



ISSUE BRIEFING

PRESIDENT TRUMP ANNOUNCES INTENT TO IMPOSE TARIFFS ON STEEL & ALUMINUM IMPORTS

The Section 232 investigation into steel imports was initiated by the Secretary of Commerce on April 19, 2017 due to “large volumes of excess global steel production and capacity, much of which results from foreign government subsidies and other unfair practices,” along with a decline in US capacity utilization. Secretary of Commerce Wilbur Ross submitted his final report to President Trump on January 11, 2018, and released to the public February 16, 2018. The Commerce Department has determined that the recent influx of cheap, foreign metals poses a risk to national security by threatening the viability of American manufacturers who rely on steel and aluminum to make food packaging, cars and planes, as well as products like armored vehicles for the military.

Ross outlined three steel tariff alternatives and three aluminum tariff alternatives which would protect American metal producers. Regarding steel, Ross recommends a broad 24% tariff on all steel imports, a target 53% tariff on all steel imports from 12 countries including China, Brazil, India, South Korea and Vietnam, or a quota limiting steel imports from all countries to roughly two-thirds the level they were in 2017. Regarding aluminum, Ross recommends a flat 7.7% tariff on imports from all countries, a targeted 23.6% tariff on aluminum from China, Hong Kong, Russia, Venezuela and Vietnam, or quotas to limit aluminum imports to lower levels than 2017.

Given these recommendations, President Trump announced March 1, 2018 that he plans to impose tariffs on imports of cer-

tain steel and aluminum products. Expecting to sign the trade measures that intend to protect American metal manufacturers next week, it has been announced that President Trump plans to impose an additional 25% tariff on steel imports and 10% tariff on aluminum products, though it has been reported that White House advisers are still discussing specific measures and the final measures announced next week could differ than those initially indicated. Additionally, further clarification will be needed concerning the scope of sanctions, countries affected and procedures for exemptions.

The tariffs will potentially cover a wide range of steel products classified under Chapters 72 and 73 of the HTSUS, and on a wide range of aluminum products classified under Chapter 76. It is unclear at this stage whether tariffs will be applied across the board on all steel imports, or whether the tariff will be applied to targeted countries.

China and the EU have warned of reciprocal action in response to Trump’s potential trade actions, cautioning that foreign relations could erode as a result of poor economic ties, as well as driving up prices for American consumers. Allies including the EU, South Korea, and Japan have also expressed concern against US protectionist measures, stating that their products support the American military by providing a secure supply of materials. American automakers and food packagers have criticized taking any action to impose tariffs, stating that increased tariffs will cause

What is a Sec 232 Investigation?

A Section 232 Investigation is conducted under the Trade Expansion Act of 1962 (19 U.S.C. §1862). Once initiated, the investigation’s purpose is to determine the effects of imports of a certain article on US national security. A report must be prepared by the Secretary within 270 days of initiation, and should focus on “whether the importations of the article in question is in such quantities or under such circumstances as to threaten or impair national security.” The President must respond within 90 days of receiving the Secretary of Commerce’s report, and is authorized to take action to adjust the imports of the article in question.

Source: www.commerce.gov

prices to rise and profit margins to fall, potentially resulting in the loss of American jobs.

In addition to the attempts of the Sec 232 investigation to correct the underlying causes of overcapacity in the steel market, there are 152 antidumping and countervailing duty orders on steel products in effect and another 25 investigations pending.

UTC will continue to keep you updated as the situation develops. For more information, please contact

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