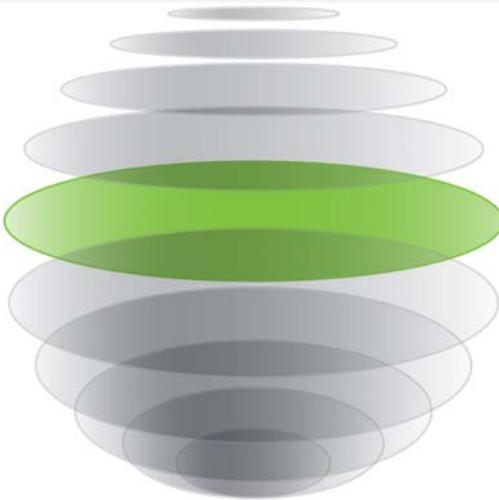


Global Trade Advisory | 16 August 2018



Global Trade Advisory Alert

US Doubles Section 232 Tariffs on Steel of Turkish Origin and Reexamines Turkey's Eligibility Under the Generalized System of Preferences; Turkey Responds with More Tariffs on Goods of US Origin

Since 23 March 2018, the US has been assessing Section 232 additional tariffs of 25% on US imports of certain steel products originating from most countries—including Turkey. On 13 August 2018, the US increased these additional tariffs from 25% to 50% on such steel products originating from Turkey.

On the same day that it announced this increase, the Office of the US Trade Representative (USTR) also announced that it will review Turkey's eligibility for the Generalized System of Preferences. In its notice, the USTR indicated that a public hearing on this investigation will be held on 26 September 2018, with comments, pre-hearing briefs, and requests to appear due by midnight EST on 12 September 2018. This announcement followed an earlier statement made on 3 August 2018 by Deputy USTR Jeffrey Gerrish suggesting that Turkey's decision to

impose retaliatory tariffs on goods of US origin effective 21 June 2018 may have been a violation of the GSP eligibility criteria. On 21 June 2018, Turkey had imposed tariffs ranging from 4% to 70% on \$1.8 billion of imports of US origin in response to the US's Section 232 tariffs on imports of steel and aluminum.

Turkey responds

On 14 August 2018, in response to the US's doubling of its additional tariffs on imports of Turkish steel, Turkey increased tariffs between 4% and 140% on 22 categories of US origin goods, including nuts, alcohol, rice, cosmetics, paper, automobiles, and coal.

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- Examining supply chains and imported products to determine opportunities to manage increased costs due to the additional tariffs;
- Conducting strategic sourcing reviews to identify potential alternative sources of affected products;
- Scrutinizing the accuracy of tariff classifications;
- Considering tariff engineering opportunities;
- Seeking exclusions from tariffs or filing objections to tariff exclusion requests;
- Reviewing Incoterms® used in contracts to confirm responsibilities for customs duty payments; and
- Undertaking customs valuation planning to manage the impacts of the additional tariffs.

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