

# Client Alert

International Trade Practice Group

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## President Trump Announces Intention To Apply New Tariffs On Steel and Aluminum

On March 1, 2018, President Trump announced his plans to impose tariffs on steel and aluminum imports into the United States using his authority under Section 232 of the Trade Expansion Act of 1962. President Trump made his announcement during a meeting with executives from American steel and aluminum manufacturers. At this meeting, President Trump stated that he would be signing tariff measures of 25 percent on imports of steel and 10 percent on imports of aluminum “next week.” While press reports indicate that executives who attended the meeting have stated that President Trump told them he intended to apply these tariffs to imports from all countries, the exact details of the trade actions that will be signed by President Trump next week are still unknown. For example, there are still questions about the final list of products to be covered by these tariffs, the process for seeking an exclusion or exemption from the tariff, and whether any quota restrictions (in addition to tariffs) will be part of the remedy.

Section 232 permits the President to take action against imports that threaten to impair the national security interests of the United States. The President’s announcement followed the completion of two separate investigations by the Department of Commerce (“Commerce”), which found that the steel and aluminum industries are vital to national security and that imports of steel and aluminum threatened to impair the national security of the United States. When the findings of these reports were presented to the President, Commerce included recommended remedies for the President’s consideration.

In its reports, to “address the problem of steel imports,” Commerce recommended that President Trump impose a tariff of at least 24 percent on all imports of steel products from all countries; a “tariff of at least 53% on all steel imports from 12 countries (Brazil, China, Costa Rica, Egypt, India, Malaysia, Republic of Korea, Russia, South Africa, Thailand, Turkey and Vietnam) with a quota by product on steel imports from all other countries equal to 100% of their 2017 exports to the United States;” or a “quota on all steel products from all countries equal to 63% of each country’s 2017 exports

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to the United States.” Commerce explained that the remedies it proposed in the report were “intended to increase domestic steel production from its present 73% of capacity to approximately an 80% operating rate, the minimum rate needed for the long-term viability of the industry.”

To address “the excessive imports of aluminum,” Commerce recommended that President Trump impose a “tariff of at least 7.7% on all aluminum exports from all countries;” a “tariff of 23.6% on all products from China, Hong Kong, Russia, Venezuela and Vietnam. All the other countries would be subject to quotas equal to 100% of their 2017 exports to the United States;” or a “quota on all imports from all countries equal to a maximum of 86.7% of their 2017 exports to the United States.” Commerce explained that these measures would cover “aluminum ingots and a wide variety of aluminum products” and that “[e]ach of the three proposals was intended to raise production of aluminum from the present 48% average capacity to 80%, a level that would provide the industry with long-term viability.”

Based on President Trump’s statements, it appears that he intends to use his discretion to apply tariffs at rates rounded up from those recommended by the Commerce Department. Additional details about the tariff announced today by President Trump should be included in the final trade action that will be signed by President Trump next week.

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