TRADE + TARIFF TUESDAYS

Avalara

February 10, 2026

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Meet your presenters

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Agenda

01 The latest news in trade compliance

02 Implications to your business

03 Take action with Avalara

04 Q&A

LET'S MEET IN PERSON!

Join us on the road at these global trade events:

- **Manifest**
  Las Vegas, Nevada, February 9-11
  Booth 1014
- **WMX Americas**
  Miami, Florida, February 22-24
- **ICPA**
  San Antonio, Texas, March 1-4



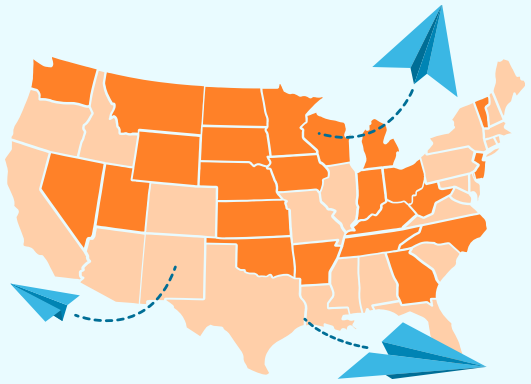
POLL QUESTION #1

After the latest U.S.–India trade update, what's the new tariff rate the U.S. is applying to many Indian exports?

A	50%
B	35%
C	18%
D	0%

The latest news in trade and tariffs

Last 2 weeks
at-a-glance



U.S.–India trade deal and tariff reductions

India and the U.S. reached an interim trade understanding that significantly reduces U.S. tariffs on key Indian exports, cutting rates from previously threatened levels (up to ~50%) to around 18%, with some products moving to 0%.

EU modified de minimis exemption

The European Union agreed to impose a fixed €3 customs duty on low-value e-commerce parcels (under €150) entering the bloc, starting 1 July 2026, as a temporary measure to curb cheap imports that currently enter duty-free.

Postponed increases and sector changes

The U.S. delayed increases in tariffs on imported upholstered furniture, kitchen cabinets, and vanities, keeping the existing 25% duty in place through at least January 1, 2027, instead of increasing it to 30% (furniture) and 50% (cabinets/vanities) on January 1, 2026.

Proposed tariffs for South Korea and Iran trade partners

The U.S. announced plans to increase tariffs on South Korean imports from 15% back up to 25%. The U.S. also threatened a 25% tariff on any country that does business with Iran.

Cuba oil embargo

The Cuba oil embargo restricts Cuba's ability to import oil and refined petroleum products by prohibiting most U.S. exports to Cuba and penalizing third-country companies that transport Cuban oil under certain conditions. The embargo functions like a total trade barrier.

Argentina beef quota

Argentina allocated a 20,000-ton beef export quota to the U.S. for 2026 under the existing tariff-rate quota regime. A new U.S.–Argentina trade deal expanded Argentina's beef access, effectively quadrupling the TRQ to 100,000 tons.

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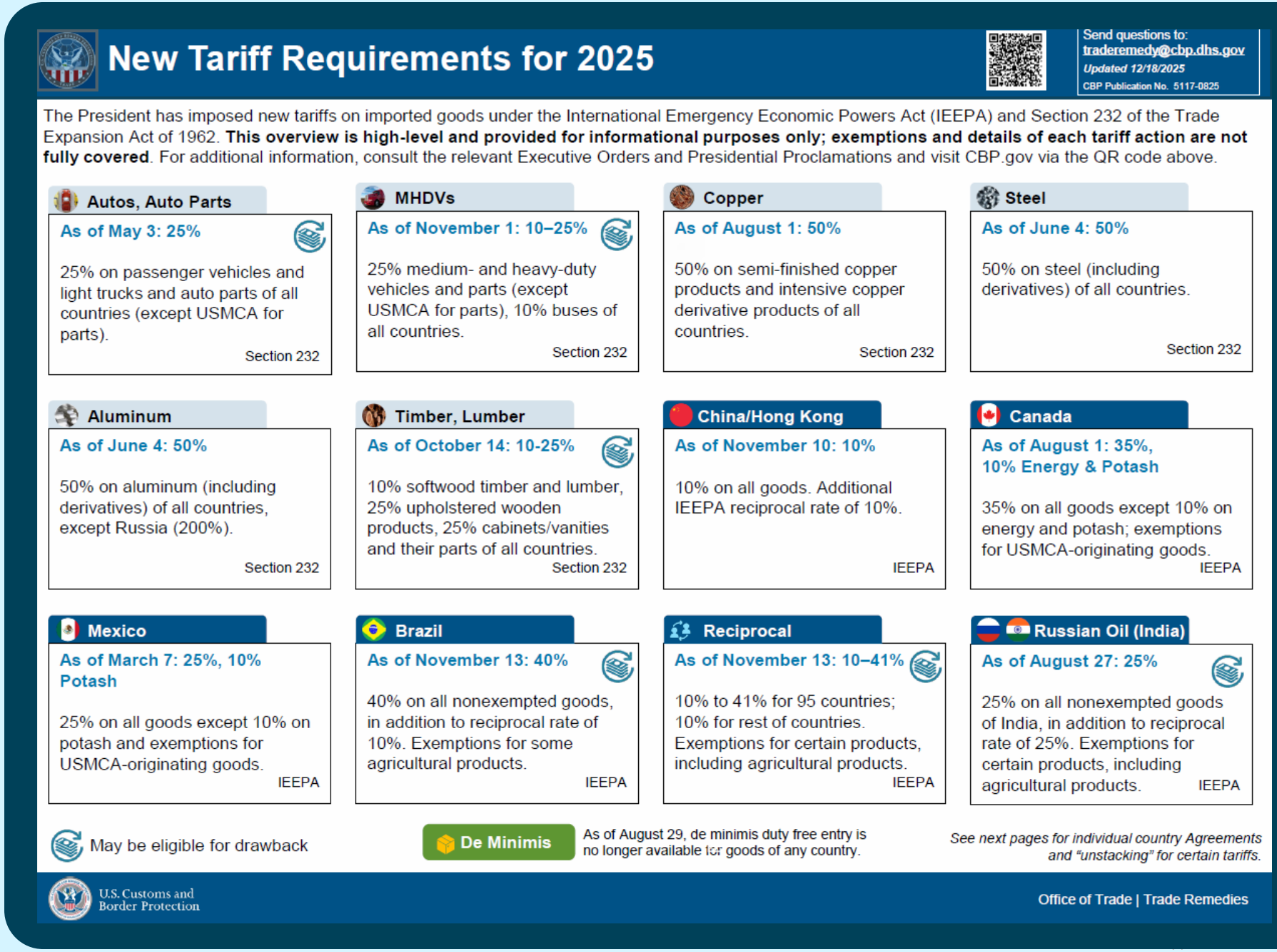
Overview as of

December 18, 2025

[See the breakdown for 2026]



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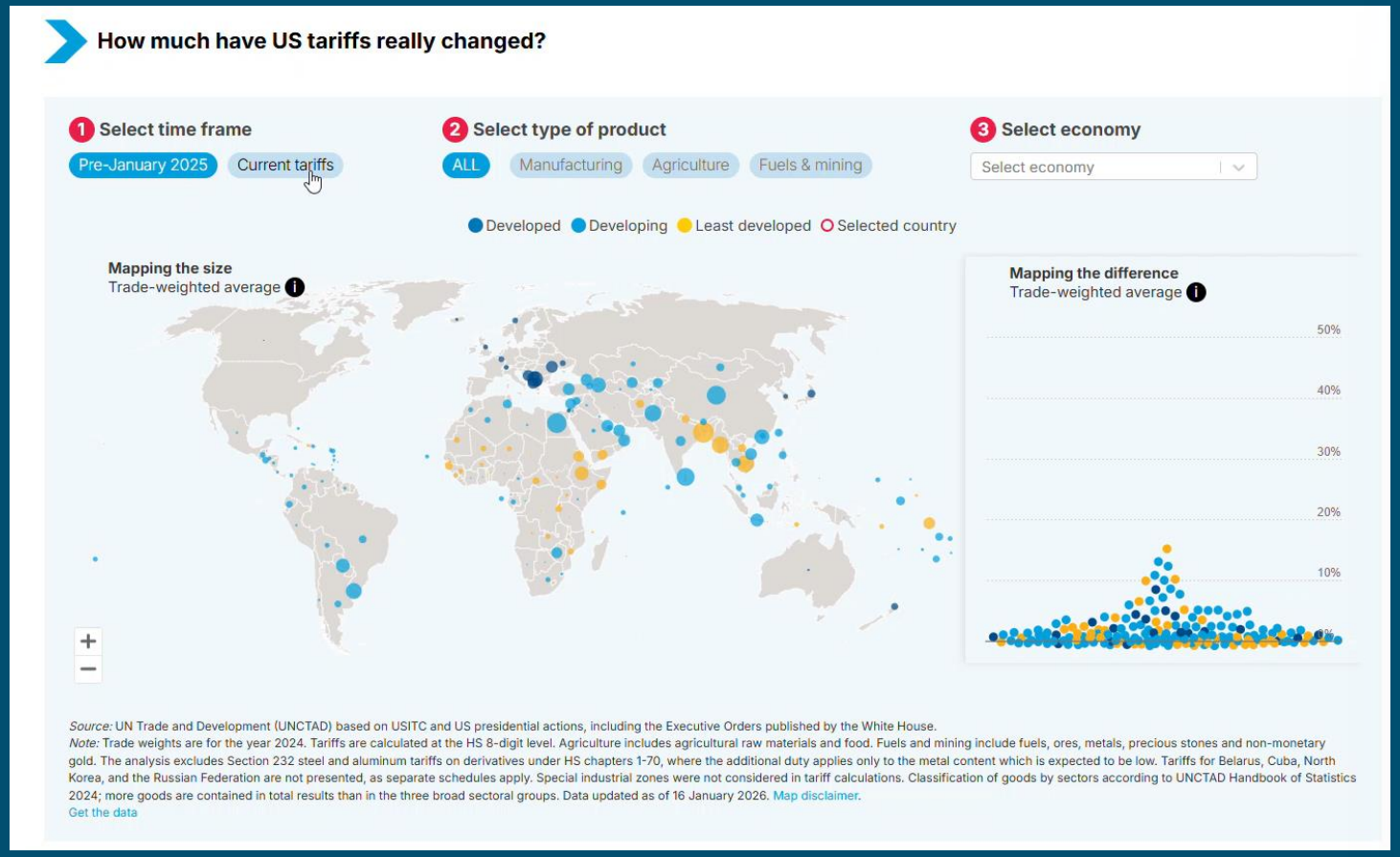
Tracking the evolution of U.S. tariffs

UN Trade and Development, as of 16 January 2026



[Tariff dashboard – tracking the evolution of US tariffs | UN Trade and Development (UNCTAD)]

A year of change, visualized:

- **From stable to volatile:** What were once predictable trade lanes now show sharp divergence by country and product, increasing cost and compliance risk.
- **Why it matters:** These shifts are already impacting pricing, sourcing decisions, and landed costs for global businesses.
- **The takeaway:** Understanding where tariffs moved is the first step—knowing how to respond is what protects margin and ROI.

Details on 50%+ tariff rates:

- Country specific from India and Brazil
- Sector specific on iron/steel, aluminum, and copper

End of de minimis exemptions



All shipments now include the 10-digit HTSUS code.

This ensures accurate tariff application despite:

- Changing rates
- Changing exemptions
- Changing trade deals
- Stacking tariffs

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End of de minimis exemptions

1.36B De minimis shipments entered the U.S. in 2024

£1B Revenue the U.K. could generate by removing de minimis

U.S. de minimis granted duty-free status to shipments valued ≤$800

- **May 2, 2025**
  U.S. suspended de minimis for China
- **August 29, 2025**
  U.S. suspended de minimis for all countries

Other countries plan to eliminate their de minimis exemptions

- **January 1, 2026**
  Thailand will drop threshold from 1,500 baht to 1 baht
- **Q1-Q2 2026**
  The EU will eliminate de minimis (€150 threshold) and impose a €3 flat customs duty on low-value parcels starting July 1, 2026
- **2028**
  UK will eliminate de minimis (£135 threshold)

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U.S. courts challenge IEEPA tariffs

Timeline of events, October – present day

Decision is expected by mid-2026, tariffs remain in effect

Oct. 20 — Respondent briefs filed

Respondent briefs filed (states and private parties) and the challengers' brief in Learning Resources filed.

Oct. 23 — 80-min divided argument

The Court granted divided argument and expanded time to 80 minutes (40 for the SG, 20 for private parties, 20 for the states).

Oct. 24 — Amicus briefs filed

Multiple amicus briefs filed (e.g., Members of Congress; Chamber of Commerce).

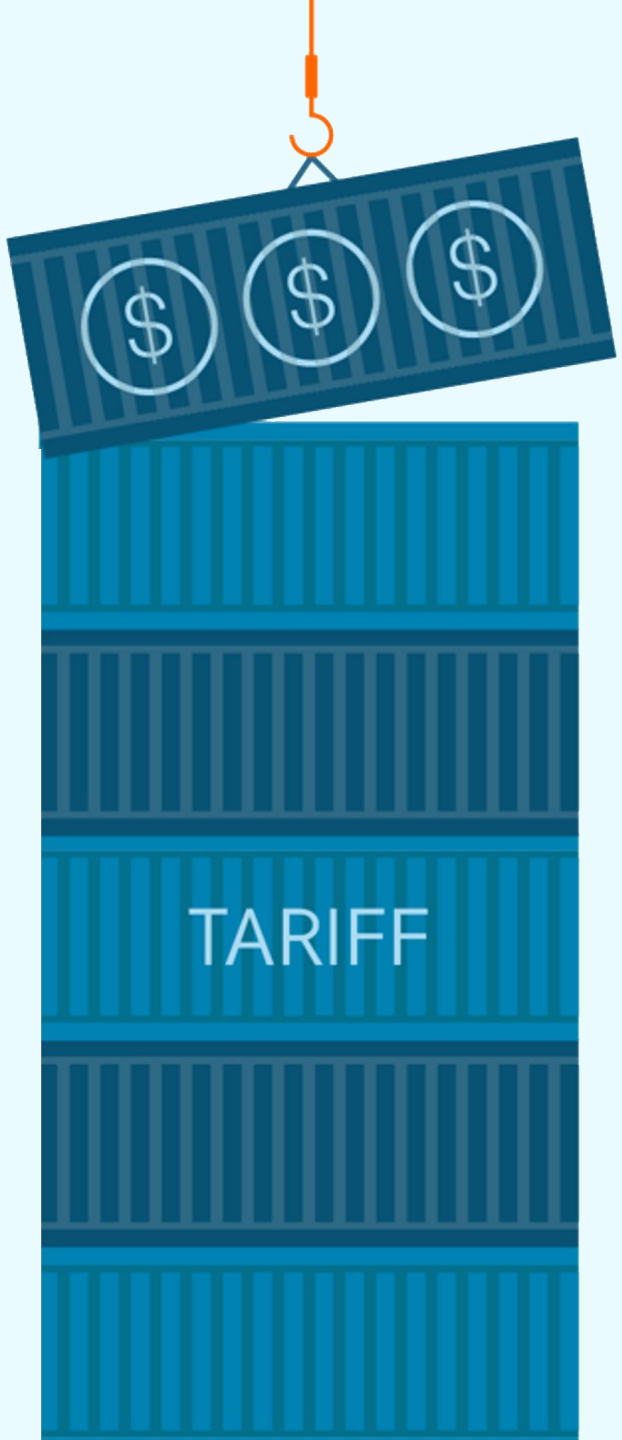
Oct. 30 — Reply brief

Government filed its reply brief.

Nov. 5 — Set for argument

Wed, Nov 5, 2025 (first week of the Nov session). Previews confirm arguments this week; still no merits decision.

USMCA 2026 review



The review will assess how the trade pact has functioned since its 2020 launch and determine whether the agreement will continue unchanged.

The review is expected to focus on automotive rules of origin, labor enforcement, dispute settlement, energy policy, and the surge in nearshoring and cross-border trade, with outcomes ranging from minor adjustments to heightened trade tensions if concerns are not resolved.

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Implications to your business

4

puzzle pieces of global trade



- De minimis exemptions
- Country of origin
- Tariff code classification
- Declared value

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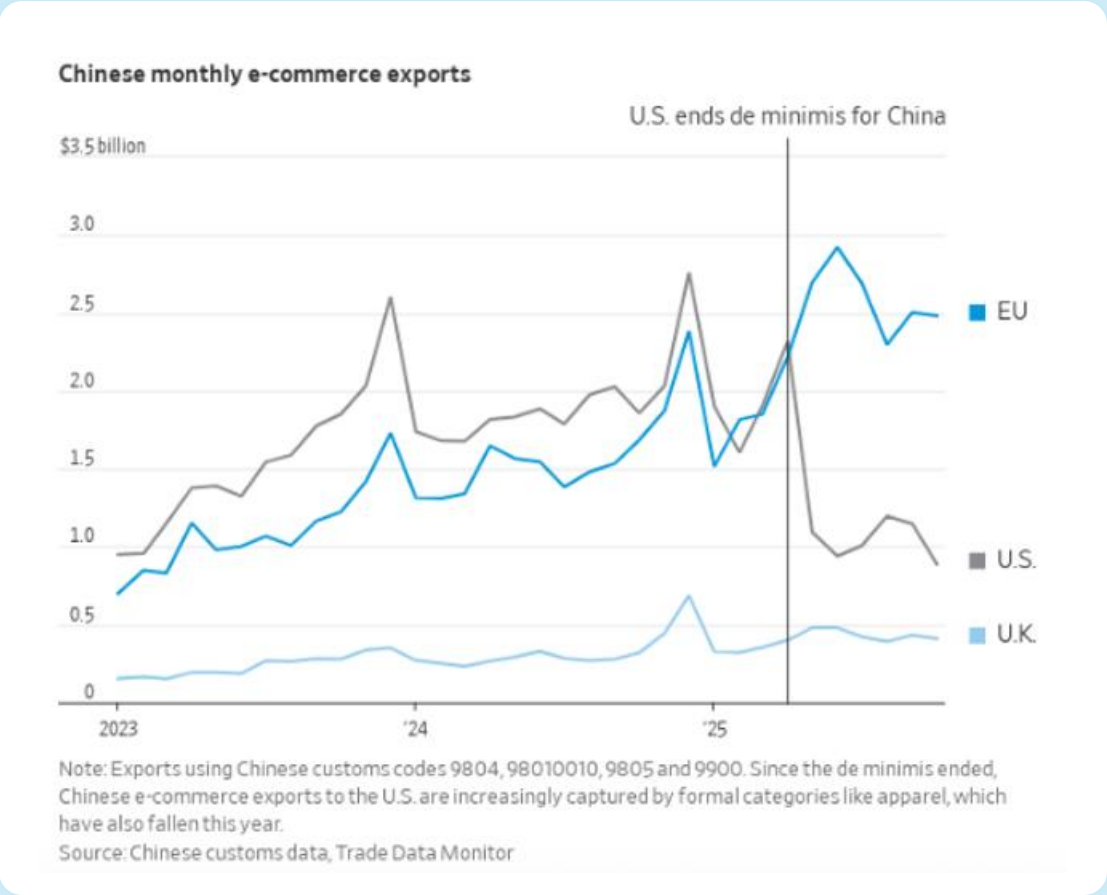
Low-cost Chinese goods redirected toward Europe and other third markets



European retailers and consumers are seeing an influx of cheap Chinese products originally destined for the U.S., intensifying competition with local producers.

This market shift reflects a broader **trade diversion effect**: when a major importer like the U.S. closes its market via tariffs, exporters look for alternative destinations, potentially undercutting prices in Europe and other regions.

Economists note this type of redirection can strain European producers in sectors like electronics, apparel, and consumer goods as cheap Chinese supplies fill demand gaps.

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A new study finds **96%** of tariff expenses are paid inside the U.S.

Foreign exporters absorbed about **4%**

Importers and exporters are changing behavior

- Companies are redesigning products or supply chains to avoid high duties
- Some firms have responded by relocating production or import origins to tariff-friendly countries to reduce duties.
- Exporters facing retaliatory tariffs have redirected sales toward alternative markets or adjusted pricing strategies abroad.

Impact on consumers and business costs:

- Higher import duties on intermediate and finished goods have contributed to higher consumer prices, especially on imported consumer goods and inputs used in U.S. manufacturing.
- The increased cost of intermediate inputs can raise production costs for domestic manufacturers, which in turn may diminish competitiveness or reduce margins.

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5 proactive steps to building a resilient supply chain strategy



1. Explore diversification of shipping carriers and/or sources of supply
2. Automate global trade compliance
3. Work with a customs broker to lean on their network and expertise
4. Ensure product details are compliant with global trade regulations
5. Build inventory to absorb short-term headwinds

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POLL QUESTION #2

Are you planning to adjust your supply chain due to impending global trade changes (duties, tariffs, regulation changes) in any of the following ways?

A	Diversifying suppliers and manufacturers
B	Switching to local suppliers and manufacturers
C	Investing in new trade technology or tools for supply chain management and trade compliance
D	Rethinking distribution strategies (e.g., new fulfillment center locations, carriers, shipping routes)
E	Other - Please specify
F	I don’t know yet

POLL QUESTION #3

What are your plans for addressing the increased cost from global tariffs on your goods?

A	Pass additional costs onto the customer by raising item prices
B	Include a tariff surcharge
C	Absorb the tariff costs
D	Sharing the tariff costs with your suppliers
E	Other - Please specify

Can your business keep up with these changes?

Out-of-date trade compliance information and tariff rates could result in:

01

Penalties, fines, and delays for non-compliance

02

Under- or over-charging customs duties and import taxes

03

Added costs for customers and supply chains

You're not alone.

81%

of survey respondents plan to adjust their supply chains due to trade changes



[Global cross-border ecommerce trends – Avalara]

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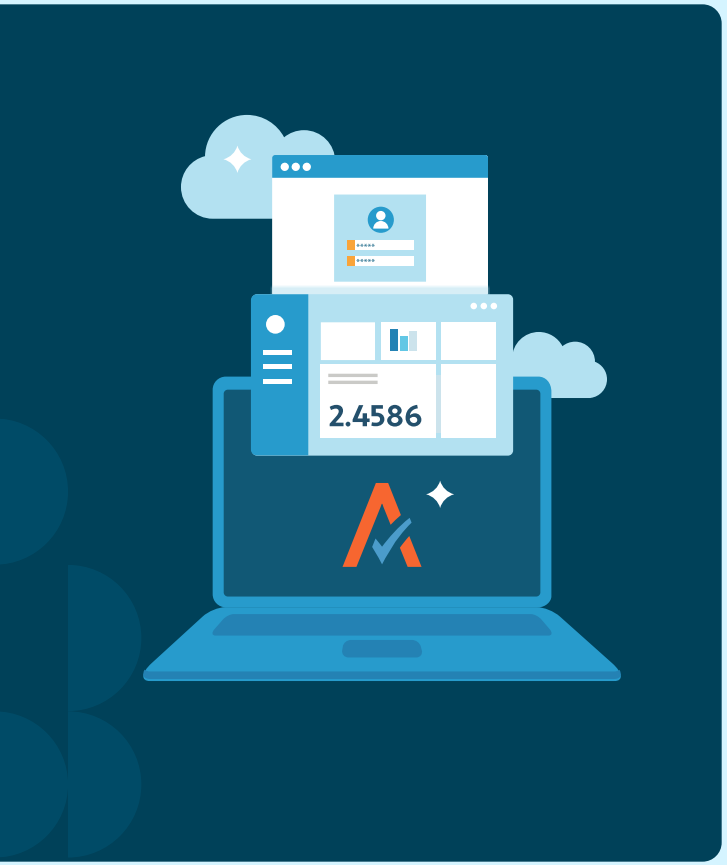
Take action with Avalara and ProShip

Go global with Avalara

A one-stop shop for your end-to-end international compliance needs



AvaTax Cross-Border

Simplify your compliance process with a flexible, unified platform to help calculate or estimate customs duties upfront with greater accuracy.

Tariff Code Classification

Automate the assignment of Harmonized System (HS) codes with a solution that scales to meet global needs, including AI-based and self-serve capabilities in addition to managed classification that combines automated services and human expertise.

Trade and Tariff Library

Stay ahead of government restrictions on cross-border sales by accessing a centralized library of trade and tariff content. Identify restricted or prohibited goods before shipment to reduce a compliance risk and prevent delays at the border.

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POLL QUESTION #4

Would you like to do a 2026 review of your HS codes and trade compliance strategy **with an Avalara expert**?

A Yes

B No

Q&A





Stay up to date with our blogs

- Tariffs in 2026: How new trade rules impact your business
- What is the country of origin and why does it matter for customs?
- EU to end €150 customs duty exemption in 2026: What cross-border businesses must prepare for
- Supreme Court to decide if Trump can use IEEPA to impose tariffs
- The difference between IEEPA tariffs, Section 232 tariffs, and Section 301 tariffs
- Reciprocal tariffs explained: Impact on your business
- The de minimis exemption is ending: Is your business ready?

Keep learning more

- View Tariff Code Classification Demo
- Cross Border Resources – Avalara
- U.S. Tariffs by Country – 2025 Overview and Impact Summary – Avalara
- De Minimis Threshold Table - Avalara



Tax compliance done right