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MEMORANDUM

March 12, 2025

BY ELECTRONIC MAIL

FROM: Olsson Frank Weeda Terman Matz PC

RE: Trade War Update: New Section 232 Tariffs on Derivative Articles of Steel and Aluminum Go into Effect Today – March 12, 2025

As previously advised, at 12:01 a.m. EST today, March 12, the "reinstated" and expanded 25% Section 232 tariffs on aluminum (Chapter 76) and steel (Chapter 73) products, as well as many specified derivative articles, regardless of origin, are now in effect. Additionally, CBP confirmed late last night that the 25% Section 232 tariffs will also apply to newly added derivative products falling outside of Chapters 73 and 76, also effective as of 12:01 a.m. EST March 12. This follows the certification by the Secretary of Commerce that the necessary systems are now in place to facilitate the collection of these tariffs. This marks a significant change for those navigating Section 232 duties on aluminum and steel articles.

U.S. Customs and Border Protection (CBP) has emphasized the importance of full compliance from the trade community in accurately reporting and paying the new 25% Section 232 Tariffs. CBP has stated it will take enforcement action in cases of non-compliance. Importers are required to confirm whether their products are subject to the new tariffs, which include derivative articles, and to ensure proper declaration of the duties to CBP. Given the complexity of the Federal Register notices and the detailed Annexes listing affected products, our team is assisting importers in verifying and determining if their products fall within the scope of the new tariffs. This support is crucial to navigate the intricate requirements and avoid potential compliance issues. We have provided links to the pertinent Federal Register notices and the Annexes here: for steel *see* 90 FR 9817, February 18, 2025, and 90 FR 11249, March 5, 2025; for aluminum *see* 90 FR 9807, February 18, 2025, and 90 FR 11251, March 5, 2025.

To assist importers, CBP has issued the following guidance documents:

- CSMS # 64384496 - UPDATED GUIDANCE: Import Duties on Imports of Aluminum and Aluminum Derivative Products. This guidance updates CSMS # 64348288.
- CSMS # 64348411 - GUIDANCE: Import Duties on Imports of Steel and Steel Derivative Products
- A summary of Section 232 Chapter 99 HTSUS classification lists for aluminum.
- A chart of Section 232 Chapter 99 HTSUS classification lists (Aluminum and Steel)

Additional pertinent information includes:

- **Expired quotas and exemptions.** As of March 11, 2025, all Section 232 tariff rate and absolute quotas, as well as general approved exclusions (GAEs), have officially expired. However, importer-specific product exclusions for Section 232 duties that are active in ACE will continue to remain valid. These exclusions will remain effective either until their designated expiration date or until the full volume of the excluded product has been imported, whichever occurs first.
- **Drawback**. No drawback is available with respect to the duties imposed.
- **Value of the Aluminum/Steel Content Alone**. The Section 232 duty for new aluminum or steel derivative articles not classified in Chapters 76 and 73, respectively, is based upon the value of the aluminum or steel content alone. If the value of the aluminum or steel content is the same as the entered value of the entire good or is unknown, duty is calculated based on the entire entered value of the imported article. We are assisting importers in documenting the value itemization on their commercial invoices to ensure customs value is appropriately declared, while accurately breaking out the value of the aluminum or steel content alone. Customs brokers should be mindful of technical entry reporting requirements issued by CBP for value breakout entry declarations.
- **U.S. Smelt and Cast**. The derivative aluminum products that were processed in another country from aluminum articles that were smelted and cast in the United States are subject to a zero-duty rate.
- **U.S. Melted and Poured**. The derivative iron or steel products were processed in another country from steel articles that were melted and poured in the United States are subject to a zero-duty rate.
- **Country of Smelt and Cast.** Importers are required to report to CBP the primary country of smelt, secondary country of smelt, and country of cast on imports of all aluminum articles subject to the aluminum and aluminum derivatives Section 232 measures.
- **Country of Melt and Pour.** Importers are required to report to CBP the country of melt and pour for certain imported steel articles from all countries.

EU Retaliatory tariffs

Today, the European Commission announced the introduction of countermeasures in response to the U.S. Section 232 tariffs on steel and aluminum imports..[1] The European Commission's Ursula von der Leyen stated that the measures could be reversed should a solution with the U.S. is reached.

[1] The US tariffs will affect a total of €26 billion of EU exports, which corresponds to approximately 5% of total EU goods exports to the US. Based on current import flows, this could result in US importers having to pay up to €6 billion in additional import tariffs.

These countermeasures will be implemented in two phases.

Phase 1: Starting April 1, the suspended retaliatory measures from 2018 and 2020, originally introduced in response to the Section 232 tariffs on European steel and aluminum exports during the first Trump Administration, will be reinstated. These measures target U.S. exports worth approximately €8 billion and include a range of goods such as agricultural products (e.g., bourbon, orange juice, corn), industrial products (primarily steel and aluminum), and manufactured goods (e.g., makeup, clothing, motorcycles, boats).

Phase 2: By mid-April, a new package of additional measures applying to an additional €18 billion worth of U.S. exports, will take effect. To start the process, today, the European Commission has launched a two-week consultation period with EU stakeholders to finalize the list of targeted products, which includes a mix of industrial (e.g., steel and aluminum products, textiles, leather goods, home appliances, house tools, plastics, wood products) and agricultural goods (e.g., poultry, beef, certain seafood, nuts, eggs, dairy, sugar, and vegetables). Following this two-week consultation period, the Commission will finalize its proposal, consult Member States, and complete the adoption process with a legal act by mid-April.

The EU is seeking comments from anyone who is affected by the United States' measures and by the possible EU measures in response.

EU Press Release: https://lnkd.in/eNAmDkJW; EU Q&A: https://lnkd.in/egbu6Hx7

Summary of Tariff Actions

We have compiled a summary below of certain significant tariff-related actions, both currently in effect and proposed. There may be limited exclusions available for certain tariff actions. Please contact us for more information.

Country of Origin	Tariff Rate	Authority	Effective Date	Scope
China	7.5%, 25%, 50% or 100%	Section 301	2018 onward	A large percentage of classifications
China and Hong Kong	20%	IEEPA	February 4, 2025 (10%), March 4, 2025 (increased to 20%)	Universal
Canada	25% / 10%	IEEPA	March 4, 2025	Universal (25%)/ Energy Products (10%), USMCA-compliant products excluded for now
Mexico	25%	IEEPA	March 4, 2025	Universal, USMCA-compliant products excluded for now

All Countries	25%	Section 232	March 12, 2025	Steel and aluminum products and derivative articles
All Countries	Reciprocal Tariffs	TBD	TBD (April 2 is mentioned either as the effective date for these tariffs or as the date tariffs will be announce.)	No limitation on scope
All countries	TBD	TBD	Supposed effective date of April 2	Unnamed "agricultural products"
All countries	TBD	TBD	Supposed effective date of April 2	Automobiles, pharmaceuticals, and semiconductors
All countries	TBD	Section 232	TBD (currently under investigation with findings to be issued by Nov. 22, 2025)	Copper and derivative products
All countries	TBD	Section 232	TBD (currently under investigation with findings to be issued by Nov. 26, 2025)	Timber, lumber, and derivative products

The previous memoranda sent discussing presidential actions regarding these fast-moving trade developments are:

- American First Trade Policy, Jan. 20, 2025
- U.S. Imposes Tariffs on Mexico, Canada, and China, Feb. 2, 2025
- Update: U.S. Imposes Tariffs on Mexico, Canada, and China, Feb. 3, 2025 (Canadian/Mexican tariffs suspended; Effective date of 10% tariff on products of China and Hong Kong)
- Update on Trade War, Feb. 5, 2025(China's Response to New U.S. Tariffs, Impacted Industries, Potential Forthcoming U.S. Trade Activity, and Tariff Mitigation for Machinery and Parts of Machinery for Agricultural and Horticultural Use)
- Update on Trade War: U.S. Imposes Tariffs on Steel and Aluminum, Response from Targeted Countries, and China Imposes Retaliatory Tariffs, Feb. 12, 2025
- Update on Trade War: U.S. Releases Lists of Additional Derivative Articles of Steel and Aluminum Which Will be Subject to Section 232 Tariffs, and Issues a Presidential Memorandum on Reciprocal Trade and Tariffs, Feb. 17, 2025
- Update on Trade War: U.S. to Move Forward with 25% Tariffs on Mexico and Canada Products and Double Tariff on Chinese-Origin Products to 20%; Section 232 Investigation on Copper Imports; USTR Requests Comments, Feb. 28, 2028.
- Trade War Update, U.S. Tariffs on Canadian and Mexican Origin Goods; Increase in U.S. Tariffs on China; New Section 232 Tariffs on Derivative Articles of Steel and Aluminum Go into Effect; Tariff Investigations on Timber, Mar. 4, 2025.

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We will continue to monitor this situation closely and will report all significant developments. In the interim, please do not hesitate to reach out to us with questions or requests for additional information at Jessica Rifkin (jrifkin@ofwlaw.com) or Denise Calle (dcalle@ofwlaw.com).