

International Trade Alert

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232 Tariffs on Certain Imports of Aluminum from Canada

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Key Points

- In **Presidential Proclamation 10060**, announced on August 6, 2020, President Trump reinstated a 10 percent ad valorem tariff on imports of non-alloyed unwrought aluminum from Canada under the Section 232 of the Trade Expansion Act of 1962.
- The tariffs will apply to Canadian non-alloyed unwrought aluminum articles classified in HTSUS subheading 7610.10 which are entered or withdrawn from warehouse for consumption beginning on August 16, 2020.
- Aluminum imports from Canada had been exempt from Section 232 tariffs pursuant to a May 2019 agreement between the United States and Canada, so long as aluminum imports from Canada did not increase substantially and threaten domestic aluminum production.
- The Secretary of Commerce subsequently determined that Canadian imports of non-alloyed unwrought aluminum increased substantially between June 2019 and May 2020, providing President Trump with the basis to re-impose the Section 232 tariffs on certain Canadian aluminum imports.

Background

In **Presidential Proclamation 9704**, dated March 8, 2018, pursuant to Section 232 of the Trade Expansion Act of 1962, President Trump ordered the imposition of a 10 percent ad valorem tariff on certain articles of aluminum (“Section 232 tariffs”). These tariffs followed investigations conducted by the U.S. Department of Commerce, which found that imports of certain aluminum and steel articles impaired the national security of the United States. The Section 232 tariffs took effect on March 23, 2018, and continue to apply today to imports of aluminum articles from most countries. Presidential Proclamation 9704 instructed the U.S. Secretary of Commerce to monitor imports of the covered articles of aluminum and to inform the President of circumstances that might warrant an adjustment to the tariffs. Please see our earlier **alert** for additional details on Presidential Proclamation 9704.

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In [Presidential Proclamation 9893](#), dated May 19, 2019, President Trump announced that the United States had entered into an [agreement](#) with Canada to remove Section 232 tariffs on aluminum imports from Canada in order to secure Congressional support for the U.S.-Mexico-Canada Agreement (USMCA). Under the agreement, the United States reserved the right to reimpose Section 232 tariffs in the event that imports of certain Canadian aluminum products increased substantially.

[Presidential Proclamation on Non-alloyed Unwrought Aluminum from Canada](#)

According to [Presidential Proclamation 10060](#), imports of non-alloyed unwrought aluminum from Canada have increased substantially over the past year and the United States will reimpose the 10 percent ad valorem tariff originally imposed under Proclamation 9704 on certain non-alloyed unwrought aluminum from Canada.

According to Proclamation 10060, the Secretary of Commerce informed the President that imports of non-alloyed unwrought aluminum increased by 87 percent between June 2019 and May 2020 as compared to the prior 12-month period, resulting in the largest volume of such imports in the past decade. According to the Secretary, the rise in imports threatens to harm domestic aluminum production.

On this basis, President Trump ordered the reimposition of a 10 percent ad valorem rate of duty, as prescribed in Proclamation 9704, on non-alloyed unwrought aluminum articles from Canada described in Harmonized Tariff Schedule of the United States (HTSUS) subheading 7601.10. The tariff will apply to goods entered or withdrawn from warehouse for consumption beginning on August 16, 2020.

Proclamation 10060 states that the Secretary will continue to monitor imports of alloyed, further processed, or wrought aluminum articles from Canada to ensure that importers have not reoriented articles of non-alloyed unwrought aluminum to avoid the Section 232 tariffs and that such imports are not harming domestic aluminum production.

[Guidance for Importers](#)

Additional details on the implementation of Section 232 tariffs on non-alloyed unwrought aluminum from Canada are provided in U.S. Customs and Border Protection (CBP) Cargo Systems Messaging Service (CSMS) [#43654621](#) as follows:

- Importers shall report HTSUS subheading 9903.85.21 for imported merchandise subject to the additional duty, in addition to the regular classification under HTSUS subheading 7601.10.
- As with the previous Section 232 actions, drawback is not available for duties imposed as part of this action.
- Non-alloyed unwrought aluminum articles admitted into a U.S. foreign trade zone (FTZ) on or after August 16, 2020, will be subject upon entry for consumption to a 10 percent ad valorem rate of duty and will only be admitted as “privileged foreign status” (as defined in 19 C.F.R. § 146.41). Likewise, covered articles admitted into a U.S. FTZ under “privileged foreign status” prior to August 16, 2020, will be subject to the 10 percent ad valorem rate of duty upon entry for consumption. However, these duties do not apply to those articles eligible for “domestic status,” as defined in 19 C.F.R. § 146.43.

- Goods for which entry is claimed under a provision of HTSUS Chapter 98 and which are subject to the 10 percent duty are eligible for and subject to the terms of such provisions and applicable CBP regulations, except that duties under subheading 9802.00.60 shall be assessed based upon the full value of the imported articles.

Considerations for Interested Parties

U.S. importers should examine their supply chains to determine if they import non-alloyed unwrought aluminum classified under subheading 7601.10 from Canada. Importers who underpay duties associated with covered steel and aluminum products risk fines, penalties, ancillary enforcement actions, and targeted audits by U.S. Customs and Border Protection. Importers may also want to consider taking advantage of the exclusion request process currently open to importers of aluminum articles subject to Section 232 tariffs.

U.S. importers should also monitor the status of legal challenges to Section 232 actions. Several importers have filed suit against existing Section 232 tariffs and the outcome of those cases may impact the administration of Section 232 tariffs.

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