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U.S. Commerce Department Grants Product-Specific Exemptions to Steel and Aluminum Tariffs

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By: Asa W. Markel

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This past week, the U.S. Commerce Department announced that it will be excluding 42 steel products on behalf of seven different companies, from the Section 232 tariffs on steel and aluminum imports into the United States. The Section 232 tariffs, which include a 25% duty on imported steel and a 10% duty on imported aluminum, apply to steel originating from any country in the world except for Argentina, Australia, Brazil, and Korea. However, aluminum from Brazil and Korea is still subject to the aluminum tariff. The Commerce Department also announced that it was denying another 56 product exclusion requests filed by eleven other companies.

The Commerce Department's announcement is the first tangible result for U.S. importers of steel, since the product exclusion request regulations were published on March 19. Now that major suppliers of steel to the U.S. market, including Canada and the European Union are no longer exempt from the tariffs, product-specific exclusions will be much more important to U.S. importers of foreign steel. The government of Japan in particular stated in March that it expected Japanese steel producers to successfully make use of product-specific exclusions. Four of the seven successful importers, whose exclusions were announced on June 20, obtained exclusions for Japan-origin steel.

Imports subject to the steel and aluminum tariffs are also not eligible for duty drawback, or duty-free treatment under the General System of Preferences (GSP). Drawback is a refund of duty paid by an importer who re-exports the imported item, subject to certain conditions. The GSP allows goods originating in certain developing economies duty-free access to the U.S. market.

The Section 232 tariffs on steel and aluminum imports are separate from the two other types of tariffs currently being imposed by the Trump Administration:

- Section 201 "safeguards" for importations of large residential washing machines and solar panels; and
- Section 301 tariffs on certain products imported from the People's Republic of China (effective for over 800 product classifications, starting July 6).

The U.S. Trade Representative has announced that importers will be able to request exclusions on a product-specific basis from the Section 301 tariffs on Chinese goods. Based on the track record of the Section 232

product exclusions, there is hope that importers who can make a strong case that there is no domestic supply of goods they import from China, can obtain exclusions for their Chinese imports.