



# FedEx Regulatory Alerts & Updates

## **Regulatory Alert: U.S. Department of Commerce Announcement on EU Imports of Steel and Aluminum**

November 19, 2021

### **BACKGROUND**

On March 15, 2018, the U.S. Department of Commerce implemented Section 232 tariffs on imports of certain steel and aluminum products. The tariffs imposed a 25% additional duty on affected steel imports and a 10% additional duty on affected aluminum imports.

The U.S. announced on October 31, 2021 that it is replacing the existing tariffs on European Union (EU) origin steel and aluminum products under Section 232 with tariff-rate quotas (TRQ) effective on January 1, 2022. Under the TRQ arrangements, historically-based volumes of EU steel and aluminum products will enter the U.S. market without the application of Section 232 tariffs.

Additionally, imports of derivative articles of steel or aluminum from the EU, as referenced in U.S. Presidential Proclamation 9980 of January 24, 2020, will no longer be subject to Section 232 duties.

In return, effective December 1, 2021, the EU has agreed to eliminate its tariffs against targeted U.S. products that included bourbon whiskey, motorcycles, blue jeans, steel, aluminum, and motorboats. These EU tariffs were set to increase to 50% on December 1, 2021.

### **WHAT ARE THE BASIC DETAILS OF THE NEW TARIFF-RATE QUOTA FOR EU STEEL PRODUCTS?**

Eligibility for duty-free treatment under the TRQ requires that steel imports must be “melted and poured” in the EU according to the rules implementing this arrangement. The importer is to provide relevant documentation substantiating compliance with U.S. requirements.

The U.S. will maintain its exclusions process, as implemented under Section 232 of the Trade Expansion Act of 1962, available for steel products imported from the EU, but will not count imports of excluded steel products from the EU against the TRQ. The U.S. will extend the application of exclusions granted for and utilized in U.S. fiscal year 2021 for steel products

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imported from the EU for a period of two calendar years without the need to reapply until December 31, 2023. Section 232 duties will not be applied to these imported articles from the EU.

Section 232 steel products from the EU that are within-quota will enter free of any Section 232 duty while all Section 232 steel products entering above-quota will continue to be subject to a Section 232 duty of 25%, unless the steel product is subject to an exclusion as explained above.

Additional details addressing the TRQ Administration, adjustment, and review processes can be found in the U.S. Department of Commerce Announcement of Actions on EU Imports in the REFERENCES section.

### **WHAT ARE THE BASIC DETAILS OF THE NEW TARIFF-RATE QUOTA FOR EU ALUMINUM PRODUCTS?**

The aggregate annual import volume under the TRQ is set at 18 thousand metric tons (TMT) for unwrought aluminum under 2 product categories, and 366 TMT for semi-finished (wrought) aluminum under 14 product categories. The import volumes will be allocated on an EU Member State basis in line with the 2018-19 historical period, with the exception of foil (7607), where 2021 annualized data will be utilized.

An importer shall provide a Certificate of Analysis for each aluminum product entered into the U.S., as required by current U.S. law and rules implementing this arrangement.

The U.S. will maintain its exclusions process, as implemented under Section 232 of the Trade Expansion Act of 1962, available for aluminum products imported from the EU.

Section 232 aluminum products from the EU that are within-quota will enter free of any Section 232 duty, while all Section 232 aluminum products entering above quota will continue to be subject to a Section 232 duty of 10%, unless the aluminum product is subject to an exclusion as explained above.

The TRQ is calculated for each year of the measure and administered on a semi-annual basis, with no more than 60% of the TRQ to be filled in the first half of the year. The U.S. will provide on a public website updated information on the utilization of the semi-annual quota for each product category.

### **Q & A**

**Q 1** - Where is a listing of the impacted steel products that are under the new TRQ?

**A 1** - A breakdown of the 54 steel product categories including the full Harmonized Tariff Schedule of the United States (HTSUS) code is found in Annex 1 of the U.S. Department of Commerce Announcement of Actions on EU Imports in the REFERENCES section.

**Q 2** - Where is a listing of the impacted aluminum products found under the new TRQ?

A 2 - A breakdown of the 14 aluminum product categories including the full HTSUS code is found in Annex 2 of the U.S. Department of Commerce Announcement of Actions on EU Imports in the REFERENCES section.

**Q 3** - How do I apply for an exclusion to the Section 232 tariffs?

A 3 - The Department of Commerce has created a Frequently Asked Questions (FAQs) document that is linked in the REFERENCES section below.

**Q 4** - How are the TRQ timeframes broken down?

A 4 - The TRQ for EU steel will be administered quarterly and the TRQ for EU aluminum will be administered twice a year. The specific TRQ details for each commodity are in the U.S Department of Commerce Announcement of Actions on EU Imports Under Section 232 in the REFERENCES section.

**Q 5** - Do these changes also apply to United Kingdom (UK) steel and aluminum products?

A 5 - No, these changes only apply to the EU since the UK is no longer a part of the EU.

## REFERENCES

U.S. Department of Commerce Announcement of Actions on EU Imports under Section 232:

<https://www.commerce.gov/sites/default/files/2021-10/US-232-EU-Statement.pdf>

RegAlert 20-041 "Section 232 Tariffs on Steel and Aluminum Derivatives":

[https://www.fedex.com/content/dam/fedex/us-united-states/International/images/2020/Q3/RegAlert\\_20\\_041\\_Section\\_232\\_Tariffs\\_on\\_Steel\\_and\\_Aluminum\\_Derivatives\\_1867328877.pdf](https://www.fedex.com/content/dam/fedex/us-united-states/International/images/2020/Q3/RegAlert_20_041_Section_232_Tariffs_on_Steel_and_Aluminum_Derivatives_1867328877.pdf)

EU Announcement of Removal of Rebalancing Measures:

[https://ec.europa.eu/commission/presscorner/detail/en/ip\\_21\\_5721](https://ec.europa.eu/commission/presscorner/detail/en/ip_21_5721)

Department of Commerce 232 Exclusion Process FAQ Document:

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

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