



The Bottom Line

APRIL 2022 | VOL. 130

RELIEF FROM SECTION 232 DUTIES FOR IMPORTS FROM THE UK

Summary

On March 22, 2022, the United States and the United Kingdom agreed to allow “sustainable volumes” of U.K. steel and aluminum products to enter the U.S. market without applying Section 232 tariffs.

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. Presidential proclamations dated March 8, 2018, indicated that aluminum and steel were being imported in such quantities as to risk the domestic market’s ability to “satisfy existing national security needs or respond to a national security emergency.” Accordingly, The U.S. enacted tariffs of 10% on aluminum and 25% on steel. The duties applied to both rough and finished products.

With the imposition of tariffs, the Secretary of Commerce’s office monitored imports and noted a resultant increase in steel and aluminum derivative products, while imports of less-finished forms dropped.

The net effect of this shift was to undermine the administration’s efforts to shield national security. As a result, the duties were expanded in January 2020 to cover these derivatives.

The products subject to the additional duties were defined as containing two-thirds or more of steel or aluminum (by the cost of the materials) and saw year-over-year increases in imports since the imposition of the original section 232 duties.

Several countries have agreed to limit their exports to the United States voluntarily. As a result, they have had the duties on aluminum, steel, or both lifted.

Current Status

The United States will replace the existing 25 percent tariff on the U.K.’s steel products under Section 232 with a tariff-rate quota (TRQ) with a date of effectiveness of June 1, 2022. Under the TRQ arrangement, historically based volumes of U.K. steel products will enter the U.S. market without applying Section 232 tariffs. This deal also requires that any U.K. steel company owned by a Chinese entity undertake an audit of its financial records to assess influence from the People’s Republic of China government. The results of these audits

must also be shared with the United States. To be eligible for duty-free treatment under the quota, steel imports must be “melted and poured” in the U.K. and have a U.K. country of origin, according to current U.S. requirements and rules implementing this arrangement. In addition, an importer shall provide relevant documentation substantiating compliance with U.S. requirements.

The United States will replace the existing 10 percent tariff on U.K. aluminum products under Section 232 with a tariff-rate quota (TRQ) with a date of effectiveness of June 1, 2022.

An importer shall provide a Certificate of Analysis for each aluminum product entered into the United States. In addition, the importer shall provide the Certificate of Analysis for the smelted (i.e., unalloyed) primary aluminum used in the manufacturing of the product entered into the United States.

Impact

In his 2018 report, the Secretary of Commerce advised that domestic steel and aluminum production would have to stabilize at or above 80% capacity utilization for the threat to national security to be lifted. Unfortunately, while it has improved, the desired stability in the domestic market has not been achieved.

The U.K. has reached an agreement with the United States that meets the U.S. goals of reducing imports and bolstering the domestic market. Any other duties for the products, including antidumping or countervailing, would still be in effect.

Be sure to request steel mill certificates or aluminum mill certificates and certificates of analysis with your commercial documents to avoid Customs clearance delays. These documents are a mandatory requirement of U.S. Customs.

RESOURCES

[Raimondo, Tai Statements on 232 Tariff Agreement with United Kingdom](#) (Department of Commerce)

[Steel and Aluminum, U.S.-U.K. Joint Statement](#) (Department of Commerce)

[Announcement of Actions on UK Imports Under Section 232](#) (Department of Commerce)

[U.S. and UK Announce Agreement on Steel and Aluminum Section 232 Tariffs](#) (Thompson Hine SmartTrade)