

New Tariff Imposition Alert

Last week, President Trump announced the imposition of **new tariffs under Section 232 authority**, targeting heavy trucks, pharmaceuticals, and other consumer goods. These measures represent one of the most consequential trade actions of late 2025, combining industrial protection with pharmaceutical and consumer product duties, and are expected to significantly reshape supply chains across multiple sectors.

Key Provisions of the Announcement New

Tariff Measures:

- **25% duty** on imported **heavy-duty trucks**, effective October 1, 2025.
- **100% duty** on **branded (patented) pharmaceuticals**, with an exemption pathway for companies that have already begun U.S. manufacturing projects.
- **50% duty** on **kitchen cabinets and bathroom vanities**.
- **30% duty** on **upholstered furniture** imports.

Legal Basis & Justification:

- Announced under **Section 232 (national security) authority**, citing strain on U.S. supply chains and the need to strengthen domestic production.
- Administration claims the measures will incentivize U.S. manufacturing and reduce reliance on imports in critical and consumer-facing sectors.

Effective Dates:

- Tariffs will apply to entries made on or after **12:01 a.m. EDT, October 1, 2025**.
- U.S. Customs and Border Protection (CBP) is expected to issue implementing guidance in the coming days.

Affected Measures

- **Section 232 Duties:** Expanded to cover trucks, pharmaceuticals, furniture, and home goods.
- **Overlap with Reciprocal Tariff Framework (EO 14257):** While not explicitly modifying Annex II/III, this action demonstrates continued reliance on reciprocal tariff mechanisms, with potential adjustments forthcoming.
- **Pharmaceutical Exemptions:** Companies must demonstrate U.S. facility investments to qualify for exclusion from the 100% drug duty.

Annex Clarifications (Expected)

Although no formal Annex amendments were released with the last week announcement, Commerce and USTR are expected to issue clarifications:

- **Drug End-Use Certification:** Branded drugs may require proof of U.S. manufacturing commitments to avoid the 100% duty.
- **Sector-Specific Scrutiny:** CBP is anticipated to apply heightened verification of classification and end-use, particularly for pharmaceuticals and furniture components.
- **Future Annex Updates:** Additional HTSUS subheadings may be migrated to Annex II/III lists as negotiations with the EU, Japan, and other partners evolve.

Business Implications and Next Steps for Clients

- **Review Imports:** Assess exposure in the categories of heavy trucks, pharmaceuticals, cabinets, and furniture.
- **Exemption Planning:** Pharma clients should consider accelerating U.S. production projects to secure tariff exemptions.
- **Supply Chain Strategy:** Explore alternative sourcing outside covered categories; anticipate further volatility in classification and Annex coverage.
- **Refunds/Exclusions:** Monitor CBP guidance for possible exclusion procedures or refund opportunities in case of subsequent Annex modifications.
- **Negotiation Linkage:** Expect future tariff relief or adjustment to be tied to trade/security agreements, as with earlier EU framework arrangements.

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