

New Steel and Aluminum Tariffs in Effect

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On February 10, President Trump issued Proclamations [10896](#), “Adjusting Imports of Steel Into the United States” and [10895](#) “Adjusting Imports of Aluminum Into the United States,” (together, Proclamations), reasserting U.S. national security concerns and implementing additional tariffs on steel, aluminum, and their derivative products under Section 232 of the Trade Expansion Act of 1962, building upon the original tariffs imposed pursuant to [Proclamation 9704](#), “Adjusting Imports of Aluminum Into the United States” and [Proclamation 9705](#) “Adjusting Imports of Steel Into the United States” in 2018. These new measures not only restore duties that had been eased or suspended in recent years but also raise the tariff rate on aluminum — from 10% to 25% — and expand tariff coverage to include select derivative steel and aluminum products.

Evolution of Section 232 Tariffs

The foundation for these latest tariffs was laid in March 2018, when President Trump enacted a 25% tariff on steel imports and a 10% tariff on aluminum imports from most trading partners under Section 232. In 2020, President Trump issued [Proclamation 9980](#), “Adjusting Imports of Derivative Aluminum Articles and Derivative Steel Articles Into the United States,” expanding the tariffs to include certain derivatives of steel and aluminum articles. Although, the U.S. had negotiated exceptions and tariff-rate quotes through bilateral agreements and proclamations for many trading partners, including Argentina, Australia, Brazil, Canada, the EU, Japan, South Korea, Mexico, and the UK for derivatives of steel, and Argentina, Australia, Canada, the EU, Mexico, and the UK for derivatives of aluminum. The Proclamations amend the earlier proclamations by expanding the scope of covered products, adjusting tariff rates, and terminating existing exemptions for these trading partners.

Effective Date

These duties apply to Covered Products that are entered into the U.S. for consumption, or withdrawn from warehouse for consumption, on or after 12:01 a.m. EST on March 12, 2025.

Tariff Rates

As of March 12, a 25% tariff has applied to imports of both steel and aluminum, as well as a newly expanded list of downstream derivative products. Importantly, the way the tariff is calculated differs depending on the product. For certain goods, the 25% duty is imposed on the entire value of the finished article. For others, the tariff only applies to the value of the steel or aluminum content within the final product. This distinction is especially relevant to manufacturers sourcing mixed-material goods or importing complex assemblies containing only a portion of steel or aluminum by value. Although, it is important to note that not all products containing steel or aluminum are

automatically subject to this tariff — the tariffs apply only to Covered Products (defined below).

Imports of derivative aluminum products are now subject to a 200% tariff if any portion of the aluminum used in the production was smelted in Russia, or if the derivative articles themselves were cast in Russia. This steep duty targets both the origin of the raw material and the location of the final processing, effectively discouraging the use of Russian aluminum at any stage of the supply chain.

U.S. Customs and Border Protection (CBP) has issued separate [aluminum](#) and [steel](#) guidance on the implementation of these additional tariffs for steel, aluminum, and their derivative products imported into the U.S., including steel and aluminum content reporting requirements, applicable duties to various classifications of steel, aluminum, and their derivative products under the Harmonized Tariff Schedule of the United States (HTSUS), and melt and pour and smelt and cast reporting requirements.

New reporting obligations under these Section 232 tariffs introduce complex requirements for importers of derivative products that contain steel or aluminum, which include disclosure of detailed information about the composition and value of those materials. For example, if the value of the steel or aluminum content is less than the entered value of the imported article, the good must be reported on two separate lines of the CBP entry summary form. One line must reflect the value of the non-steel or non-aluminum components while the other line must account for the steel or aluminum portion of the product. This requirement demands that importers have clear visibility into the material breakdown of their goods, particularly the percentage and value of steel or aluminum included. For exports and manufacturers, especially those with complex supply chains or products with embedded aluminum or steel, this creates significant compliance hurdles. Accurate documentation of the aluminum and steel content in the bill of materials is now essential for properly calculating and applying the Section 232 tariffs.

Product Scope

Products subject to this 25% tariff include steel and aluminum articles that were initially described in [Proclamation 9704](#) and [Proclamation 9705](#), steel and aluminum derivative articles that were initially described in [Proclamation 9980](#), and the steel and aluminum derivative articles described in [Proclamations 10896](#) and [10895](#) (collectively, Covered Products), which includes an expanded list of downstream derivative products and covers a wide array of further-processed items that incorporate steel or aluminum components. Compared to earlier iterations, the updated list represents a broader and more inclusive definition of what qualifies as a derivative article.

Section 232 duties will be collected — on the value of articles classified under HTSUS Chapters 72 and 73 (for steel) or HTSUS Chapter 76 (for aluminum), or on the value of the steel or aluminum content in derivatives classified outside of HTSUS Chapters 73 and 76, imported on or after March 12, 2025.

The Trump administration has indicated that it intends to continue expanding the items on these lists through a process to be established by the Commerce Department (Commerce) on or before May 11. Commerce will open a process that will allow U.S. producers and industry associations to request that additional derivative articles be added to the tariff list.

Exclusions

Agreements that had suspended Section 232 duty relief for covered steel and aluminum imports from Argentina, Australia, Brazil, Canada, the EU, Japan, Mexico, South Korea, Ukraine, and the UK were terminated as of March 12.

The Proclamation officially ends, at least for now, the Section 232 product exclusion process that previously allowed Commerce to exempt certain steel and aluminum articles, including derivative products, from additional tariffs. Under the former system, exclusions could be granted if a product was not “in a sufficient and reasonably available amount or of a satisfactory quality,” or if national security concerns supported removing the duty. However, as of March 12, Commerce will no longer accept or review new exclusion requests or renew existing ones. Previously approved exclusions remain valid until either their expiration date or the approved import volume is reached, whichever comes first. In addition, all generally approved exclusions — which had allowed broad relief for commonly used items — were terminated in full on March 12.

If a product is manufactured outside the U.S. using steel that was originally melted and poured in the U.S. or aluminum that was smelted and cast domestically, the final product may qualify for a tariff exemption — even if additional processing took place outside the U.S. For example, a Canadian-made item derived from U.S. origin steel or aluminum could be excluded from the Section 232 tariffs, provided the origin of the core material meets the production standards.

To implement this exemption effectively, CBP is expected to issue further guidance detailing how importers should verify and document their supply chains to demonstrate compliance with smelting and casting or melting and pouring requirements. Importers of steel and aluminum derivative products will be required to submit documentation that clearly identifies the origin and composition of the aluminum and steel used in the manufacturing process. This may include melt and pour certifications for steel or smelt and cast records for aluminum, as well as other supporting materials that verify the source and content of the steel and aluminum within the imported derivative articles.

These tariffs are in addition to any other duties, fees, charges, or trade remedies (e.g., Sections 201 and 301 tariffs) applicable to such imported steel, aluminum, and their derivative products, except the reciprocal tariff [framework](#) introduced under the [April 2 Executive Order](#), “Regulating Imports with a Reciprocal Tariff to Rectify Trade Practices that Contribute to Large and Persistent Annual United States Goods Trade Deficits,” which exempts goods covered by Section 232 tariffs from these additional “reciprocal” tariffs.

FTZ and Duty Drawback

Goods subject to these tariffs cannot be entered into the U.S. from a foreign trade zone (FTZ) in privileged foreign status unless duties are paid. In practice, this means FTZ users must either pay the applicable Section 232 duties or adjust the status of their inputs, adding complexity for companies using FTZs to manage supply chain costs.

Generally, Section 232 tariffs are not eligible for duty drawback, meaning importers cannot recover these duties even if the goods are subsequently exported. This significantly affects industries like automotive, aerospace, and heavy machinery that traditionally rely on drawback mechanisms to manage costs for global production chains.

Responses From Trading Partners

The renewed tariffs have sparked strong opposition abroad. Governments in the EU, the UK, Japan, and several other trading partners have denounced the measures, arguing that they represent a return to aggressive, protectionist trade policies that disrupt established international agreements. These countries are actively reviewing their response strategies, with some considering the launch of dispute resolution proceedings through the World Trade Organization, while others weigh the potential for retaliatory tariffs. The diplomatic fallout from these proclamations has the potential to intensify ongoing trade tensions and complicate international negotiations.

Conclusion

This alert is intended as a guide only and is not a substitute for specific legal or tax advice. Things are rapidly changing by the day and hour, and our Tariff Task Force will do its best to provide timely and relevant updates as things progress. Please don't hesitate to reach out to us with questions.

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