

Tariffs Imposed on Steel and Aluminum from Canada, Mexico, and the EU

June 1, 2018

International Trade

On May 31, 2018, the Trump Administration [announced](#) that it would implement tariffs on steel and aluminum imports from Canada, Mexico, and the European Union (EU). The tariff rates will be 25 percent on steel and 10 percent on aluminum, and are effective June 1.

These tariffs are imposed pursuant to recent national security investigations of [steel](#) and [aluminum](#) imports to the United States under [Section 232 of the Trade Expansion Act of 1962](#). Earlier this year, the [Department of Commerce found](#) that imports of steel and aluminum threaten U.S. national security and recommended the imposition of tariffs or other alternative remedies.

For imports from most countries, steel and aluminum tariffs went into effect on [March 23, 2018](#) pursuant to these Section 232 investigations. Canada, Mexico, and the EU had previously obtained temporary exemptions from the tariffs. These temporary exemptions were set to expire on June 1, however, and the Administration announced on May 31 that the exemptions will not be renewed at this time as insufficient progress has been made in NAFTA negotiations and in separate talks with the EU.

Following the Administration's May 31 announcement, Canada issued a [notice of intent to impose countermeasures](#) against U.S. products, including not only steel and aluminum, but also ballpoint pens, playing cards, lawn mowers, inflatable boats, pizza, washing machines, and whiskies. Mexico also indicated that it intended to impose [countermeasures](#), but reiterated its willingness to engage in a constructive dialogue with the United States. EU officials stated that they would [trigger a WTO dispute settlement](#) in response to the U.S. action, and impose their own [rebalancing measures](#) to protect the EU market.

Other countries that had also previously obtained a temporary exemption from the Section 232 tariffs—Argentina, Australia, Brazil, and South Korea—have reached agreements with the United States to restrict exports to the United States, and certain imports from these countries will remain exempt from the tariffs on [steel](#) and [aluminum](#).

The Department of Commerce has created a process that allows companies to seek [product-specific exclusions](#) from the steel and aluminum tariffs imposed under Section 232. Thousands of applications for exclusions have already been filed, but none have been decided.

Section 232 Background

Historically, Section 232 has been invoked only rarely, for example, in connection with imports of items such as machine tools, uranium, and ceramic semiconductor packaging. The Nixon and

Ford Administrations took action in connection with Section 232 in response to oil imports, and those actions were [subject to a challenge in federal court](#). Prior to 2017, the most recent Section 232 investigation had occurred in 2001 and concerned imports of iron ore and semi-finished steel.

Section 232 is one of several unilateral powers that President Trump may invoke under U.S. law, including Section 338 of the Tariff Act of 1930, as described in [this article](#). Pursuant to Section 232, Section 338, and other statutes, the president has substantial, albeit qualified, powers to adjust imports by raising tariffs, imposing quotas, or taking other actions.

In addition to the Section 232 investigations into steel and aluminum that were initiated in April 2017, the Trump Administration also directed the Department of Commerce last week to open a Section 232 investigation of [auto imports](#).

Under Section 232, Secretary of Commerce Wilbur Ross will have 270 days to determine whether automobiles, SUVs, vans, light trucks, and auto parts are being “imported into the United States in such quantities or under such circumstances as to threaten to impair the national security.” Based on the Commerce Secretary’s findings, the president must issue a report to Congress and may take such actions as he deems necessary to “adjust” imports of those products “so that such imports will not threaten to impair the national security.”

The [Section 232 regulations](#) contemplate opportunities for public hearings and comments. Prior investigations have involved multiple hearings and permitted both written comments and oral testimony from individuals supporting or opposing the allegations made in the investigation.

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A number of Covington trade lawyers have been advising a wide range of clients with regard to the Section 232 actions, and we would be pleased to assist you as well. If you have any questions concerning the information in this alert, please contact the following members of our Trade practice:

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