



Regulatory News Alerts & Updates

Regulatory Alert: President Biden Issues Two Proclamations Announcing 232 Tariffs

July 31, 2024

BACKGROUND

In 2018, the US Department of Commerce began to investigate the impact on US national security from imports of steel mill products and imports of aluminum articles. That investigation led to Special 232 duties imposed on a host of steel and aluminum products of various origins.

On July 10, 2024, President Biden issued two Presidential Proclamations adjusting the special Section 232 duty treatment on specific steel and aluminum products of Mexican origin. As laid out in more detail below, Presidential Proclamation 10783 calls for a 25% duty on steel products while Presidential Proclamation 10782 calls a 10% duty on aluminum products.

These Section 232 duties are in addition to any other general and/or special (antidumping and countervailing) duties that may apply.

WHAT HAS CHANGED?

Changes for Mexican steel and steel derivative products:

The President has determined the United States will impose Section 232 duties on imports of steel articles and derivative steel articles that are products of Mexico when they are melted and poured in a country other than Mexico, Canada, or the United States.

- To be eligible for importation without being assessed section 232 tariffs, steel articles and derivative steel articles that are products of Mexico must be melted and poured in Mexico, Canada, or the United States.
 - Importers must identify at time of entry filing where the steel was melted and poured to ensure duty is correctly assessed.
- The following new associated Section 232 duty tariffs were inserted at the end of U.S. note 16 to subchapter III of chapter 99 of the USHTS:

- **9903.81.85** – Steel articles of MX enumerated in US note 16 to this subchapter, where the steel was melted and poured in a country other than US, MX, or CA. The duty provided in the applicable subheading + 25%.
- **9903.81.86** – Derivative steel articles of MX enumerated in US note 16 to this subchapter, where the steel was melted and poured in a country other than US, MX, or CA. The duty provided in the applicable subheading + 25%.

Changes for Mexican aluminum and aluminum derivative products:

Aluminum and aluminum derivative products of Mexico that contain aluminum for which the primary country of smelt, secondary country of smelt, or country of most recent cast is China, Russia, Belarus, or Iran are now subject to Section 232 duty.

• Shipments must be accompanied by a certificate of analysis stating the countries of smelt and cast. Only those products where the primary or secondary country of smelt or country of cast is not China, Russia, Belarus, or Iran qualify for exemption from Section 232 aluminum tariffs on Mexican origin products.

- Primary country of smelt - where the largest volume of new aluminum metal is produced from alumina (or aluminum oxide) via electrolytic Hall-Héroult process.
- Secondary country of smelt - where the second largest volume of new aluminum metal is produced from alumina (or aluminum oxide) via electrolytic Hall-Héroult process.
- Country of most recent cast - where the aluminum (with or without alloying elements) was last liquified by heat and cast into a solid state. The final solid state can take the form of either a semi-finished product (slab, billets, or ingots) or a finished aluminum product.

• The following new associated Section 232 duty tariffs were inserted at the end of U.S. note 19 to subchapter III of chapter 99 of the HTSUS:

- **9903.85.71** – aluminum articles of MX enumerated in subdivision (b) of this note that are the products of Mexico and contain primary aluminum for which the primary country of smelt, secondary country of smelt, or country of most recent cast is China, Russia, Belarus, or Iran. The duty provided in the applicable subheading + 10%.
- **9903.85.72** – Derivative aluminum articles of MX enumerated in subdivision (b) of this note that are the products of Mexico and contain primary aluminum for which the primary country of smelt, secondary country of smelt, or country of most recent cast is China, Russia, Belarus, or Iran. The duty provided in the applicable subheading + 10%.

• While in effect, Presidential Proclamation 10522 supersedes Presidential Proclamation 10782. Therefore, Mexican aluminum articles and derivative aluminum articles where the primary or secondary country of smelt or country of cast is Russia will be subject to a 200% tariff, in addition to the standard duties on the product.

- If Proclamation 10522 is suspended, these products will fall under the 10% duty with the tariffs listed above.
- While the proclamation on Russian goods is in effect, the below Chapter 99 numbers must be used in addition to the Chapter 1-97 tariff for applicable products:
 - **9903.85.67** - Aluminum articles that are the product of Russia, or where any amount of primary aluminum used in the manufacture of the aluminum articles is smelted in Russia, or where the aluminum articles are cast in Russia, the foregoing under the terms of note 19(a)(vii)(A) to this subchapter and provided for in the tariff headings or subheadings enumerated in note 19(b) to this subchapter,

except any exclusions that may be determined and announced by the Department of Commerce. The duty provided in the applicable subheading + 200%.

- **9903.85.68** - Derivative aluminum articles that are products of Russia, or where any amount of primary aluminum used in the manufacture of the derivative articles is smelted in Russia, or where the derivative aluminum articles are cast in Russia, when such derivative articles are provided for in the headings or subheadings enumerated in note 19(a)(iii) to this chapter, except any exclusions that may be determined and announced by the Department of Commerce. The duty provided in the applicable subheading + 200%.

WHEN DO THESE CHANGES TAKE EFFECT?

New Section 232 duties for certain steel and aluminum products of Mexico went into effect on July 10, 2024.

- The modifications to the HTSUS made by these proclamations became effective with respect to goods entered for consumption, or withdrawn from warehouse for consumption, on or after 12:01 a.m. eastern daylight time on July 10, 2024. The tariffs shall continue in effect, unless such actions are expressly reduced, modified, or terminated.
- Any imports of steel or aluminum articles that are products of Mexico and that were admitted into a U.S. foreign trade zone under “privileged foreign status” as defined in 19 CFR 146.41, prior to 12:01 a.m. eastern daylight time on July 10, 2024, shall be subject upon entry for consumption made on or after 12:01 a.m. eastern daylight time on July 10, 2024, to the provisions of Proclamations 9894 and 9980.

Q & A

Q 1 – What if shipment paperwork does NOT include the primary and secondary country of smelt and/or country of the most recent cast details?

A 1 - Although currently those specific details are not an entry summary requirement, the information is required to determine proper Section 232 applicability. Shipments missing this information will be delayed until proper information is obtained.

Q 2 – Will the primary and secondary country of smelt and/or country of the most recent cast details become a mandatory data element on the commercial invoice?

A 2 - Customers should understand that the proclamation does grant CBP the authority to implement those information requirements "as soon as practicable". Thus, it is highly probable that those details will become an entry data requirement. As a result, it is best to start including that detail on the commercial invoice now.

REFERENCES

Presidential Proclamation 10783 - Adjusting Imports of Steel into the United States
<https://www.federalregister.gov/documents/2024/07/15/2024-15641/adjusting-imports-of-steel-into-the-united-states>

Presidential Proclamation 10782 - Adjusting Imports of Aluminum into the United States
<https://www.federalregister.gov/documents/2024/07/15/2024-15632/adjusting-imports-of-aluminum-into-the-united-states>

US Department of Commerce Section 232 page
<https://www.commerce.gov/page/section-232-investigations>

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