

In Brief: US Section 232 Steel and Aluminum Tariffs


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Under the Section 232 Trade Expansion Act of 1962, the US Commerce Department conducted investigations to determine whether steel and aluminum import tariffs pose a threat to national security. **On March 8, 2018, US President Trump used the recommendations from these reports to impose a 25 percent tariff on imported steel and a 10 percent tariff on imported aluminum.**


These 'US Section 232 Steel and Aluminum Tariffs' can be imposed on all countries regardless of the existences of a free trade agreement. As such, these increased tariffs are imposed by the US President under the Trade Expansion Act of 1962, as amended. For the prohibition on decrease or elimination of duties of other imports restrictions if such reduction or elimination would threaten to impair national security.

Safeguarding National Security is an exception to the trade rules as reflected in the multilateral trading system (WTO Agreement) and/or under perennial trade agreements such as the Jordan-US Free Trade Agreement. This "national security exception" is available to all WTO members and has existed since 1947 - in Article XXI of the GATT. It is separate from measures available under the WTO agreements: Safeguards, Anti-dumping, or subsidies and countervailing measures, that also allows effected countries in certain circumstances to impose additional tariff to remedy unfair or threatening increases in imports known as trade remedies.

Since March 2018, the decision to impose National Security Safeguards has gone through a number of adjustments. Initially the decision contained a temporary exception for

 A **tariff** is a tax levied on imported goods and paid by the importer. Consumers generally bear the burden of the tax when the import is a final consumer good, and manufacturers generally bear the burden when the import is an intermediate good such as steel or aluminum.

To know more but section 232 invitations please see program guide available on <https://www.bis.doc.gov/index.php/documents/section-232-investigations/86-section-232-booklet/file>

 An imposes increased tariff – whether under a security exception or by applying a trade remedy is added on top of the agreed tariff rate for all WTO members (i.e. most-favored-nation (MFN) tariff rate), disregarding any lower tariff rate offered under a free trade agreement.

More information on the WTO Security Exception Article XXI can be found on https://www.wto.org/english/res_e/booksp_e/gatt_ai_e/art21_e.pdf

The National Production Protection Law No. 21 of 2004 is the domestic regulation that allows Jordan to take similar measures when its domestic industry is threatened

Countries effected by defiance measures imposed by another trading partner can also resort to the WTO's dispute settlement procedures.

EU, Canada, Mexico, Australia, Argentina, Brazil and South Korea later lifted.

The latest adjustment was made on May 19, 2019, which excludes Canada and Mexico. This comes as a result of discussion on satisfactory alternative means to address the threat to national security posed by such imports and the future entry into force of the US-Mexico-Canada Agreement, or USMCA - that will replace the North American Free Trade Agreement (NAFTA).

As of June, 2019, countries benefiting from this exclusion for aluminum import are: Argentina, Australia, Canada, and Mexico and for steel imports are: Argentina, Australia, Brazil, Canada, Mexico, South Korea, and the member countries of the European Union.

Nevertheless, the decision to impose a National Security Safeguard on Steel and Aluminum imports into the US does permit importers to request exclusions from certain products, on certain grounds such as if the products are not sufficiently produced or found at an adequate quality in the United States.

Exclusion Requests


US firms and individuals that use steel and aluminum may, have the opportunity, at any time, to avoid the increase on duties imposed on Steel and Aluminum imports into the US by file an exclusion request.

The approval rates of the exclusion requests continue to vary widely by the country of origin, and the ability to build a case for exclusion that addresses US Department of Commerce (DOC) concerns upfront.


The exclusion request is made to the Bureau of Industry and Security (BIS) of the Commerce Department.

The request is an extensive five-page form, required information includes:

- Requesting organization information including parent company, importer of record, and authorized contact.
- Usage and processing information.
- Product information including physical properties, standards specifications, chemical composition.

 *The case of Turkey: in August 2018, the US imposed a 50% tariff on imports of Steel, later in May of 2019 reduced to 25% aligning it with all countries except Argentina, Australia, Brazil, Canada, Mexico, South Korea, and the member countries of the European Union. Moreover, on 16/5/2019, the US terminated designation of Turkey as a beneficiary developing country from the General System of Preferences (GSP).*

First introduced in 1976, the GSP is a preferential trading agreement between the US and more than 120 countries and territories. It's designed to help developing countries grow their economies, while bringing down the price of imported products for American consumers.

 *All forms and information is available on*

<https://www.bis.doc.gov/index.php/documents/section-232-investigations/2409-section-232-faq/file>

A guide on Exclusion Request Submission Process can be downloaded from
<https://www.regulations.gov/document?D=BIS-2018-0006-0011>

All exclusion requests are made publicly available on <https://www.regulations.gov>

For more information on the process for 'Submissions of Exclusion Requests and Objections to Submitted Requests for Steel and Aluminum' visit:
<https://www.govinfo.gov/content/pkg/FR-2018-09-11/pdf/2018-19662.pdf>

- Commercial names of the product.
- Detailed description of the use to support US national security requirements.
- Country of origin, country of export, quantities, manufacturer, current supplier.
- Product availability information.
- Certification by authorized organization official.

Requests are open for public review. US producers of steel and aluminum have the ability to object to any exclusion request within 30 days of its submission. Multiple objections can be made for a single exclusion request. After this initial 30-day period, approximately 60 days will be necessary for complete review and vetting of the Exclusion Request and any related Objection Filings. The total processing time for exclusion requests is estimated at 90 days. Granted exclusion requests are valid for 12-month period.

In case of denial of an exclusion request, the requester may file a new exclusion request and utilize the comments section to provide supporting information. In such a situation, once an exclusion is granted, the US importer is eligible for a retroactive refund to the date the request for exclusion was submitted.

As of March 18, 2019, US manufacturers filed 51,345 steel and aluminum exclusion requests. These requests have been filed by 905 firms across 46 states plus Puerto Rico, and they include 45,328 tariff exclusion requests for steel and 6,017 for aluminum.

Conclusion

The exclusion request is an administrative process that provides a relief to US importers or manufacturer from the steel and aluminum tariff measures. While the process may be burdensome, **if the exclusion is granted, savings could be substantial.**

Jordanian companies wishing to export to the US are encouraged to communicate to their potential buyers the availability of the exclusion request process and its value. *AmCham-Jordan is ready to provide available technical assistance to support the growth of Jordan US business partnerships.*



Summary of Tariff Exclusion Requests

45,328 steel tariff exclusion requests filed
 21,464 approved.....(47%)
 6,588 denied.....(15%)
 17,276 pending.....(38%)

6,017 aluminum tariff exclusion requests filed
 4,069 approved.....(67%)
 637 denied.....(11%)
 1,311 pending.....(22%)

Source: Based on data collected at regulations.gov (docket BIS-2018-006 and docket BIS-2018-002), as of March 18, 2019. Underlying microdata available at QuantGov, "Steel and Aluminum Tariffs: Thousands of Exclusion Requests from US Firms," March 18, 2019, <https://quantgov.org/tariff-exclusion/>.



On March 25, 2019, the U.S. Court of International Trade (CIT) in American Institute for International Steel, Inc., SimTex, LP and Kurt Orban Partners, LLC v. United States, held that Section 232 duties imposed on certain steel and aluminum imports by President Trump were constitutional.



The American Chamber
of Commerce in Jordan

AmCham-Jordan is a member of the United States Chamber of Commerce. Established in 1999 as a voluntary not-for-profit member-based organization that contributes to economic development through the promotion of US-Jordan trade and investment development, policy advocacy, human resources development and business community outreach.



U.S. - Jordan
Free Trade Agreement Unit

Based at AmCham-Jordan, the **Free Trade Agreement (FTA) Unit** was established in 2017 with support from the United States Agency for International Development's (USAID) Jordan Competitiveness Program (JCP). The FTA Unit services as Secretariat to the National Tijara Coalition serving Jordanian and American businesses to better understand and utilize the trade and investment opportunities made available under the JUSFTA and the BIT.



+962 6 565 1860



amcham@amcham.jo



www.amcham.jo



@amchamjordan



@AmChamJordan