

BPE Global Hot Topic – March 2018

Steel and Aluminum Tariffs: Are you excluded?



One of the most exciting parts of our job is keeping up with the ever-changing plays made within our trade compliance field. We've waxed poetic about the importance of a strong quarterback (your trade compliance manual), a strong training regime (your audit program), and the importance of flexibility and resilience within your players (your company). These days, I'd equate "staying current" in our field feels like competing in overtime when all of your players, coaches and bandwagon fans (those people in your personal lives who generally don't understand or care much about what we do as a day job) are on deck, finally paying attention.

On March 3rd, President Trump issued a proclamation imposing sweeping, punitive import tariffs on both the steel and aluminum industries. Tariffs are to go into effect March 23. On March 19th, the Department of Commerce issued an interim final rule on how parties in the U.S. can submit requests for exclusion from the new tariffs.¹ This declaration not only put our players in overdrive decoding *what* specifically these tariffs impact and *whom* they affect, but also caught the attention of our bandwagon fans; calling to ask us what it all really means. This month's Hot Topic provides the background, impact and game-plan for tackling this most recent industry play.

Background

Imports of steel and aluminum have always incurred protectionist tariffs under the specific confines of their respective Antidumping cases. It was not until a Department of Commerce review determined that imports of steel and aluminum are in fact a threat to US national security and that tighter restraints be placed on these imports across the board. According to the review, national security is threatened because importing these materials would make the U.S. dependent on foreign trading partners in a time of war.

Currently the U.S. imports steel and aluminum from South Korea, Canada, Mexico, China, Japan, Germany, Turkey and Brazil. President Trump has offered temporary exemptions to Canada and Mexico as the North American Free Trade Agreement (NAFTA) negotiations continue.

Contrary to an Antidumping investigation which specifically outlines the scope of what products are—and are not—being investigated, the Department of Commerce's investigation was opaque and has left many striving to understand who and what exactly is impacted.

Who is impacted?

- Steel Importers and Manufacturers
 - Importers of steel will be subject to 25% duty on imports from any country other than Canada and Mexico
 - 25% will be in addition to any existing Antidumping/Countervailing duty.
 - Manufacturers need to ensure they know where purchased steel is sourced from.

¹ <https://www.federalregister.gov/documents/2018/03/19/2018-05761/requirements-for-submissions-requesting-exclusions-from-the-remedies-instituted-in-presidential>



- Aluminum Importers and Manufacturers
 - Importers of aluminum will be subject to 10% duty on imports from any country other than Canada and Mexico
 - 10% will be in addition to any existing Antidumping/Countervailing duty.
 - Manufacturers need to ensure they know where purchased aluminum is sourced from.

What is impacted?

- Steel Imports
 - The following Harmonized Tariff Schedule (HTS) numbers will be subject to 25% duty:
 - 7206.10 through 7216.50
 - 7216.99 through 7301.10
 - 7302.10
 - 7302.40 through 7302.90
 - 7304.10 through 7306.90
- Aluminum Imports
 - The following HTS numbers will be subject to 10% duty:
 - 7601
 - 7604
 - 7605
 - 7606
 - 7607
 - 7608
 - 7609
 - 7616.99.51.60
 - 7616.99.51.70

Call to Action

1. Importers
 - Explore other options such as sourcing domestically (with knowledge that these prices will most likely rise as tariffs are rolled out).
 - If imported material cannot be sourced domestically at a reasonable cost, gather supporting evidence and contact your Representative in order to secure necessary support in the exclusion process which is still under development.
 - Apply for exclusion if imported article is not produced in the U.S. in a sufficient and reasonable amount, is not produced in the U.S. in a satisfactory quality, or is not subject to tariffs due to a specific national security consideration.
 - i. Steel exclusion request: www.regulations.gov, search by docket number BIS-2018-0006
 - ii. Aluminum exclusion request: www.regulations.gov, search by docket number BIS-2018-0002
2. Manufacturers
 - Conduct thorough evaluation of your supply-chain.
 - Ensure that your U.S. wholesalers are in fact producing their steel or aluminum domestically.



BPE Global
139 Pierce Street
San Francisco, CA 94117
T 877-264-3836
info@bpeglobal.com

- Be aware that many wholesalers will purchase inventory overseas and cut and shape steel or aluminum in the U.S.
3. Know your numbers
- Know the exact HTS numbers that are subject (listed above) and know the HTS numbers your company and/or manufacturers import.
 - Note that certain types of steel or aluminum are exempt.
 - Use BPE Global's [Fiscal Impact Calculator](#) to easily assess whether your company will be fiscally impacted by the upcoming change. the fiscal impact savings currently received by your company

As a fellow player, we are in the trenches seeking more detail on exclusions and will continue to help form game plans to guide our industry through these changes. As for our bandwagon fans? First, let's have them stop watching the news and assure them not to worry because we have a game plan.

As always, BPE Global is in your corner and is happy to assist in any capacity. You can find us on Twitter (@bpeglobal) or follow us on [LinkedIn](#) where we publish topical opinions on the ever-changing rules and regulations governing the landscape of global trade.

BPE Global is a global trade consulting and training firm. Gabrielle Griffith is a Director of BPE Global. You can reach Gabrielle by email at ggriffith@bpeglobal.com.