



Tariffs on Steel and Aluminum Products, Including Derivative Products, Come into Effect

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Tariffs of 25% on steel and aluminum mill products from all sources, imposed under Section 232 of the Trade Expansion Act of 1962, went in effect at 12:01 this morning, March 12, in accordance with President Trump's proclamations of February 10 previously discussed in detail [here](#). While the Section 232 tariffs on steel and aluminum are not new – they were initially imposed by President Trump in 2018 – the three primary changes implemented today are (1) the termination of country-specific arrangements such as full exemptions, quotas, or tariff-rate quota programs; (2) the increase of tariffs on aluminum imports from 10% to 25%; and (3) the inclusion of numerous downstream or “derivative” products subject to the tariffs.

The February 10 Presidential proclamations initially announced the imposition of 25% tariffs on steel and aluminum derivative products specified in annexes to the proclamations. Those derivative product tariffs went into effect as of today, as instructed in the proclamation for derivative products in Chapters 73 and 76 of the U.S. Harmonized Tariff Schedule (“HTSUS”), which we previewed [here](#), and with the pre-publication notification from the Secretary of Commerce on March 11 for other derivative products listed in the annexes. Such derivative products include tubes and pipes, wire and mesh articles, tanks, air conditioners, and machinery parts. A full list of affected HTSUS codes for all products can be found [here](#) (steel) and [here](#) (aluminum). The Trump Administration has indicated that it intends to continue expanding these lists through a process to be established by the Commerce Department on or before May 11.

Guidance from U.S. Customs and Border Protection (“CBP”) instructs that importers must declare, separately from the value of the merchandise, the value of the steel and aluminum content for covered derivative products classified outside of HTSUS Chapters 73 or 76, respectively. This follows from the Presidential proclamations, which stated that the additional 25% *ad valorem* duty shall apply only to the steel or aluminum content of the imported derivative article. Guidance for declaring the dutiable value of merchandise covered by the Section 232 derivative product tariffs to CBP can be found in the messages [here](#) (steel) and [here](#) (aluminum). Notably, the Section 232 duties are applicable to the *value* of the steel or aluminum content and importers must also declare the weight of the steel or aluminum content. Further, melt and pour (steel) and smelt and cast (aluminum) reporting requirements expressly apply to derivative products, which are not subject to the Section 232 duties if produced from mill products melted/poured or smelt/cast in the United States.

The tariffs now in effect apply to all steel and aluminum mill products and derivative product imports covered by the Section 232 measures, including those entered for consumption from a foreign trade

zone (“FTZ”). Any merchandise entered into an FTZ after 12:01 this morning must be entered in “privileged foreign status,” effectively locking in the tariffs currently in place. Steel merchandise admitted under privileged foreign status prior to March 12 will remain subject to the 25% tariffs upon entry into the United States. In addition, duty drawback will be unavailable for these tariffs, and no new company-specific exclusions will be available.

These tariffs are cumulative with other duties imposed by President Trump, including those recently implemented under the International Emergency Economic Powers Act (“IEEPA”) against goods from Canada, Mexico, and China, resulting in compound tariff rates that could far exceed 25%. For Canada and Mexico, President Trump ordered that the IEEPA tariffs – which took effect on March 4 – would not apply to goods from [Canada](#) and [Mexico](#) that qualify as originating for preferential treatment purposes under the U.S.-Mexico-Canada free trade agreement (“USMCA”), effective March 7. Non-qualifying goods from Canada and Mexico, however, remain subject to the 25% IEEPA tariffs for those countries. As Canada and Mexico were previously exempted from the Section 232 tariffs imposed in 2018, today’s change means that non-USMCA-originating steel and aluminum mill products and covered derivative products now face up to 50% tariffs upon entry into the United States.

Tariffs on a broad range of imported goods from China pursuant to Section 301 of the Trade Act of 1974, first imposed starting in 2018 and ranging from 7.5% to 100%, remain in effect, along with an additional 20% tariff on all Chinese imports under IEEPA (increased on March 4 from the 10% level starting on February 4). These Section 301 and IEEPA tariffs on Chinese goods are in addition to the Section 232 tariffs on steel and aluminum from China that have been in place since 2018. Today’s effective date increases those multiple tariff layers even further by (1) increasing the Section 232 tariff rate on aluminum from China from 10% to 25% and (2) covering numerous derivative steel and aluminum products from China under the Section 232 tariff program as well.

These recent tariff actions pursuant to IEEPA and Section 232 have sparked quick responses from America’s trading partners. On March 4, in response to the IEEPA tariffs, Canada imposed 25% tariffs on over \$30 billion CAD of American products imported into Canada, including meats, milk and milk products, wheat, wood, carpets, and other products. Canada announced this morning that it is imposing retaliatory tariffs on U.S. imported goods worth \$29.8 billion CAD effective Thursday, March 13, specifically in response to today’s Section 232 tariffs. These retaliatory tariffs target U.S. steel and aluminum products, as well as other imported goods including computers, sports equipment, and cast iron products.

Also in response to the Section 232 modifications starting today, the European Union has published a list of American goods to be subject to tariffs beginning in mid-April, including meats, fruits, vegetables, alcohol, milk, wood, clothing, and steel and aluminum products. The European Union is seeking approval from its member countries for these and additional countermeasures. The United Kingdom, on the eve of trade talks with the United States, has not announced retaliatory measures, but is keeping its options open, including putting tariffs on the table in the trade negotiations and evaluating ways to protect Britain’s steel industry through safeguards and other measures.

At the same time, the Trump Administration has responded to retaliatory measures with the promise to escalate tariff levels even further. On Tuesday, President Trump announced on Truth Social that he would be imposing an additional 25% tariffs on steel and aluminum products from Canada in response to Ontario’s new surcharge on electricity exported to U.S. states (which was itself announced in response to the United States’ IEEPA tariffs). Following a call with Secretary of Commerce Howard Lutnick, Ontario Premier Doug Ford agreed to suspend the surcharge, and the

Trump Administration confirmed it would suspend the threatened tariff boost. Such back and forth exchanges may become routine as the Trump Administration continues to expand the range of merchandise subject to tariffs, and as the Administration continues to develop “reciprocal” tariffs on a wide variety of merchandise and countries.

Kelley Drye is here to help as you navigate this changing landscape and the effects of tariffs on your company. Please reach out to any member of our International Trade or Government Relations and Public Policy teams.