



The Bottom Line

SEPTEMBER 2020 | VOL. 53

U.S. REIMPOSES DUTIES ON ALUMINUM FROM CANADA

Summary

The United States has announced that, effective August 16, 2020, the 10% duty on aluminum was reimposed for products coming out of Canada.

Background

Section 232 of the Trade Expansion Act of 1962 gives the President the authority to impose duties on products imported to the United States if those products are considered a threat to national security. A presidential proclamation dated March 8, 2018, indicated that aluminum and steel were being imported in such quantities as to risk the domestic market being able to “satisfy existing national security needs or respond to a national security emergency.” Tariffs of 10% on aluminum and 25% on steel were enacted at that time.

The Trump administration exempted Canada from these tariffs in May 2019 to clear the path for negotiations to create the United States–Mexico–Canada Agreement (USMCA). As part of the agreement, the U.S. and Canada advised they would monitor imports and reimpose tariffs if imports of steel or aluminum surged “beyond historic volumes of trade over a period of time.” The USMCA took effect on July 1, 2020.

Current Status

The U.S. tariffs are focused on imports of primary aluminum, produced by refining bauxite and smelting into at least 99 percent aluminum. Making primary aluminum is energy intensive, which is why smelters tend to be located in Canada where there is abundant and

affordable hydropower. The United States, which was once top producer of primary aluminum in the world, no longer retains this competitive advantage and accounts for just a minute fraction of primary aluminum production. The newest American primary aluminum smelter is roughly four decades old. There are no plans to construct more, which have been estimated to cost more than \$4 billion each.

Impact

The Canadian government has given notice of its intent to retaliate with “dollar-for-dollar countermeasures” on more than \$2.7 billion worth of American exports. The list targets aluminum and products like refrigerators, bicycles, golf clubs, and washing machines. Retaliatory tariffs imposed by Canada go into effect on September 16. “These tariffs will raise costs for American manufacturers, are opposed by most U.S. aluminum producers, and will draw retaliation against U.S. exports — just as they did before,” said Myron Brilliant, Executive Vice President of the U.S. Chamber of Commerce.

RESOURCES:

[Canada Slaps Retaliatory Tariffs on U.S. Aluminum Goods](#)
[New Canadian Tariffs Threaten to Harm Trade Benefits](#)
[Trump Will Slap Tariffs on Canada’s Aluminum Again](#)
[U.S. Reimposes Tariffs on Canadian Aluminum](#)