



FedEx Regulatory Alerts & Updates

Regulatory Alert: Section 232 Tariffs on Steel and Aluminum Derivatives

January 30, 2020

BACKGROUND INFORMATION

In March 2018, President Trump issued two presidential proclamations announcing the imposition of special Section 232 duties on certain steel and aluminum products of 25% and 10% respectively. There were changes made over the next few months to remove some countries from these tariffs, but the 232 steel and aluminum tariffs have been consistently applied since they were initially mandated.

WHAT HAS CHANGED?

On Friday, January 24, 2020, President Trump issued a formal proclamation which authorizes an increase of 10% on duty rates on some derivative aluminum products (Annex I) and an increase of 25% on duty rates on derivative steel products (Annex II). The derivative products included on Annex I and Annex II were not previously subject to the Section 232 duties.

These new tariffs will become effective starting at 12:01 a.m. on February 8, 2020.

The proclamation announcing the action noted the new tariffs are required since the imports of certain derivatives of both steel and aluminum articles have significantly increased since the initial imposition of the tariffs and quotas in 2018.

The steel derivatives tariffs will apply to goods from all countries except Argentina, Australia, Brazil, Canada, Mexico, and South Korea.

The aluminum derivatives tariffs will apply to goods from all countries except Argentina, Australia, Canada, and Mexico.

The products incurring these tariffs must meet the following criteria to classify them as a derivative of an aluminum or steel article:

- A recent history of increased imports, more than the overall 4% import increase of all products
- The metal content of the products must account for at least 2/3 of the product's cost

Examples of targeted products include steel nails, tacks, and corrugated nails and aluminum automobile stampings, aluminum wire, and cables.

Qualifying goods are classified under the proper Harmonized Tariff Schedule of the United States (HTSUS) Chapter 1-97 tariff, as well as the appropriate HTSUS Chapter 99 classification. The Chapter 99 subheading for the aluminum articles will be 9903.85.03 and the subheading for the steel articles will be 9903.80.03.

The Bureau of Security and Industry (BIS) has established procedures for individuals or organizations to submit requests to be excluded from the tariffs. The individuals or organizations must be using the steel and aluminum articles in business activities (e.g., construction, manufacturing, or supplying steel to users) in the United States. If an exclusion is granted, it will remain in place for one year.

Q&A

Q1: What are the specific derivative articles that will have the 232 tariffs applied?

A1: There are four articles of steel identified and six articles of aluminum identified in the two annexes, which include the HTSUS and are found in the References section below.

Q2: How do I apply for an exclusion to the new derivative article tariffs?

A2: All questions and issues associated with the 232 Exclusion Process can be found in the FAQ Document in the References section below.

REFERENCES:

Presidential Proclamation

<https://www.whitehouse.gov/presidential-actions/proclamation-adjusting-imports-derivative-aluminum-articles-derivative-steel-articles-united-states/>

Annex I – Derivatives of Aluminum Articles

<https://www.bis.doc.gov/index.php/documents/section-232-investigations/2521-annex-i-derivatives-of-aluminum-articles/file>

Annex II – Derivatives of Steel Articles

<https://www.bis.doc.gov/index.php/documents/section-232-investigations/2520-annex-ii-derivatives-of-steel-articles/file>

232 Exclusion Process FAQ document

<https://www.bis.doc.gov/index.php/documents/section-232-investigations/2409-section-232-faq/file>