
President Trump Imposes Additional Tariffs on Downstream Aluminum and Steel Products

By Courtney G. Taylor, William C. Sjoberg, R. Kevin Williams, Mark R. Ludwikowski / Jan 27, 2020

On January 24, 2020, President Donald J. Trump issued a proclamation imposing additional duties on imports of derivative aluminum and derivative steel articles. These additional duties of 10 percent and 25 percent on aluminum and steel goods, respectively, will apply to goods entered for consumption, or withdrawn from warehouse for consumption, on or after 12:01 a.m. eastern standard time on February 8, 2020. While the actual product lists covered by this proclamation were referenced in the document, they have not yet been released. They will become available when the proclamation is published in the Federal Register later this week.

The President took action against these goods upon recommendation of the Secretary of Commerce, Wilbur Ross, in connection with the findings of the Department of Commerce's ("DOC") 2018 reports on the effects imports of steel and aluminum articles have on the national security of the United States (Section 232 of the Trade Expansion Act of 1962). In those reports, the Secretary recommended domestic steel producers' capacity utilization stabilizing at or above 80 percent capacity as necessary to remove the threatened impairment of the national security. The Secretary similarly recommended a capacity utilization of 80 percent for the domestic aluminum industry for its stabilization. Neither industry has yet met that threshold. Therefore, the President, in consultation with the Secretary, is implementing tariffs on imports of downstream articles.

The included downstream articles must meet three criteria set out by the executive branch. First, the aluminum article or steel article represents, on average, two-thirds or more of the total cost of materials of the derivative article. Second, the import volumes of the derivative article increased year-to-year since June 1, 2018, following the imposition of the previous tariffs and in comparison to import volumes of such derivative article during the two years prior to those tariffs. Third, import volumes of the derivative article exceeded the 4 percent average increase in the total volume of goods imported into the United States during the same period since June 1, 2018 following the imposition of the tariffs. Some notable inclusions are steel nails, tacks, drawing pins, corrugated nails, staples, and similar derivative articles and aluminum stranded wire, cables, plaited bands, and the like.

Finally, the countries which have been excluded from the imposition of national security tariffs on steel and aluminum will likewise be exempt from these additional tariffs on derivative goods. Thus, imports of derivative aluminum articles from Argentina, Australia, Canada, and Mexico and imports of derivative steel articles from Argentina, Australia, Brazil, Canada, Mexico, and South Korea are exempt.

If you have any questions regarding the content of this alert, please contact Mark Ludwikowski (mludwikowski@clarkhill.com; 202-640-6680), Kevin Williams (kwilliams@clarkhill.com; 312-985-5907); William Sjoberg (wsjoberg@clarkhill.com; 202-772-0924), Courtney Gayle Taylor (cgtaylor@clarkhill.com; 202-552-2350); or another member of Clark Hill's International Trade Business Unit.