
President Trump Announces Three New Section 232 Investigations After Suspending Reciprocal Tariffs, Excluding Certain Electronics, and Increasing Tariffs on China

APRIL 17, 2025

The Trump Administration has formally launched three separate national security investigations under Section 232 of the Trade Expansion Act of 1962 including on: 1) imports of semiconductors (including downstream electronic products); 2) imports of pharmaceuticals (including medical countermeasures and active pharmaceutical ingredients); and 3) imports of processed critical minerals and their derivative products. Conducted by the U.S. Department of Commerce's Bureau of Industry and Security (BIS), each investigation will examine the impact of these respective imports on U.S. national security and economic stability culminating in a decision by the President to take action to remedy any threats to national security identified, including by imposing tariffs. While the statute provides that this process must be completed within 270 days, it is expected that these reports will be submitted substantially sooner. Importantly, in conducting its investigations, the Commerce Department will seek the public's views on issues related to supply and demand as well as the conditions of competition and the impact of certain trade policies in the relevant market.

Separately, [as previously reported](#), on April 2, 2025, President Donald Trump issued an [executive order](#) (the Reciprocal Tariffs Executive Order or Executive Order) announcing a 10% baseline reciprocal tariff on nearly all U.S. trading partners, effective April 5, and an additional individualized reciprocal tariff on 57 countries, effective April 9.

However, on April 10, the President suspended the country-specific reciprocal tariff for all countries except China for a period of 90 days to allow for negotiations, leaving a 10% across-the-board tariff in place. On the same day, after days of escalation, the President increased the Chinese reciprocal tariff to 125%. According to the White House, more than 75 countries have reached out to negotiate with the United States on trade. Kevin Hassett, the Director of the National Economic Council in the White House, said that 15 of these countries have made "explicit offers." Mr. Hassett added that the Administration is setting up "a very orderly process" to prioritize negotiations with certain countries, though he did not describe the process or name the countries. President Trump also later indicated that company-specific exemptions may be possible but did not elaborate.

On April 11, U.S. Customs and Border Protection (CBP) issued guidance excluding from the

reciprocal tariffs (the country-specific tariffs – including tariffs on China – and the baseline 10% tariff) a host of electronics, including smartphones, laptops, televisions. This relief appears to be temporary because, as noted above, on April 14, the Commerce Department announced a Section 232 investigation on semiconductors including downstream products such as smartphones and laptops that may result in tariffs.

Background on Section 232 Investigations

Section 232 of the Trade Expansion Act of 1962 (19 U.S.C. 1862) provides the President with authority to impose restrictions on imports based on an affirmative determination by the Department of Commerce that the product under investigation “is being imported into the United States in such quantities or under such circumstances as to threaten to impair national security.”

By law, the Commerce Department has 270 days to present the Department’s findings and recommendations to the President. Section 232 requires that the Secretary of Commerce provide notice to the Secretary of Defense upon initiation of the investigation. The Commerce Department also consults with the Secretary of Defense regarding methodological and policy questions raised in the investigation and can seek information and advice from other government agencies.

Shortly after an investigation is initiated, the Commerce Department seeks the public’s views on issues related to supply and demand and other conditions of competition affecting the products under investigation.

Within 90 days after receiving the report from the Commerce Department, if Commerce finds that the imported product under investigation threatens to impair U.S. national security, the President shall determine whether he concurs with the Department’s finding and, if so, determine the nature and duration of the action that must be taken to “adjust” the imports of the article and its derivatives so that such imports will not threaten to impair national security. Under Section 232, the President may impose trade remedies such as tariffs and quotas.

Pharmaceuticals

The Section 232 investigation into pharmaceuticals includes “imports of pharmaceuticals and pharmaceutical ingredients, including finished drug products, medical countermeasures, critical inputs such as active pharmaceutical ingredients, and key starting materials, and derivative products of those items.” Both generic and non-generic pharmaceuticals are covered.

According to the Federal Register notice, the Commerce Department is seeking public comment on the following questions by May 7, 2025:

- i. the current and projected demand for pharmaceuticals and pharmaceutical ingredients in the United States;
- ii. the extent to which domestic production of pharmaceuticals and pharmaceutical ingredients can meet domestic demand;
- iii. the role of foreign supply chains, particularly of major exporters, in meeting United States demand for pharmaceuticals and pharmaceutical ingredients;

- iv. the concentration of United States imports of pharmaceuticals and pharmaceutical ingredients from a small number of suppliers and the associated risks;
- v. the impact of foreign government subsidies and predatory trade practices on United States pharmaceuticals industry competitiveness;
- vi. the economic impact of artificially suppressed prices of pharmaceuticals and pharmaceutical ingredients due to foreign unfair trade practices and state-sponsored overproduction;
- vii. the potential for export restrictions by foreign nations, including the ability of foreign nations to weaponize their control over pharmaceuticals supplies;
- viii. the feasibility of increasing domestic capacity for pharmaceuticals and pharmaceutical ingredients to reduce import reliance;
- ix. the impact of current trade policies on domestic production of pharmaceuticals and pharmaceutical ingredients, and whether additional measures, including tariffs or quotas, are necessary to protect national security; and
- x. any other relevant factors.

Semiconductors

On April 11, the President excluded from the reciprocal tariffs a host of electronics, including smartphones, laptops, televisions. The President explained on Truth Social on April 13 that this was not a tariff “exception”; rather, these products “are just moving to a different Tariff ‘bucket.’” On April 14, the U.S. Commerce Department followed suit by announcing an investigation of imports of semiconductors.

The investigation includes “imports of semiconductors, semiconductor manufacturing equipment (SME), and their derivative products.” According to the Federal Register notice, this “includes, among other things, semiconductor substrates and bare wafers, legacy chips, leading-edge chips, microelectronics, and SME components. Derivative products include downstream products that contain semiconductors, such as those that make up the electronics supply chain.

The Commerce Department is seeking public comment on the following questions by May 7, 2025:

- i. the current and projected demand for semiconductors (including as embedded in downstream products) and SME in the United States, differentiated by product type and node size;
- ii. the extent to which domestic production of semiconductors can or is expected to be able to meet domestic demand at each node size for each product type, and similarly the extent to which domestic production of SME can or is expected to be able to meet domestic demand;
- iii. the role of foreign fabrication and assembly, test and packaging facilities in meeting United States semiconductors demand, and similarly the role of foreign supply of SME in meeting domestic demand;
- iv. the concentration of United States semiconductors imports (including as embedded in downstream products) from a small number of fabrication facilities and the associated risks, and similarly, the concentration of United States SME imports from a small number of

foreign sources;

- v. the impact of foreign government subsidies and predatory trade practices on United States semiconductor and SME industry competitiveness;
- vi. the economic or financial impact of artificially suppressed semiconductor and SME prices due to unfair foreign trade practices and state-sponsored overcapacity;
- vii. the potential for export restrictions by foreign nations, including the ability of foreign nations to weaponize their control over semiconductors and SME supply chains;
- viii. the feasibility of increasing domestic semiconductors capacity (in different product types and node sizes) to reduce import reliance, and similarly the feasibility of increasing domestic SME capacity to reduce import reliance;
- ix. the impact of current trade and other policies on domestic semiconductor and SME production and capacity, and whether additional measures, including tariffs or quotas, are necessary to protect national security;
- x. what product types and node sizes could be built only using SME from U.S. companies;
- xi. what SME is manufactured abroad and faces limited competition from U.S.-made products;
- xii. what SME parts or components are only available outside the United States;
- xiii. where the U.S. workforce faces a talent gap in production of semiconductors, SME or SME components; and
- xiv. any other relevant factors

Processed Critical Minerals

The President issued an Executive Order on April 15, 2025, announcing a Section 232 investigation on imports of processed critical minerals and their derivative products. According to the Executive Order, the term “processed critical minerals” refers to critical minerals that have undergone the activities that occur after critical mineral ore is extracted from a mine up through its conversion into a metal, metal powder or a master alloy. These activities specifically occur beginning from the point at which ores are converted into oxide concentrates; separated into oxides; and converted into metals, metal powders, and master alloys. Further, the term “derivative products” is defined quite broadly to include all goods that incorporate processed critical minerals as inputs. These goods include semi-finished goods (such as semiconductor wafers, anodes, and cathodes) as well as final products (such as permanent magnets, motors, electric vehicles, batteries, smartphones, microprocessors, radar systems, wind turbines and their components, and advanced optical devices).

The Federal Register notice with regard to this investigation has not yet issued seeking public comment but it is expected in the very near future. Finally, in terms of timeline, as noted above, the law provides Commerce 270 days to produce its reports for the President, but this Executive Order explicitly directs the Commerce Secretary to finish this investigation in 180 days. It also directs the Secretary to consider in particular:

- i. the imposition of tariffs as well as other import restrictions and their appropriate levels;
- ii. safeguards to avoid circumvention and any weakening of the Section 232 measures;
- iii. policies to incentivize domestic production, processing, and recycling; and

- iv. any additional measures that may be warranted to mitigate United States national security risks, as appropriate, under the President's authority pursuant to the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.).

Background on Earlier Tariff Actions

On February 13, 2025, President Trump issued an [executive memorandum](#) titled "Reciprocal Trade and Tariffs" (the Reciprocal Trade Memorandum). The Memorandum stated that the Trump Administration would introduce the "Fair and Reciprocal Plan" to reduce the large trade deficit in goods and address unfair and unbalanced trade with trading partners.

The Reciprocal Trade Memorandum provided that the Trump Administration would determine the reciprocal tariff rate by assessing each country's "non-reciprocal trade arrangement," which was broadly defined to include tariffs; unfair, discriminatory, or extraterritorial taxes, including value-added taxes; nontariff barriers, including subsidies and burdensome regulatory requirements in foreign markets; exchange rate policies; and any other practice that is judged to impose an unfair limitation on market access or any structural impediment to fair competition with the United States.

On April 2, President Trump announced a 10% across-the-board tariff on all countries and an individualized, higher tariff on countries with which the United States has large trade deficits. According to President Trump, the tariff rates were calculated based on an assessment of "approximately half of what they are and have been charging us," or one-half of the tariffs and nontariff barriers (including currency manipulation) that the Administration believes each country maintains with respect to the United States.

Following the announcement, the Office of the U.S. Trade Representative (USTR) provided further detail on the tariff rate calculations. Per this [guidance](#), the change in tariff rate that "results in a bilateral trade balance of zero" was calculated by dividing the U.S. trade deficit with a given country by the product of that country's total imports to the United States, price elasticity of import demand (ϵ), and the pass-through from tariffs to import prices (ϕ). Based on the parameter values selected ($\epsilon = 4$ and $\phi = 0.25$), the equation can be simplified to the trade deficit with a given country divided by that country's total imports to the United States.

[Annex I](#) of the Reciprocal Tariffs Executive Order, included below, provides the country-specific reciprocal tariff rates (inclusive of the 10% baseline duty). Conforming changes to the Harmonized Tariff Schedule are reflected in [Annex III](#). We note that, as of April 3, these rates have been slightly revised from those released immediately following President Trump's announcement.

Countries/Territories	Reciprocal Tariff, Adjusted
Algeria	30%
Angola	32%

Countries/Territories	Reciprocal Tariff, Adjusted
Bangladesh	37%
Bosnia and Herzegovina	36%
Botswana	38%
Brunei	24%
Cambodia	49%
Cameroon	12%
Chad	13%
China	34%
Côte d'Ivoire	21%
Democratic Republic of the Congo	11%
Equatorial Guinea	13%
European Union	20%
Falkland Islands	42%
Fiji	32%
Guyana	38%
India	27%
Indonesia	32%
Iraq	39%

Countries/Territories	Reciprocal Tariff, Adjusted
Israel	17%
Japan	24%
Jordan	20%
Kazakhstan	27%
Laos	48%
Lesotho	50%
Libya	31%
Liechtenstein	37%
Madagascar	47%
Malawi	18%
Malaysia	24%
Mauritius	40%
Moldova	31%
Mozambique	16%
Myanmar (Burma)	45%
Namibia	21%
Nauru	30%
Nicaragua	19%

Countries/Territories	Reciprocal Tariff, Adjusted
Nigeria	14%
North Macedonia	33%
Norway	16%
Pakistan	30%
Philippines	18%
Serbia	38%
South Africa	31%
South Korea	26%
Sri Lanka	44%
Switzerland	32%
Syria	41%
Taiwan	32%
Thailand	37%
Tunisia	28%
Vanuatu	23%
Venezuela	15%
Vietnam	46%
Zambia	17%

Countries/Territories	Reciprocal Tariff, Adjusted
Zimbabwe	18%

“Stackable” Duties

The reciprocal tariffs are additive, meaning that they apply in addition to most existing tariffs – including, with respect to China, Section 301 duties and duties recently imposed under the fentanyl/migration orders pursuant to the International Emergency Economic Powers Act (IEEPA). The Executive Order provides that “the rates of duty established by this order are in addition to any other duties, fees, taxes, exactions, or charges, applicable to such imported articles.”

U.S. Content Stepdown

The reciprocal tariffs are levied only on an article’s non-U.S. content provided that at least 20% of the article’s value is U.S.-originating. “U.S. content” is defined as “the value of an article attributable to the components produced entirely, or substantially transformed in, the United States.” The Executive Order directs CBP to verify and ascertain an article’s U.S. content value and substantial transformation in the United States. This provision would give companies the opportunity to seek lower reciprocal tariff duties when importing a product that is partially U.S.-originating.

Duties on Canada and Mexico

The Reciprocal Tariffs Executive Order indicates that the prior fentanyl/migration IEEPA orders remain in effect, and the new reciprocal tariffs do not apply to Canada or Mexico for the time being. Specifically:

- The rate of duty for USMCA-originating goods will be 0%.
- The rate of duty for non-USMCA-originating goods will continue to be 25%.
- The rate of duty for non-USMCA-originating energy or energy resources and potash imported from Canada will be 10%.

Additionally, duties for USMCA-originating goods and non-USMCA-originating goods will be 0% and 12%, respectively, in the event that the previous executive orders imposing tariffs on Canada and Mexico are terminated.

Excluded Products and Modification

Section 3(b) and [Annex II](#) of the Reciprocal Tariffs Executive Order set forth certain categories of goods that will not be subject to the reciprocal tariffs:

- All articles under 50 U.S.C. 1702(b) that are subject to IEEPA’s exceptions:
 - postal, telegraphic, telephonic, or other personal communication that does not involve a transfer of anything of value
 - donations, by persons subject to the jurisdiction of the United States, of articles, such as food, clothing, and medicine, intended to be used to relieve human suffering (with exceptions)

- information or informational materials, including but not limited to publications, films, posters, phonograph records, photographs, microfilms, microfiche, tapes, compact disks, CD-ROMs, artworks, and news wire feeds (with certain exemptions)
- accompanied baggage for personal use and acquisition of goods or services for personal use
- All articles and derivatives of steel and aluminum subject to the Section 232 duties pursuant to Proclamations [9704](#), [9705](#), [9980](#), [10895](#), and [10896](#), as amended
- All automobiles and automotive parts subject to the Section 232 duties pursuant to Proclamation [10908](#)
- Copper, pharmaceuticals, semiconductors, lumber articles, certain critical minerals, and energy and energy products
- All articles from a trading partner subject to the rates provided in Column 2 of the Harmonized Tariff Schedule of the United States (HTSUS) (*g.*, Russia, North Korea)
- All articles that may become subject to duties pursuant to future Section 232 actions

Additionally, the Executive Order specifies scenarios in which the President may modify the reciprocal tariffs:

- The Secretary of Commerce and USTR may recommend additional action if the reciprocal tariffs are not effective in resolving the overall trade deficit or the U.S. trading partners' nonreciprocal trade arrangements.
- If any trading partner retaliates against the reciprocal tariffs (through duties on U.S. exports or other measures), the President may modify the HTSUS to increase or expand the scope of the duties.
- If any trading partner takes "significant steps" to address nonreciprocal trade agreements and "align sufficiently with the United States on economic and national security matters," the President may modify the HTSUS to decrease or limit the scope of the duties.
- If U.S. manufacturing capacity and output worsen, the President may modify the HTSUS to increase duties.

The Executive Order does not provide for an exclusion process.

Legal Authority

President Trump used IEEPA as the legal authority to impose the reciprocal tariffs, describing "large and persistent annual U.S. goods trade deficits" as a national emergency. IEEPA is a national security statute that has historically been used as the legal authority for imposing U.S. sanctions, among other things. This is the second tariff action that President Trump has initiated based on IEEPA. The first action – and the first time ever that IEEPA was used for tariffs – was the President's decision to impose tariffs on Canada, Mexico, and China, citing their failures to address immigration and fentanyl.

Hours after the President announced the reciprocal tariffs, the U.S. Senate passed a [joint resolution](#) that would block the tariffs on Canada by terminating the national emergency that President Trump invoked to justify the tariffs. Although it is highly unlikely that the joint resolution will

pass in the House of Representatives (given that the House has changed its rules to preclude a vote on such a measure), the bipartisan support for the resolution in the Senate – with four Republican senators voting “yea” – signals potential uncertainty in the future political dynamics between Congress and the President on the Administration’s trade and tariff policy.

Suspension of Most Reciprocal Tariffs

On April 10, the President suspended the country-specific reciprocal tariff for all countries except China for a period of 90 days, until July 8, 2025. As a result, all countries other than China, Canada, Mexico, and “Column 2” countries such as Russia and North Korea will be subject only to the 10% baseline tariff for the time being.

Escalation with China

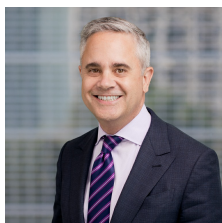
The United States and China have engaged in a cycle of retaliation and counter-retaliation in the week since the President imposed the initial reciprocal tariff. Specifically:

- On April 4, China responded to President Trump’s initial action by announcing a 34% tariff on all imported goods originating from the United States.&
- On April 8, President Trump responded to China’s action by increasing the reciprocal tariff on Chinese goods to 84%, effective April 9.
- On April 9, China responded again, raising the tariff on US goods to 84%, effective April 10.
- On April 9, President Trump countered China’s action by increasing the reciprocal tariff on Chinese goods to 125%, effective April 10.
- On April 11, China responded again, raising the tariff on US goods to 125%, effective April 12.

Because the U.S. tariffs are additive, the total tariff on some Chinese imports is significantly higher than 125%. For example, lithium-ion electrical vehicle batteries imported from China are now subject to 173.4% tariffs, which includes the 125% reciprocal tariff, 20% fentanyl/migration tariff, 25% Section 301 tariff, and a 3.4% ordinary customs duty.

WilmerHale is closely monitoring these developments and is prepared to advise clients on how to navigate and mitigate the effects of the tariffs.

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