May 4, 2025

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

Executive Orders Imposing Tariffs on Canada and Mexico

On February 1, 2025, President Trump signed executive orders (EOs) to impose tariffs on products of Canada and Mexico. The orders provided that most products of Canada and Mexico would be subject to a 25% tariff, while energy and energy resources that are products of Canada would be subject to a 10% tariff.

Under these executive 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 4, 2025, the tariffs took effect.

On March 6, 2025, President Trump issued new executive orders, effective on March 7, that exempted goods qualifying as originating goods under the United States-Mexico-Canada Agreement (USMCA) from these tariffs. The March 6 executive orders also lowered the rate for non-USMCA-originating potash from Canada and Mexico to 10%.

Tariffs on Canadian and Mexican Goods

In light of the executive orders described above:

- USMCA originating goods are not subject to the new tariffs on Canadian and Mexican goods.
- Products of Canada and Mexico that do not qualify as USMCA originating goods are subject to a 25% tariff (in addition to any base tariff rate), except for energy and energy resources that are products of Canada, and potash from Canada or Mexico.
- Energy and energy resources that are products of Canada, and potash from Canada or Mexico, that do not qualify as USMCA originating goods are subject to a 10% tariff (in addition to any base tariff rate).

Treatment of Canada and Mexico Under the Executive Order on Reciprocal Tariffs

The President's April 2, 2025, executive order imposing tariffs on most foreign countries did not immediately impose any new tariffs on Canadian and Mexican goods. Canadian and Mexican goods were exempted from the tariffs imposed under that order.

However, the April 2, 2025, executive order provides that if the February 2025 and March 2025 executive orders imposing tariffs on Canadian and Mexican goods are terminated or suspended,

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then non-USMCA-originating Canadian and Mexican goods will be subject to a 12% duty (in addition to any base tariff rate).

Energy, energy resources, and potash from either Canada or Mexico would be exempt from the 12% duty even if not USMCA originating. An "article eligible for duty-free treatment under USMCA that is a part or component of an article substantially finished in the United States" would also be exempt.

Relationship to Other Tariffs

On April 29, 2025, the President issued an executive order providing that the tariffs on Canadian and Mexican goods imposed under the February 1, 2025, executive orders, as amended, do not stack on top of certain other tariffs. Under the April 29, 2025, executive order:

- Autos and auto parts subject to tariffs under section 232 of the Trade Expansion Act pursuant to the President's proclamation of March 26, 2025, are not also subject to:
    - The tariffs on Canadian and Mexican goods imposed under the February 1, 2025, executive orders, as amended; or
    - Section 232 tariffs on steel and aluminum, and steel-derivative and aluminum-derivative goods.

- Non-USMCA originating products of Canada or Mexico, which are subject to tariffs imposed under the February 1, 2025, executive orders, as amended, are not also subject to section 232 tariffs on steel and aluminum, and steel-derivative and aluminum-derivative goods.

The IEEPA

The February 1, 2025, executive orders imposing tariffs on Canadian and Mexican goods 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 April 2, 2025, "reciprocal" tariff executive order also relied on the IEEPA.

Since the President began imposing tariffs by executive order in reliance on the IEEPA, a number of lawsuits have been filed that challenge the legality of this practice. These lawsuits remain in very early stages of litigation.

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 EOs imposing tariffs on Canadian and Mexican goods do not provide for any process to consider requests for exclusions from the new tariffs.
- The EO's make drawback unavailable for the duties they impose.