

FACT SHEET
FOR THE NATIONAL PROPANE GAS ASSOCIATION
ON U.S. TARIFFS ON CANADIAN AND MEXICAN GOODS

Background

On March 4, 2025, the United States imposed 25% tariffs on most products of Canada and Mexico. However, energy and energy resources that are products of Canada are subject to a 10% tariff. These tariffs apply in addition to any preexisting tariffs.

These tariffs came into effect as a result of executive orders (EOs) signed by President Trump on February 1, 2025. Under these orders, tariffs were originally scheduled to start on February 4, 2025. However, on February 3, 2025, implementation of the tariffs was delayed until March 4, 2025. On March 2, 2025, President Trump further amended the February 1 executive orders to postpone the announced removal for Canada and Mexico of the *de minimis* exception (which allows for duty free low-value shipments) until implementation systems are in place.

The EOs do not provide for any process to consider requests for exclusions from the new tariffs.

The Canada EO: <https://www.whitehouse.gov/presidential-actions/2025/02/imposing-duties-to-address-the-flow-of-illicit-drugs-across-our-national-border/>.

The Mexico EO: <https://www.whitehouse.gov/presidential-actions/2025/02/imposing-duties-to-address-the-situation-at-our-southern-border/>).

On March 3, U.S. Customs and Border Protection published modifications to the Harmonized Tariff Schedule to implement the new tariffs on Canada and Mexico.

For Canada: <https://public-inspection.federalregister.gov/2025-03664.pdf>

For Mexico: <https://public-inspection.federalregister.gov/2025-03665.pdf>

The IEEPA

The executive orders cite the International Emergency Economic Powers Act (IEEPA) as the legal basis for the tariffs. President Trump's imposition of tariffs on Chinese goods effective February 4, 2025, marked the first time the IEEPA had ever been used as a legal basis for tariffs; the new tariffs on Canadian and Mexican goods represent the second use of the IEEPA as a tariff authority. The President's ability to use the IEEPA as a legal authority for tariffs will likely be subjected to legal challenges.

Retaliatory Actions

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In retaliation, Canada announced plans to impose tariffs on CAD 155bn in goods imported from the United States.

- Tariffs on an initial list of CAD 30bn became effective on March 4, 2025. That list is available at: <https://www.canada.ca/en/department-finance/news/2025/03/list-of-products-from-the-united-states-subject-to-25-per-cent-tariffs-effective-march-4-2025.html>.
- Tariffs on an additional CAD 125bn will be implemented after a 21 day public comment period.

Details on Mexico's response are expected to be announced on March 9, 2025.

The U.S. EO's imposing tariffs on Canada and Mexico each contain a statement that should either country institute retaliatory trade measures, the President may increase the U.S. duties.

Coverage Notes

- Canadian energy and energy resources subject to the lower 10% rate are defined as follows: "The term 'energy' or 'energy resources' means crude oil, natural gas, lease condensates, natural gas liquids, refined petroleum products, uranium, coal, biofuels, geothermal heat, the kinetic movement of flowing water, and critical minerals, as defined by 30 U.S.C. 1606 (a)(3)."
- The EO's make drawback unavailable for the duties they impose.