

A Return to Rising Tariff Costs?

Latest developments impacting cross-border movement of baking machinery and equipment

BEMA-U Market Minute
24 September 2026



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1

Topics

Level Set

- 🌐 Why trade matters
- 🌐 Legal authorities to impose tariffs

What's New

- NEW Tariffs in place: same + new & different
- NEW USMCA still in place with annual negotiations
- NEW IEEPA tariff refunds in process

What's Coming

- » IEEPA refunds Phase 3 roll out
- » More tariffs expected
- » Enhanced enforcement and new compliance requirements on the horizon

What To Do

- ✓ Leverage IEEPA tariff refund process
- ✓ Anticipate higher tariff costs as the new normal
- ✓ Revisit customs considerations
- ✓ Prepare to illuminate your supply network



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2

Trade Flows: ~\$3.6 B for Bakery Machinery & Equipment

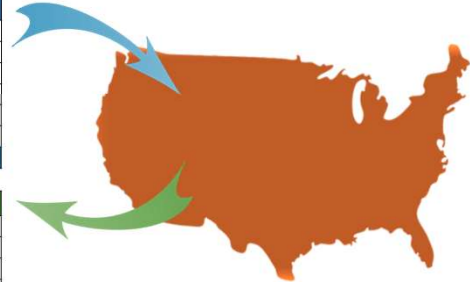
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	8417.20	8419.81.5080	8428.39	8438.10	8438.20	8479.82.0040	Total
	Bakery ovens	Cooking stoves, ranges & ovens	Continuous action elevators & conveyors	Bakery machinery	Machinery for manufacture of confy	Mixing, kneading, or stirring machines	

US Imports from:							
EU	\$20 M	\$134 M	\$631 M	\$259 M	\$155 M	\$228 M	\$1.4 B
Canada	\$7 M	\$18 M	\$204 M	\$39 M	\$3 M	\$89 M	\$361 M
China	<\$1 M	\$46 M	\$89 M	\$19 M	\$4 M	\$31 M	\$190 M
Mexico	<\$1 M	\$1 M	\$178 M	\$7 M	<\$1 M	\$3 M	\$190 M
Korea	<\$1 M	<\$1 M	\$108 M	\$5 M	<\$1 M	\$31 M	\$146 M
ROTW	\$4 M	\$36 M	\$190 M	\$52 M	\$23 M	\$118	\$413 M
Total	\$34 M	\$236 M	\$1.4 B	\$381 M	\$187 M	\$500 M	\$2.7 B

US Exports to:							
Canada	\$8 M	-	\$128 M	\$32 M	\$4 M	\$40 M	\$211 M
Mexico	\$13 M	\$8 M	\$102 M	\$22 M	\$6 M	\$32 M	\$182 M
EU	\$15 M	\$4 M	\$38 M	\$51 M	\$2 M	\$43 M	\$152 M
Brazil	<\$1 M	\$1 M	\$13 M	\$7 M	<\$1 M	\$9 M	\$31 M
UK	\$2 M	\$2 M	\$5 M	\$5 M	<\$1 M	\$15 M	\$30 M
ROTW	\$15 M	\$20 M	\$76 M	\$50 M	\$3 M	\$96 M	\$264 M
Total	\$54 M	\$35 M	\$362 M	\$167 M	\$17 M	\$235 M	\$870 M

Most recent full year data: July 2025 through June 2026. Data does not include all categories of baking equipment.



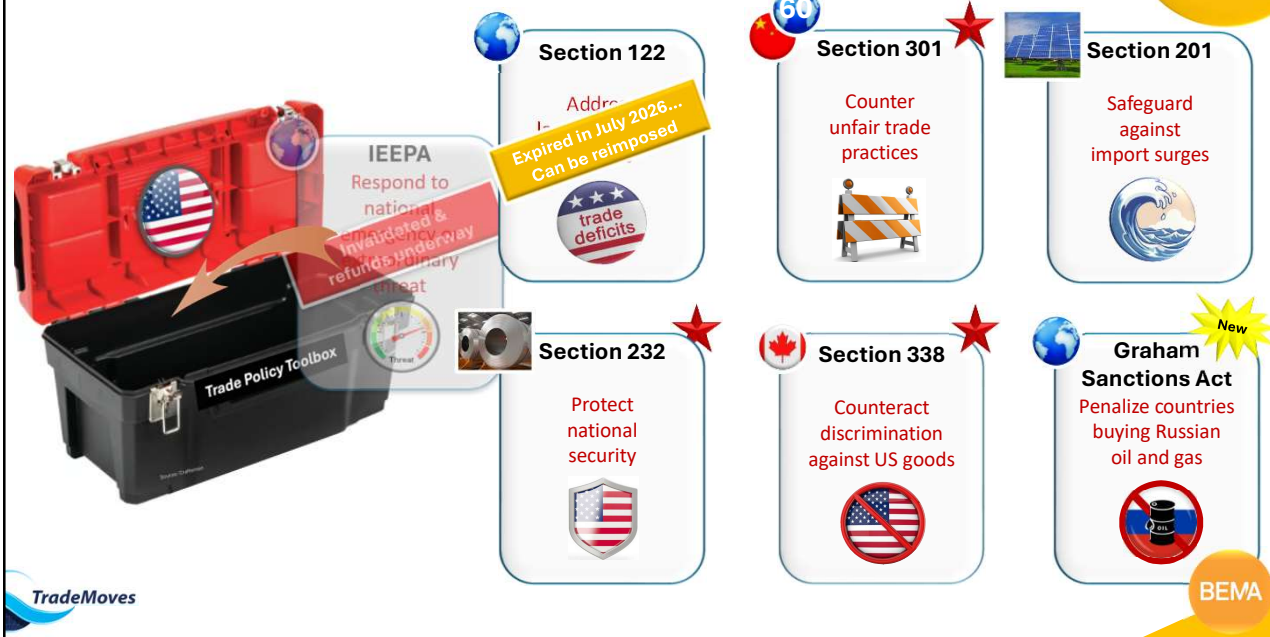
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3

Legal Authorities to Impose Tariffs

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Tariffs in Place: Same + New & Different

What's
New

2026 tariffs to date have generally been lower than IEEPA tariffs

Section 232 	Section 301 	Section 338 
Steel & Aluminum	Countries w/ Lax Forced Labor Laws	Certain Goods from Canada
50% on metal; 25% for certain derivatives assessed on full customs value; temporary 15% for certain tariff lines thru 2027 USMCA-compliant goods <u>not</u> exempt Certain equipment targeted including conveyors, ovens, steel racks, among others; bakery machinery <u>not</u> in scope Components comprised of ≤15% aggregate weight of steel, aluminum, copper exempt Tariff costs may have increased due to change in how Section 232 applied and/or in 2028  Separate Section 232 investigation on robotics & industrial machinery ongoing	10% or 12.5% on goods from 60 markets since July (representing 99% of US imports) Tariff levels currently lower than IEEPA average USMCA-compliant goods exempt 9 additional Section 301 investigations targeting multiple countries ongoing with accelerated timelines; tariffs could stack  Section 301 determination on excess industrial capacity and production in manufacturing sectors targeting 16 countries expected soon	First time Section 338 has been used to target discrimination specifically against US goods 50% tariffs on select tariff lines from Canada; higher than some tariffs on goods from China USMCA-compliant goods <u>not</u> exempt Scope fairly limited but some tariff lines in baking sector may be impacted (e.g., parts of packaging machinery)  Threat of import ban on 29 September on select goods escalate use of Section 338; no anticipated impact to baking sector given current scope

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USMCA: US announced will not renew in current form

What's
New

 USMCA remains in place	USMCA benefits eroding
Withdrawal provision not invoked Annual negotiations (up to 10 years) allow for ongoing discussions Agreement remains dynamic, not static USMCA-compliant goods exempt from Section 301 tariffs Stricter ROO designed to focus on US manufacturing No targeted tariff actions towards MX Ongoing negotiations with Mexico 	US interested in two bilaterals USMCA-compliant goods not exempt from Section 232 tariffs on steel/aluminum USMCA-compliant goods not exempt from Section 338 tariffs on certain goods from Canada Stricter rules of origin (ROO) targeting inputs from China and more NA regional content could make it more difficult to be USMCA-eligible US-Canada relations at an all-time low; where is the off-ramp US policy towards China thawing while US policy towards Canada remains frosty NOT-SO-GOOD NEWS

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IEEPA Tariff Refund Process Underway

What's
New



ACE Portal

Consolidated Administration and
Processing of Entries
(CAPE) Declarations

April 2026



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Status of Refunds

IEEPA Tariffs Collected
\$166 Billion

Refunds Accepted
\$133 Billion
80%

Refunds Processed
\$107 Billion
65%

Phase	Scope	\$	%
1	Unliquidated entries and within 80 days of liquidation	\$107 B	65%
2	Entries flagged for reconciliation	\$29 B	17%
3	Finally liquidated entries (314 + 180 days) for IORs that have filed suit at CIT	\$11 B	7%
4 Anticipated	Other entries (e.g., protests, drawback, specialized entries) -- not yet implemented	\$19 B	11%

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7

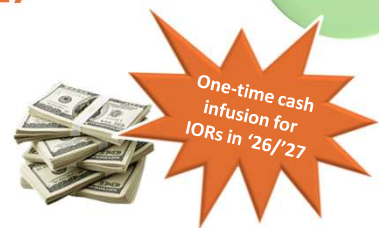
Some Relief, but Tariffs Remain Fluid in 2026/27

What's
Coming



IEEPA tariff refund process expanded & ongoing

- IORs continue to apply for IEEPA refunds
- Roll out of Phase 3 ("finally liquidated entries") on 6 October for eligible IORs
- Class action suit in support of universality for reliquidation pending
- Phase 4 rollout unknown



Additional tariff actions expected

- **Waiting for the other shoe to drop... likely after the mid-term elections**
 - **Section 338 tariffs** on imports from Canada and Canada's retaliatory tariffs *could* roll back prior to the mid-terms, but given limited scope and leverage for new market access for certain sectors into Canada, not likely
 - **Section 301 industrial excess capacity tariffs from 16 markets** expected at 7.5% and stacked on existing Section 301 tariffs but likely to continue to be delayed in the near term
 - **Section 232 robotics & industrial machinery determination** pending which could adversely impact our sector but no indication from Administration on timing
- Other ongoing Section 301 investigations could result in **additional stacked tariffs** on imports from certain countries into 2027
- Likely **no new immediate tariffs** under Graham Russia Sanctions Act



AIM:

Tariff levels >= IEEPA tariffs for remainder of term

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Increased Enforcement & Compliance Expectations

What's
Coming

Strategic,
enterprise-wide
investment



Coordinated
USG effort in pursuit
of "bad actors"

Operational,
transactional
expectations

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9

Continue to be Proactive on Cross-Border Trade

What
To Do



Leverage IEEPA Tariff Refund Process

IORs should undertake the following tasks to facilitate IEEPA refunds:

- ✓ Establish ACE portal account & enroll in ACH direct deposit with CBP
- ✓ Submit refund declarations through CAPE in ACE portal
- ✓ Consider filing suit at CIT to potentially expedite refunds for liquidated entries; seek legal counsel
- ✓ Align internally and then customers and suppliers on value of and process for refunds/price adjustments



Anticipate Higher Tariffs as New Normal

Tariffs remain primary trade policy tool impacting cross-border trade costs

- 💰 Expect tariffs to average 15% to 25% for 2027
- 💰 Pending investigations could target imported machinery and/or robotics
- 💰 Continue to review Annexes in tariff actions for scope of tariff codes and exemptions
- 💰 Anticipate tariffs may stack



Revisit Customs Considerations

Culture of compliance is expected; be proactive and responsive

- ☐ Review **classifications** based on function, use and composition
- ☐ Assess **valuation**; some costs may or may not be dutiable
Review applicability of costs of insurance, international freight, extended warranties, actions occurring in the US (R&D, commissions paid, use of distributor)
- ☐ Consider **mini audit of entries** to validate classifications, valuation, COO



Illuminate Your Supply Network

Enhance transparency into your supply chain and business partners

- Compile and organize **shipment and customs documentation**
- Prepare to **map supply chain** in near to medium term; tier 1 is not enough -- what do you know about your supplier's supplier
- Explore how **AI and other tools/resources** can support your customs operations and enhance supply network visibility

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