AMBA proudly introduces *The Capitol Beat*. Delivered from Inside the Beltway Solutions, this enewsletter provides information on the latest happenings in Washington that are important to the mold manufacturing industry. *Please forward this email to a colleague who may have interest in these topics*.

Join AMBA's **Q1 Advocacy Update** webinar this **Friday, March 14**, from **12-1pm EST** to gain critical insights from Omar Nashashibi, Inside Beltway, on the latest policy developments affecting U.S. mold manufacturers. Register **HERE**.

In This Issue

Issue 2 | 2025

New Tariffs Implemented on Chinese Goods; 25% Tariffs on Canadian and Mexican Suspended

On February 1, 2025, President Trump announced a new 10 percent tariff on all Chinese goods. This announcement also included new tariffs of 25 percent on Canada and Mexico, which were initially delayed until March 4, 2025; however, the President recently indicated an April 1st deadline. This move falls under the International

Emergency Economic Powers Act (IEEPA), citing concerns about illegal immigration and drug trafficking, particularly involving fentanyl.

The Executive Order (EO) titled "Imposing Duties to Address the Synthetic Opioid Supply Chain in the People’s Republic of China," places an additional 10 percent tariff on products from China and Hong Kong effective February 4, 2025. On March 3, President Trump issued an amendment to the EO increasing the additional tariff rate to 20 percent. This brings the combined tariff rate on Chinese molds, dies and tooling to 45 percent. The AMBA is working with the Trump administration to prevent any exclusions from the new increased tariff rate on these critical Chinese imports.

In retaliation, China has imposed a 15 percent tariff on U.S. coal and liquefied natural gas, alongside a 10 percent tariff on crude oil, agricultural machinery, cars and pickup trucks. Additionally, China has enforced export controls on tungsten, tellurium, bismuth, molybdenum and indium, and has filed a lawsuit against the United States tariffs with the World Trade Organization.

In two other related EOs, President Trump imposed a 25 percent tariff on all goods from Mexico and Canada, excluding energy imports from Canada, which are subject to a 10 percent tariff. After engaging in talks with Mexican President Claudia Sheinbaum and Canadian Prime Minister Justin Trudeau, Trump decided on February 3 to delay the implementation of these tariffs for one month, with the tariffs officially taking effect on March 4. However, just two days later, President Trump granted a one-month reprieve from new 25 percent tariffs for all goods from Canada and Mexico that enter the U.S. duty-free under the U.S.-Mexico-Canada Agreement (USMCA). These USMCA goods will be exempt from the tariffs until April 2, 2025.

Trump Sets 25% Tariffs on Steel and Aluminum Imports, Creates Derivatives Process

On February 10, 2025, President Trump signed proclamations modifying the steel and aluminum tariffs under Section 232 of the Trade Expansion Act of 1962. This action reinstates a 25 percent tariff on steel imports from all nations, including U.S. trade partners, and increases the aluminum tariff from 10 percent to 25 percent.

This decision is in line with the President's "America First Trade Policy," which directed the Departments of Commerce and Defense to undertake an extensive review of the U.S. industrial and manufacturing sectors. The objective is to evaluate whether any import changes are necessary to protect national security, as well as to reassess current exemptions and related measures for steel and aluminum imports.

Effective March 12, 2025, the new 25 percent tariffs will apply to all steel and aluminum imports, eliminating previous exemptions and tariff rate quotas granted to nations such as Argentina, Australia, Brazil, Canada, Japan, Mexico, South Korea, the European Union, Ukraine and the United Kingdom. Additionally, the existing process for product exclusions will end immediately, with any current exclusions remaining effective until they expire, reach their volume limits, or until March 12, 2025 — whichever occurs first.

These 25 percent tariffs also extends to 167 derivatives of steel and 123 aluminum derivatives identified in Annex I. However, the 25 percent tariff only applies to the steel and aluminum in derivatives not listed on HTS Chapter 73 or Chapter 76. The 25 percent tariff on these articles will come into force once the Department of Commerce establishes a system for assessing and collecting the duties. By May 11, the Department will establish a process for manufacturers to request that the government expand Annex I to include more steel or aluminum derivatives.

The current official lists of covered steel and aluminum derivatives can be found in the following Federal Register notices:

Aluminum: https://www.federalregister.gov/documents/2025/02/18/2025-02832/adjusting-imports-of-aluminum-into-the-united-states

Steel: https://www.federalregister.gov/documents/2025/02/18/2025-02833/adjusting-imports-of-steel-into-the-united-states

These tariffs are expected to lead to retaliatory actions from other nations, with the European Commission already preparing a list of products that may face reciprocal tariffs.

Lawmakers Propose Tax Legislation as Congress Pursues Reconciliation Package

Lawmakers have introduced tax bills aimed at extending key provisions of the 2017 Tax Cuts and Jobs Act (TCJA) as Congress works on a budget reconciliation package.

Key tax provisions crucial for manufacturers include the proposal to extend and make permanent Section 199A, which offers a 20 percent deduction for qualified business income from passthroughs; increasing the Section 179 small business expensing limit from $1 million to $2 million; and reinstating the full EBITDA standard for deductions. Additionally, a bill endorsed by the AMBA to permanently repeal the federal death tax has been introduced. Other upcoming tax bills are expected to seek the permanent establishment of research and development (R&D) expensing and to remove the need to amortize and capitalize R&D costs; as well as to restore and make permanent 100 percent expensing, known as Bonus Depreciation.

Both the House and Senate have approved budget resolutions, marking a key initial step toward a reconciliation bill. The Senate budget resolution, which passed on February 20 with a narrow 52-48 vote, includes budget reconciliation instructions focused on border and defense spending, domestic energy production and a minimum level of unspecified spending cuts, but it does not touch on tax policy. Initially, the Senate planned a two-step approach, with the first bill addressing border, energy and defense issues, followed by a second addressing tax policies. However, with the passage of a single budget plan by the House, it is anticipated that both chambers will converge on one substantial fiscal package. The House approved its version on February 25 with a close vote of 217-215.

This framework bill encompasses tax reductions totaling $4.5 trillion over the next decade.

The introduction of these stand-alone tax bills signifies progress in ongoing discussions about incorporating these essential tax proposals into a final budget reconciliation bill.

Senate Commerce Committee Advances Supply Chain Legislation

The Senate Commerce, Science and Transportation Committee has advanced legislation designed to enhance supply chain resiliency. On February 5, 2025, the Committee unanimously approved the Promoting Resilient Supply Chains Act, S 257, which was reintroduced by Senators Maria Cantwell (D-WA) and Marsha Blackburn (R-TN).

This legislation establishes a resiliency program within the Commerce Department focused on monitoring and tracking critical industries and emerging technologies. It also creates a Supply Chain Resilience Working Group responsible for mapping, monitoring and modeling the United States' capacity to address vulnerabilities in critical industries, supply chains and goods.

Additionally, the Committee approved the Strengthening Support for American Manufacturing Act, S. 99, introduced by Senators Gary Peters (D-MI) and Marsha Blackburn. This act mandates a report on the effectiveness and management of manufacturing support programs within the Department of Commerce, including the relevant offices and bureaus responsible for critical supply chain resilience, and manufacturing and industrial innovation programs. The report will also include recommendations for improving the efficiency of these programs.

White House Revokes NEPA Regulation

The White House has officially revoked its National Environmental Policy Act (NEPA) implementing rule. In accordance with President Trump's January 20, 2025, executive order titled "Unleashing American Energy," the White House Council on Environmental Quality (CEQ) has rescinded the rule in a February 25, 2025, interim final rule published in the Federal Register notice and issued guidance directing agencies to follow their individual NEPA regulations.

The revocation comes in light of two court rulings that found the CEQ does not possess the authority to establish binding NEPA rules. In a November 2024 decision, the D.C. Circuit Court of Appeals concluded that the CEQ lacks statutory power to create NEPA regulations, asserting that the “CEQ regulations, which claim to dictate how all federal agencies must comply with the National Environmental Policy Act, are ultra vires,” meaning they exceed legal authority and are unenforceable.

Additionally, the District Court for the District of North Dakota on February 3, 2025, vacated the Biden Administration's 2024 Phase 2 NEPA rules in response to a lawsuit brought by twenty-one attorneys general.

The interim final rule revoking the NEPA implementing regulations will take effect on April 11, 2025, and the White House is inviting comments on this change until March 27, 2025.

For comments and questions regarding this newsletter, contact info@amba.org.