

ACTIONS TO HELP MITIGATE TARIFF CHANGES



- **Engage with your broker/forwarder or other trade compliance resource to measure the impacts:** Your broker and/or forwarder should be able to help you measure the impacts of the new tariffs on your business.
- **Use your free CBP ACE account:** Your broker should be able to provide you with data about your past importations at the HTS line level. It's always good to have a backup, however, that gives you the flexibility to pull data on demand and conduct an analysis whenever the trade compliance landscape changes.
- **Measure your service provider's readiness and ability to advocate for you:** Are you getting regular updates from your broker and forwarder about the upcoming changes? Are they well-informed and do they seem ready to implement the technical changes CBP will make to accommodate the new measures in the coming days? Are you confident they can and will advocate for you, to ensure you receive every compliant opportunity to save on duties? This is a good time to assess your service providers. The pace and level of change in trade compliance is shifting the Customs broker's relationship from tactical to strategic.
- **Stay informed:** Leverage your trade associations, consultants, and service providers to ensure you have up-to-the-minute information on changes, so you can measure impacts, pivot where possible, and take advantage of every compliant opportunity.
- **Drawback:** Ensure your company is recovering every available duty drawback opportunity on imported goods that are subsequently exported (although no drawback will be available on the new tariffs, existing tariffs can be claimed back under the drawback program).
- **Post-entry procedures:** File post-summary corrections and protests to secure duty refunds based on audit results where duty recovery opportunities are discovered. These mechanisms can yield substantial refunds. If internal resources are not available to perform an analysis, outsource the project to look for a potential duty recovery.
- **FTZ Duty Deferral / Mitigation:** Goods can be admitted to a foreign-trade zone for duty deferral and/or mitigation.
- **Advocacy:** Advocate exempting your company or lower the impacts of AD/CVD, trade remedies and new potential tariffs. Direct lobbying efforts and association advocacy can both be advantageous.





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- **Valuation:** Assess whether buying commissions, shipping charges, inspection fees, and other compliant deductions can be excluded from the entered value on entries; assess the use of transfer pricing rules to lower value. Assess the company's Incoterms to be sure you are not accruing costs that should be paid by other parties. If internal resources are not available, this, too, can be outsourced.
- **First sale:** First sale valuation can make an enormous impact by lowering the dutiable value on products subject to high base duty rates, the new tariffs and 301 duties.
- **Exclusions:** Leverage every available exclusion for the company's qualifying products to save on Section 301 duties.
- **Low-value shipments:** Leverage Section 321 of the Tariff Act of 1930 whenever commercially practical to avoid duties on imported goods from countries that are still eligible.
- **FTA's, CAFTA, etc.:** Assure the company is taking advantage of all existing free trade agreement and preferential trade programs. Resource to duty-friendly locations. Given the current trade climate, however, consult with an expert before moving forward with any change to assess any potential future tariff or other trade barrier risks.
- **Origin Engineering:** If you cannot compliantly change the HTS code of a product for a lower duty rate, it may be possible to shift the country of origin. Engage with your Customs broker and other experts to assess opportunities.
- **Classification Engineering:** Taking a risk-based approach to goods with the highest rates of duty, consider minor changes to a product that might shift the HTS code and duty rate to a classification with a lower or zero duty (and/or no Section 301 duty, for example). Engage with your Customs broker or other experts to assess opportunities.
- **Educate your team through related AIAG training courses:**
 - **USMCA:** Designed for trade compliance, understand better the USMCA/T-MEC Free Trade Agreement, its concepts to facilitate a better understanding.
 - **Harmonized Tariff Schedule of the United States (HTSUS):** Understand the harmonized classification system of imported products to ensure you're compliant.

