
Section 232 Decisions – Department of Commerce Recommends Tariffs on Steel and Aluminum

By Mark R. Ludwowski / Feb 16, 2018

On February 16, 2018, the Department of Commerce (Commerce) released its reports in the Section 232 investigations on steel and aluminum. The investigations were carried out under Section 232 of the Trade Expansion Act of 1962. In both cases, Commerce found that steel and aluminum imports are weakening the U.S. internal economy, and threaten to impair national security. Commerce has recommended remedies by way of tariffs and quotas.

The reports are currently under consideration by President Trump who has until April 11, 2018 and April 19, 2018 to decide on any potential actions on the steel and aluminum investigative findings, respectively.

Recommendations of the Steel Report

Commerce has recommended to the President the following alternative remedies to address the problem of steel imports:

1. **Broad Recommendation** - A global tariff of at least 24% on all steel imports from all countries, or
2. **Targeted Recommendation** - 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
3. **Quota** - A quota on all steel products from all countries equal to 63% of each country's 2017 exports to the United States.

Recommendations of the Aluminum Report:

Commerce has recommended the following alternative remedies to address the problem of excessive imports of aluminum. These would cover both aluminum ingots and a wide variety of aluminum products.

1. **Broad Recommendation** - A tariff of at least 7.7% on all aluminum exports from all countries, or
2. **Targeted Recommendation** - 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
3. **Quota** - A quota on all imports from all countries equal to a maximum of 86.7% of their 2017 exports to the United States.

According to Commerce, the remedies in the reports are intended to increase domestic production of both steel and aluminum to the minimum operating rate needed for the long-term viability of the industries. Each remedy applies measures to all countries and all steel and aluminum products to prevent circumvention.

The tariffs and quotas would be in addition to any duties already in place. The report recommends that a process be put in place to allow Commerce to grant requests from U.S. companies to exclude specific products if the U.S. lacks sufficient domestic capacity or for national security considerations. Any exclusions granted could result in changed tariffs or quotas for the remaining products to maintain the overall effect.

Copies of the reports available to the public can be found on the Commerce website at the links below.

https://www.commerce.gov/sites/commerce.gov/files/the_effect_of_imports_of_steel_on_the_national_security_-_with_redactions_-_20180111.pdf

https://www.commerce.gov/sites/commerce.gov/files/the_effect_of_imports_of_aluminum_on_the_national_security_-_with_redactions_-_20180117.pdf

If these issues are of interest to you, please let us know so that we can provide you with additional information as it is released.

If you have any questions regarding the content of this alert, please contact Mark Ludwowski or another member of Clark Hill's International trade Practice Group.