



## US Inbound Corner

### US expands tariffs on imports of steel and aluminum and details its plan for future reciprocal tariffs

#### Overview

On February 10, 2025, President Trump issued two proclamations that imposed further supplemental tariffs on goods imported into the United States, including:

- A 25% tariff on steel articles and derivative steel articles imported from all countries (Adjusting Imports of Steel into the United States); and
- A 25% tariff on aluminum articles and derivative aluminum articles imported from all countries (Adjusting Imports of Aluminum into the United States).

The president announced these actions under the authority of section 232 of the Trade Expansion Act of 1962, as amended.

These proclamations amend and expand the existing Section 232 Tariffs originally implemented in 2018 during the first Trump administration on imported articles of steel and aluminum. While many new and previously impacted articles will see rate changes effective March 12, 2025, the Secretary of Commerce will determine, and notify importers of, the effective date for many others once systems and processes are in place to collect the tariffs.

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In addition to tariffs on steel and aluminum, on February 13, 2025, President Trump also unveiled the Administration's plan to impose reciprocal tariffs on imported goods from numerous countries later this year.

### Steel and aluminum tariffs

The February 10, 2025, proclamations provide for the following actions:

- An increase in the Section 232 Tariff rate on aluminum articles from 10% to 25%, and the continuation of the 25% rate on articles of steel;
- The significant expansion in the number of steel and aluminum articles subject to the Section 232 Tariffs, which will impact companies across many industries that had not been affected by prior tariffs in this area;
- The termination of all general exemptions, as well as the termination of all country exemptions and quota arrangements for aluminum articles (Argentina, Australia, Canada, the European Union, Mexico, and the United Kingdom) and steel articles (Argentina, Australia, Brazil, Canada, the European Union, Japan, Mexico, South Korea, and the United Kingdom);
- The discontinuance of all exclusions previously granted to importers (previously granted product exclusions will remain effective until their expiration date or until excluded product volume is imported – whichever occurs first), as well as the cessation of previously established exclusion request mechanisms and the preclusion against establishing future exclusion request mechanisms;
- The disallowance of drawback to reclaim Section 232 Tariffs;
- A requirement for impacted articles admitted into a US foreign trade zone (FTZ) to be admitted under the "privileged foreign status" (which applies tariff rates to articles when they are deposited into the FTZ, which are later paid upon withdrawal of those articles from the FTZ into the commerce of the United States);
- A directive to US Customs and Border Protection (CBP) that it will:
  - Prioritize enforcement to detect non-compliance of the Harmonized Tariff Schedule of the United States (HTSUS) classifications for imported steel, aluminum, and steel and aluminum derivatives;
  - Issue penalties at the maximum amount under the customs statutes where incorrect HTSUS classifications result in avoiding the Section 232 Tariffs; and
  - Report to the Secretary of Commerce instances where it suspects evasion of the Section 232 Tariffs resulting from processing or alterations of covered goods; and

- A directive for the Secretary of Commerce to expand the Section 232 Tariffs to include the processed or altered goods reported by CBP.

The week ended, on February 14, 2025, with the publication in the Federal Register of the lists of additional steel and aluminum articles and derivatives that will become subject to the Section 232 Tariffs.

### Reciprocal trade and tariffs

In another significant development involving tariffs, on February 13, 2025, President Trump issued a memorandum unveiling his administration's plan to impose "reciprocal" tariffs on imported goods of numerous countries of origin under its "Fair and Reciprocal Plan" ("FRP Memorandum").

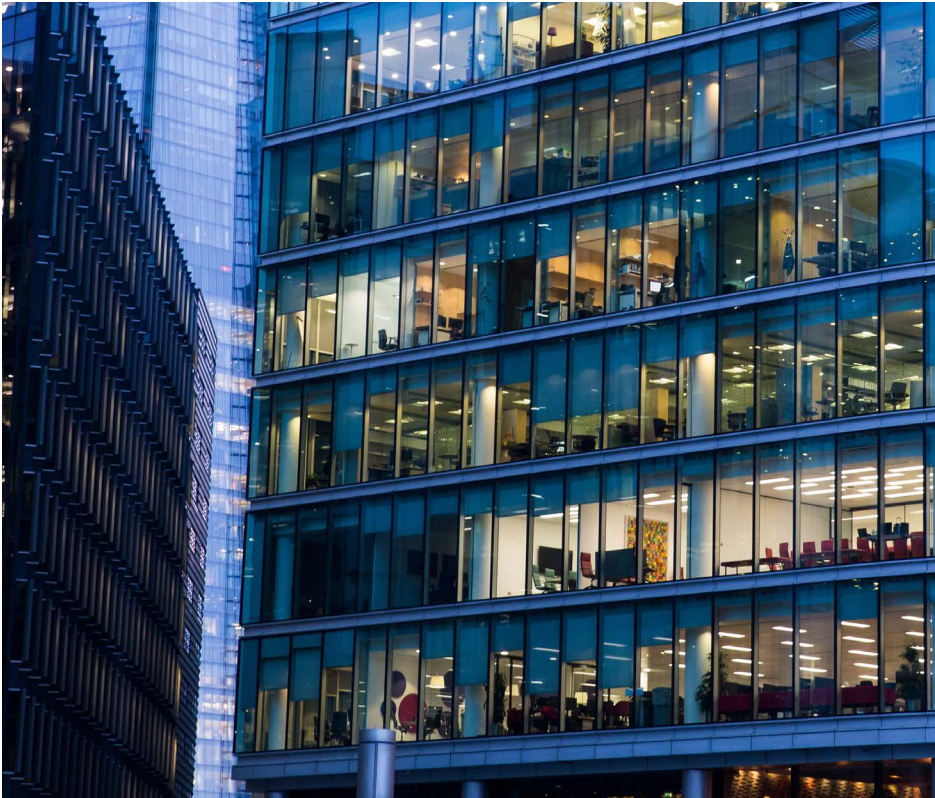
The FRP Memorandum directs several federal agencies, after completing the various investigative reports they have due to the president on April 1, 2025 under the America First Trade Policy, to initiate an investigation into the harm to the United States resulting from any non-reciprocal trade agreements. According to the FRP Memorandum, the Trump administration would act to counter non-reciprocal trading arrangements with other nations by determining the equivalent of a reciprocal tariff for each foreign trading partner. To determine such tariffs, the administration will examine:

- Tariffs imposed on US products by trade partners;
- Unfair, discriminatory, or extraterritorial taxes imposed on US businesses, workers, or consumers, including value-added taxes;
- Costs to US businesses, workers, and consumers arising from nontariff barriers or measures and unfair trade practices or policies (e.g., subsidies to domestic industries and burdensome regulatory requirements on US businesses operating in other countries);
- Exchange-rate manipulation and other policies and practices to promote exports from and/or restrict imports into a trading partner's country; and
- Practices unfairly limiting market access or any structural impediment to fair competition within the market economy of the United States.

Finally, the FRP Memorandum directs the Office of Management and Budget, by August 12, 2025, to assess and report to the president on the fiscal impacts on the federal government and the impacts of any information collection requests on the public that are undertaken to fulfill the FRP Memorandum.

Based on various statements made by President Trump to the press, these reciprocal tariffs can come into effect as soon as April 2025, but remain subject to the negotiation between the trade partners

and the Trump administration as seen with the delayed 25% supplemental tariffs on imports from Mexico and Canada. Nevertheless, potentially impacted importers would be well-advised to use the intervening time to assess their vulnerability to such reciprocal tariffs and explore possible actions to manage the impact.



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