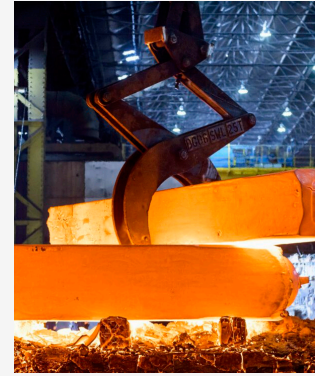


Trump tariffs: second strike hits steel and aluminum

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On February 10 and 11, 2025, U.S. President Trump issued two Executive Orders (EOs) reimposing tariffs on steel and aluminum products and some of their derivative products from Canada and other countries that were exempted from the 2018 steel and aluminum tariffs. The EOs will become effective on March 12, 2025, and will reapply a 25% tariff on Canadian steel and increase the aluminum tariff rate from 10% to 25%.

The reimposition of steel and aluminum tariffs result from the U.S. President's authority under section 232 of the *Trade Expansion Act of 1962* (section 232). They are distinct from and in addition to the U.S.' [broad 25% tariffs](#) against all Canadian imports announced earlier this month, which are currently paused until March 5.

Background

In March 2018, during President Trump's first term, the U.S. imposed 25% tariffs on steel and 10% tariffs on aluminum imports, pursuant to section 232 (the 2018 EO). In May 2019, section 232 tariff exemptions for Canadian steel and aluminum were confirmed in a [side-letter agreement](#) between Canada and the U.S. as part of negotiations around the Canada-United States-Mexico Agreement (CUSMA). Since then, Canada's exemptions have persisted, while the U.S. has maintained the original 25% steel and 10% aluminum tariffs for other non-exempted countries.

The EOs terminate all special agreements and tariff exemptions previously granted by the U.S. to other countries, including Canada. They expand the scope of the existing section 232 tariffs on steel and aluminum products, increasing the rate of duty for aluminum from 10% to 25%, and include existing and additional steel and aluminum derivative products.

What products are covered by the tariffs?

- **A 25% tariff will apply to all imports of steel and aluminum products.** The EOs make all primary steel and aluminum products and some derivative products made from steel and aluminum articles from all countries subject to the existing 2018 EO tariffs.
- **A 25% tariff will also apply to all imports of derivative steel and aluminum articles,**

with exceptions for derivatives processed abroad from steel melted and poured, or aluminum smelted and cast, in the U.S. The EOs apply 25% tariffs on certain derivative steel and aluminum articles subject to the 2018 EO. The 25% duty rate only applies to the steel or aluminum content of each derivative article. This will likely cause compliance challenges for importers of products that combine steel and/or aluminum with other materials.

- **Additional derivative products may be added at a later date.** The EOs direct that, within 90 days, the Secretary of Commerce will establish a process to include additional derivative steel and aluminum articles. The U.S. domestic industries that produce derivatives may request additional inclusions to the list in the future. Additional derivative products may be added if, notwithstanding the 25% tariffs, there are significantly increased import volumes where the steel or aluminum content is two thirds or more of the cost of the derivative product. The purpose of the process to add derivative products is to address circumvention of the tariff by strategies to shift trade to manufactured goods not subject to the 2018 EO.

The EOs state that additional derivative steel and aluminum articles will be listed in notices to be published in the *Federal Register*.

When will the tariffs take effect?

The 25% tariff on steel and aluminum articles and already-covered derivatives will take effect March 12, 2025, at 12:01 a.m. ET.

The tariffs on steel and aluminum products and covered derivatives will apply to all goods “entered for consumption” (i.e., imported into the U.S. and released to the importer for use, whether commercial, business or personal) or withdrawn from a bonded warehouse for consumption, on or after 12:01 a.m. ET on March 12, 2025.

Tariffs on additional derivative products to be later added by either the Secretary or at the request of the domestic industry will take effect *upon public notification* by the Secretary.

Other notable features of the 2025 EOs

No product exclusion process

As of the date of the EOs, the Secretary will not consider product exclusion requests or renewals and pending exclusion requests are considered void. All existing “general approved exclusions” will be terminated as of March 12, 2025. Existing product exclusions for steel and aluminum products will continue until the earlier of: (i) their expiry date or (ii) until the excluded product volume is imported.

No duty drawbacks

No duty drawbacks will be available for tariffs paid pursuant to the EOs. This means, for example, that if an importer pays tariffs pursuant to one of the EOs on goods it imports into the U.S. from Canada, and subsequently exports those goods, the importer would not be able to obtain a refund of those duties.

New information requirements

Importers will be required to provide U.S. Customs and Border Protection (CBP) with “any information necessary” to identify the steel or aluminum content used in the manufacture of steel or aluminum derivative articles captured by the EOs. Additional information regarding these requirements is not yet available.

Measures regarding evasion of tariffs and enforcement

The EOs direct CBP to prioritize investigating misclassification of steel and aluminum articles and derivatives that result in non-payment of duties and, where misclassification is found, to assess the maximum penalties permitted by law with no consideration of mitigating factors.

What does this mean for the CUSMA?

Canada thought it had addressed the risk of future section 232 tariffs in 2018, through [side letters](#) [PDF] to the CUSMA. The United States agreed in those side letters, among other things, that it would not adopt section 232 tariffs against Canada for at least 60 days after imposition of any such measure generally and that negotiations between the two countries would take place during those 60 days for an “appropriate outcome”.

The reimposition of section 232 tariffs on Canadian steel and aluminum, on aluminum at higher rates than the previous section tariffs and without a 60-day delay in their adoption further demonstrates the Trump Administration’s eagerness to disregard the United States’ CUSMA and WTO trade commitments — including those made by the Trump Administration itself — as already demonstrated by the broad 25% tariffs against Canada and Mexico that President Trump announced on February 1. This poses a clear problem for Canada and Mexico when the Trump Administration has indicated it intends to use a trilateral review of the CUSMA, scheduled for 2026, to renegotiate the agreement.

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