

Metals Market Shake-Up: Higher Section 232 Tariffs, Broader Coverage, Narrower Relief

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On April 2, President Trump issued a [proclamation](#) titled “Strengthening Actions Taken to Adjust Imports of Aluminum, Steel, and Copper into the United States” (the Proclamation) under Section 232 of the Trade Expansion Act of 1962 (Section 232). The Proclamation substantially increases Section 232 tariff rates on many aluminum, steel, and copper products, shifts to applying those tariffs to the full customs value of covered imports, restructures which products are covered through new annexes to the Harmonized Tariff Schedule of the United States (HTSUS), and revises key implementation rules, including the treatment of foreign-trade zones (FTZs), drawback, and derivative products. The changes apply to goods entered for consumption, or withdrawn from warehouse for consumption, on or after 12:01 a.m. ET on April 6, 2026 (effective date).

Before the Proclamation, most covered [steel](#), [aluminum](#), and [copper](#) articles were subject to a single Section 232 rate of 50%, with UK?origin steel and aluminum generally reduced to 25% under a [bilateral arrangement](#). For derivative products, the Section 232 duty applied only to the value of the metal content, while the nonmetal portion was possibly subject to a separate 10% duty under Section 122 of the Trade Act of 1974. In other words, there was effectively one main Section 232 tier per metal (50%, or 25% for qualifying UK steel and aluminum), rather than today’s multitier structure applied to the full customs value.

Higher, Full-Value Section 232 Rates on Metals and Derivatives

The Proclamation modifies existing Section 232 measures on aluminum, steel, and copper so that: (i) the additional Section 232 duty is calculated on the full customs value of the imported product, regardless of the percentage of metal content; and (ii) many products are now subject to significantly higher rates, particularly those on the new Annex I-A and I-B lists.

New Core Rate Structure

The Proclamation establishes a two-tier core rate structure:

- 50% additional duty on full customs value for most aluminum articles, most steel articles, and a broad range of derivative aluminum, steel, and copper products listed in [Annex I-A](#).
- 25% additional duty on full customs value for a wide array of derivative aluminum, steel, and copper articles, including certain copper wiring and cable, listed in [Annex I-B](#).

These changes are implemented through revised Section 232 Chapter 99 HTSUS provisions, primarily heading 9903.82.02, as modified in [Annex IV](#) to the Proclamation. Annex IV sets out the detailed Chapter 99 tariff

provisions, notes, and cross-references that operationalize Annexes I–III in the HTSUS, and also clarifies when Annex I-B and Annex III goods with no or insufficient aluminum, steel, or copper content are excluded from the new Section 232 duties.

Russian aluminum and products containing Russian primary aluminum remain subject to a 200% additional Section 232 duty under Proclamation 10522, in addition to any applicable 50% or 25% rate.

What Is In and Out: Annexes I–III

The Proclamation reorganizes product coverage through four key annexes.

(1) Annex I-A – 50% List (Primary Metals and Certain Derivatives)

[Annex I-A](#) is the core list for the new **50% rate** and covers traditional Section 232 primary aluminum and steel products, a substantial set of aluminum and steel derivative articles, and certain copper products. Products on Annex I-A are now subject to a 50% additional duty on their full customs value, unless they qualify for a lower rate under UK or U.S. origin rules described below.

(2) Annex I-B – 25% List (Broader Derivative Products)

[Annex I-B](#) applies a **25% rate** to a broader range of derivative articles that incorporate aluminum, steel, or copper, including many consumer-facing finished products and various industrial and commercial assemblies. These products now bear a 25% additional Section 232 duty on their full customs value, subject to potential reductions for qualifying UK or U.S.-origin metal.

(3) Annex II – Products Removed From Section 232 Coverage

[Annex II](#) removes many products from Section 232 coverage altogether, including a substantial set of food and beverage products, certain chemicals, pharmaceuticals, cosmetics, and detergents, and selected machinery, vehicles, parts, furniture, and sporting goods. Annex II also carves out motorcycle parts imported exclusively for use in U.S. motorcycle manufacturing, which are no longer subject to Section 232 tariffs.

(4) Annex III – Transitional List With Reduced Rates Through 2027

[Annex III](#) establishes a temporary, more favorable regime for certain derivative steel and aluminum articles:

- These products benefit from capped or reduced Section 232 duties through December 31, 2027;
- These reduced duties are implemented via new HTSUS Chapter 99 headings 9903.82.06–9903.82.12; and
- On January 1, 2028, the Annex III provisions expire, and these products are incorporated into the standard derivative framework, generally at 25% or 50% depending on their Annex I assignment.

Metal-Content Thresholds and Origin-Based Preferences

15% Metal-Content Threshold

Before the Proclamation, there was no 15% metal content threshold: If a product was within the scope of the prior Section 232 “derivative” lists, the Section 232 duty applied based on the value of its metal content, regardless of what percentage of the article’s total weight that metal represented.

However, under the Proclamation, for products classified outside HTSUS Chapters 72, 73, 74, and 76, Section 232 tariffs generally apply only if the combined weight of aluminum, steel, and copper used in the article is at **least 15%** of the article’s total weight. If the same HTSUS provision appears on more than one metal list (e.g., both a steel list and an aluminum list), the weights of the covered metals are aggregated to determine whether the 15% threshold is met.

This creates a *de minimis*-type threshold for derivative products with low overall metal content, but leaves most primary metal products fully covered.

UK Preferences

Certain UK-origin aluminum and steel products qualify for reduced Section 232 rates when strict metal origin rules are met:

- For Aluminum Products: At least 95% of the aluminum content must be smelted or cast in the UK.
- For Steel Products: At least 95% of the steel content must be melted and poured in the UK.

These preferences are implemented through HTSUS headings 9903.82.04 and 9903.82.05, and can reduce the otherwise applicable 50% or 25% rates for qualifying UK products.

U.S. Metal-Origin Rule for Derivative Articles

Before the Proclamation, a narrow exclusion existed for certain derivative steel and aluminum articles manufactured abroad from U.S.-origin metal: if the steel was melted and poured in the U.S. (or the aluminum was smelted and cast in the U.S.) and then further processed in another country, those derivative articles could be fully exempt from Section 232 duties, provided the importer documented the U.S. melt/pour or smelt/cast.

Now, under the Proclamation, that full exemption is replaced with a reduced 10% rate for qualifying derivative products made predominantly from U.S.-origin metal, **specifically** derivative articles classified in HTSUS heading 9903.82.06, for which at least 95% of the aluminum content is smelted and cast in the U.S., at least 95% of the steel content is melted and poured in the U.S., or at least 95% of the copper content is smelted and cast in the U.S.

Process Changes, FTZ Treatment, Drawback, and Russia-Related Measures

End of Formal Inclusion Processes; New Agency Discretion

The Proclamation terminates the prior formal inclusion processes for adding derivative aluminum, steel, and copper articles to Section 232 coverage. Instead, it: (i) authorizes the Secretary of Commerce (Commerce) and the U.S. Trade Representative (USTR) to add new derivative aluminum, steel, or copper articles to the tariff scope

on a rolling basis; and (ii) allows such additions whenever Commerce and USTR determine that the imports: (A) threaten to impair U.S. national security; or (B) undermine the objectives of existing Section 232 measures. This authority explicitly includes the ability to add metal containers, even when those containers are imported filled with nonmetal goods.

FTZ Treatment

For covered products (other than those admitted in domestic status) admitted into U.S. FTZs on or after April 6, 2026: (i) these products must be admitted in privileged foreign status; and (ii) when entered for consumption into U.S. commerce, they will be subject to the applicable Section 232 duty rate at the time of entry for consumption. Products already in FTZs in privileged foreign status before the effective date will similarly be subject to the relevant Section 232 duty upon entry for consumption.

Drawback Restrictions and Limited New Availability

Section 232 duties remain largely nonrefundable through drawback, with a narrow new exception:

- Manufacturing drawback is allowed only for certain products that:
 - Are classified in provisions listed in Annex I-B or Annex III, or in later-added derivative provisions;
 - Are not subject to antidumping or countervailing duty orders;
 - Are products of designated “Trade Agreement Partners” (*i.e.*, UK, the EU, Japan, the Republic of Korea, Mexico, Canada, and any trading partner with which the U.S. concludes a final Agreement on Reciprocal Trade); and
 - Meet a specified Trade Agreement Partner metal origin test.

Outside this limited scenario, drawback remains unavailable for Section 232 duties, and companies should treat these duties as a nonrecoverable cost.

Russia-Related Measures

The Proclamation leaves existing Russia-related Section 232 measures in place, meaning all imports of aluminum and aluminum derivative articles specified in Annex I-A, Annex I-B, or Annex III that are (i) the product of Russia, or (ii) produced using any amount of primary aluminum smelted in Russia or cast in Russia, continue to face a 200% additional Section 232 duty under Proclamation 10522, on top of any otherwise applicable Section 232 rate (*e.g.*, 50%, 25%, or 10%).

Practical Steps for Companies

Companies that import, distribute, or rely on products containing steel, aluminum, or copper should act quickly:

1. Map your HTSUS classifications to Annex I-A, I-B, II, and III. Identify which products are now at 50%, which are at 25%, which are on the transitional Annex III list, and which are removed under Annex II.
2. Assess metal content and origin documentation. Determine whether relevant metal content meets or exceeds the 15% threshold and whether products qualify for UK or U.S. origin preferences.
3. Reevaluate supply chains and pricing. Model the impact of higher tariffs on landed cost and consider sourcing changes or U.S.-origin metal strategies.

4. Review FTZ, drawback, and manufacturing strategies. Confirm FTZ status and evaluate potential eligibility for the new, narrow drawback provisions.
5. Monitor for future inclusions, especially for containers and derivatives. Commerce and USTR have broad authority to add new derivative articles; companies should closely track Federal Register notices.

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