



MEMORANDUM

TO: U.S. Chamber Members
FROM: Neil Bradley, Executive Vice President and Chief Policy Officer
John Murphy, Senior Vice President and Head of International
DATE: June 19, 2025
RE: Projecting Future Changes in Tariff Levels

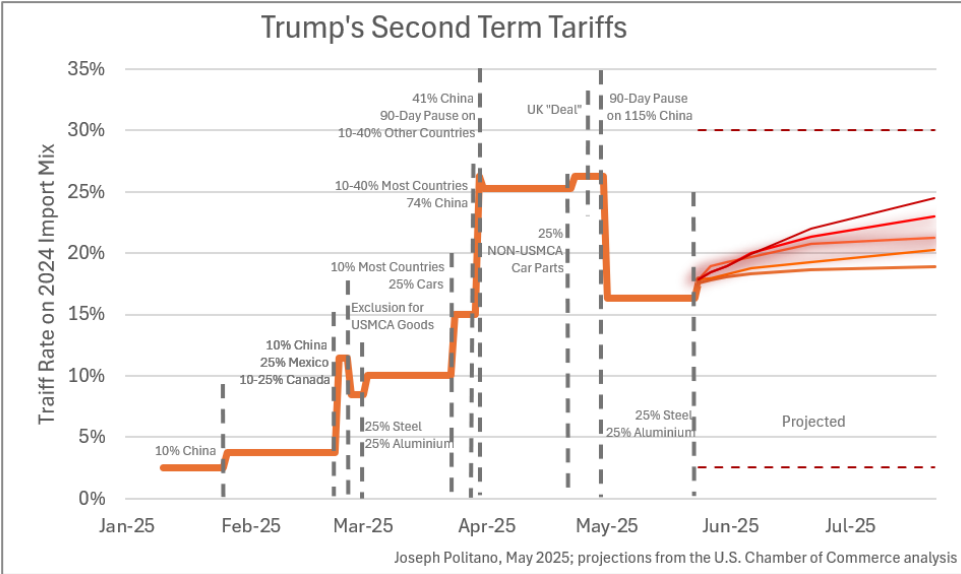
One of the most frequent questions we are asked is, “What is likely to happen to tariff levels going forward?” It is a question that is almost impossible to answer given the combination of the President’s willingness to modify tariffs on an almost weekly basis, the outcome of pending litigation, and the range of tariff authorities available to the President.

However, by analyzing the President’s existing, proposed, and suspended tariff policies, it is possible to develop a cone of probability that captures the range of most likely outcomes over the next several months.

While far from certain, **we believe that over the next six months tariff rates are likely to be meaningfully higher than they are today but not as high as the rates that briefly went into effect on April 2** (“Liberation Day”).

Our projection for higher tariff levels is driven by:

1. The likely imposition of additional sectoral tariffs (Sec. 232) such as those imposed on steel, aluminum, and autos;
2. The unlikelihood that new trade deals will significantly reduce the 10% “baseline” tariff or the sectoral tariffs;
3. The tenuous state of the tariff pause in effect between the United States and China and the United States and the EU, which is slated to end in August 2025 and July 2025, respectively;
4. The possibility of reinstating, though potentially at a lower level, the proposed “reciprocal” tariffs for 57 large trading partners that ranged as high as 50%; and
5. The ability of the President to replace many of the IEEPA tariffs if they are struck down by the court using other tariff authorities (though not immediately in every case).



Tariffs Currently in Effect

Scope	Rate	Authority	Probability of Remaining Fully in Effect (1 Most Likely to 5 Least Likely)	Rationale
Canada and Mexico	25% on goods and 10% on energy from Canada and Mexico (USMCA-compliant goods excluded)	IEEPA	4	There is a strong chance that the Courts will strike down these tariffs under IEEPA. Of all the tariffs in force, these duties on select goods from Canada and Mexico may be the most difficult to transition to some other legal authority, as Sec. 122, for instance, cannot be deployed for the same purpose. The scope of goods affected is also considerably less than some other categories listed here, which may make maintaining these duties less of a White House priority.

China	20% for all goods, with an additional 10% for most goods (reduced from 145%)	IEEPA	1	The Administration has made clear that it intends to impose some level of tariffs on China. If IEEPA is struck down, the President could adjust existing Sec. 301 tariffs over a period of 1-3 months (as notice and comment would be required) to cover the same goods at the same duty rates.
China	~20% (trade-weighted average) for about two-thirds of imports from China	Sec. 301 of the Trade Act of 1974	1	Most of these duties have been in place since 2018-2019. The Biden administration hiked rates on some goods (e.g., EVs) in 2024. These tariffs were litigated without success, indicating that they are relatively bulletproof from a legal perspective.
Global “Baseline”	10%	IEEPA	2	If the courts uphold the recent rulings against IEEPA tariffs, the President could impose 15% global Sec. 122 tariffs, although they would be limited to 150 days. The fact that this “baseline” tariff was unaltered by the U.S.-U.K. trade deal underscores the administration’s strong commitment to imposing a “baseline” tariff.
Steel / Aluminum & Derivative Products	50%	Sec. 232 of the Trade Expansion Act of 1962	2	The President seems unlikely to remove these tariffs, particularly as he recently doubled them to 50%. This increase in duties, particularly for aluminum from Canada, may be adjusted if it imposes the severe industrial repercussions some analysts expect.

Automobiles & Parts	25% on autos from all countries; 25% on all auto parts except USMCA-compliant parts from Canada and Mexico	Sec. 232 of the Trade Expansion Act of 1962	2	The President seems unlikely to remove these tariffs, although there is a possibility for limited exemptions (e.g., the U.S.-U.K. trade deal).
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Pending and Potential Tariffs

Scope	Level of Imports (In Billions)	Authority	Probability of Going Into Effect (1 Most Likely to 5 Least Likely)	Rationale
Copper	\$17	Sec. 232 of the Trade Expansion Act of 1962	2	The aim appears to be to shore up domestic smelting, which is underutilized. China dominates global copper smelting, a process that spins off a range of other valuable minerals, and this seems to be the administration's focus (as opposed to, say, finished/smelted copper from Chile).
Lumber and derivatives (e.g., furniture, paper products)	\$16	Sec. 232 of the Trade Expansion Act of 1962	3	U.S. antidumping and countervailing duties on lumber from Canada will likely be hiked from 14.5% to 34.5% soon, potentially mitigating the push for these tariffs. Forest products industry pushback against duties on some downstream products has been notable.

Semiconductors, and information and communications technology (ICT) products with embedded semiconductors (e.g., consumer electronics, computers)	\$386	Sec. 232 of the Trade Expansion Act of 1962	2	Given bipartisan focus on this sector, it seems more likely than not that some new tariffs are imposed, particularly on Chinese chips, although the administration may differentiate among logic, memory, and legacy semiconductors as well as tariffs on embedded chips rather than the entirety of consumer electronic products.
Pharmaceuticals	\$274	Sec. 232 of the Trade Expansion Act of 1962	2	Given the President's focus on this sector, it seems more likely than not that some new tariffs are imposed, although the scope may be limited over concerns of the impact on U.S. consumers, the risk of shortages, and the President's statements generally concerning lowering drug prices.
Critical Minerals	\$58	Sec. 232 of the Trade Expansion Act of 1962	3	Given concerns about near-term access to critical rare-earth minerals and their necessity to U.S. industries and consumers, it is not clear to what extent the administration will follow-through on these tariffs and to what degree the focus will be on bolstering processing (see copper, above).
Medium- and Heavy-Duty Trucks & Parts	\$40	Sec. 232 of the Trade Expansion Act of 1962	2	Similar to the focus on automobiles, the President seems to have a strong interest in tariffing imports in this sector, perhaps without tariffing parts.

Civil Aircraft, Engines & Parts	\$25	Sec. 232 of the Trade Expansion Act of 1962	3	Given U.S. leadership in this sector, the predominantly domestic footprint of the industry, and its large trade surplus, it is not clear what the impetus is for this proposal.
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Postponed Tariffs

Scope	Rate	Authority	Probability of Going Into Effect as Originally Imposed (1 Most Likely to 5 Least Likely)	Rationale
<p>“Reciprocal” by Country (“Liberation Day Tariffs”)</p> <p>Postponed Until July 9, 2025</p>	Ranging from 11% to 50% on 57 countries in lieu of the 10% “baseline” tariff for those countries	IEEPA	4	If IEEPA tariffs survive legal challenge, additional “reciprocal” tariffs may be imposed but would likely be at lower rates (e.g., the letters with new tariff numbers the President has referenced) rather than the original proposed rates (which only reflected bilateral trade deficits). Economic and financial market circumstances may weigh on any decision to proceed to these higher rates.
<p>Increased Tariffs on the EU</p> <p>Postponed Until July 9, 2025</p>	50%	IEEPA	3	The increased tariffs were originally announced on May 23, to take effect on June 1. But two days later, the President announced a delay on implementation until July 9. It is unclear how intent the President is on imposing these higher tariffs and, if he is, what can be done to avoid the increase.

“Reciprocal” Tariffs on China Postponed Until August 12, 2025	125%	IEEPA	4	While additional tariffs on China are possible, the President has said they are not likely to return to the 125% previously in effect.
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Alternative Policies if IEEPA Tariffs Struck Down by Appellate Courts

Authority	Scope
Sec. 122	Allows the President to implement tariffs up to 15% for no more than 150 days (which can be extended by Congress) to address large and serious balance of payment deficits. Action may be immediate; no notice and comment period is required.
Sec. 338	Up to 50% tariffs effective 30 days after announcement on the basis of a country having policies that discriminate against U.S. imports in such a way that disadvantages the U.S. relative to other countries.
Sec. 301	Permits tariffs—after an investigation by the USTR that may take several months—on specific countries in response to trade barriers that are “unjustifiable” or “unreasonable” and burden U.S. commerce. Notice and comment are required.
Sec. 232	Permits the Department of Commerce to impose tariffs after an investigation determines imports “threaten to impair the national security.”
Sec. 201	Permits temporary tariffs for up to 240 days to safeguard U.S. industry from foreign competition after an investigation by the U.S. International Trade Commission.

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