



# FedEx Regulatory Alerts & Updates

## **Regulatory Alert: U.S. Reinstates 232 Aluminum Tariffs on Canada Origin Goods**

September 3, 2020

### **BACKGROUND INFORMATION**

In January 2018, the Department of Commerce delivered two reports on steel and aluminum investigations conducted under Section 232 of the Trade Expansion Act. The reports concluded that the extreme level of imports of both products threatened to weaken U.S. national security.

President Trump's proclamations 9704 and 9705 established the Section 232 tariffs on steel and aluminum products, and they went into effect on March 23, 2018. Temporary exemptions from Section 232 duties were provided for Canada, Mexico and the European Union through June 1, 2018.

The Section 232 tariffs were applied to goods of Canadian origin through May 2019, after which time all tariffs were removed due to the USMCA agreement between the countries involved.

### **WHAT HAS CHANGED?**

The August 6, 2020 Presidential Proclamation states that imports of non-alloyed unwrought aluminum from Canada increased 87% from June 2019 through May 2020 and this category represents 59% of all Canadian aluminum exports to the U.S.

This Proclamation reinstated the Section 232 tariffs on imports of aluminum from Canada on August 16, 2020. The 10% tariff will be assessed only to non-alloyed unwrought aluminum listed in HTSUS subheading 7601.10. This specific article accounts for the majority of U.S. aluminum imports from Canada and accounts for nearly \$2.7 billion in import value.

### **Q&A**

**Q1. Where can the specific HTSUS subheading codes that are impacted by this tariff be found?**

A1. There is just the one HTSUS subheading involved in this tariff action: 7601.10.

**Q2. How are these additional tariffs applied to the impacted aluminum products?**

A2. The 10% aluminum tariff will be added to the existing duty rate for the articles as per the specific HTSUS subheading code. Customers should also note that associated tariff 9903.85.21 is the specific Chapter 99 tariff that applies to the 10% tariff assessment. The tariffs apply to goods entered or withdrawn from warehouse for consumption, in addition to any other duties, fees, exactions, and charges applicable. For example, if a given article also falls in the scope of anti-dumping or countervailing duty, those additional duties are also included in the total duty assessment. Section 232 associated tariffs also apply to products:

- That qualify for a Free Trade Agreement (FTA) – the FTA will be applied to the Chapter 1 - 97 HTSUS only
- That qualify for chapter 98 tariffs if classifiable in a Chapter 1 - 97 HTSUS that is subject to Section 232 duties (unless the country of origin is the U.S. or another exempt country)

**Q3. Do Section 232 tariff imports have value thresholds for formal entry?**

A3. Yes. As per 19 CFR 143.21(a), goods classified in Chapter 99 require formal entry if their value is greater than \$250. This formal entry requirement will have two primary impacts on customers' shipments:

- 1) The merchandise processing fee (MPF) will be assessed on each of these shipments, and
- 2) FedEx Logistics (FXL) will require the importer's tax ID number for applicable shipments.

**Q4. What countries are now currently exempt from the Section 232 aluminum tariffs?**

A4. Argentina, Australia, and Mexico. Argentina imports of aluminum are subject to quotas. Also, imports of United States origin are not subject to the Section 232 measures.

**REFERENCES:**

August 6, 2020 Presidential Proclamation

<https://www.whitehouse.gov/presidential-actions/proclamation-adjusting-imports-aluminum-united-states-080620/>

CBP Trade Remedies site

<https://www.cbp.gov/trade/programs-administration/trade-remedies>

CSMS # 43654621 GUIDANCE: Additional Duty Under Section 232 on Imports of Aluminum Articles from Canada

[https://content.govdelivery.com/accounts/USDHSCBP/bulletins/29a1ddd?utm\\_source=live&utm\\_medium=live&utm\\_term=\(not%20provided\)&utm\\_content=undefined&utm\\_campaign=\(not%20set\)&gclid=undefined&dclid=undefined&GAID=974438581.1589471364](https://content.govdelivery.com/accounts/USDHSCBP/bulletins/29a1ddd?utm_source=live&utm_medium=live&utm_term=(not%20provided)&utm_content=undefined&utm_campaign=(not%20set)&gclid=undefined&dclid=undefined&GAID=974438581.1589471364)

19 CFR Part 143.21

<https://ecfr.io/Title-19/Section-143.21>