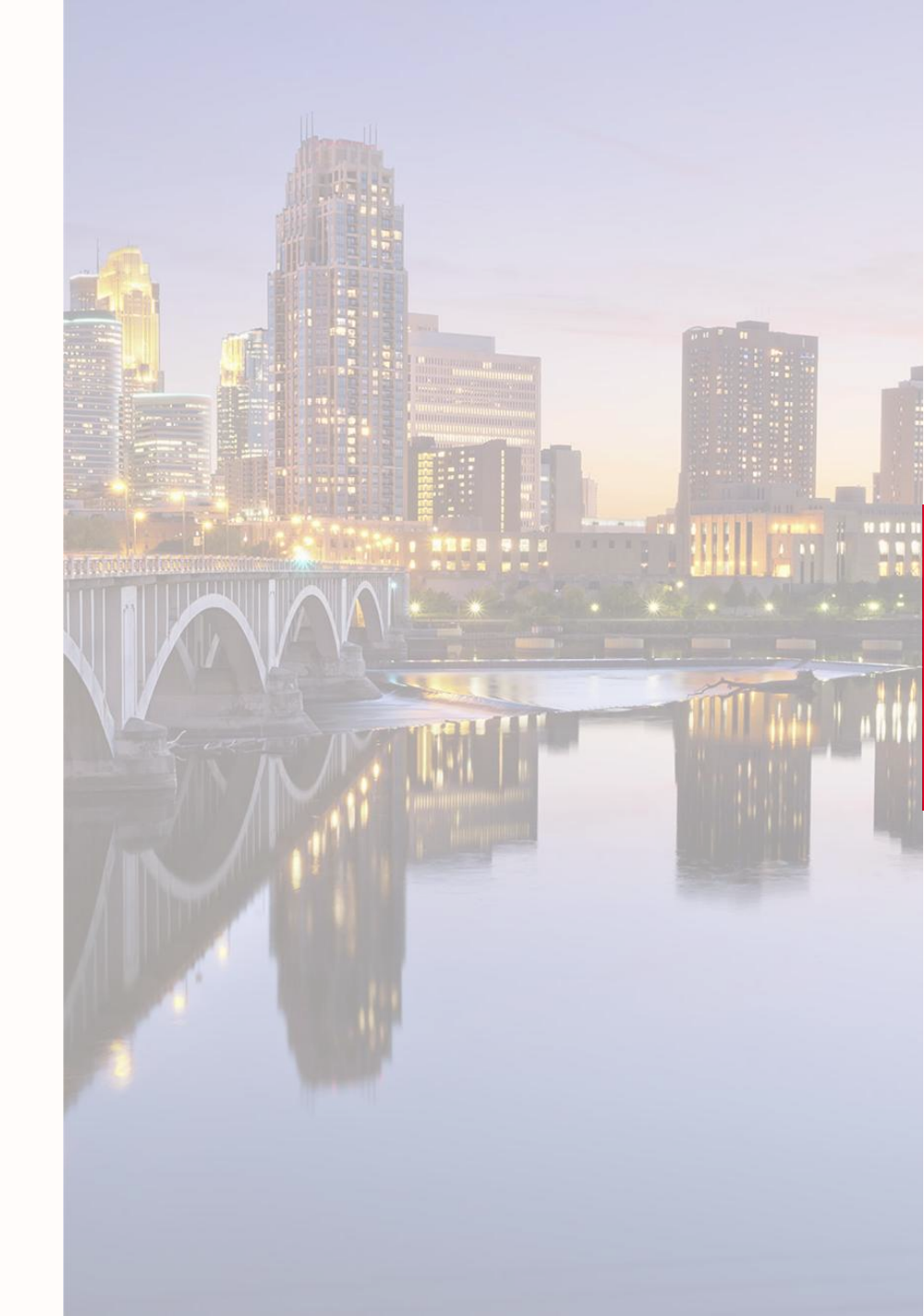




TARIFFS IN 2026: CURRENT STATE, CHALLENGES, AND EFFECTIVE MITIGATION



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MEET YOUR EXPEDITORS TEAM



**Stephanie
Holloway**

Director Customs
Operations,
The Americas

- Leads customs strategy and operations across the Americas
- Works with importers on customs compliance, regulatory change, and risk management
- Today's presenter



**Ryan
Martin**

District Sales
Executive,
Minneapolis-St. Paul

- Local support for customs, transportation, and supply chain challenges
- Available to discuss your unique business needs
- Contact Ryan for a follow-up conversation
 ryan.martin@expeditors.com  612-799-6956



AGENDA

- How We Got Here: The Current Trade Landscape
- Tariffs Under Legal Challenge
- The Shift to Trade Enforcement
- The Evolving Role of Trade Compliance
- Duty Savings: Where to Focus



HOW WE GOT HERE: THE CURRENT TRADE LANDSCAPE



HOW TARIFFS ARE BEING USED—AND WHY IT MATTERS

Generalized Tariffs as a Revenue Raiser for the Federal Budget

Tariffs made up 2.4% federal revenue in FY 2024

Source: Treasury Secretary Scott Bessent testifying before the Senate Finance Committee on 16 Jan 2025

THE STRATEGY

Remedying Unfair Trade Practices

Will likely be applied at industry or country level

Current Examples:

- Section 232 (Aluminum & Steel)
- Section 301 (China: Technology Transfer)

Negotiating Tactic to Achieve Unrelated Policy Aims

Likely policy will be around fentanyl, immigration

THE LEGAL TOOLS BEHIND U.S. TARIFFS

(AND HOW THEY
DIFFER)

Section 201

- Import surge
- Speed: ● Slow (ITC investigation + remedy phase)
- Durability: ● Temporary (statutorily limited, sunset/review)

Section 232

- National security
- Speed: ● Medium (Commerce investigation)
- Durability: Long-lasting (national security framing)

Section 301

- Unfair trade practices
- Speed: ● Medium (USTR investigation + comments)
- Durability: Long-lasting (politically sticky, slow to unwind)

IEEPA

- Emergency
- Speed: ⚡ Very fast
- Durability: ○ Very short (now legally invalidated)

Section 122

- Balance of payments
- Speed: ⚡ Very fast
- Durability: ○ Very short (150 days, legally being challenged now)

Section 338

- Discriminate against US Commerce
- Speed: ● Medium (investigation)
- Durability: ● Medium-High (less tested in court than 301)



WHERE TARIFFS HIT—AND WHAT'S STILL ACTIVE

Section 301



- ✓ China's Forced Technology Transfer Policies and Practices
- ✓ Nicaragua Labor Rights, Human Rights, and Rule of Law
- ✓ Failure to Impose and Effectively Enforce a Prohibition on the Importation of Goods Produced with Forced Labor

Currently Suspended

- EU Large Civil Aircraft Dispute – *suspended to Summer 2026*
- China's Targeting the Maritime, Logistics, and Shipbuilding Sectors for Dominance – *suspended to 10 Nov 2026*

Section 232



- ✓ Steel
- ✓ Aluminum
- ✓ Automobiles and Automobile Parts
- ✓ Copper
- ✓ Timber and Lumber
- ✓ Medium-Duty Trucks, Heavy-Duty Trucks, and Medium- and Heavy-Duty Truck Parts
- ✓ Semiconductors and Semiconductor Manufacturing Equipment
- ✓ Pharmaceuticals and Pharmaceutical Ingredients

IEEPA



- ✓ ~~Fentanyl: China/Hong Kong~~
- ✓ ~~Fentanyl: Mexico~~
- ✓ ~~Fentanyl: Canada~~
- ✓ ~~Reciprocal Tariffs: Global~~
- ✓ ~~Threat to U.S. Security, Policy, and Economic Interests: Brazil~~
- ✓ ~~Purchasers of Russian Oil: India~~

Section 122

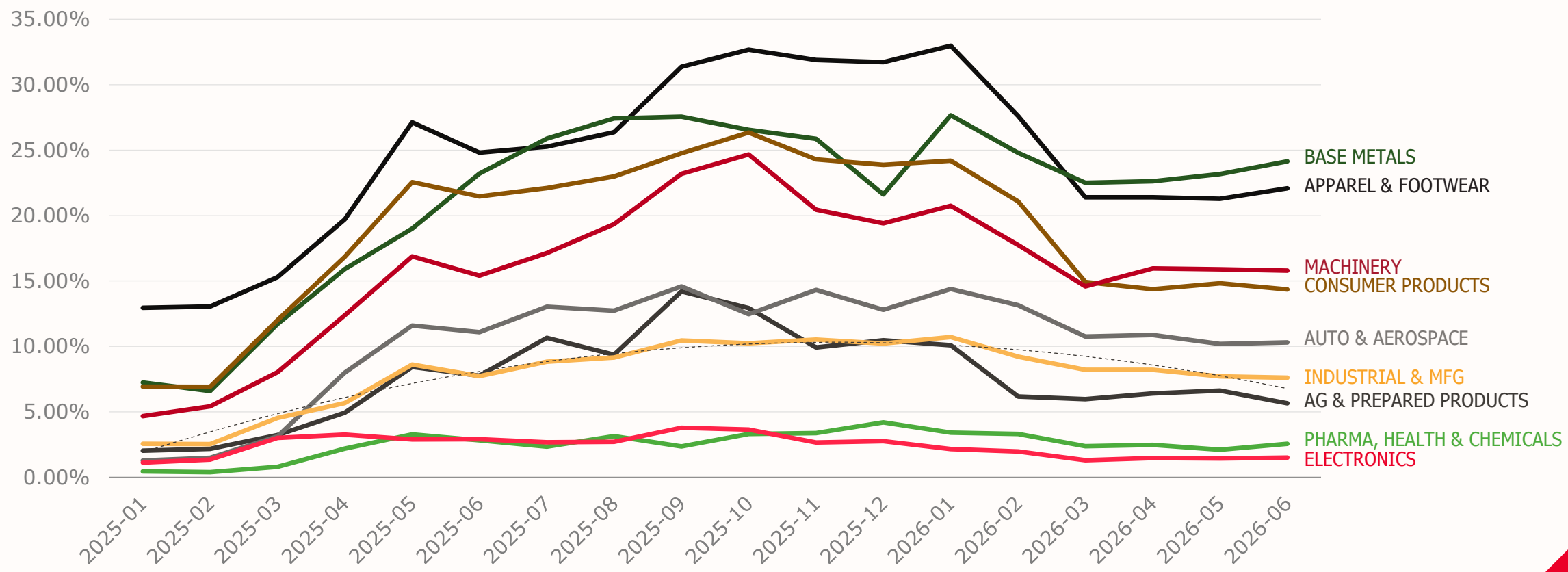


- ✓ ~~All Countries~~



AVERAGE DUTY RATES: BY INDUSTRY

Source: Expeditors Filed Entry Data



HOW TARIFFS SHIFT—NOT DISAPPEAR

China Example

~ 2025			FEB 2026 - JUL 2026			PRESENT		
Base Duty - Varies			Base Duty - Varies			Base Duty - Varies		
AD/CVD - Varies			AD/CVD - Varies			AD/CVD - Varies		
Section 301: Forced Technology Transfer— 7.5%-100%			Section 301: Forced Technology Transfer— 7.5%-100%			Section 301: Forced Technology Transfer— 7.5%-100%		
IEEPA: Fentanyl – 10%								
Section 232: Active Case – 10%-50%	IEEPA: Reciprocal – 10%	Trade Remedy Exemption	Section 232: Active Case – 10%-50%	Section 122: 10%	Trade Remedy Exemption	Section 232: Active Case – 10%-50%	Section 301: Forced Labor 12.5%	Trade Remedy Exemption

Please note: This illustration represents the most typical scenario and is intended to visually demonstrate how tariff stacking may vary. It should not be interpreted literally.



INVESTIGATIONS TO WATCH



Section 232

- ☐ Critical Minerals
- ☒ ~~Commercial Aircraft and Jet Engines~~
- ☐ Polysilicon and its Derivatives
- ☐ Unmanned Aircraft Systems; Parts and Components
- ☐ Wind Turbines
- ☐ Personal Protective Equipment, Medical Consumables, and Medical Equipment, Including Devices
- ☐ Robotics and Industrial Machinery
- ☐ Anthracite Coal (initiated 07 July 2026)



Section 301

- ☐ China's Targeting of the Semiconductor Industry for Dominance
- ☐ Purchasers of Venezuela Oil
- ☐ Brazil's Acts, Policies, and Practices Related to Digital Trade and Electronic Payment Services; Unfair, Preferential Tariffs; Anti-Corruption Enforcement; Intellectual Property Protection; Ethanol Market Access; and Illegal Deforestation
- ☐ China's Implementation of Commitments Under the Phase One Agreement
- ☐ Structural Excess Capacity and Production in Manufacturing Sectors
- ☒ ~~Failure to Impose and Effectively Enforce a Prohibition on the Importation of Goods Produced with Forced Labor~~
- ☐ Vietnam's Acts, Policies, and Practices Related to Intellectual Property Protection and Enforcement (initiated 29 May 2026)
- ☐ Germany's Persistent Underpayment for Innovative Pharmaceutical Products (initiated 18 June 2026)



PLAN AROUND WHAT'S STABLE—PREPARE FOR WHAT'S NOT



WHAT'S DURABLE (plan for it)

- Tariffs will continue to be used as a policy and negotiating tool
- Section 232 and 301 will remain core, long-term tools
- Duty exposure spans all countries and industries—some are hit harder, but no one is fully insulated
- Trade enforcement will continue to increase



WHAT'S VOLATILE (watch + scenario plan)

- Emergency and temporary authorities can change quickly
- Duty rates and scope can shift with little notice
- Data and documentation requirements will continue to expand
- Timing is uncertain—cost hits immediately, resolution takes time



YOUR TRIGGERS (decide in advance)

- Define when duty changes require a cost model update
- Pre-align how your team responds to new data requests
- Set rules for when to file refunds, protests, or exclusions
- Assign ownership for decision-making and escalation



TARIFFS UNDER LEGAL CHALLENGE



TARIFFS IN THE COURTS: ACTIVE LITIGATION SNAPSHOT

Illustrative litigation only; not a comprehensive inventory of pending tariff-related cases.

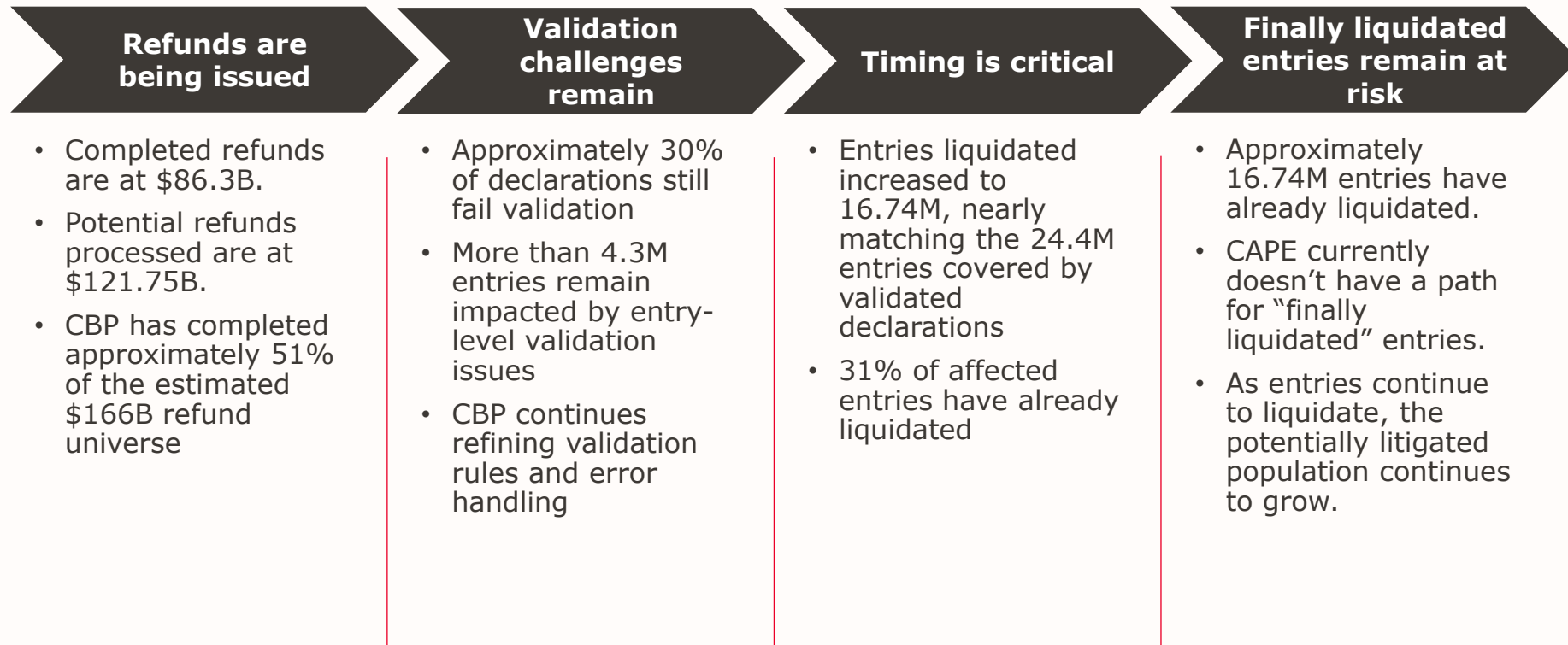
Tariff Program	Core Legal Question
IEEPA	Can emergency powers support broad tariffs? Availability and timing of duty refunds, including entries outside traditional protest/CIT filing windows
Section 122	Did the Administration have a valid balance-of-payments justification to invoke Section 122?
Section 232	How should tariffs on derivative products be valued and applied?
Section 301	Did USTR properly justify and implement the forced labor tariff action?

With limited congressional involvement, courts have become the primary venue for defining the limits of modern U.S. tariff policy.



CAPE IS WORKING—BUT TIME MATTERS

What Recent CBP and CIT Filings Reveal About the State of IEEPA Refunds



FINALLY LIQUIDATED ENTRIES: PRESERVING REFUND RIGHTS

FACTS:

- Approximately 15.9 million entries have already liquidated
- DOJ continues to argue that refunds for finally liquidated entries require importer-specific court relief
- It remains unclear whether protests will be necessary and/or **sufficient to secure refunds**
- **Related litigation may not be resolved before the applicable 2-year CIT statute of limitations expires**
- Entries continue to age into this bucket while legal questions remain unresolved

RECOMMENDATIONS:

- ☐ Quantify the potential refund exposure associated with finally liquidated entries and determine whether the potential recovery justifies legal action
- ☐ Monitor liquidation dates and applicable filing deadlines
- ☐ Continue filing timely protests where appropriate
- ☐ Do not assume CAPE participation or protests alone will preserve refund rights
- ☐ **Strongly Recommend:** Discuss protest strategies, filing deadlines, and potential litigation options with legal counsel

Do not assume CAPE participation, protests, or ongoing litigation will automatically preserve all refund claims. Understand your exposure and filing deadlines.



THE SHIFT TO TRADE ENFORCEMENT



ENFORCEMENT IS INCREASING—HERE'S THE EVIDENCE

Modernization via Tech Partnerships

CBP and DHS awarded **multi-million-dollar** technology contracts to strengthen detection of duty evasion, forced labor, fraud, and supply chain risks.

Forced Labor Enforcement Actions

In FY 2025, CBP **stopped 7,325 shipments**, issued four Withhold Release Orders, and continued expanding forced labor enforcement activities.

Audit Revenue Surge

CBP is generating nearly **\$1 million** per audit in FY 2026, up from approximately **\$600,000** per audit in FY 2025.

Cross-Agency Enforcement Expansion

DOJ, DHS, and CBP have **expanded coordination** to target duty evasion, tariff circumvention, forced labor, and prohibited trade practices.

Record Penalties and Liquidated Damages

CBP issued more than **53,000** enforcement actions in FY 2025, collecting over **\$46 million** in penalties and liquidated damages. FY 2026 collections have already exceeded **\$48 million**.

Stricter Penalties & Enforcement

A June 2026 [Executive Order](#) directs CBP to establish a minimum **penalty mitigation floor of at least 50%**, create minimum liquidated damages floors, and eliminate mitigation for repeat offenders—raising the financial consequences of noncompliance



HOW DECLARATIONS USED TO WORK

Customs brokers depended on documentation and reference materials to record the specifics of imported shipments. CBP validated the entry information through a restricted range of real-time sources.



TRANSACTIONAL DATA

- Purchase Order
- Commercial Invoice
- Packing List



CONVEYANCE DATA

- Shipment (BOL)



REFERENCE DATA

- Parts Datastore (HS, COO)
- Free Trade Solicitation
- License Determination
- PGA Verification



CUSTOMS DATA (Aggregated)

- Declaration Procedures
- National Requirements
 - Duty/Tax
 - "Customs Accepted"

GOVERNMENT DATA VALIDATION SOURCES

- Manifest and Cargo Data
- Historical Importer Data
- Industry Compliance Trends
- Scanning and Imaging Technologies



HOW DECLARATIONS ARE BEING VALIDATED TODAY

Customs brokers continue to rely on the same data sets; however, CBP has rapidly enhanced its toolkit for verifying entry data, enabling it to detect irregularities more efficiently and promptly impose entry rejections and penalties.



TRANSACTIONAL DATA

- Purchase Order
- Commercial Invoice
- Packing List



CONVEYANCE DATA

- Shipment (BOL)



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CUSTOMS DATA (Aggregated)

- Declaration Procedures
- National Requirements
 - Duty/Tax
 - "Customs Accepted"

***NEW* GOVERNMENT DATA VALIDATION SOURCES**

- AI and Machine Learning within the Automated Targeting System
- Multi-Tier Importer/Product Mapping
- AI in Scanning and Imaging Technologies
- Isotopic Testing
- Company website data



CBP IS TESTING SPECIFIC CLAIMS—YOUR RESPONSE MUST MATCH

NOTICE OF ACTION Box 13: Explanation (Continuation)

CBP 29 Proposed rated advance is being issued due to lack of supporting evidence as follows:

While we acknowledge "exhibit 3" is a payment described as being made from **IMPORTER** to **T1**, this document does not tie to a specific invoice or parties involved that we are able to confirm.

Exhibit 5 "Bank slip from *Vietnam minor supplier to Thailand glass factory*", we are unable to tie parties and/or invoices to this transaction. We need the transaction between **T3** and **T2**.

From **T2** Factory we are lacking raw material purchases orders, invoices, transport from raw material distributor(s) to **T2** Factory, daily production log to tie to the glass produced specifically that was then **T3** **T3** for the **IMPORTER** PO's **59182500** and **59182500**, and BOM with country of origin break down, along with a percentage of each ingredient. We also need the process with which the glass is created with machines utilized. Since this information may be confidential, please ask **T2** Factory to respond directly to me via email, in a timely, so I can gather the information required.

From **T3** we are lacking:

Purchase orders, commercial invoices, transport records for the raw materials that go into composing the silvering material that is applied to the glass supplied by **T2**

Failure to provide responsive and compelling documentation will result in issuance of a Form 29 rate advance to the China-origin duty rate.

The country origin will be converted to China which is subject to 301 duties at a rate of 25%.

The commodity is also subject to Anti-dumping at a rate of 181.52% and counter CVD rate of 19.75% if deemed origin of China under case number A-570-188.

Please supply the requested documentation within 20 days or a rate advance will occur.

No extensions may be given.

Please have documents uploaded into DIS unless otherwise allowed as stated above due to confidentiality.

Please reach out with questions promptly.

Due July 22, 2026.

Thank you



YOU'RE ALREADY BEING EVALUATED—BUILD A RESPONSE MODEL

WHAT'S HAPPENING

Enforcement is shaping importer behavior as much as tariffs

Many importers don't realize they're already "in review"

WHY IT MATTERS

CF-28s as early warning signals

Documentation quality now matters more than explanations

SO-WHAT

A single **owner** for inbound CBP requests

A **standard response** packet structure

A way **to pull** "entry + supporting docs" **quickly**

A parts/classification **rationale repository**

A quarterly **review cadence** for top risk areas



WHAT “DEEP SUPPLIER DUE DILIGENCE” LOOKS LIKE NOW

- Screen suppliers (Tier 1–4) against high-risk country and facility lists.
- Identify **related entities** connected to high-risk parties (owners, directors, parent companies, subsidiaries).
- Detect **shared or suspicious physical locations** (factory clusters, shell facilities).
- Map **beneficial ownership** to reveal hidden ties to restricted or banned entities.
- Screen for **linked entities** not explicitly named on government lists.
- Use **network-mapping tools** to identify shared: corporate registrations, addresses, phone numbers, logistics infrastructure
- Flag suppliers associated with **high-risk industries** (cotton, polysilicon, apparel, mining, metals, agriculture).
- Analyze **shipping routes** and ports to identify likely **transshipment**.
- Compare **export volumes** with realistic **production** capacity.
- Cross-match suppliers against global bill-of-lading databases.
- Track **newly registered companies** in high-risk regions.
- Monitor companies with **rapid turnover of ownership** or licensing.
- Track subsidiaries with **suspiciously low online presence** or credibility.
- Identify **transshipment through “clean” countries** that mask true origin.
- Compare **declared origins** with **historic manufacturing** footprints.
- Use **satellite imagery** to validate factory activity.
- Cross-check **workforce size, output capacity**, and production timelines.
- Compare supplier claims against **publicly available corporate records**.
- Continuously **rescreen** suppliers against updated government list
- **Trace raw materials** back to original source locations.
- Require **digital traceability** and **chain-of-custody records**.
- Validate material origin with **third-party audits** or technology-enabled tools.
- Require **subcontractor disclosure** beyond Tier 1.
- Maintain **supplier audit logs** and documentation portfolios by facility.
- Verify **worker rosters, payroll records, and hiring practices** through trusted auditors.
- Require **unannounced audits** for high-risk suppliers.
- Ensure **document authenticity** through independent cross-verification.



THE EVOLVING ROLE OF TRADE COMPLIANCE



THE TRADE COMPLIANCE ROLE HAS OUTGROWN THE MODEL 🦄

SUMMARY

Senior global trade compliance professional with broad enterprise responsibility across customs, trade remedies, and cross-border regulatory risk. Serves as a trusted advisor and escalation point for high-impact business decisions—operating primarily through expertise, credibility, and influence rather than formal authority or people leadership.

Scope of Responsibility

Scope of Responsibility

- › Global trade regulations (U.S. & non-U.S.), customs compliance, and export controls
- › Classification, valuation, country of origin, and preferential trade programs
- › Trade remedies (Sections 232, 301, IEEPA, quotas, exclusions, refunds)
- › Broker governance and third-party filing oversight
- › Government exams, audits, inquiries, and disclosures
- › Cross-functional decision support (Sales, Supply Chain, Procurement, Engineering, Finance, IT, Operations)

- › Interpret complex and evolving regulations; translate into business-ready guidance
- › Advise stakeholders on compliance risk and options without final approval authority
- › Review and influence classification, valuation, and origin decisions across large product portfolios
- › Evaluate tariff exposure and mitigation strategies; track program timelines and liquidation risk
- › Establish broker SOPs and data expectations; identify and escalate systemic filing errors
- › Prepare and support CBP audits, CF28/CF29 responses, and regulatory inquiries
- › Identify enterprise-level compliance gaps and recommend corrective actions
- › Serve as compliance SME in commercial, sourcing, and system-design discussions
- › Develop and deliver compliance training for non-compliance teams
- › Act as escalation point for shipment holds, enforcement actions, and trade disruptions

Qualifications

- › 8–15+ years global trade compliance experience
- › Deep knowledge of U.S. Customs, trade remedies, and global trade regulations
- › Proven ability to operate with accountability absent decision rights
- › Strong written advisory skills and executive-level communication
- › High tolerance for ambiguity; credibility-based influence style
- › Licensed Customs Broker (preferred)



THE ROLE IS OVER-SCOPED—YOU NEED AN OPERATING MODEL

The Reality Today

- Owns classification, value, origin, remedies
- Supports audits, CF28/29, inquiries
- Advises business without decision authority
- Supports multiple functions (finance, sourcing, ops)
- Expected to be fast, accurate, and global
- Constantly reacting to change

What Actually Works

1. Define Control Points

Focus on top SKUs, vendors, and duty exposure

2. Build a Cadence

Quarterly risk review + standard response playbook

3. Use a Provider Model Intentionally

Clear roles: what stays in-house vs delegated



HOW TRADE COMPLIANCE CAPABILITY MATURES OVER TIME



HOW TO COMMUNICATE TRADE COMPLIANCE EFFECTIVELY

A practical guidance for influencing without authority

Build Relationships Before You Need Them

Compliance doesn't happen in a vacuum. Invest early in relationships across the business—Legal, Finance, Product, HR, IT—so compliance becomes a shared objective, not a roadblock.

Meet People Where They Are

Start at your audience's level of understanding. *Tailor the message to what matters to them—cost, risk, speed, revenue—not trade theory.*

Speak Their Language, Not Ours

Avoid compliance jargon. Focus on outcomes and impact, not technical detail. If you lose the room, you lose the message.

Be Persistent, Not Paralyzed

You won't always be popular—and that's okay. Keep climbing. Progress often comes from repetition, patience, and consistent messaging.

Create a Cadence, Not One-Off Conversations

Effective communication is ongoing. Establish regular touchpoints (e.g., QBRs, updates, working sessions) so compliance becomes part of normal business rhythm.

Lead Through Others

You don't need to convert everyone yourself. Enable advocates across the organization who can carry the message forward and reinforce it in their teams.



DUTY SAVINGS: WHERE TO FOCUS



CHOOSE THE RIGHT LEVERS BASED ON CONTROL AND FEASIBILITY

	Industry Vertical	Tariff Engineering	Value Strategies (FSFE)	Origin Shifts	Free Trade	Post Entry Strategy	Duty Drawback
	Automotive	x		x	x	x	x
	Aerospace	x		x	x	x	x
	Consumer Goods			x		x	x
	Healthcare/ Pharma	x	x	x	x	x	x
	Fashion/ Retail	x	x	x		x	x
	Technology	x	x	x	x	x	x

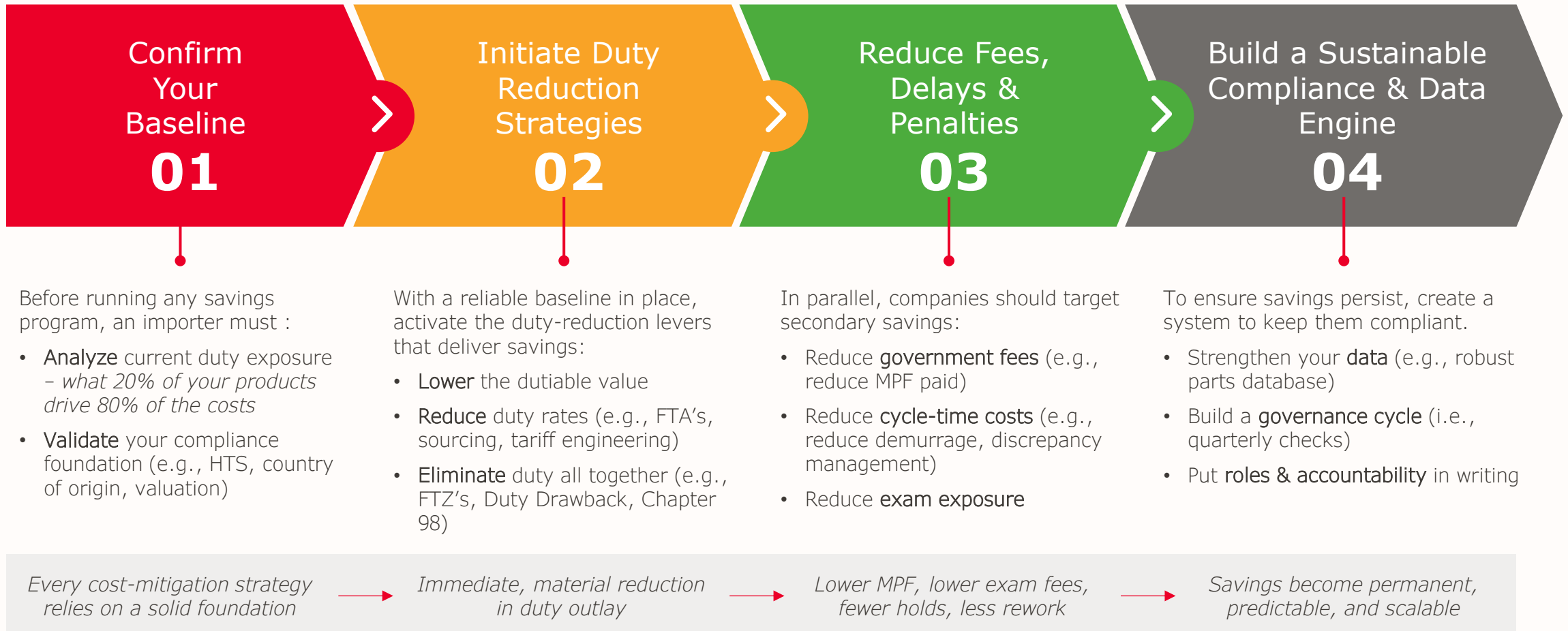


20+ WAYS TO REDUCE DUTIES AND COSTS

- Use **First Sale for Export** to declare the manufacturer ↔ trading company price.
- Remove all **nondutiable charges** (freight, assists, royalties, buying commissions where allowed).
- Apply **post-importation valuation adjustments** when transfer pricing or discounts change actual value.
- Pursue **advance rulings** to lock in valuation and/or classification acceptance.
- Claim **Free Trade Agreement** eligibility.
- Optimize **Country of Origin** to shift sourcing to lower-duty regimes.
- **Engineer products** (“Tariff Engineering”) to reclassify into lower duty rates.
- Utilize **Chapter 98 provisions**:
 - 9801 – U.S. Goods Returned
 - 9802 – Partial duty on foreign processing
 - TIB – Temporary Importation Bond
 - Samples, Prototypes
- Operate in a **Foreign Trade Zone (FTZ)** to:
 - Defer duty until withdrawal
 - Use inverted tariff benefits
 - Cap MPF via weekly entry
 - Eliminate duty on re-exports
- Claim **Duty Drawback** to recover up to 99% of duties on exports or destroyed goods.
- **Consolidate entries** to minimize MPF per entry.
- Pay duties via **Periodic Monthly Statement** to improve cash flow without additional fees.
- Improve **supplier documentation** quality to reduce holds/exams.
- Implement **pre-clearance and upstream** document review to avoid delays.
- Improve **container utilization** to reduce total entries & CBP exposure.
- Proactively **manage holds** to prevent storage/demurrage accrual.
- Avoid **ISF late filings** through automated data capture and monitoring.
- Strengthen **internal audit routines** (classification, value, origin).
- Use **Reconciliation** to correct HTS/value/origin without penalties.
- Adopt a **discrepancy management** process to eliminate the root cause of delays.
- Improve **data accuracy** at entry (especially HTS, COO, value.)
- Increase adoption of **CTPAT / Trusted Trader programs** to reduce exam rates and delays.
- Maintain a **robust parts/classification** database to reduce errors, reprocessing, and brokers fees.
- **Optimize packaging** to reduce weight, dimensional charges, and exam likelihood.
- **Shift Incoterms** where beneficial (e.g., FOB → DDP or vice versa) to control or transfer duty liability.



A PRACTICAL FRAMEWORK





YOU'D BE SURPRISED HOW FAR WE'LL GO FOR YOU.®

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