 - Semiconductors (25% on select goods)
 - Processed Critical Minerals (no tariffs)
- **9 pending Section 232 investigations** expected to lead to tariffs on a range of other sectors
 - Pharma, commercial aircraft and jet engines, polysilicon & derivatives, drones & components, wind turbines, robotics & industrial machinery, medical products & devices

*Current as of Jan 27, 2026. Rapid changes remain possible across both 301 and 232 tariffs.

Current* U.S. Tariff Landscape – New IEEPA Regime Added

IEEPA Reciprocal Tariffs

Most goods from all countries *except Canada and Mexico* are subject to a **baseline tariff of 10%** or **country-specific rates** ranging from **10% to 41%**.

IEEPA Border Security Tariffs

Tariffs imposed on non-USMCA-preferred goods from Canada (35%) and Mexico (25%) to address “situations” at northern and southern borders.

IEEPA Fentanyl Tariffs

Tariffs imposed on Chinese goods (10%) to address synthetic opioid supply chain.

Other IEEPA Tariffs

Additional tariffs imposed on **Brazil (40%)** for certain policies and **India (25%)** for its purchases of Russian oil.

Litigation Uncertainty

- Will any of these be standing by June?
- What will replace them if they fall?
- Even if they are negated, importers still need to know how the stacking rules worked to ensure a correct refund amount.

Current* U.S. Tariff Landscape – Expanding Set of Deals

Status	2025-2026 Trade Deals	
“Legally Binding” Agreement	<ul style="list-style-type: none"> ▪ Cambodia ▪ Malaysia 	
Framework Partially Implemented by Executive Action	<ul style="list-style-type: none"> ▪ United Kingdom ▪ South Korea* ▪ Japan 	<ul style="list-style-type: none"> ▪ EU** ▪ Switzerland ▪ Liechtenstein
Framework Only	<ul style="list-style-type: none"> ▪ Argentina ▪ Ecuador ▪ El Salvador ▪ Guatemala 	<ul style="list-style-type: none"> ▪ Indonesia ▪ Thailand ▪ Vietnam
Informally Announced	<ul style="list-style-type: none"> ▪ Pakistan ▪ Philippines 	
In Progress	<ul style="list-style-type: none"> ▪ India ▪ USMCA Review 	

Deal Caveats

- Every deal is unique, read them carefully
- Deals don’t always resolve 232 issues
- Specific product categories dealt with differently
- If IEEPA tariffs rolled back, will trade partners hold to the deals?
- *Will U.S. hold to the deals if unhappy about digital regulations or slow legislative implementation (see South Korea)
- **Will the EU deal fail on the EU side due to tensions over threatened Greenland tariffs?

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Concepts of Applying Multiple Tariffs

- Duty Free or MFN only?
- **Stacking** tariffs (e.g., MFN + CVD + etc.)?
- **Superseding** tariffs that impact stacking (e.g., IEEPA, unless 232)?
- **Proportional** tariffs based on content that impact stacking (e.g., 232 for metals, IEEPA for remainder)?
- **Capped** or **Trued-Up** tariff obligations based on trade agreements (e.g., EU Trade Deal: IEEPA added to MFN up to 15%)?

Practical Result: Ever-Changing Complexity

U.S. Tariff Overview

Send questions to: traderemedy@cbp.dhs.gov
 Updated 01/14/2025
 CBP Publication No. 5117-0825

The President has imposed new tariffs on imported goods under the International Emergency Economic Powers Act (IEEPA) and Section 232 of the Trade Expansion Act of 1962. **This overview is high-level and provided for informational purposes only; exemptions and details of each tariff action are not fully covered.** For additional information, consult the relevant Executive Orders and Presidential Proclamations and visit CBP.gov via the QR code above.

Autos, Auto Parts

As of May 3: 25%

25% on passenger vehicles and light trucks and auto parts of all countries (except USMCA for parts).

Section 232

MHDVs

As of November 1: 10-25%

25% medium- and heavy-duty vehicles and parts (except USMCA for parts), 10% buses of all countries.

Section 232

Copper

As of August 1: 50%

50% on semi-finished copper products and intensive copper derivative products of all countries.

Section 232

Steel

As of June 4: 50%

50% on steel (including derivatives) of all countries.

Section 232

Aluminum

As of June 4: 50%

50% on aluminum (including derivatives) of all countries, except Russia (200%).

Section 232

Timber, Lumber

As of October 14: 10-25%

10% softwood timber and lumber, 25% upholstered wooden products, 25% cabinets/vanities and their parts of all countries.

Section 232

China/Hong Kong

As of November 10: 10%

10% on all goods. Additional IEEPA reciprocal rate of 10%.

IEEPA

Canada

As of August 1: 35%, 10% Energy & Potash

35% on all goods except 10% on energy and potash; exemptions for USMCA-originating goods.

IEEPA

Mexico

As of March 7: 25%, 10% Potash

25% on all goods except 10% on potash and exemptions for USMCA-originating goods.

IEEPA

Brazil

As of November 13: 40%

40% on all nonexempted goods, in addition to reciprocal rate of 10%. Exemptions for some agricultural products.

IEEPA

Reciprocal

As of November 13: 10-41%

10% to 41% for 95 countries; 10% for rest of countries. Exemptions for certain products, including agricultural products.

IEEPA

Russian Oil (India)

As of August 27: 25%

25% on all nonexempted goods of India, in addition to reciprocal rate of 25%. Exemptions for certain products, including agricultural products.

IEEPA

May be eligible for drawback

De Minimis As of August 29, de minimis duty free entry is no longer available for goods of any country.

See next pages for individual country Agreements and "unstacking" for certain tariffs.

Importance of Classification, Valuation, and COO

Final duty liability can only be determined after a product:

- Is correctly **classified** and valued (including content value);
- Is evaluated for any **special duty provisions or exemptions** (e.g. Ch. 98) that may raise or lower duty; and
- Has a **country of origin** that is evaluated under **all applicable COO tests**.

Undertaking a stacking analysis using erroneous or incomplete data, or applying the wrong COO test, can result in massive tariff liability.

Impact of Classification / Special Duty Provisions on Stacking

- Correct HTSUS classification is the foundation for all tariff calculations.
- Classification impacts eligibility for trade deals and special programs.
- Chapter 98 provisions (e.g. TIB, Nairobi Protocol, U.S. goods returned, etc.) may override standard duties—know when they apply.
- Regularly monitor E.O. notices, CBP rulings, and updates to avoid surprises.
- Misclassification can lead to incorrect stacking and missed exemptions.
- Misuse of Chapter 98 provisions can lead to accusations of tariff evasion.

Impact of Valuation on Stacking

- Errors in valuation can distort base tariff exposure and stacking calculations.
- Accurate valuation is critical for tariffs applied proportionally (e.g., based on the metal content of the article).
 - Duty exposure now depends on content breakdown (e.g. metal vs. non-metal).
 - Document all material and labor inputs to support declared values.
- Where supply chain is complex and tariff exposure varies dramatically between source countries, CBP scrutiny of valuation is likely—prepare for audits.

Uncertainty of Metal Composition and Valuation

- Section 232 duties on steel, aluminum and copper apply **only to the metal content value**.
- CBP **has not published binding, formal guidance** on how to calculate the metal content value.
- Complications arise when:
 - Imported articles are not 100% steel / aluminum / copper
 - Processing (galvanizing, annealing, alloying, etc.) was done on the metal / non-metal content prior to sale into the U.S.
- **Ambiguous, inconsistent, and non-binding guidance from CBP places importers at risk:**
 - Customs website FAQ: “The value of the steel/aluminum content is the total price paid or payable for that content, which is the total payment made/to be made for the steel/aluminum content . . . Normally, this would be based on the invoice paid by the buyer of the steel/aluminum content to, or for the benefit of the seller of the steel/aluminum content.”
 - Recent informal guidance from certain CBP Base Metals Center to customs brokers: the value of the steel/aluminum content should be based on the declared value of the goods, pro-rated as necessary to exclude the value only of non-steel/non-aluminum parts.
- Recent CBP enforcement activity through CF-28s and CF-29s signal **more aggressive scrutiny** of metal declarations and methodologies.
- Small valuation assumptions can drive **significant duty exposure** at 25%–50%+ rates and trigger audits under stacking regimes.

Limited Guidance on Metal Valuation

Proclamation 10895/10896: “the additional ad valorem duty shall apply only to the aluminum/steel content of the derivative article”

**CBP Base Metals Center of Excellence (Dec. 3, 2025):
Guidance regarding Section 232 “content value”**

- 232 duty assessed on what the *importer* paid for the steel/aluminum content of the *finished* article
- Non-metal content does not refer to fabrication, machining, labor, costs, etc.
- Surface treatments, galvanizing, anodizing, paint, lacquer, coatings, cannot be deducted.
- Costs attributable to metal and non-metal (e.g., packaging) are apportioned to both

Key Questions Remain

- Is this official, binding policy?
- What qualifies as a non-metal “component”?
- What documentation is required?

Impact of Country of Origin on Stacking

- Country of Origin determines when some tariff regimes apply (e.g., 301, IEEPA).
- Different origin tests may have different outcomes AND apply simultaneously: substantial transformation, marking, and tariff preference.
- USMCA and other FTAs require strict compliance with origin rules for duty relief.
- Incorrect Country of Origin claims can trigger penalties and retroactive duties.

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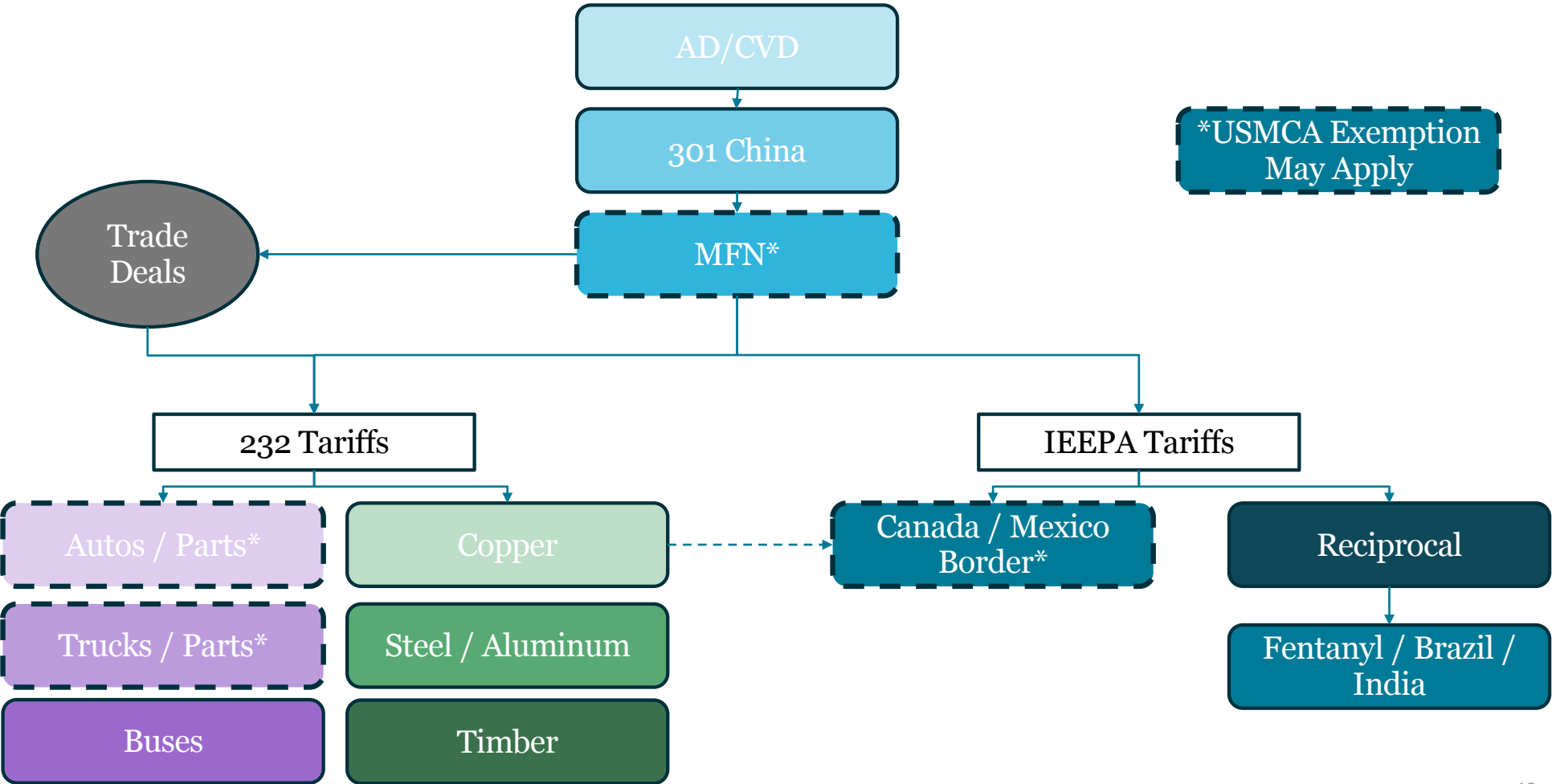
Questions

Suggested Process Overview for Accurate Stacking

■ Process Steps

1. Validate classification & valuation, including any Ch. 98 claims
2. Based on origin of components / major assembly locations, consider all potential COOs (substantial transformation, any trade agreement-specific COOs e.g. USMCA)
3. Add duty rates that will always apply (AD/CVD, 301, MFN Rates*)
4. If trade deal exists with COO, check whether article is covered, and if so, apply the terms of the deal
5. If 232 applies, stack the highest priority 232 duty (see next two slides)
6. If 232 doesn't apply, stack the IEEPA duties (either reciprocal or China/Canada/Mexico)
7. If USMCA compliant, knock some of those duties you added back to zero

Simplified Stacking Flowchart



CBP “Unstacking” Chart (12/11/2025)

U.S. Customs and Border Protection		Unstacking Certain Tariffs										
Send questions to: traderemedy@cbp.dhs.gov		CBP Publication No: 5300-1225 12/11/2025										
Product or Country of Origin	232 Autos/Auto Parts	232 Medium & Heavy Duty Trucks/Parts	232 Aluminum	232 Steel	232 Copper	232 Timber/Lumber	IEEPA Canada	IEEPA Mexico	IEEPA Reciprocal	IEEPA China	IEEPA Brazil	IEEPA Russian Oil/India
Autos/Auto Parts	Yes	No	No	No	No	No	No	No	No	Yes, if country of origin is China	No	No
232 Medium & Heavy Duty Trucks/Parts		Yes	No	No	No	No	No	No	No	Yes, if country of origin is China	No	No
Aluminum			Yes	Yes, if also contains steel	Yes, if also contains copper	Yes, if classified in HTSUS covered by Proc. 10976	No	No	No	Yes, if country of origin is China	No	No
Steel				Yes	Yes, if also contains copper		No	No	No	Yes, if country of origin is China	No	No
Copper					Yes		Yes, if country of origin is Canada	Yes, if country of origin is Mexico	No	Yes, if country of origin is China	No	No
Timber/Lumber						Yes	No	No	No	Yes, if country of origin is China	No	No
Canada							Yes	No	No			No
Mexico								Yes	No			No
China									Yes	Yes		No
Brazil									Yes		Yes	No
India									Yes			Yes
All others									Yes	Yes, if country of origin is China	Yes, if country of origin is Brazil	Yes, if country of origin is India

NOTE:

CBP has provided this chart as a courtesy for informational purposes only, and it does not constitute an official interpretation of the application of tariffs by CBP or the U.S. government. The language of each individual Executive Order and Proclamation, as well as applicable Federal Register Notices, are dispositive as to the application of tariffs to imported products. Importers are responsible for exercising reasonable care in calculating applicable tariffs to their products based on all applicable legal authorities and correctly declaring the amount to CBP on entry documentation.

Key Country of Origin and Marking Regimes

- **General Rules for Marking and Applying Section 301 Tariffs**
 - **Substantial transformation** test (19 CFR Part 134)
- **Rules for USMCA Articles**
 - **USMCA Preference Tests** (HTSUS GN 11)
 - Tariff Shift
 - Regional Value Content
 - **USMCA Physical Marking Rule** (19 CFR Part 102)
 - Tariff Shift, or Regional Value Content, or Substantial Transformation
- **Product-Specific Rules for Origin / Marking**
 - **Metals** (Section 232 and AD/CVD Duties)
 - Steel: Country of melt & pour
 - Aluminum: Primary smelting / remelting
 - **Textiles** (19 CFR 102.21)

All Three Sets of Rules May Apply Simultaneously...

Ruling #N343418 (Nov. 15, 2024)

“A country of origin determination will use different criteria to reach a decision, based on the purpose of the request. For example, a determination for...

- 1) Purposes of **eligibility under USMCA** will use the **tariff shift rules set forth in General Note 11** of the Harmonized Tariff Schedule of the United States (HTSUS).
- 2) **Marking purposes**, for goods from a NAFTA or USMCA country, **will use the marking rules set forth in Section 102.**
- 3) Purposes of **applicability of Trade Remedy Sections 232 and/or 301** will use the **substantial transformation test.**”

...and Results of Rules May Conflict

Ruling #N337620: Thermal Modules (Jan. 26, 2024)

- 1) **Tariff shift** ➡ Mexico = duty free treatment
- 2) **Part 102** ➡ Mexico = physical marking Mexico
- 3) **Substantial transformation** ➡ China = Section 301 duties

USMCA: Three Tests, But Only One Box!

HQ Ruling #H316281 (March 18, 2021)

- CBP applies Part 102 marking rules to USMCA*
- When products are marked as Canada/Mexico under Part 102, report Canada/Mexico as country of origin in Block 10 of CBP Form 7501

The image shows a screenshot of the CBP Form 7501, 'ENTRY SUMMARY', from the Department of Homeland Security, U.S. Customs and Border Protection. A yellow callout box highlights the '10. Country of Origin' field, which is set to 'Mexico'. The form includes various fields for import and export data, including carrier, mode of transport, dates, and addresses. The OMB Control Number 1651-0022 and Expiration Date 01/31/2026 are noted in the top right corner.

1. Filer Code/Entry Number	2. Entry Type	3. Summary Date	4. Surety Number	5. Bond Type	6. Port Code	7. Entry Date
8. Importing Carrier		9. Mode of Transport		10. Country of Origin Mexico		11. Import Date
12. B/L or AWB Number		13. Manufacturer ID		14. Exporting Country		15. Export Date
16. I.T. Number	17. I.T. Date	18. Missing Docs	19. Foreign Port of Lading		20. U.S. Port of Unlading	
21. Country of Melt and Pour				22. Primary Country of Smelt		
23. Secondary Country of Smelt				24. Country of Cast		
25. Location of Goods/G.O. Number		26. Consignee Number		27. Importer Number		28. Reference Number
29. Ultimate Consignee Name (Last, First, M.I.) and Address				30. Importer of Record Name (Last, First, M.I.) and Address		
Street City State Zip				Street City State Zip		
31. Line No.	32. Description of Merchandise			36. A. Entered Value B. CHGS C. Relationship		37. A. HTSUS Rate B. AD/CVD Rate C. IRC Rate D. Visa Number
	33. A. HTSUS No. B. AD/CVD No.	34. A. Gross Weight B. Manifest Qty.	35. Net Quantity in HTSUS Units			
						38. Duty and IR Tax Dollars Cents

*Applying the Part 102 NAFTA rules to USMCA goods was interim guidance at the time of this ruling, which was subsequently confirmed later in 2021 when the Part 134 Country of Origin marking rules were updated to state “for a good of a **NAFTA** or **USMCA** country, the marking rules set forth in in part 102 . . . will determine the country of origin.”

USMCA and Reciprocal Tariffs: A Conflict

Imagine a product is...

- A good of Mexico under HTSUS General Note 11



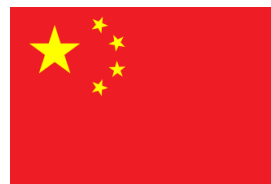
- Qualifies for USMCA preference

- A product of Mexico under Part 102



- Physically marked as a product of Mexico

- Country of origin China under a substantial transformation analysis



- Pays China 301 and Fentanyl tariffs

Will reciprocal tariffs apply?

Reciprocal Tariffs Don't Apply to USMCA Duty-Free...

Reciprocal Tariffs E.O. 14257, § 3(d) (April 7, 2025)

“All goods of Canada or Mexico under the terms of general note 11 to the HTSUS . . . continue to be eligible to enter the U.S. market under these preferential terms.”

CSMS Guidance on Reciprocal Tariffs (#65829726) (August 7, 2025)

“Articles the product of Mexico, including those products of Mexico entered free of duty as under [USMCA] . . . [should apply] 9903.01.27 in order to be exempted from the reciprocal tariff.”

**The Executive Order and CSMS
Guidance indicate reciprocal
tariffs do not apply to any goods
claiming duty-free entry under
USMCA.**

...Unless Reciprocal Tariffs DO Apply to USMCA Duty Free.

CBP's FAQs indicate reciprocal tariffs do apply to goods claiming duty-free entry under USMCA, *if they have another country of origin under a substantial transformation analysis.*

Any other country of origin?*
Or only China?

CBP IEEPA FAQs

*Q: Is a product with **country of origin China** that qualifies for USMCA subject to the IEEPA Reciprocal tariff?*

*A: **Yes**, a product that is country of origin China ... regardless of whether it qualifies for USMCA, is subject to the reciprocal tariff, and must report 9903.01.25/+10%.*

Q: How do I determine the country of origin for my goods from Canada or Mexico?

*A: Please see [Part 102 Rules of Origin] for determination of country of origin marking. When determining the **country of origin for purposes of applying the additional duties under the IEEPA, the substantial transformation analysis would be applicable.***

**This appears to be the approach CBP is taking. See [N351920](#)*

Possible USMCA + Reciprocal Scenarios

USMCA Qualifying?	Part 102	Substantial Transformation	IEEPA Canada / Mexico	IEEPA Reciprocal China
No	China	China	No	Yes
No	China	Canada/Mexico	Yes	No
No	Canada/Mexico	China	Yes	No
No	Canada/Mexico	Canada/Mexico	Yes	No
Yes	Canada/Mexico	Canada/Mexico	No	No
Yes	China	Canada/Mexico	No	No
Yes	China	China	No	Yes
Yes	Canada/Mexico	China	No	Ambiguous - FAQ suggests yes, but seems to contradict EOs

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Future U.S. Tariff Landscape?

No / More IEEPA Tariffs?

- Fate TBD by Supreme Court (how broad will the ruling be?)
- Trump has floated converting tariffs to paid IEEPA licenses

Section 338 Tariffs?

- Floated by commentators as wholesale replacement option for IEEPA tariffs
- Could allow additional tariffs up to 50%

More Section 301 Tariffs?

- Several investigations are ongoing, new investigations could be opened soon

More Trade Deals?

- USTR continues negotiations

Section 122 Tariffs?

- Potential for broad based tariffs up to 15%
- Limited by statute to 150 days / or act of Congress

Edge Case: AD/CVD Circumvention findings

- **August 17, 2023: Antidumping and Countervailing Duty Orders on Crystalline Silicon Photovoltaic Cells**
 - Department of Commerce issued four circumvention decisions for CSPV cells and panels assembled in four Southeast Asian countries (Cambodia, Malaysia, Thailand, Vietnam)
 - Commerce previously had held that solar cells and modules were substantially transformed when p/n junction is formed on the silicon wafer, converting it into an article that generates electricity from solar energy
- Commerce nonetheless applied AD/CVD orders on China to CSPVs substantially transformed in other Southeast Asian countries
- **Rationale**
 - Commerce says Section 781(b)(1)(A) of Tariff Act of 1930 allows antidumping orders to apply to imported merchandise “of the same class or kind” as the merchandise produced in the country that is the subject of the order.
 - Commerce does not address 781(b)(1)(C), requiring that “the process of assembly or completion in the [non-covered] foreign country . . . is minor or insignificant”
- **Result**
 - **Base tariffs** – based on country of origin for customs purposes (Cambodia, Malaysia, Thailand, Vietnam)
 - **AD/CVD duties** – based on country of origin of inputs (China)

Edge Case: Tariffs based on Ownership and Control (Ship-to-Shore Cranes)

- In April 2025, USTR finalized actions in a Section 301 investigation of Chinese ship-to-shore cranes after House Committee report exposed “significant cybersecurity and national security vulnerabilities” from port cranes built by Shanghai Zhenhua Heavy Industries.
- Following E.O. 14269 (April 9, 2025), USTR imposed 100% tariffs on Chinese-origin cranes AND cranes “manufactured anywhere in the world by a company *owned, controlled, or substantially influenced by a PRC national*”
 - This was the first time an ownership / control standard has applied in a 301 investigation, and it may augur a rethink of how country of origin rules apply in other investigations.
- The ship-to-shore crane tariff was suspended under the temporary trade deal with China on November 9, 2025.

A Future Beyond COO? Increasing Importance of Content

- Approach to *rules of origin* and *transshipment* strategies by customs authorities may further evolve
- Especially targets China, and enforcement does not just concern products *made in China*, but products with Chinese *components*
 - *Formal agreements with Malaysia and Cambodia allow U.S. to “establish rules of origin” if benefits of trade agreements “accrue substantially” to third-country nationals (i.e., China)*
- Leads to more questions for importers:
 - Does the product come from a Chinese-owned or -controlled manufacturer?
 - Does the product, even if made in a third country, rely significantly on imported components from China?
 - Does the tariff apply to the entire product value? Or only a portion of it (e.g., specific content)?



Future Tariff Based on Patent Status? (Pharma 232)

- White House has signaled that imposition may depend on the patented status of a drug.
- Some framework agreements (*e.g.*, E.U.) already apply to generic pharmaceuticals only.
- Raises interesting questions about how to determine IP coverage at the border.



Donald J. Trump  
@realDonaldTrump

Starting October 1st, 2025, we will be imposing a 100% Tariff on any branded or patented Pharmaceutical Product, unless a Company IS BUILDING their Pharmaceutical Manufacturing Plant in America. "IS BUILDING" will be defined as, "breaking ground" and/or "under construction." There will, therefore, be no Tariff on these Pharmaceutical Products if construction has started. Thank you for your attention to this matter!

7.01k ReTruths 32.2k Likes

Sep 25, 2025, 7:24 PM

Risks to Importers of Getting This Wrong

- **Severe Financial Exposure** when improperly stacked (or unstacked) duty bills come due
- **Penalties, Audits & Criminal Investigations** if CBP or DOJ Fraud Task Force finds incorrect tariff treatment
- **Supply Chain Disruption** if wrong assumptions about country of origin or trade deal coverage cause delays, re-routing, or inability to make entry at the border
- **Strategic Missteps** if misinterpreting the stacking rules leads to contractual commitments that are not economical

Compliance Strategies for Tariff Stacking & COO

- Avoid hubris and stay current! Don't assume you understand the stacking rules. Consider all the tariff regimes that could apply on the date of entry, and read all the applicable rules and developments since your last analysis (and get a lawyer to help).
- Understand your supply chain, including country of origin for all major components – not just location of final assembly.
- Whenever your products contain significant Chinese content (either by value or by function), further scrutinize your country of origin conclusions, and consider a prospective ruling if questions exist.
 - If you are relying on third country activity to substantially transform significant Chinese content, investigate what occurs in the third country – don't just rely on the word of your supplier.
- Make use of Chapter 98 classifications for special treatment when available, but err on the side of caution and document rigorously – increasingly CBP is investigating misuse of Ch. 98 provisions as potential tariff evasion.
- If importing goods with steel or aluminum, develop and document a rigorous approach to declaring the origin of your metal, and valuing metal vs. non-metal content. It is not enough to estimate your metals composition.
- If your supply chain involves Canada or Mexico, make sure you are considering all applicable COO tests, not just substantial transformation. If you claim a USMCA preference, have your certificates of origin in order before you make entry, and rigorously document entitlement to the preference.

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