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President Trump Imposes Additional Tariffs on Steel and Aluminum

Client Alert

2.12.2025

At the beginning of the week, the White House announced an expansion of the Section 232 tariffs implemented by President Trump during his first term on steel and aluminum imports. **"Adjusting Imports of Steel into the United States"** and **"Adjusting Imports of Aluminum into the United States."** Those prior tariffs were based on a determination by the U.S. Commerce Department that those imports threatened to impair U.S. national security. At that time, the tariff placed on steel imports was 25%; a 10% tariff was imposed on aluminum imports. Certain countries were eventually exempted by agreement from these Section 232 tariffs, including Australia, Argentina, Brazil, South Korea, the European Union, the United Kingdom, Japan, and Ukraine.

When these tariffs were originally imposed, the Commerce Department also set up a process for U.S. importers to request an exclusion for products they claimed were: 1) not produced in the U.S.; 2) not produced in sufficient quantities in the U.S. to meet a company's delivery schedules; or 3) not produced in conformity to specifications needed by customers. Many thousands of product-specific exclusions were granted under this process.

The expanded Section 232 tariffs announced this week are effective March 12, 2025. They will:

- Raise the tariffs to 25% on all steel and aluminum products covered;
- Do away with all exemptions (by country);
- Shut down the existing exclusion (by company/importer) process;
- Expire all existing exclusions by March 12, 2025;

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- Extend the tariffs to certain “derivative” steel and aluminum products, i.e., products made by further manufacturing processes that were not previously covered by the 2018 Section 232 tariffs;
- Prohibit the application of drawbacks to these tariffs.

The President’s recent Proclamation refers to findings by the Commerce Department that there is overcapacity in both the steel and aluminum global markets, primarily due to China. The exemptions and exclusions that have occurred since 2018 have reportedly undermined the effectiveness of these tariffs. President Trump told reporters yesterday that these moves would simplify steel and aluminum “so that everyone can understand exactly what it means.” “It’s 25% without exceptions or exemption. That’s all countries, no matter where it comes from, all countries.”

The President also directed the Commerce Department to set up a process to review the inclusion of additional derivative aluminum or steel products by May 12, 2025. The process must allow for producers or industry associations to request that a derivative product be covered by the Section 232 tariffs; the Commerce department would then have a 60-day deadline to make a determination regarding such a request.

Notably, the new Proclamation directs U.S. Customs and Border Protection to prioritize reviews of the classifications of imported steel and aluminum products and impose maximum monetary penalties for misclassifications. The updated 232 tariffs apply to Canada and Mexico despite the 30-day suspension of the overall 25% tariffs the President previously announced last week but subsequently “paused.” For those tariffs, the President invoked his authority under the International Emergency Economic Powers Act (IEEPA) for the stated purpose of attempting to fight illegal immigration and fentanyl sales into the United States.

Both Canada and Mexico were granted exemptions from the initial 232 tariffs in 2018 in return for their cooperation with President Trump’s initiative to overhaul the North American Free Trade Agreement (now referred to as the United States-Mexico-Canada Agreement (USMCA)). The U.S. IEEP-invoked tariffs against Canada and Mexico effectively sidestep the USMCA on “security” grounds; it is not clear whether the most recent 232 unilateral trade action is reconcilable with the trilateral trade pact on those grounds as well.

President Trump also announced on Monday that he would be proposing “reciprocal” tariffs on all countries that impose duties on U.S. goods this week. This would most likely target cars, semi-conductors, and pharmaceuticals, among other goods, and could be imposed on a country level, a product specific level, and/or some formula involving inspection fees, value-added taxes, and other inputs. President Trump summarized this approach thusly: “very simply it’s if they charge us, we charge them.”

U.S. international trade relations and policies—tariffs in particular—have been rapidly changing and developments are ongoing. Butzel attorneys are available to answer your questions about these tariffs and other customs and trade issues as they arise. We will continue to monitor the situation and report to our clients as matters develop.

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