

## President Trump's Proclamation on Steel Tariffs

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On February 10, 2025, President Trump issued a proclamation implementing tariffs on steel and derivative steel articles (the Proclamation).<sup>[1]</sup> Effective March 12, 2025, previous proclamations that exempted or adjusted tariffs on steel imports from various countries, including South Korea, Argentina, Australia, Brazil, Canada, Mexico, Japan, the United Kingdom, Ukraine, and the European Union, will be rescinded. As a result, all steel and derivative steel imports from these nations will be subject to the extra tariffs originally imposed under Proclamation 9705 and Proclamation 9980. The President invoked his authority under Section 232 of the Trade Expansion Act and Section 604 of the Trade Act of 1974 to make these changes.

### MANDATES OF THE PROCLAMATION

Effective dates for these tariffs vary based on prior exemptions, with a general 25% *ad valorem* tariff on steel and derivative steel imports, and a 50% *ad valorem* tariff on certain imports from Turkey. The Proclamation also revises prior clauses from Proclamation 9980, maintaining a 10% tariff on derivative aluminum articles and a 25% tariff on derivative steel articles from various countries, with modifications based on country-specific agreements over time. The document also states that certain exclusions for derivative steel articles will be suspended until the Secretary of Commerce confirms that the necessary tariff collection systems are fully operational.

The Proclamation further terminated all existing general, approved exclusions, as of March 12, 2025. Thus, as of that date, all imports of steel articles and derivative steel articles from South Korea, Argentina, Australia, Brazil, Canada, Mexico, Japan, the United Kingdom, Ukraine, and the European Union will be subject to the tariff. The Proclamation clarifies that no duty drawbacks shall be available with respect to the tariffs imposed.

The Secretary of Commerce must, within 90 days of the Proclamation, establish a process for including additional derivative aluminum articles. This process will allow domestic producers to request to add additional derivative products to the list.

### RESULTS OF THE SECRETARY OF COMMERCE'S INVESTIGATION

By way of background, in 2018, the Secretary of Commerce conducted an investigation under the Trade Expansion Act of 1962, concluding that steel imports threatened U.S. national security. Based on these findings, Trump imposed a 25% *ad valorem* tariff on steel imports from most countries through Proclamation 9705. The Proclamation allowed

for discussions with allied nations to develop alternative measures addressing the security concerns while permitting relief for certain steel articles not produced in sufficient quantity domestically. Subsequent Proclamations modified these restrictions through agreements with Argentina, Australia, Brazil, Canada, Mexico, South Korea, the European Union, Japan, and the United Kingdom. Additionally, President Biden temporarily exempted Ukrainian steel imports. But recent reports from the Secretary of Commerce revealed that these agreements and exemptions had led to increased steel imports, undermining the initial objective of ensuring at least 80% domestic capacity utilization. Import levels from exempted countries surged, contributing to global excess steel capacity and distorting the U.S. steel market.

The Trump administration appears concerned with increased imports from Canada and Mexico, significant surges in specific steel product lines, and evidence of transshipment, particularly from China. The Secretary reported that alternative agreements with key trade allies had been less effective than the original tariffs in mitigating security threats. For instance, EU nations and Japan had not sufficiently addressed non-market excess capacity, particularly from China, and some countries facilitated investment from non-market producers to gain preferential U.S. market access.

The Secretary emphasized that the Ukrainian exemption primarily benefited European producers processing Ukrainian semi-finished steel, leading to evasion of Section 232 tariffs and antidumping duties. Additionally, derivative steel products not originally covered by the tariffs saw increased imports, undermining domestic production. Given these developments, Trump determined that the alternative agreements and exemptions had failed to fulfill their intended purpose.

These measures set forth by the administration are intended to restore the Section 232 tariffs by ensuring that steel imports do not impair national security.

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[1] See Pres. Proc., *Adjusting Imports of Steel into the United States* (Feb. 10, 2025), <https://www.whitehouse.gov/presidential-actions/2025/02/adjusting-imports-of-steel-into-the-united-states/>.

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