

2025 Global Tariffs: Navigating Tariff Tides with Customs Broker ACS



Part 2 of a Multi-Series Approach

Procurement Exchange: June 27, 2025

Tariff Education Series

Multi-session approach:

1) **2025 Global Tariffs: Pricing Impact & Mitigation Strategies** May 30, 2025

2) **Vendor Partner Presentation – American Cargoservice (ACS)** June 27, 2025

3) **Q&A with ACS – based on questions** TBD

Today's Presenters



Adrian Ferreira – Director, FMC Strategic Sourcing, UC Systemwide Procurement

Adrian Ferreira is the Director of Facilities and Capital Programs Strategic Sourcing for UC Systemwide Procurement (SWP). Adrian's leadership has been key in advancing strategic sourcing initiatives that support the university's mission and long-term goals.



Matthew Hissom – Sr. Category Manager, Transportation & Logistics, UC SWP

Matthew Hissom is the Sr. Category Manager of Transportation & Logistics for UC Systemwide Procurement (SWP). He oversees systemwide procurement strategies for transportation, logistics, and travel services across all UC campuses.



Ellen Laramie – Vice President, American Cargoservices, Inc.

Ellen Laramie is Vice President of Operations at American Cargoservice Inc. (ACS), where she plays a pivotal role in supporting the University of California (UC) system's logistics and compliance needs. Under her leadership, ACS manages freight forwarding and customs brokerage services for UC campuses under a systemwide agreement.

Economic Impact of Tariffs on UC Spend

GOOD NEWS!

Total supplier notifications received = **39 / \$163M in spend**

Based on our contracts, UC took about **1% impact to affected spend**



ACS Contract Services

ACS provides customs clearance and freight forwarding services for UC customers, facilitating UC shipments in these ways:

- **Consults on the best way to move items** in an efficient, safe and cost-effective manner for both domestic and international shipments
- **Serves as intermediary** between campus customers and a wide variety of transportation providers
- **Arranges customs clearance services** for UC imports (even when ACS does not arrange the actual shipment)
- **Provides customs-related services and intelligence** for both imports and exports



Tariffs affecting University imports

As of May 28, 2025

Currently Applicable Tariffs

Terms:

- **“Baseline” tariffs** – all countries, 10%
- **“Reciprocal” tariffs** – country specific, suspended *until July 9*
 - [Annex II](#) – products exempted from baseline and reciprocal tariffs
 - [Section 301](#) – trade remedies
 - [Section 232](#) – import restrictions for national security (steel & aluminum)
 - [Anti-dumping/countervailing](#) – unfair trade practices



Current Tariffs

| ALL | Type / Tariff Level | Covered Products / Exemptions |
|--------|--|---|
| China | Sec. 301 Generally 7.5% or 25% | Listed products; existing exclusions expire May 31, 2025 |
| China | IEEPA Fentanyl 20% | All products; no exclusions |
| Canada | IEEPA Border 25% other than energy/potash 10% potash/energy | All products; USMCA qualifying goods exempted |
| Mexico | IEEPA Border 25% other than potash 10% potash | All products; USMCA qualifying goods exempted |
| ALL | Sec. 232 Steel 25% 50% | Lised products; New derivative products added; exclusion process and country agreements abolished |
| ALL | Sec. 232 Aluminum 25% (Russia – 200%) | Listed products; New derivative products added; exclusion process and country agreements abolished |

Current Tariffs

| Country | Type / Tariff Level | Covered Products / Exemptions |
|---------|---|---|
| ALL | Sec. 232 Autos and Auto Parts* 25% | Listed products; U.S. content of USMCA qualifying automobiles exempt; USMCA qualifying parts exempted *Auto parts effective May 3 |
| ALL | IEEPA Reciprocal* 10% April 5 10-50% April 9* | U.S. content if at least 20%; Sec. 232 products; other specified products; Column 2 countries (Cuba, North Korea, Russia, and Belarus) * Country-specific rates suspended until July 9 |
| China | IEEPA Reciprocal Retaliatory 125% April 9 10% May 14 | U.S. content if at least 20%; Sec. 232 products; other specified products |

Current Tariffs

| Country | Type / Tariff Level | Comments |
|-----------|------------------------------------|--|
| Various | IEEPA Venezuela 25% | Countries importing oil/products from Venezuela; On or after April 2, 2025, a tariff of 25 percent may be imposed on all goods imported into the United States from any country that imports Venezuelan oil, whether directly from Venezuela or indirectly through third parties. |
| ALL | Sec. 232 Semiconductors | Investigation phase; possibly covers Annex II goods |
| ALL | Sec. 232 Pharmaceuticals | Investigation phase; possibly covers Annex II goods |
| Nicaragua | Sec. 301 Labor/Human Rights | Investigation phase |
| ALL | Sec. 232 Copper | Investigation phase; possibly covers Annex II goods |
| ALL | Sec. 232 Lumber/Timber | Investigation phase; possibly covers Annex II goods |
| All | Sec. 232 Critical Minerals | Investigation phase; Possibly covers Annex II goods |

Updates to Steel and Aluminum Tariffs – *effective June 28*

Updated CBP Guidance – Reporting Requirements for Derivative Aluminum Imports under Section 232: CSMS# 65236645

- U.S. Customs and Border Protection (CBP) has issued updated guidance regarding the reporting of **country of smelt and cast** for **derivative aluminum imports** subject to **Section 232** measures.
- **Effective June 28, 2025**, if importers do not know the **country of smelt and/or cast**, they must report “**unknown**.”
- When “unknown” is reported, the following will apply:
 - Importers **must also report HTS subheading 9903.85.67 or 9903.85.68**, as applicable
 - **The import will be subject to a 200% Section 232 duty, equivalent to the rate imposed on aluminum imports from Russia**

Updates to Steel and Aluminum Tariffs – *effective June 4*

Steel and Aluminum Tariffs Increased to 50% as of June 4, 2025

- As of **June 4, 2025**, U.S. Customs and Border Protection officially implemented a doubling of the **Section 232 tariffs** on certain steel, aluminum, and derivative* products—from **25% to 50%**.
- This change is based on national security provisions under **Section 232 of the Trade Expansion Act of 1962**.

Updates to Steel and Aluminum Tariffs – effective June 4

Key Details:

- **New Tariff Rate:** 50% (previously 25%)
- **Exemptions:** United Kingdom – remains at 25%
- **Russia:** Steel and aluminum (and derivatives*) remain at 200%
- **Exclusions:** Valid importer-specific product exclusions under Section 232 will continue until expiration or until the granted volume is imported, whichever occurs first.
- **Drawback:** Not permitted for these duties
- **Foreign Trade Zones (FTZs):** Effective today, qualifying imports must enter under “privileged foreign status” unless eligible as “domestic status.” All applicable duties, including additional tariffs, will apply upon consumption entry.
- **Smelt and Cast Reporting:** Required for entries from FTZs starting June 4, 2025.

*What is a "derivative"?

An aluminum derivative is a product that contains aluminum as a component, but is further processed or manufactured into a more complex item. Derivatives are subject to Section 232 tariffs if they are not classified under specific Harmonized Tariff Schedule (HTSUS) chapters. The tariff is generally applied to the value of the aluminum content within the derivative, but may be applied to the entire value if the aluminum content is unknown or equal to the total value.

#64680374 Guidance – Reciprocal Tariffs

April 5 and April 9, 2025, Effective Dates



HTSUS SEQUENCE

For entry summary lines including multiple HTSUS numbers, the following sequence must be followed.

1. **Chapter 98 (if applicable)** Returning professional equipment, return after repair (repair value dutiable)
2. Chapter 99 number(s) for additional duties (if applicable) Chapter 99 = Tariffs, anti-dumping, countervailing, etc.
3. For trade remedies,
 - first report the Chapter 99 number for **Section 301**,
 - followed by the Chapter 99 number for **IEEPA Fentanyl** for China, Canada or Mexico,
 - followed by the Chapter 99 number for **IEEPA Reciprocal**,
 - followed by the Chapter 99 number for **Section 232 or 201 duties** (if applicable),
 - followed by the Chapter 99 number for Section 201 or 232 quota (if applicable)
4. Chapter 99 number(s) for REPLACEMENT duty or other use (i.e., MTB or other provisions)
5. Chapter 99 number for other quota (not covered by #3) (if applicable)
6. **Chapter 1 to 97 Commodity Tariff** Regular duty rates applicable to the commodity

Tariff Stacking

[illegible]

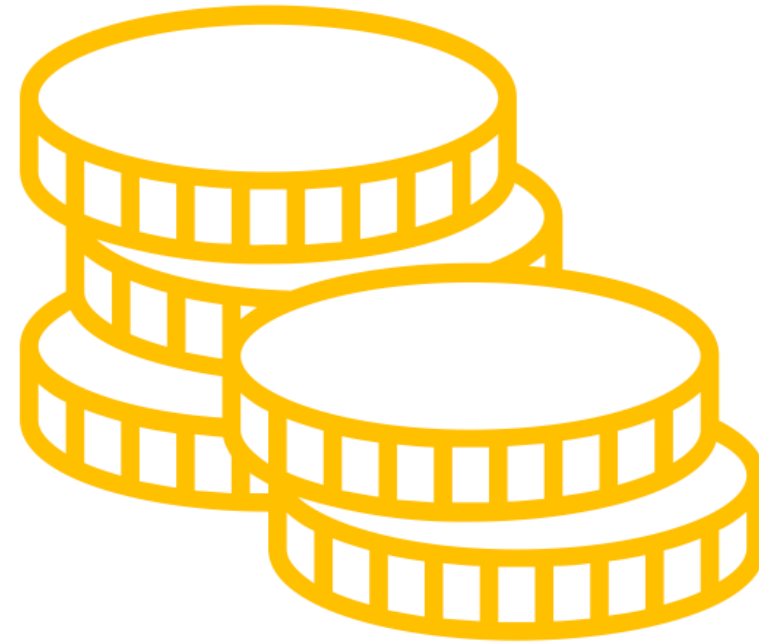
Example of Tariff Stacking

Value: \$16,959.86

HTS 8479.89.9599

- Duty: 2.5% = \$424.00
- MPF: 0.3464% = \$58.75
- **Section 301: 25% = \$4,239.97**
- **IEEPA: 10% = \$1,695.99**
- **Fentanyl: 20% = \$3,391.97**

TOTAL = \$9,810.68



Possible Exceptions

- **Florence Agreement** (next slide)
- **Annex II** (list of HTS codes exempted from additional tariffs)
- **USMCA** – shipments made in Canada and Mexico but ONLY if USMCA compliant
- **Returning research equipment** (additional documentation required)
- **Return after repair abroad** (*value* of repairs is dutiable – can't be zero)
- **US Goods returning** without having been advanced in value
- **Temporary import**
 - **Foreign party gets carnet** – 1 year, cannot be extended. Carnet holder penalized if not re-exported or re-export not properly documented on carnet.
 - **Temporary Import Bond** – *risky!* – double the normal duty charged to Importer of Record if proof of re-export not provided to CBP. 1 year, possibility of extension to 2-3 years.

Florence Agreement

- **UNESCO agreement** on the importation of Educational, Scientific and Cultural Materials
- **Adopted in 1950**, 102 countries currently participating
- **Annex A:** Books, Publications and Documents – some limitations
- **Annex B:** Works of art and collectors' pieces of an educational, scientific or cultural character
- **Annex C:** Visual and auditory materials of an educational, scientific or cultural character
- **Annex D:** Scientific instruments or apparatus intended exclusively for educational purposes or pure scientific research, provided:
 - Consigned to public or private scientific or educational institutions
 - Equipment of equivalent scientific value not being manufactured in the country of importation.
- **Annex E:** Articles for the blind

"Reciprocal" Tariffs – July 9, 2025???

| <u>Country</u> | <u>Rate</u> | <u>Country</u> | <u>Rate</u> |
|------------------------|-------------|------------------|-------------|
| Algeria | 30% | Falkland Islands | 41% |
| Angola | 32% | Fiji | 32% |
| Bangladesh | 37% | Guyana | 38% |
| Bosnia and Herzegovina | 35% | India | 26% |
| Botswana | 37% | Indonesia | 32% |
| Brunei | 24% | Iraq | 39% |
| Cambodia | 49% | Israel | 17% |
| Cameroon | 11% | Japan | 24% |
| Chad | 13% | Jordan | 20% |
| China | 34% | Kazakhstan | 27% |
| Côte d'Ivoire | 21% | Laos | 48% |
| DR Congo | 11% | Lesotho | 50% |
| Equatorial Guinea | 13% | Libya | 31% |
| European Union | 20% | Liechtenstein | 37% |

"Reciprocal" Tariffs – July 9, 2025???

| <u>Country</u> | <u>Rate</u> | <u>Country</u> | <u>Rate</u> |
|-----------------|-------------|----------------|-------------|
| Madagascar | 47% | Philippines | 17% |
| Malawi | 17% | Serbia | 37% |
| Malaysia | 24% | South Africa | 30% |
| Mauritius | 40% | South Korea | 25% |
| Moldova | 31% | Sri Lanka | 44% |
| Mozambique | 16% | Switzerland | 31% |
| Myanmar (Burma) | 44% | Syria | 41% |
| Namibia | 21% | Taiwan | 32% |
| Nauru | 30% | Thailand | 36% |
| Nicaragua | 18% | Tunisia | 28% |
| Nigeria | 14% | Vanuatu | 22% |
| North Macedonia | 33% | Venezuela | 15% |
| Norway | 15% | Vietnam | 46% |
| Pakistan | 29% | Zambia | 17% |
| | | Zimbabwe | 18% |

ACS Import Clearance Process



Carrier or forwarder contacts ACS for clearance of a shipment



ACS contacts receiver identified on import documents to confirm acceptance of shipment and clearance fees



ACS sends email to our customs broker with shipment receiver in copy to initiate clearance process



Broker may ask questions of importer to assist in classification, or request additional documents needed for clearance



If high duty is anticipated, we attempt to get a duty estimate prior to clearance

Clearance Process – other carrier

- **ACS receives arrival notice from carrier** or forwarder for UC import
- **ACS sends arrival notice email to receiving party** mentioned on the shipment documents asking for confirmation that
 - Shipment is expected and UC agrees to act as importer of record
 - Person receiving shipment agrees to pay clearance fees and any duty/tax
 - Clearance fees are spelled out in email, but we have not yet confirmed duty/tax
- **After we have confirmation**
 - We include our Broker in email thread with Importer so that:
 - Broker may ask questions of Importer about commodity, to help confirm proper classification
 - Importer can provide any additional documentation required for commodity
 - TSCA Statement, FDA Form, Foreign shipper's declaration/Importer's declaration for returning equipment

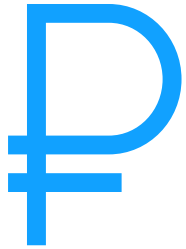
Clearance Process – other carrier

- **If we expect high duty/tariff charges, we *may*:**
 - Ask the broker for a draft entry to confirm exact amount
 - Create a formal quote if needed
- **Duty *under* \$1000** we bill normally
- **Duty *over* \$1000** we ask for immediate payment
- **Duty *over* \$5000** we may ask for payment prior to clearance

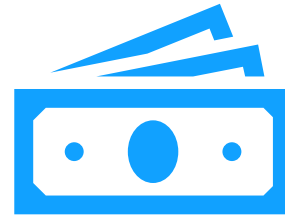
Clearance – shipment arranged by ACS

- **We make every effort to confirm applicable duty in advance** to avoid surprises.
- **We can include *estimated* duty** in shipment quote
- **If we expect a high duty import**, we can help Importer plan ahead so funds are available when needed to pay duty and tax
- **Ocean shipments** – we obtain ISF information to ensure timely ISF filing, avoiding possible penalties

CBP Bonds



U.S. Customs and Border Protection (CBP) requires importers to post financial security to import goods



Protect revenue and comply with bond conditions



Most importers post a surety bond as security

Bond Sufficiency and Saturation

CBP reviews bond sufficiency monthly

Review is on a rolling 12-month basis (not done just at anniversary)

If bond limit is deemed not sufficient to cover 12 months DTF it becomes saturated

Once saturated CBP issues insufficiency notification

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ACS Transportation Services

We can arrange transport from worldwide locations:

- We can provide quote for any transport mode
- We know the shipment is coming – no last-minute rush to get information needed for clearance
- Duty and tax can be estimated in advance to help with planning
- Ocean Freight
 - We know it's coming so we can ensure ISF filing is timely
 - Suitable for larger shipments
- Air Freight
 - Suitable for smaller shipments
 - Faster transit times





Questions?