

U.S. Agrees to Lift Section 232 Duties on Steel and Aluminum from Canada and Mexico

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On Friday, May 17th, the Trump Administration announced that it has reached a deal with Canada and Mexico to eliminate national security-focused Section 232 tariffs on steel and aluminum (at 25 percent and 10 percent, respectively) from Canada and Mexico. According to [a joint statement by the United States and Canada](#), US. tariffs are to be lifted “no later than two days” from today’s announcement. In return, Canada has agreed to terminate all pending World Trade Organization litigation related to the Section 232 tariffs, and to eliminate Canadian tariffs imposed in retaliation for the U.S. Section 232 measures.

The deal does not impose quotas – which the United States had sought – but does requires the parties to develop and implement surge-monitoring procedures. In the case of a surge “beyond historic volumes of trade over a period of time,” the exporting country faces the risk of reimposed tariffs. In monitoring surges, however, steel that is “melted and poured in North America” may be separately counted.

The deal also requires Canada and Mexico to adopt anti-circumvention enforcement measures to avoid transshipment of non-Canadian and non-Mexican steel and aluminum across their borders.

Eliminating the Section 232 tariffs for Canada and Mexico removes a major hurdle to Congressional approval of the U.S.-Mexico-Canada Agreement (USMCA). Senator Grassley (R-IA), chairman of the Senate Finance Committee (with jurisdiction over international trade issues), has repeatedly tied ratification of USMCA to lifting the tariffs for Canada and Mexico.