

Tariff Update: UK, Canada, and Mexico, Oh My!

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We provide two tariff program updates, of relevance to the steel and aluminum Section 232 tariff programs and the IEEPA tariff programs specific to Canada and Mexico.

First, today, the United States and the United Kingdom announced a [bilateral trade deal](#). It is being described as something less than comprehensive, but is clearly intended to address tariff and non-tariff issues involving major sectors of importance to both countries, including agriculture, automotive, pharmaceutical, and steel and aluminum. With respect to the Section 232 steel tariff program in particular, UK steel will be exempted from the 25% Section 232 tariff in favor of an “alternative arrangement” to be negotiated. The White House has specifically referenced the creation of a “new trading union for steel and aluminum.” While the United States is currently the UK’s second most important steel export market (after the EU), the United States is making this concession in recognition for “the economic security measures taken by the UK to combat global steel excess capacity.” Details regarding the impact on current UK steel imports and the future special arrangement remain to be determined and announced. The 10% reciprocal tariff remains in effect on all imports from the UK.

Second, also today (although far more under the radar), Customs and Border Protection updated its Section 232 FAQs to clarify an ambiguity in the interaction between the Section 232 (derivative products) tariffs and the reciprocal tariffs. Recall that imported merchandise subject to a Section 232 tariff program (e.g., steel, aluminum, or autos) is exempted from the 10% International Emergency Economic Powers Act (IEEPA) reciprocal tariffs (145% IEEPA tariffs for China). Prior CBP guidance had suggested that if an imported derivative product was classified under an HTS number listed as subject to a Section 232 derivative products tariff, but contained 0% steel or aluminum content – as might happen, for example, with derivative products classified under certain HTS numbers outside of HTS chapters 73 or 76 – it would still be considered “subject to” the Section 232 tariff and, thus, exempted from the reciprocal tariff. This was, in fact, the way CBP’s automated entry software was programmed to handle these two overlapping tariff regimes if the import was entered using HTS 9903.01.33 (the code for steel and derivative products, among other products that are “subject to Section 232 actions,” to be used for claiming an exemption from the reciprocal tariffs).

Today, CBP clarified that whether an import is subject to the Section 232 tariff (and, thus, exempted from the reciprocal tariff) is based on whether duties are actually owed and payable. According to a CBP Section 232 FAQ update, “The phrase ‘subject to Section 232 actions’ implies that Section 232 duties are owed and payable. If the article does not contain any steel or aluminum that is subject to Section 232 duties, then HTS 9903.01.33 cannot be claimed. However, the IEEPA-based reciprocal duty may be applicable unless an exception applies.”

Thus, if imported merchandise is classified under an HTS number listed as subjected to a Section 232

tariff program, but no duties are owed because it contained 0% steel or aluminum content, then it is not, in fact, considered “subject to” Section 232 and the reciprocal tariffs continue to apply.

This clarification is also relevant to the implementation of [Executive Order 14289](#), published on April 29, 2025, providing additional guidance on the “stacking” of overlapping tariff regimes, including Section 232 actions on steel, aluminum, and autos as well as the fentanyl-related IEEPA tariffs on Canada and Mexico.

CBP’s updated FAQ regarding how the reciprocal tariffs and the Section 232 tariffs interact suggests that CBP understands “subject to” to require that tariffs be assessed, and raises additional questions in regards to the fentanyl-related IEEPA tariffs. Goods that are subject to the fentanyl-related IEEPA tariffs are not subject to the Section 232 actions on steel and aluminum products. In turn, goods that are USMCA-originating are exempt from the fentanyl-related IEEPA tariffs. CBP’s updated FAQ would suggest that such goods would then be tariffed at the Section 232 25% rate, as they are not “subject to” the IEEPA tariffs pursuant to the hierarchy established by the “non-stacking” language of Executive Order 14289.

This also brings new significance to the meaning of “energy products” under the fentanyl-related IEEPA tariffs on products of Canada. These products are assessed at a 10% tariff rate rather than the 25% rate applicable to all other goods of Canada. In March, CBP published [CSMS 64472173](#), which attached a list of 726 HTS codes that would be considered energy products. Included are nearly 300 HTS codes in Chapter 72 (Iron and Steel), almost 100 HTS codes in Chapter 73 (Articles of Iron or Steel), and 33 HTS codes in Chapter 76 (Aluminum and Articles Thereof). CBP attaches the label “steel with critical mineral commodity alloying agent” to most of the Chapter 72 and 73 provisions as an apparent explanation for the inclusion of each code within the “energy products” definition, while the Chapter 76 provisions simply state “aluminum.”

The fentanyl-related IEEPA tariffs exempt USMCA-qualifying goods; however, no such exemption exists for the Section 232 actions on steel and aluminum products. Following CBP’s definition of “subject to” in its updated FAQs, electing the 10% tariffs on “energy products” rather than claiming USMCA origin could exempt Canadian imports of steel and aluminum products falling within the “energy products” definition from the 25% tariff rate applicable under the Section 232 actions.

CBP has been directed to make the necessary changes to the HTSUS to implement Executive Order 14289 by May 16th, at which time additional guidance regarding the interaction between these tariff regimes may be provided.