



## **Tariffs, Trade, and Supply Chains: What In-house Counsel Need to Know**

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The new — and rapidly evolving — tariffs announced by the US administration could have a significant impact on businesses reliant on cross-border trade. Here's what in-house counsel should know to keep their supply chain resilient in the months and years to come.

## Remind me, what's a tariff?

A **tariff** is a tax or duty imposed by a government on imported goods, typically used to protect domestic industries, generate revenue, or influence foreign trade policies. Tariffs increase the cost of imported goods, making them less competitive compared to domestic products. While tariffs can encourage domestic production, they may also lead to higher consumer prices, supply chain challenges, and trade retaliation from affected countries.

Though the US Congress holds the constitutional authority over tariffs, the laws delegate much of the enforcement power to the executive branch, allowing the president to act unilaterally in certain situations — for example, under statutes like the **Trade Expansion Act of 1962 (Section 232)** for national security concerns, the **Trade Act of 1974 (Section 301)** to address unfair trade practices, and the **International Emergency Economic Powers Act (IEEPA)** for national emergencies related to national security, foreign policy, or the economy.

President Trump has signaled willingness to do so, such as when he announced tariffs on Canada, Mexico, and China, or when he proposed escalating tariffs on Colombia in response to the country turning back US deportation flights.

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## What's the latest?

On March 4, the Trump administration's latest tariffs [went into effect](#): 25-percent tariffs on imports from Mexico and Canada, with a carveout for Canadian energy resources, and an increase to a 20-percent tariff on imports from China. Additionally, on Feb. 26, President Trump [had said](#) 25-percent tariffs on EU member countries would be announced "very soon." On Feb. 10, President Trump had [announced](#) 25-percent tariffs on steel and aluminum imports, canceling exemptions for Canada, Mexico, and other trade partners.

On March 6, after the tariffs went into effect and markets sank, President Trump partially pulled back tariffs on some goods from Canada and Mexico. He gave America's biggest trading partners a one-month reprieve from the 25 percent tariffs on goods covered by the US-Mexico-Canada (USMCA) trade agreement, setting up another showdown for April 2.

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