

CLIENT ALERTS

The United States and European Union Reach Agreement on Section 232 Tariffs on Steel and Aluminum

11.1.2021

While meeting in Italy as part of the G-20 Summit, U.S. and European negotiators have reached an agreement on section 232 tariffs on steel and aluminum, an area that has long been a source of friction. The agreement does not eliminate section 232 tariffs but substitutes a system of tariff-rate quotas where certain quantities each year will be allowed to enter the U.S. free of the tariffs, after which the tariffs would go back into effect. The Agreement also eliminates a retaliatory tariff on various U.S. exports that the EU had proposed to be implemented on December 1, 2021. This list included U.S. whisky and Harley-Davidson motorcycles.

Former President Trump, in 2018 imposed these tariffs under section 232 of the Trade Expansion Act of 1962. Section 232 sometimes referred to as the “national security clause” allows the President to impose tariffs and quotas after a finding of the Commerce Department that certain imports threaten to impair the national security. These tariffs were originally limited to mill products and imposed additional tariffs of 25% for steel and 10% for aluminum and were later expanded to include certain derivative products. Certain countries were exempted from the original proclamation including South Korea, Australia, Argentina and Brazil. Quantitative limitations (quotas) were included as part of the exemptions for steel from Brazil and South Korea and on both on steel and aluminum for Argentina. Australia was exempted from both steel and aluminum tariffs without the imposition of quantitative restrictions. The section 232 tariff were later removed for Mexico and Canada as part of the negotiations of the U.S. Mexico Canada Agreement (USMCA) which include an agreement by Mexico and Canada to adopt monitoring systems for steel and aluminum exports to the U.S. Thus, the concept of quantitative restrictions under section 232 already exists in regard to other countries.

Related People

Catherine M. Karol
Of Counsel

Related Services

International Trade and
Customs Specialty Team

CLIENT ALERTS

The Agreement with the EU announced at the G-20 summit builds on an earlier statement released in May [Joint United States-European Union Statement in May](#), expressing the intent of the EU and the U.S. to work towards a resolution of the world oversupply of steel and aluminum. Commerce Secretary Raimondo in a joint statement with U.S. Trade Representative Tai focused on benefits of the agreement to the auto and appliance industries and stated "In the past year, the cost of steel used by America's auto and appliance manufacturers has more than tripled, creating increased costs for consumers. Today's news will provide much-needed relief for those workers and industries..." <https://mailchi.mp/fd354d87ec47/statements-from-ambassador-tai-and-secretary-raimondo-on-232-tariff-agreements?e=f54c604c30>

Full details on the operation of the tariff rate quota system have not been released but it was indicated that the quotas would take into consideration historical levels.

"Replacement of Section 232 tariffs with tariff-rate quota (TRQ). The United States will replace the existing tariffs on EU steel and aluminum products under Section 232 with a TRQ under Section 232. Under the TRQ arrangement, historically based volumes of EU steel and aluminum products would enter the U.S. market without the application of Section 232 tariffs to meet the demands of downstream users". <https://mailchi.mp/1d18bc07ef3e/fact-sheet-us-eu-arrangements-on-global-steel-and-aluminum-excess-capacity-and-carbon-intensity?e=f54c604c30>

One unofficial source reported that annual volumes above 3.3 million tons would be subject to quotas. See Reuters October 30, 2021 11:14. am <https://www.reuters.com/world/us-eu-expected-announce-deal-ending-steel-aluminum-tariff-dispute-sources-say-2021-10-30/.>

The section 232 tariffs on both steel and aluminum have an on-going exclusion process for importers who can demonstrate that no comparable product is available in the United States, in terms of quantities, delivery times and specs and individual product exclusions can be obtained from the Commerce Department. Butzel attorneys have assisted their clients in obtaining these exclusions. Contact your Butzel attorney for further details.

Leslie Alan Glick

202.454.2839

glick@butzel.com

Catherine Karol

313.225.5308

karol@butzel.com

Mitch Zajac

313.225.7059

zajac@butzel.com

CLIENT ALERTS

Raul Rangel Miguel

202.454.2841

rangel@butzel.com

Bill Quan Yang

313.225.7094

yang@butzel.com

He Xian

517.372.4449

xian@butzel.com