

A Comparison of Trade Barriers Between the United States and Key Trading Partners

1. Executive Summary:

The global trade landscape is currently marked by a noticeable increase in protectionist measures, with the United States recently implementing several policies that affect its major trading partners. This report analyzes the tariffs, taxes, and product restrictions currently in place between the United States and Mexico, Canada, China, Japan, South Korea, the United Kingdom, and the countries within the European Union. A key development shaping this environment is the recent reinstatement of tariffs on steel and aluminum imports by the US, a move that has elicited varied responses from affected nations ¹. The analysis reveals a complex web of trade barriers, with some countries retaliating strongly while others are pursuing diplomatic resolutions. A significant point of divergence is the tax systems employed, with most of the US's major trading partners utilizing a Value Added Tax (VAT) system in contrast to the US reliance on sales tax, a difference that can have implications for trade competitiveness. Furthermore, non-tariff barriers, such as export controls and specific product regulations, add another layer of complexity to international trade. Understanding these multifaceted trade barriers is essential for businesses formulating international strategies and for policymakers seeking to navigate the evolving global economic order.

2. Comparative Tariff Analysis:

• 2.1. United States Import Tariffs:

- **Steel and Aluminum Tariffs:** On March 12, 2025, the United States reinstated tariffs of up to 25% on steel and aluminum imports from a significant number of its key trade partners. These nations include Canada, Mexico, the European Union, Japan, South Korea, the United Kingdom, as well as Australia, Argentina, and Brazil ¹. This action effectively reversed previous exemptions that had been in place for some of these countries. The justification provided by the US administration for this measure centered on national security concerns, specifically citing the perceived threat posed by excess global steel capacity and the impact of distorted pricing on the US domestic industry ². The breadth of this tariff imposition, affecting a wide range of countries, including long-standing allies, indicates a notable shift towards protectionist policies within the US, prioritizing the interests of domestic steel and aluminum producers on a broad scale ¹.
- **Tariffs on China:** The trade relationship between the United States and China has seen a further escalation with an increase in tariffs on all imports from China to 20%, effective from March 4, 2025 ⁴. This represents a doubling of the 10% tariff that had been imposed earlier in February of the same year ⁵. These elevated tariffs now apply to a comprehensive range of goods originating from China, encompassing not only industrial products but also a wide array of consumer goods such as cellphones and toys, which were previously excluded from earlier tariff actions ⁹. The significant hike in tariffs on Chinese products suggests a continued and intensifying trade dispute between the world's two largest economies, potentially stemming from unresolved

- issues related to trade imbalances, intellectual property rights, and market access ⁴.
- **Tariffs on Canada and Mexico:** Effective March 4, 2025, the United States initially imposed tariffs of 25% on the majority of imports from both Canada and Mexico ⁴. However, a lower tariff rate of 10% was applied to specific energy products and potash imported from these countries that did not meet the rules of origin criteria under the United States-Mexico-Canada Agreement (USMCA) ⁴. Conversely, goods originating from Canada and Mexico that satisfied the requirements for preferential treatment under the USMCA were exempted from these new tariffs ⁴. Additionally, a temporary one-month exemption was granted for certain automobiles that were compliant with the USMCA regulations ¹². The imposition of tariffs on Canada and Mexico, despite the existence of the USMCA, indicates a potential use of trade measures to address broader policy objectives, possibly related to border security and the flow of illicit substances ⁴. The differentiated tariff rates and exemptions based on the USMCA highlight the importance of regional trade agreements in shaping tariff treatment within North America ⁴.
 - **Tariffs on Japan and South Korea:** Despite being key allies of the United States, both Japan and South Korea have been affected by the recently reinstated US steel and aluminum tariffs. Japan's government expressed its regret over the US decision, particularly given its prior requests for an exemption, emphasizing the high quality of Japanese steel and aluminum and their contribution to the competitiveness of US manufacturing ¹. While Japan has engaged in diplomatic efforts to seek a resolution, no immediate exemptions were granted ¹. In contrast, South Korea has emphasized that the effective tariff rate on goods imported from the US under the Korea-US Free Trade Agreement (KORUS FTA) is already close to 0% ²⁰. South Korean officials have been actively communicating with the US administration to ensure that Korean businesses do not face disadvantages due to the new tariffs, leveraging the existing FTA as a demonstration of already low trade barriers ²⁰. The differing approaches reflect the specific trade dynamics and existing agreements between the US and these two nations.
 - **Tariffs on the UK:** Steel and aluminum exports from the United Kingdom to the United States are now subject to the 25% tariff that was reinstated on March 12, 2025 ¹. This development has been met with disappointment by the UK government, which is currently engaged in negotiations with the US for a broader trade agreement ²⁷. While the immediate focus is on mitigating the impact of the steel and aluminum tariffs, there remains uncertainty regarding the potential for further tariffs on other UK goods pending the outcome of these trade discussions ²⁶. The UK's position, now outside the European Union, necessitates the establishment of new trade relationships, making the outcome of negotiations with the US particularly significant for its future trade policy.
 - **Tariffs on the EU:** The European Union has also been significantly impacted by the US decision to reinstate 25% tariffs on steel and aluminum imports ¹. The European Commission has strongly condemned these tariffs as unjustified and detrimental to both businesses and consumers on both sides of the Atlantic ¹. This action marks a renewed period of trade tensions between the US and the EU, two of the world's largest trading blocs, raising concerns about the potential for further escalation and disruption to established trade flows ¹.
- **2.2. Counter and Retaliatory Tariffs:**
 - **Mexico's Response:** Following the US reinstatement of steel and aluminum tariffs, the Mexican government, under President Claudia Sheinbaum, acknowledged the

implementation of these measures ¹. Initially, Mexico indicated it would wait until April 2, 2025, before considering a formal response, prioritizing diplomatic discussions with US officials to explore potential solutions ¹. President Sheinbaum emphasized Mexico's openness to dialogue but also stated that the country would evaluate countermeasures in close consultation with domestic steel and aluminum producers if necessary ¹. However, subsequent reports suggest a suspension of these retaliatory plans, possibly indicating a preference for de-escalation or reliance on the USMCA framework ³². This initial cautious approach likely reflects the deep economic integration between Mexico and the United States under the USMCA and a desire to avoid escalating trade tensions ¹.

- **Canada's Swift Retaliation:** In response to the US tariffs on steel and aluminum, Canada's Finance Minister Dominic LeBlanc announced the imposition of reciprocal tariffs on US imports totaling US\$29.8 billion ¹. These countermeasures, effective from March 13, 2025, include a 25% tariff on US\$12.6 billion worth of steel, US\$3 billion of aluminum, and an additional US\$14.2 billion on other goods such as computers and sports equipment ¹. Minister LeBlanc stressed that these measures were proportionate and aimed at protecting Canada's economic interests, highlighting the government's commitment to standing up for Canadian workers and businesses ¹. Furthermore, Canada had already implemented tariffs on \$30 billion worth of US goods effective March 4, 2025, targeting a range of consumer products ¹¹. Canada has also indicated its intention to seek consultations with the United States under both the USMCA and the World Trade Organization (WTO) Agreement, viewing the US tariffs as a violation of its obligations under these agreements ³¹. This swift and robust retaliation underscores Canada's strong opposition to the US tariffs and its determination to defend its economic interests ¹.
- **China's Response:** Following the United States' decision to increase tariffs on Chinese imports, China announced that it would impose additional tariffs of up to 15% on key US farm products, including chicken, pork, soy, and beef ². These tariffs took effect from March 10, 2025, with a temporary exemption for goods already in transit ⁷. This action is a direct response to the US raising tariffs on Chinese products to 20% across the board ⁵. In addition to these tariff measures, China has also implemented export controls on certain critical minerals, including tungsten, tellurium, bismuth, molybdenum, and indium, requiring licenses for their export to safeguard national security interests ⁸. Furthermore, China has added some US companies to its "Unreliable Entity List" for allegedly violating market transaction principles and discriminating against Chinese enterprises ⁸. China's multifaceted response, encompassing both tariff and non-tariff measures, demonstrates its resolve in the face of increasing trade pressure from the United States ².
- **Japan's Approach:** In response to the US reinstatement of tariffs on steel and aluminum, Japan expressed its disappointment, particularly as it had previously requested an exemption ¹. Japan's trade minister, Yoji Muto, stated that Japan believes it "should not be subject to" these tariffs, given its significant contributions to the US economy through investment and job creation ⁴¹. While US officials acknowledged these contributions and agreed to continue discussions, they did not grant Japan's request for an exemption ⁴¹. Consequently, Japan has indicated that it will continue its diplomatic efforts to seek a resolution ¹. Unlike some other affected countries, Japan has not immediately announced retaliatory tariffs, suggesting a preference for a negotiated outcome given its strong economic and security ties with the United States

- 1.
- **South Korea's Response:** Following the US decision to reinstate tariffs on steel and aluminum, South Korea convened an emergency meeting with industry leaders to assess the potential impact and discuss countermeasures¹. Industry Minister Ahn Duk-geun pledged to protect Korean companies and strengthen communication with local industries¹. South Korea's primary focus has been on arranging meetings between senior trade officials from Seoul and Washington for negotiations, aiming to explain the minimal tariffs on US goods under the KORUS FTA and to seek an exemption from the new tariffs¹. While South Korea has expressed its concerns, it has not announced immediate retaliatory measures, likely hoping that its existing trade agreement with the US will provide a basis for a favorable resolution through dialogue¹.
- **The UK's Stance:** The UK government, through Business Secretary Jonathan Reynolds, expressed its disappointment with the US imposition of tariffs on steel and aluminum²⁷. Prime Minister Keir Starmer also stated his disappointment and indicated that the UK would adopt a "pragmatic approach," keeping "all options on the table"²⁷. However, the UK has not announced immediate retaliatory measures, as it is currently engaged in ongoing negotiations with the US for a broader economic deal that could potentially address tariffs²⁷. The UK's strategy appears to be focused on securing a comprehensive trade agreement with the US post-Brexit, hoping this will lead to the removal of the current tariffs and prevent future ones²⁶.
- **European Union's Proportional Response:** The European Union strongly condemned the US tariffs on steel and aluminum as unjustified and harmful¹. In response, the EU announced a two-step approach to countermeasures. Firstly, it will reinstate its 2018 and 2020 tariffs on US goods, targeting €8 billion worth, effective April 1, 2025¹. These measures, which were previously suspended, will now be fully implemented, affecting products ranging from boats to bourbon to motorcycles³⁵. Secondly, by mid-April, the EU will impose tariffs on an additional €18 billion of US exports, bringing the total impact to €26 billion, matching the estimated value of EU exports affected by the new US tariffs¹. These new countermeasures will target a mix of industrial and agricultural products, including steel and aluminum products, textiles, leather goods, home appliances, and agricultural goods¹. The EU's decisive and phased response underscores its firm stance against the US tariffs and its commitment to protecting European industries¹.
- **2.3. Proposed Tariff Changes and Trade Negotiations:** The current trade environment carries the inherent risk of further tariff escalations. The US administration has indicated the potential for increased or expanded duties if countries retaliate against its tariffs⁹. This creates a scenario where initial countermeasures could be met with further tariff hikes from the US, potentially leading to a damaging cycle of reciprocal trade restrictions. A notable example of this is President Trump's threat to impose a 200% retaliatory tariff on European wine and spirits in response to the EU's planned tariffs on US whiskey³. Such a drastic measure would have significant consequences for the transatlantic trade in alcoholic beverages. Similarly, Canada has signaled its readiness to implement additional countermeasures if the US tariffs on steel and aluminum remain in place¹¹. This suggests that the initial wave of Canadian retaliatory tariffs might be followed by further actions depending on the US response. Amidst these tensions, ongoing trade negotiations between the United Kingdom and the United States offer a potential avenue for addressing the current tariffs and establishing a more stable trade relationship in the future²⁶. The

success of these negotiations will be crucial in determining the long-term tariff landscape between these two countries.

Country /Region	US Tariff on Steel/Aluminum (Current)	US Tariff on Other Key Products (Current)	Counter /Retaliatory Tariff on US Steel/Aluminum	Counter /Retaliatory Tariff on Other Key US Products	Proposed US Tariff Changes	Proposed Counter /Retaliatory Tariff Changes
Mexico	25%	Varies (USMCA exempt for some)	None (until Apr 2)	None (until Apr 2)	None announced	None announced
Canada	25%	Varies (USMCA exempt for some)	25% (on select products)	25% (on select products)	None announced	Potential for further tariffs
China	25%	20% (across board)	None on steel/aluminum	Up to 15% (on select farm products), export controls	None announced	None announced
Japan	25%	Varies	None announced	None announced	None announced	None announced
South	25%	Varies	None announced	None announced	None announced	None announced

Korea			ed	ed	ed	ed
UK	25%	Varies	None announced	None announced	None announced	Potential for retaliation
EU	25%	Varies	25% (reinstated)	10-50% (on select products)	200% on EU alcohol (threat)	Potential for further counter measures

3. Tax and VAT Fee Structures:

- **3.1. United States:** The United States primarily operates under a sales tax system, where a tax is levied on the final consumer at the point of sale ²⁰. This tax is administered at the state and even local levels, leading to significant variations in tax rates and regulations across different jurisdictions ²⁰. Currently, there is no federal VAT system in place in the US ²⁰. This decentralized approach to consumption tax in the US contrasts sharply with the systems employed by most of its major trading partners. The absence of a national, border-adjustable VAT system distinguishes the US tax structure in the context of international trade, potentially affecting the competitiveness of US exports in markets where VAT is the norm ⁴⁵.
- **3.2. International Comparison:**
 - **European Union:** Member states of the European Union utilize a Value Added Tax (VAT) system, which is a consumption tax applied incrementally at each stage of the supply chain ²⁰. Businesses within the EU are generally able to claim credits for VAT that they have already paid on their inputs, meaning the final burden of the tax falls on the end consumer ⁴⁶. While the EU sets a general framework for VAT rates, individual member states have the authority to set their own rates, provided they adhere to the EU's minimum standard rate of 15% ⁴⁸. Standard VAT rates across the EU currently range from 17% in Luxembourg to 27% in Hungary ⁵⁰. Notably, goods imported into the EU are subject to VAT at the same rate that applies to similar goods sold within the importing country ⁴⁹. This harmonized VAT system across the EU provides a more consistent tax environment for international trade compared to the varied sales tax rates in the US ⁴⁷. The principle of destination also ensures that VAT is paid in the member state where the consumer resides ⁵⁰.
 - **United Kingdom:** Similar to the European Union, the United Kingdom employs a VAT system, with a standard rate of 20% ⁵⁰. This system was largely retained following the UK's departure from the EU. As with the EU, import VAT is levied on goods entering the UK, ensuring that both domestic and imported goods are subject to the same consumption tax ⁴⁹. The consistency of the UK's VAT system provides a predictable tax environment for international trade, aligning it with the practices of many of its major trading partners outside the US.
 - **Mexico:** Mexico applies a Value Added Tax (IVA) at a standard rate of 16%. This tax is

levied on the value added at each stage of the production and distribution process and is also applicable to imported goods. The IVA system in Mexico is a key component of its fiscal structure and aligns with the VAT systems prevalent in many other countries.

- **Canada:** Canada utilizes a Goods and Services Tax (GST) at a federal level, currently set at 5%. In addition to the GST, some Canadian provinces also levy a Provincial Sales Tax (PST), while others have harmonized their PST with the GST to create a Harmonized Sales Tax (HST). These consumption taxes are applied to both domestically produced and imported goods. The combined rate of GST and PST or HST varies depending on the province.
- **China:** China operates a VAT system with a standard rate of 13% and a reduced rate of 9% applicable to certain goods and services. VAT is levied on the sale of goods and services within China, as well as on imported goods. This VAT system is a significant source of revenue for the Chinese government and plays a role in its international trade.
- **Japan:** Japan imposes a Consumption Tax (JCT), which functions similarly to a VAT, with a standard rate of 10%. This tax is applied to most goods and services consumed in Japan, including imports. The JCT is a key part of Japan's tax system and affects the pricing of both domestic and imported products.
- **South Korea:** South Korea levies a Value Added Tax (VAT) at a flat rate of 10% on both imported and domestically manufactured goods²⁰. This VAT is applied at every stage of the supply chain, with businesses generally able to claim credits for VAT paid on their inputs. The consistent application of VAT to both domestic and imported goods in South Korea aligns its tax system with that of many other developed economies.

The widespread use of VAT systems by the US's major trading partners, in contrast to the US sales tax system, presents a notable difference in international trade. VAT's border adjustment mechanism, which allows for the rebating of VAT on exports and the imposition of VAT on imports, is designed to create a level playing field for domestic producers⁴⁵. The US sales tax system, which is not border-adjusted and can sometimes tax intermediate business-to-business transactions, may inadvertently put US exporters at a disadvantage in countries with VAT systems⁴⁵.

4. Product Restrictions and Regulatory Barriers:

- **4.1. United States:** The United States maintains various product restrictions and regulatory barriers for reasons of safety, health, national security, and environmental protection⁵². These include general restrictions on items such as firearms, certain fruits and vegetables, animal products, and illegal substances⁵². Importing automobiles into the US is subject to specific regulations to ensure compliance with US fuel emission, safety, bumper, and theft prevention standards, often requiring modifications for vehicles bought in foreign countries⁵². The importation of absinthe and other alcoholic beverages is also regulated, with specific requirements regarding thujone content and labeling, in addition to state-level laws governing the amount of alcohol that can be brought into a state⁵². Furthermore, the import of biological materials, such as bacterial cultures and tissues, may require permits from the US Department of Agriculture and/or the Centers for Disease Control and Prevention⁵². Additionally, the US Customs and Border Protection (CBP) has the authority to exclude goods from de minimis duty-free import treatment if those goods are subject to other US trade or national security actions⁵³. These diverse product restrictions and regulatory

requirements act as non-tariff barriers that businesses engaged in international trade with the US must navigate.

- **4.2. International Comparison:**

- **Mexico:** In addition to the reinstated steel and aluminum tariffs, a new tariff fraction, 9903.01.01, applies a 25% tariff to virtually all products originating from Mexico that are intended for consumption in the United States, with limited exceptions such as humanitarian donations and personal goods⁵⁴. Notably, this new tariff applies even to goods that would otherwise qualify for preferential treatment under the USMCA⁵⁴. However, individual shipments of Mexican products valued at less than \$800 USD (de minimis imports) are exempt from this new tariff¹⁴. There are specific considerations for Maquiladora arrangements and warranty/service repair arrangements regarding the application of this 25% duty, with duty potentially being applied only to the value of Mexican labor in some cases¹⁴. These measures represent a significant increase in trade barriers between the US and Mexico, even for goods previously covered under a free trade agreement¹⁴.
- **Canada:** Canada's retaliatory tariffs are specifically applied to goods originating from the US, regardless of whether they are shipped directly from the US or through another country¹⁵. Importers are generally required to provide proof of origin for all goods¹⁵. There are exemptions for US goods that were in transit to Canada on the day the tariffs came into force and for goods being temporarily imported for personal use¹⁷. Beyond these recent retaliatory measures, Canada has long-standing supply management systems in place that impose high tariffs on certain agricultural products, such as dairy and poultry, to protect its domestic industries⁵⁵. These pre-existing tariffs represent significant barriers to US exports in these specific sectors.
- **China:** China employs a range of product restrictions and regulatory barriers, including export controls on critical minerals essential for various high-tech industries⁸. These controls require licenses for the export of specific mineral-related products, ostensibly to safeguard national security interests⁴⁰. China also utilizes its "Unreliable Entity List" to restrict or prohibit dealings with US companies that are deemed to endanger China's national development or harm the interests of Chinese parties⁸. Additionally, China has been known to impose restrictions on specific agricultural imports from the US, such as the suspension of US lumber imports citing the detection of forest pests and the suspension of soybean import qualifications for certain US companies due to concerns about contamination⁷. These measures illustrate China's willingness to use both trade and regulatory tools in response to trade tensions and for its own strategic purposes.
- **Japan:** Japan maintains strict import prohibitions on certain categories of goods, including narcotics, firearms, explosives, counterfeit currency, and obscene materials⁵⁶. Additionally, there are restrictions on the import of certain agricultural and meat products, endangered species, and health-related items⁵⁶. Importing medications and cosmetics is subject to quantity limits, and some medications require special permits⁵⁶. Japan also has an organic equivalence arrangement with the US, facilitating trade in certified organic agricultural products⁵⁹. Furthermore, Japan has historically maintained high tariffs on rice imports to protect its domestic rice farmers, although it does import a significant amount of rice from the US under a WTO agreement with no tariffs⁶⁰. These long-standing restrictions, particularly in agriculture and healthcare, reflect Japan's focus on domestic self-sufficiency and consumer safety.
- **South Korea:** Under the KORUS FTA, tariffs on most goods traded between the US and South Korea have been eliminated²⁰. This agreement significantly reduced trade

barriers between the two countries. However, South Korea does impose a flat 10% VAT on both imports and domestically manufactured goods ²⁰. While tariffs are largely absent for US goods under the FTA, the VAT represents a consumption tax that affects the final price of imported goods. South Korea also has an organic equivalence arrangement with the US for processed foods, facilitating trade in this sector ⁶². While the KORUS FTA has minimized tariff barriers, non-tariff barriers and the VAT remain relevant aspects of the trade relationship.

- **United Kingdom:** The UK has prohibitions on the import of controlled drugs, offensive weapons, self-defense sprays, endangered animal and plant species, rough diamonds, and indecent materials ⁶³. Certain restricted items, such as firearms, explosives, and ammunition, require special licenses for import ⁶³. There are also restrictions on the import of certain food and plant products that are not free from pests and diseases or are not intended for personal use ⁶³. The UK is also considering further import controls related to concerns about forced labor in supply chains ⁶⁴. These regulations reflect the UK's focus on security, public health, and ethical trade practices.
- **European Union:** The EU's reinstated countermeasures against the US target a range of industrial and agricultural products ¹. The proposed target products for new countermeasures include steel and aluminum products, textiles, leather goods, home appliances, plastics, and wood products ³⁷. Beyond these retaliatory measures, the EU is implementing its Economic Security Strategy, which includes enhancing foreign investment screening, monitoring outbound investments in advanced technologies, and harmonizing export controls on dual-use goods ⁶⁴. Furthermore, the EU's Forced Labour Regulation (FLR), set to take effect in December 2027, will prohibit products made using forced labor from being sold in or exported from the EU market ⁶⁴. These evolving regulations indicate the EU's increasing focus on economic security and ethical sourcing in its trade policies.

5. Visual Tariff Comparison Chart:

Country /Region	US Tariff on Steel/Aluminum (Current)	US Tariff on Other Key Products (Current)	Counter /Retaliatory Tariff on US Steel/Aluminum	Counter /Retaliatory Tariff on Other Key US Products	Proposed US Tariff Changes	Proposed Counter /Retaliatory Tariff Changes
Mexico	25%	Varies (USMCA)	None (until Apr 2)	None (until Apr 2)	None announced	None announced

		exempt for some)				
Canada	25%	Varies (USMCA exempt for some)	25% (on select products)	25% (on select products)	None announced	Potential for further tariffs
China	25%	20% (across board)	None on steel/aluminum	Up to 15% (on select farm products), export controls	None announced	None announced
Japan	25%	Varies	None announced	None announced	None announced	None announced
South Korea	25%	Varies	None announced	None announced	None announced	None announced
UK	25%	Varies	None announced	None announced	None announced	Potential for retaliation
EU	25%	Varies	25% (reinstated)	10-50% (on select products)	200% on EU alcohol (threat)	Potential for further countermeasures

6. Country-Specific Trade Barrier Profiles:

- 6.1. United States - Mexico:** The trade relationship between the United States and Mexico is currently defined by a 25% US tariff on steel and aluminum imports ¹. Tariffs on other goods vary, with exemptions for many products meeting the rules of origin under the USMCA ⁴. As of the current date, Mexico has not implemented retaliatory tariffs on US steel

and aluminum, with an initial plan to consider a response by April 2, 2025, which was later suspended ¹. The US primarily uses a sales tax system, which varies by state, while Mexico employs a Value Added Tax (IVA) at a standard rate of 16%. In terms of product restrictions, the US has imposed a new 25% tariff on most products originating from Mexico, with limited exceptions and a de minimis exemption for shipments under \$800 USD ¹⁴. Mexico's product restrictions on US goods, beyond potential future retaliatory tariffs, are not explicitly detailed in the provided material but would likely be considered if the trade dispute escalates. The US-Mexico trade dynamic, while underpinned by the USMCA, is facing new challenges due to the recent US tariff actions, creating uncertainty and the potential for further trade barriers.

- **6.2. United States - Canada:** The US has imposed a 25% tariff on steel and aluminum imports from Canada, alongside varying tariffs on other goods, with some exemptions under the USMCA and a lower 10% tariff for certain energy products and potash ¹. Canada has responded with significant retaliatory tariffs, imposing a 25% levy on US\$29.8 billion worth of US imports, including steel, aluminum, and other products ¹. This is in addition to initial tariffs on \$30 billion of US goods ¹¹. The US utilizes a sales tax system, while Canada employs a Goods and Services Tax (GST) and Provincial Sales Taxes (PST) or a Harmonized Sales Tax (HST), depending on the province. US product restrictions on Canadian goods include the general restrictions mentioned earlier, as well as the specific tariffs on steel, aluminum, energy, and potash, with USMCA implications ¹⁵. Canadian product restrictions on US goods are evident in the retaliatory tariffs targeting a wide range of sectors, with strict rules of origin enforcement ¹⁵. The US-Canada trade relationship, characterized by deep integration, is currently experiencing considerable strain due to the reinstated US tariffs and Canada's strong retaliatory measures.
- **6.3. United States - China:** The United States has imposed a 20% tariff on all imports from China ⁴. China has retaliated with tariffs of up to 15% on key US farm products and has implemented non-tariff measures such as export controls on critical minerals and the use of its "Unreliable Entity List" ². The US relies on a sales tax system, while China uses a VAT system with rates of 13% and 9%. US product restrictions on Chinese goods include general restrictions, with potential for further limitations on de minimis shipments ⁵². China's product restrictions on US goods include tariffs on farm products, suspension of lumber and soybean imports from certain entities, and export controls on specific minerals ⁷. The US-China trade relationship is marked by significant tariffs and increasing non-tariff barriers, reflecting an ongoing trade conflict with broad implications.
- **6.4. United States - Japan:** The US has imposed a 25% tariff on steel and aluminum imports from Japan ¹. Japan has not announced retaliatory tariffs but has expressed regret and is pursuing diplomatic efforts for an exemption ¹. The US uses a sales tax system, while Japan employs a Consumption Tax (JCT) at 10%. US product restrictions on Japanese goods are the general ones outlined earlier ⁵². Japan has strict product restrictions on certain agricultural and meat products, endangered species, and health-related items, as well as an organic equivalence arrangement with the US ⁵⁶. While Japan is subject to the new US tariffs on steel and aluminum, its own trade barriers are focused on specific sectors for domestic protection and safety.
- **6.5. United States - South Korea:** The US has imposed a 25% tariff on steel and aluminum imports from South Korea ¹. South Korea emphasizes that the effective tariff rate on US goods under the KORUS FTA is close to 0% and has not announced retaliatory tariffs ²⁰. The US uses a sales tax system, while South Korea levies a flat 10% VAT ²⁰. US product restrictions on South Korean goods are the general ones ⁵². South Korea's product

restrictions on US goods are minimal due to the KORUS FTA, although VAT applies, and there is an organic equivalence arrangement for processed foods²³. The KORUS FTA has largely liberalized trade, but the new US steel and aluminum tariffs present a point of contention.

- **6.6. United States - United Kingdom:** The US has imposed a 25% tariff on steel and aluminum imports from the UK¹. The UK has expressed disappointment but has not yet retaliated, focusing on ongoing trade deal negotiations²⁷. The US uses a sales tax system, while the UK employs a VAT at 20%⁵⁰. US product restrictions on UK goods are the general ones⁵². The UK has prohibitions and restrictions on various goods, including controlled drugs and weapons, and is considering further import controls related to forced labor⁶³. The UK is navigating the complexities of US trade policy while seeking a comprehensive trade agreement post-Brexit.
- **6.7. United States - European Union:** The US has imposed a 25% tariff on steel and aluminum imports from the EU¹. The EU has responded with a two-step approach of retaliatory tariffs, reinstating earlier tariffs on €8 billion of US goods and planning to impose tariffs on an additional €18 billion¹. The US uses a sales tax system, while EU member states employ varying VAT rates (17%-27%)⁵⁰. US product restrictions on EU goods are the general ones⁵². The EU's product restrictions on US goods include the retaliatory tariffs targeting various sectors, as well as broader policies on economic security and forced labor³⁶. The US-EU trade relationship is currently experiencing heightened tensions with significant tariff increases and retaliatory actions.

7. Conclusion and Strategic Implications:

The analysis reveals a significant divergence in trade barriers between the United States and its key trading partners. The recent reinstatement of US tariffs on steel and aluminum has triggered a complex web of responses, ranging from immediate and substantial retaliation by Canada and the European Union to more cautious and diplomatic approaches by Japan and South Korea. Mexico initially planned to respond but later suspended these plans, while the United Kingdom is focusing on securing a comprehensive trade agreement with the US. China's reaction has involved both tariff and non-tariff measures, reflecting the ongoing trade conflict between the two nations.

A fundamental difference lies in the tax systems employed. The US reliance on a decentralized sales tax system contrasts with the prevalence of VAT systems among its major trading partners. This difference has implications for the competitiveness of US exports, as VAT is border-adjusted while sales tax is not.

The trend towards increased protectionism by the US, as evidenced by the broad imposition of steel and aluminum tariffs and the escalation of tariffs on China, has led to retaliatory measures and the threat of further trade disputes. These developments create significant challenges for businesses operating in international markets, potentially leading to supply chain disruptions, increased costs, and market access limitations.

For policymakers, the current trade landscape necessitates a careful evaluation of the impact of protectionist measures on economic growth, international relations, and the stability of the global trade system. The potential for escalating tariff wars and the increasing use of non-tariff barriers create an environment of uncertainty. Ongoing trade negotiations, such as those

between the US and the UK, offer a potential path towards mitigating these tensions and establishing more stable trade relationships. However, the current climate suggests that international trade relations will remain dynamic and potentially contentious in the near future.

Works cited

1. US Reinstates 25% Tariffs on Steel, Aluminum from Key Partners, accessed March 13, 2025, <https://mexicobusiness.news/trade-and-investment/news/us-reinstates-25-tariffs-steel-aluminum-key-partners>
2. US Reinstates Steel and Aluminum Tariffs, Markets React Sharply - Mexico Business News, accessed March 13, 2025, <https://mexicobusiness.news/policyandeconomy/news/us-reinstates-steel-and-aluminum-tariffs-markets-react-sharply>
3. US trade wars with Canada, EU intensify - VOA, accessed March 13, 2025, <https://www.voanews.com/a/us-enacts-tariffs-on-all-steel-aluminum-imports/8007751.html>
4. Official CBP Statement On Tariffs | U.S. Customs and Border Protection, accessed March 13, 2025, <https://www.cbp.gov/newsroom/announcements/official-cbp-statement-tariffs>
5. Trump's trade war draws swift retaliation with new tariffs from Mexico, Canada and China, accessed March 13, 2025, <https://apnews.com/article/trump-tariffs-canada-mexico-china-643086a6dc7ff716d876b3c83e3255b0>
6. US Tariffs on Canada and Mexico Enter into Effect; Tariff on China Rises from 10% to 20%, accessed March 13, 2025, <https://www.whitecase.com/insight-alert/us-tariffs-canada-and-mexico-enter-effect-tariff-china-rises-10-20>
7. China slaps extra tariffs of up to 15% on imports of major US farm exports | AP News, accessed March 13, 2025, <https://apnews.com/article/china-us-tariffs-farm-soy-trump-7442b02ac829347f0d4fc6ad0955d368>
8. Timeline of U.S.-China Tariffs | TIME, accessed March 13, 2025, <https://time.com/7216481/us-china-tariffs-trade-war-trump-timeline/>
9. The US and China Trade Opening Barbs - WilmerHale, accessed March 13, 2025, <https://www.wilmerhale.com/en/insights/client-alerts/20250207-the-us-and-china-trade-opening-barbs>
10. What tariffs are China imposing on the US – and why are they significant? - Al Jazeera, accessed March 13, 2025, <https://www.aljazeera.com/economy/2025/2/4/what-tariffs-is-china-imposing-on-the-us-and-why-are-they-significant>
11. Canada announces robust tariff package in response to unjustified U.S. tariffs - Canada.ca, accessed March 13, 2025, <https://www.canada.ca/en/department-finance/news/2025/03/canada-announces-robust-tariff-package-in-response-to-unjustified-us-tariffs.html>
12. Canada's tariffs to remain despite Trump postponing tariffs on many imports from Canada for a month | AP News, accessed March 13, 2025, <https://apnews.com/article/trudeau-trump-tariffs-trade-war-58eaa333ef96d4f17965bb7004e6bee7>
13. Fact Sheet: President Donald J. Trump Adjusts Tariffs on Canada and Mexico to Minimize Disruption to the Automotive Industry –] - The White House, accessed March 13, 2025,

<https://www.whitehouse.gov/fact-sheets/2025/03/fact-sheet-president-donald-j-trump-adjusts-tariffs-on-canada-and-mexico-to-minimize-disruption-to-the-automotive-industry/>

14. U.S. Imposes 25% Duty on Imports from Mexico and Canada Effective March 4, 2025, accessed March 13, 2025, <https://www.jw.com/news/insights-import-tariffs-mexico-canada/>

15. What you need to know about the US-Canada trade war - Avalara, accessed March 13, 2025, <https://www.avalara.com/blog/en/north-america/2025/03/canada-us-tariffs.html>

16. Canada's response to U.S. tariffs on Canadian goods, accessed March 13, 2025, <https://www.canada.ca/en/department-finance/programs/international-trade-finance-policy/canadas-response-us-tariffs.html>

17. Canadian tariffs of 25% on goods from the United States: How they apply at the border, accessed March 13, 2025,

<https://www.cbsa-asfc.gc.ca/travel-voyage/tariffs-tarifs/index-eng.html>

18. Tariffs Update: U.S. Largely Reverses 25% Tariffs on Imports from Mexico and Canada; Maintains an Additional 10% Tariff on All Imports from China - Jackson Walker, accessed March 13, 2025, <https://www.jw.com/news/insights-update-reverse-import-tariffs-mexico-canada/>

19. Experts react: The US and Europe are trading tariffs. What's next? - Atlantic Council, accessed March 13, 2025,

<https://www.atlanticcouncil.org/blogs/new-atlanticist/experts-react/experts-react-the-us-and-europe-are-trading-tariffs-whats-next/>

20. Fact-checking Trump's tariff claim about South Korea. What are his ..., accessed March 13, 2025, <https://www.koreaherald.com/article/10437772>

21. Trump bemoans Korean tariffs, calls for repeal of CHIPS Act - The Korea Herald, accessed March 13, 2025, <https://www.koreaherald.com/article/10434228>

22. South Korea says tariffs on US imports 'effectively 0%' after Trump barb - CNA, accessed March 13, 2025,

<https://www.channelnewsasia.com/east-asia/south-korea-tariffs-us-imports-effectively-0-trump-barb-4979056>

23. THE U.S.-SOUTH KOREA FREE TRADE AGREEMENT: MORE AMERICAN JOBS, FASTER ECONOMIC RECOVERY THROUGH EXPORTS - whitehouse.gov, accessed March 13, 2025,

https://obamawhitehouse.archives.gov/sites/default/files/fact_sheet_overview_us_korea_free_trade_agreement.pdf

24. U.S.-South Korea (KORUS) FTA and Bilateral Trade Relations - CRS Reports - Congress.gov, accessed March 13, 2025,

<https://crsreports.congress.gov/product/pdf/IF/IF10733/13>

25. U.S. – Korea Free Trade Agreement, accessed March 13, 2025,

<https://www.trade.gov/us-korea-free-trade-agreement>

26. The geopolitics of trade tariffs: The new Trump presidency - The House of Commons Library, accessed March 13, 2025,

<https://commonslibrary.parliament.uk/the-geopolitics-of-trade-tariffs-the-new-trump-presidency/>

27. What are Donald Trump's tariffs - and how will they affect the UK ..., accessed March 13, 2025, <https://news.sky.com/story/how-trumps-tariffs-will-affect-the-uk-13300714>

28. Britain says retaliation is possible over new U.S. tariffs on steel and aluminum imports, accessed March 13, 2025,

<https://apnews.com/article/trump-steel-tariffs-uk-response-25d55a8d4dfb4ad39982fd1999be2dac>

29. US 25% tariffs on UK steel imports come into effect, accessed March 13, 2025,

<https://www.uksteel.org/steel-news-2025/us-25-tariffs-on-uk-steel-imports-come-into-effect>

30. US tariffs on EU goods: What could it mean for Northern Ireland?, accessed March 13, 2025, <https://commonslibrary.parliament.uk/us-tariffs-on-eu-goods-what-could-it-mean-for-northern-ireland/>
31. Trump Administration Imposes Section 232 Steel and Aluminum 25% Tariffs March 12, 2025; EU and Canada Retaliate - Thompson Hine, accessed March 13, 2025, <https://www.thompsonhinesmartrade.com/2025/03/trump-administration-imposes-section-232-steel-and-aluminum-25-tariffs-march-12-2025-eu-and-canada-retaliate/>
32. As global tariff tensions rise, here's the latest on U.S. trade with top partners | Connecticut Public, accessed March 13, 2025, <https://www.ctpublic.org/2025-03-13/as-global-tariff-tensions-rise-heres-the-latest-on-u-s-trade-with-top-partners>
33. Canada, EU Tariff Retaliations, and Other Headlines of the Day, accessed March 13, 2025, <http://www.cfr.org/article/canada-eu-tariff-retaliations-and-other-headlines-day>
34. The case for a US-UK trade and investment agreement - Atlantic Council, accessed March 13, 2025, <https://www.atlanticcouncil.org/blogs/new-atlanticist/the-case-for-a-us-uk-trade-and-investment-agreement/>
35. EU retaliates with new tariffs on U.S. industrial and farm products ..., accessed March 13, 2025, <https://globalnews.ca/news/11077997/donald-trump-tariffs-eu-response/>
36. Canada and the EU swiftly retaliate against Trump's steel and aluminum tariffs - AP News, accessed March 13, 2025, <https://apnews.com/article/trump-eu-tariffs-countermeasures-806a3b9bcc9cd4e45817e672d95f0070>
37. EU countermeasures on US steel and aluminium tariffs explained - European Commission, accessed March 13, 2025, https://ec.europa.eu/commission/presscorner/detail/en/qanda_25_750
38. EU Announces Countermeasures Following Imposition of US Tariffs | Insights - Mayer Brown, accessed March 13, 2025, <https://www.mayerbrown.com/en/insights/publications/2025/03/eu-announces-countermeasures-following-imposition-of-us-tariffs>
39. List of products from the United States subject to 25 per cent tariffs effective March 13, 2025, accessed March 13, 2025, <https://www.canada.ca/en/departement-finance/news/2025/03/list-of-products-from-the-united-states-subject-to-25-per-cent-tariffs-effective-march-13-2025.html>
40. China Announces Retaliatory Tariffs and Other Trade Actions Against the U.S. | SmarTrade, accessed March 13, 2025, <https://www.thompsonhinesmartrade.com/2025/02/china-announces-retaliatory-tariffs-and-other-trade-actions-against-the-u-s/>
41. Japan's trade minister fails to win US assurances on tariff ... - AP News, accessed March 13, 2025, <https://apnews.com/article/japan-us-trade-trump-tariffs-steel-autos-3ed396d24cdafef6f22570fbb386edd7>
42. South Korea requests exclusion from US plan to increase tariffs - VOA, accessed March 13, 2025, <https://www.voanews.com/a/south-korea-requests-exclusion-from-us-plan-to-increase-tariffs/7982973.html>
43. Trump vows 200% retaliatory tariff on European wine and spirits - Al Jazeera, accessed

March 13, 2025,

<https://www.aljazeera.com/news/2025/3/13/trump-vows-massive-retaliatory-tariffs-on-european-wine-and-spirits>

44. www.avalara.com, accessed March 13, 2025,

<https://www.avalara.com/vatlive/en/country-guides/north-america/us-sales-tax/us-sales-tax-europe.html#:~:text=VAT%20vs%20Sales%20Tax,be%20taxed%20at%20different%20rates.>

45. The European VAT is Not a Discriminatory Tax Against US Exports, accessed March 13, 2025, <https://taxfoundation.org/blog/trump-reciprocal-tariffs-eu-vat-discriminatory/>

46. VAT vs. U.S. Sales Tax: Key Differences, Examples & Comparison, accessed March 13, 2025, <https://www.salestaxinstitute.com/vat-vs-sales-tax-differences>

47. 6 Differences between VAT and US sales tax - Avalara, accessed March 13, 2025, <https://www.avalara.com/blog/en/europe/2021/01/6-differences-between-vat-and-us-sales-tax.html>

48. VAT Rates - European Commission - Taxation and Customs Union, accessed March 13, 2025, https://taxation-customs.ec.europa.eu/taxation/vat/vat-directive/vat-rates_en

49. What Is Import VAT in the UK and EU? - Taxually, accessed March 13, 2025, <https://www.taxually.com/blog/what-is-import-vat-in-the-uk-and-eu>

50. European Union value added tax - Wikipedia, accessed March 13, 2025, https://en.wikipedia.org/wiki/European_Union_value_added_tax

51. VAT Rates in Europe, 2024 - Tax Foundation, accessed March 13, 2025, <https://taxfoundation.org/data/all/eu/value-added-tax-2024-vat-rates-europe/>

52. Prohibited and Restricted Items | U.S. Customs and Border Protection, accessed March 13, 2025, <https://www.cbp.gov/travel/us-citizens/know-before-you-go/prohibited-and-restricted-items>

53. China's E-Commerce Exports and U.S. De Minimis Policies - CRS Reports, accessed March 13, 2025, <https://crsreports.congress.gov/product/pdf/IF/IF12891/3>

54. Imposition of Tariffs by the United States on the Importation of Products from Mexico, accessed March 13, 2025, <https://www.hklaw.com/en/insights/publications/2025/03/imposition-of-tariffs-by-the-united-states-on-the-importation>

55. Just facts: Canadian Tariffs - The Fulcrum, accessed March 13, 2025, <https://thefulcrum.us/business-democracy/trump-tariffs-canada>

56. Japan - Prohibited & Restricted Imports - International Trade Administration, accessed March 13, 2025,

<https://www.trade.gov/country-commercial-guides/japan-prohibited-restricted-imports>

57. Goods with Prohibitions, Controls and Restrictions : Japan Customs, accessed March 13, 2025, <https://www.customs.go.jp/english/summary/prohibit.htm>

58. Customs Information | Consulate-General of Japan in Seattle, accessed March 13, 2025, https://www.seattle.us.emb-japan.go.jp/itpr_en/import_restrictions.html

59. International Trade Policies: Japan - Agricultural Marketing Service - USDA, accessed March 13, 2025,

<https://www.ams.usda.gov/services/organic-certification/international-trade/Japan>

60. The U.S. says Japan has a 700% tariff on American rice. Is that the case? - The Japan Times, accessed March 13, 2025,

<https://www.japantimes.co.jp/news/2025/03/12/japan/japan-rice-tariffs/>

61. The U.S. says Japan has a 700% tariff on American rice. Is that the case? - Reddit, accessed March 13, 2025,

https://www.reddit.com/r/japan/comments/1j9nr5j/the_us_says_japan_has_a_700_tariff_on_american/

62. International Trade Policies: Republic of Korea - Agricultural Marketing Service - USDA, accessed March 13, 2025,

<https://www.ams.usda.gov/services/organic-certification/international-trade/Korea>

63. Bringing goods into the UK for personal use: Banned and restricted goods - GOV.UK, accessed March 13, 2025,

<https://www.gov.uk/bringing-goods-into-uk-personal-use/banned-and-restricted-goods>

64. In the US and Europe, Export and Import Controls May Be Expanded | Insights - Skadden, accessed March 13, 2025,

<https://www.skadden.com/insights/publications/2025/01/2025-insights-sections/the-global-and-cross-border-outlook/in-the-us-and-europe-export-and-import-controls-may-be-expanded>