

CTDA: THE NEW US TARIFFS ON CERAMIC TILE

**ROBIN W. GROVER, CTDA LEGAL COUNSEL
LICENSED US CUSTOMS BROKER #
WASHINGTON, D.C.**

TEL. No.: (202) 302-1653

WWW.GROTRADELAW.COM

robin@grotradelaw.com

Outline of today's presentation

- - US tariff classification of ceramic tile
- - Traditional US tariff rates on tile
- - Reasons for increasing US tariffs
- - Tile tariffs currently in place since April
- - The new tariffs on EU and individual exporting countries
- - Methods to legally mitigate tariffs

What is a tariff?

Basically a tax on imported goods

Ad valorem – percentage of value

Designed to;

1 – Increase federal government revenues

2 – Protect US manufacturers of the same product

3 – Punish country suppliers whose policies injure ours

4 – Level the playing field for domestic suppliers

US HARMONIZED TARIFF SCHEDULES

- www.usitc.gov
- Always go to the latest version – seven so far in 2025
- Ceramic tile in USHTS Chapter 69

Ceramic tile is in USHTS chapter 69

- Primarily classified in HTS Heading 6907
- Most Favored Nation (“MFN”) tariffs for tile ranging from 8.5 to 10 percent
- High by US tariff average of about 2 percent for imported industrial goods
- MFN or Most Favored Nation – also called Column 1 tariffs
- MFN enjoyed by almost all countries (no Cuba, Iran, Russia, Belarus which get Column 2 tariffs)

Administration's reasons for increasing us tariffs

- 1 – Massive annual merchandise trade deficit of \$ 1.2 trillion in 2024
- 2 – Trade deficit has continued to increase
- 3 – Perception that US manufacturing has hollowed out
- 4 – China and other countries buying US farmland with trade surplus money
- 5 – A better source of revenue
- 6 – Punish foreign countries that adopt policies counter to US interests

2025 – the imposition of additional us tariffs on imported goods

- Upon taking office and for these reasons, President Trump imposed a series of tariff rates on US trading partners
- April – settles on a 10 percent baseline additional tariff for most countries
- Exceptions for Canada, Mexico, China
- Additional tariffs on imported steel, aluminum, copper and listed “derivative products” made from them

Current ceramic tile tariffs until 12:01 tomorrow (Thursday, aug.7)

Importers of ceramic tile from all countries (with the prior listed exceptions) have paid tariffs equal to:

- 1 – the MFN rates in HTS Chapter 69 of 8.5 to 10 percent;
- 2 – an additional “baseline” rate of 10 percent

Thus, for imports during the past four months, CTDA members have been paying 18.5 to 20 percent tariffs on imported ceramic tile from virtually all nations

US imports of ceramic tile from the 27 member nations of the European union

- Austria, Belgium, Bulgaria, Croatia, Republic of Cyprus, Czechia, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, **Italy**, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, **Spain** and Sweden.

Reasons for additional us tariffs on the EU

- **U.S. Imports from EU:** \$605.8 billion in 2024.
- **U.S. Exports to EU:** \$370.2 billion in 2024.
- EU tariffs on US products higher than US tariffs on EU since Marshall Plan
- US spending far more as a percentage of GDP on defense than NATO member countries
- Nontariff barriers to US goods

The new us tariff regime on imported EU products

- Effective tomorrow at 12:01 am
- *The reciprocal tariff for goods of the European Union is dependent on the Column 1/General duty rate applicable to the goods. For a good of the European Union with a Column 1 duty rate greater than or equal to 15 percent, the reciprocal tariff is zero and the entry must be filed under heading 9903.02.19. For a good of the European Union with a Column 1/General duty rate less than 15 percent, **the sum of the Column 1/General duty rate and the reciprocal tariff shall be 15 percent** and the entry must be filed under heading 9903.02.20.*
- ***BL – the US tariffs on EU ceramic tile will decrease from the current MFN -10 percent or 18.5 to 20 percent to the baseline 15 percent***

The new chapter 99 classification for EU products

1 – HTS Chapter 99 is for modifications to the MFN tariff rates

2 – When a covered item is imported, your broker will report the HTS 6907 classification and tariff rate and the *9903.02.20 classification*

HTS 9903.02.20 provides:

9903.02.20 Except for goods loaded onto a vessel at the port of loading and in transit on the final mode of transit before 12:01 a.m. eastern daylight time on August 7, 2025, and entered for consumption or withdrawn from warehouse for consumption before 12:01 a.m. eastern daylight time on October 5, 2025, except for products described in headings 9903.01.30 9903.01.33, and except as provided for in headings 9903.01.34 and 9903.02.01, articles the product of the European Union, with an ad valorem (or ad valorem equivalent) rate of duty under column 1-General less than 15 percent, as provided for in subdivision (v) of U.S. note 2 to this subchapter . . MFN rate of duty is 15 percent

THE GOODS IN TRANSIT EXCEPTION

- Provides:
- These modifications shall be effective with respect to goods entered for consumption, or withdrawn from warehouse for consumption, on or after 12:01 a.m. eastern daylight time 7 days after the date of this order, except that goods loaded onto a vessel at the port of loading and in transit on the final mode of transit before 12:01 a.m. eastern daylight time 7 days after the date of this order, and entered for consumption, or withdrawn from warehouse for consumption, before 12:01 a.m. eastern daylight time on October 5, 2025, shall not be subject to such additional duty and shall instead remain subject to the additional *ad valorem* duties previously imposed in Executive Order 14257, as amended.

Transit exception Not beneficial for importers of EU tile! It is for importers of tile from countries outside the EU.

Imports of ceramic tile from other countries

- Individual Country rates are set forth in ANNEX 1 to the President's July 31 Executive Order
- If no individual country rate specified, then:
- ***Goods of any foreign trading partner that is not listed in Annex I to this order will be subject to an additional ad valorem rate of duty of 10 percent unless otherwise expressly provided. This rate shall be effective with respect to goods entered for consumption, or withdrawn from warehouse for consumption, on or after 12:01 a.m. eastern daylight time 7 days after the date of this order.***
- *Assuming you are importing from a non-listed country such as Egypt, your new tariff rate would remain at the MFN rate plus the 10 percent baseline for non-listed countries. So if the 10 percent MFN rate applies to your tile imports, your new rate for imported tile from Egypt would be 20 percent.*

Listed countries with individual tariff rates

- Brian – pls put up the ANNEX 1 list of countries from Trump's July 31st Executive Order.

transit EXCEPTION CAN BE OF VALUE FOR TILE IMPORTS FROM COUNTRIES LISTED IN ANNEX 1

- These modifications shall be effective with respect to goods entered for consumption, or withdrawn from warehouse for consumption, on or after 12:01 a.m. eastern daylight time 7 days after the date of this order, **except that goods loaded onto a vessel at the port of loading and in transit on the final mode of transit before 12:01 a.m. eastern daylight time 7 days after the date of this order, and entered for consumption, or withdrawn from warehouse for consumption, before 12:01 a.m. eastern daylight time on October 5, 2025, shall not be subject to such additional duty and shall instead remain subject to the additional *ad valorem* duties previously imposed in Executive Order 14257, as amended.**

CERAMIC TILE FROM TURKEY

- TURKEY is not a listed country in Annex 1 to the President's July 31 Executive Order
- As such, Turkey's products are subject to a 10 percent added baseline US tariff which would maintain the current US tariff on Turkish ceramic tile at 8.5 or 10 percent MFN added to the 10 percent baseline for the same tariff currently in effect on Turkish ceramic tile of 18.5 to 20 percent

TARIFFS ON CERAMIC TILE FROM INDIA

- - New rate will be MFN (8.5 to 10 percent) plus the country-specific rate of 25 percent or 33.5 to 35 percent
- = On August 27th, an additional rate of 25 percent will be added, making the combined rate on Indian tile 58.5 to 60 percent.
- Reasons: Huge bilateral trade deficit, India continues to buy oil from, and sell weapons to Russia during the Ukraine war
- - An in-transit exception from the added 25 percent tariff will apply for ceramic tile loaded onto the same vessel prior to August 27th at 12:01 am and entered into US CBP before 12:01 am, and entered for consumption or withdrawn from warehouse for consumption before 12:01 am on September 17th.

Ceramic tile from Brazil

- 9903.01.77: All imports of articles that are products of Brazil, other than products classifiable under headings 99903.01.78-9903.01.83 and other than products for personal use included in accompanied baggage of persons arriving in the United States, **will be assessed an additional ad valorem rate of duty of 40%**.
- This is in addition to the MFN rate and the existing 10 percent baseline rate added in April, bringing the US duty rate for ceramic tile from Brazil to 58.5 to 60 percent, depending on the HTS Chapter 69 classification.
- Reasons – US actually had a trade surplus last year with Brazil; the major issue is the Brazilian President's jailing of his opponent in the last election.
- Some 700 tariff classifications are exempt for products from Brazil under the July 30th Executive Order annex – ceramic tile is not one of them
- New tariffs on Brazil are in effect NOW:
- entered for consumption, or withdrawn from warehouse for consumption, on or after 12:01 a.m. eastern daylight time August 6, 2025,

Tile imports from Mexico

If tile from Mexico is considered “originating” under the USMCA (formerly “NAFTA”), it is exempt from both the MFN and additional tariffs on Mexico

If the tile does not meet the test of origination, it is subject to both MFN duties and a 25 percent additional tariff which applies to all USMCA nonqualifying products from Mexico

87 percent of US imports from Mexico reportedly qualify as USMCA duty free

Imports from Canada

- Nonqualifying Canadian goods under USMCA now subject to 35 percent US tariff
- Goods that comply with the USMCA, the North American free trade agreement that replaced NAFTA in 2020, remain exempt from these higher tariffs.
- Over 85% of trade between Canada and the U.S. remains tariff-free due to this exemption, according to Canadian and US officials.

The new tariffs do not impact

Antidumping or Countervailing Duties which remain in effect, e.g., ceramic tile from China and from India

Harbor Maintenance Fee which is 0.125 percent of shipment value and is tied to import value, not tariffs

Merchandise Processing Fee which is .03464 percent of the shipment's value with a set maximum and minimum MPF payment per import entry

Mitigating tariff expenses – what us importers cannot do

- Transshipment to a country with lower tariff rates for export to the US
- The country of origin remains the same and the tariff remains subject to that country's tariff rate
- An article determined by CBP to have been transshipped to evade applicable duties under shall be subject to (i) a substituted additional *ad valorem* rate of duty of 40 percent, plus other penalties

What you as the tile importer can do to minimize your added costs

- In Transit exception for tile imports from non-EU countries
- Have the foreign supplier use the DDP Incoterm whereby they are liable for the US tariff payments
- Check your contracts of sale to see if the tariff issue is addressed
- Duty drawback is available for these new tariffs – if you didn't claim DB on goods you exported or destroyed within the past five years, you have a one time chance to make a qualifying claim
- Remember that for a number of countries, tariff negotiations remain underway and especially for the Annex I listed countries, there is a significant chance that the higher individual rates will be negotiated downward

HOW THE IN-TRANSIT EXCEPTION CAN BENEFIT A US CERAMIC TILE IMPORTER

- 1 – Indonesia is reportedly the world's 5th largest tile producer
- 2 – Indonesia is listed on Annex 1 to the President's July 31 Executive Order assigning it a baseline tariff rate
- 3- Indonesia's baseline rate is 19 percent, which will be added to the MFN rates of 8.5 or 10 percent for ceramic tile, giving tile from Indonesia a stacked duty rate of 27.5 to 29 percent
- 4 – If you buy Indonesian tile and it has been loaded on a vessel prior to 12:01 tomorrow, you may be eligible for the current tariff rate of 20 percent instead of 27.5 to 29 percent for Indonesian tile

China

- As always, China holds a special place when it comes to trade
- Not impacted by President's Executive Order of July 31
- Current tariff rates for non-metals goods
- Section 301 tariff of 25 percent
- Fentanyl tariffs of 20 percent
- May baseline tariff of 10 percent
- Huge AD/CVD duties on ceramic tile from China
- For other products, there is a 55 percent tariff added to the MFN rate

METALS AND PRODUCTS CONTAINING METALS

- 50 percent US tariffs apply to imported steel, aluminum, copper and specified “derivative products”
- **Steel and Aluminum:** These products were already subject to tariffs, which were raised to 50% on June 4, 2025.
- **Copper:** A 50% tariff on imports of semi-finished copper products and intensive copper derivative products became effective on August 1, 2025
 - As of today, these metals items are exempt from the additional country tariffs going into effect at 12:01 am

Section 321 of the Tariff Act of 1930 allowed for the duty-free entry of low-value imports (valued at \$800 or less) into the United States

- **Suspension of the De Minimis Exemption:** Effective August 29, 2025, the de minimis exemption under Section 321 will no longer apply to most commercial shipments entering the U.S., regardless of their value, country of origin, or mode of transportation. This eliminates the previous \$800 duty-free threshold for these imports.
- **Formal Entry Requirement:** All commercial shipments, even those valued under \$800, will now require formal customs entries. This necessitates providing detailed documentation like Harmonized Tariff Schedule (HTS) codes, country of origin, and valuation details, leading to potentially increased administrative overhead and longer processing times.
- **Increased Duties and Tariffs:** Imports previously benefiting from the Section 321 exemption are now subject to applicable duties and tariffs. This could lead to higher import costs, impacting e-commerce businesses and potentially affecting consumer prices.

Developments that could change the new us tariff regime

Ongoing court case in the appellate court could invalidate most of the added tariffs

Bilateral negotiations with countries such as India could make material changes to the new tariff rates

Questions?

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