

**Executive Order 14257** of 2 April 2025, published in the *Federal Register* on 7 April, provides a very detailed set of **exemptions** to the general application of the 10% ad valorem additional duty (and subsequent increases for specific countries). Let us see them in detail, article by article.

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## 1. Explicit derogations - Art. 3(b)

The following categories are excluded from the additional duties:

(i) All articles protected by **50 U.S.C. 1702(b)**

➤ This provision of the **International Emergency Economic Powers Act** excludes specific activities (such as personal communication, humanitarian donations, and scientific and cultural) the powers of the President in situations of economic emergency.

(ii) Steel and aluminium already subject to duties under **Section 232** (Trade Expansion Act 1962)

➤ It includes products affected by **Proclamations 9704, 9705, 9980, 10895 and 10896**, which already provide protective measures for imported steel and aluminium.

(iii) Cars and car parts already affected by **Section 232** duties, as per **Proclamation 10908** (26 March 2025).

(iv) Other specific products listed in **Annex II**, :

- copper,
- pharmaceutical products,
- semiconductors,
- wooden articles,
- critical minerals,
- energy and derived energy.

(v) Items subject to **column 2 of the Harmonised Tariff Schedule (HTSUS)**

➤ Column reserved for non-MFN (non Most Favoured Nation) countries, which already pay high tariffs.

(vi) Articles that may become subject to future **Section 232** duties.

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## 2. Special Treatment for Canada and Mexico - Art. 3(d)-(e)

- If **Canadian or Mexican** goods **do not** meet the **USMCA** origin criteria, they are taxed at **25% duty**, except:
  - energy and energy resources (duty reduced to 10%);
  - potassium (10% duty);
  - duty-free components for products assembled in the USA.
- If **previous orders are suspended or terminated**, the goods:

- **originating USMCA= exempt from new duties;**
  - **non-originating USMCA= duty at 12%.**
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### 3. Partial derogation on US content - Art. 3(f)

- Duties apply **only to the non-US portion** of the value of the good, **if at least 20% of the value is of US origin.**
  - **U.S. Customs and Border Protection (CBP)** will verify national origin and content.
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### 4. Free Zones and the De Minimis Regime - Art. 3(g)-(h)

(g) Goods admitted into a US free zone **after 9 April 2025** must be classified as *privileged foreign status*, thus subject to exit duty

(h) The duty-free treatment for small imports (**de minimis** regime) remains in place:

- **under 1321(a)(2)(A)-(B):** fully operational.
  - **under 1321(a)(2)(C):** operative until the Department of Commerce certifies full capacity to collect. After that, it will be **revoked**.
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## Conceptual summary of exemptions

The exemptions are built on **three levels**:

1. **Substantial and existing** (products already affected by previous sanctions or duties);
2. **Strategic and selective** (critical raw materials, technology, energy);
3. **Technical-formal** (origin, de minimis threshold, free zones).

These exemptions show that the objective of the measure is not a **total closure**, but a **targeted restructuring** of the trade balance, leaving well-calibrated gaps open, especially to **protect strategic sectors and key partners**.

Here is a structured excerpt of the **products exempt from duties** according to **Annex II** of the executive order. If you wish, I can further elaborate this list by sectors (energy, electronics, pharmaceuticals, etc.) or associate each product with its **customs code (HS code)** for technical and legal insights. Let me know how you prefer to proceed.

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Here is a **reasoned summary of the products exempted** from additional duties Executive Order 14257 (Annex II):

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## Categories of products exempt from the new US duties (Annex II)

The decree expressly excludes **certain product categories of strategic importance or already subject to previous measures**, in order to avoid duplication of tariffs, to ensure critical supplies and not to damage high-tech or health sectors. Exempted products include:

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### Strategic metals

- **Steel and aluminium** already subject to *Section 232* duties (Proclamations 9704, 9705, 9980, 10895, 10896).
  - **Copper**, due to its critical use in electronics, infrastructure and defence.
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### Pharmaceuticals and biotechnology

- Essential **pharmaceuticals** and **medical devices**.
  - Active ingredients and chemical compounds for pharmaceutical use.
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### Critical technologies

- **Semiconductors** and advanced electronic components.
  - Equipment for the production of chips and integrated circuits.
  - Some **precision machine tools**.
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### Raw materials and natural resources

- **Timber** and derivatives used construction and industry.
  - **Critical minerals**, including rare earths and rare materials for batteries.
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### Energy

- **Crude oil** and refined products.
  - **Natural gas** (including LNG).
  - Renewable energy and related technologies (e.g. solar cells).
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### Duty-free components

- Parts and components imported for **assembly in the US** into final duty-free products, even if they originate in Canada or Mexico and do not comply with USMCA rules of origin.

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## **Implicit purpose of exemptions**

These derogations aim :

- avoid **collateral damage to US strategic supply chains**;
  - protect sectors already defended with pre-existing duties;
  - securing supplies in areas considered **essential to national security**, in line with US industrial policy.
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That clause, contained in **Art. 3(f) of Executive Order 14257**, introduces a **duty mitigation criterion** based on the **composition of the value of the product**. Let us explain it in clear terms:

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## Formula of the clause

"Duties apply **only to the non-US part of the value of the good, if at least 20 per cent of the value is of US origin.**"

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## What does this mean in practice?

If an imported good consists of at least **20 per cent of its total value of components, materials, know-how or workmanship made in the United States**, then the duty **does not apply to the entire value of the good, but only to the part that comes from abroad.**

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## Numerical example

Imagine importing an industrial machine with a total value of **\$100,000** into the US, made up as follows:

- **USD 30,000 worth of US components** (engines, software, design, etc.)
- **70,000 foreign components** (e.g. China, Germany)

Since **30% of the value** is of US origin (i.e. more than 20%), the duty **does not apply to the entire good**, but only to the **foreign portion**, i.e:

**10% duty on \$70,000 = \$7,000 \$**

Instead of \$10,000 (10% on \$100,000), as it would be without the exemption.

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## Why is this clause important?

1. **Avoid excessive penalisations** for 'hybrid' goods, i.e. produced abroad but with significant US content (typical in global supply chains).
  2. **It incentivises the use of US inputs** by foreign producers: if they increase the US value in their products, they pay less duty.
  3. **It protects US companies** with foreign integrated plants or suppliers (e.g. Apple, Tesla, Boeing...).
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## Who decides whether the asset is 'at least 20 per cent American'?

**U.S. Customs and Border Protection (CBP)** will verify, based :

- **customs documentation;**
  - **detailed invoices;**
  - **certificates of origin;**
  - **analysis of the product *bill of materials*.**
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If you want, I can help you formulate this rule schematically for presentation or interpretative note.  
Do you want me to transform it?

**Article 3(h) of Executive Order 14257** states that:

"The duty-free treatment provided for in section 321(a)(2)(C) of the *Tariff Act of 1930* (**de minimis regime**) remains in force, **except for the People's Republic of China**, in respect of **which this exemption no longer applies.**"

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What does the *de minimis* regime mean?

The *de minimis* regime allows the **duty-free import of low-value goods**, currently up to **USD 800 per shipment, without formal customs declaration.**

It is a tool designed for:

- facilitating cross-border electronic commerce (e-commerce);
  - streamline the entry of small parcels destined for end consumers;
  - avoid administrative costs disproportionate to the value of the goods.
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Exclusion of China: what changes?

For **goods from China**, this threshold **will no longer apply**:

**Any shipment, even under \$800, will be subject to 10% (or 25%) additional duties.**

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Purpose of the derogation

- **duty evasion** by artificially fragmenting shipments.
  - **Directly hit the Chinese e-commerce platforms** (e.g. Shein, Temu, AliExpress) that send millions of parcels to the US by exploiting *de minimis*.
  - **Limit massive entry of cheap goods** by circumventing standard tariff barriers.
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Strategic observation

The measure has **strong political and protectionist overtones**, since:

- affects a vital channel of Chinese trade with American consumers;
- may trigger a **symmetrical reaction** from Beijing;

- is part of a broader strategy to curb 'dependence' on cheap Chinese imports.