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President Trump's Announcement on Steel and Aluminum Tariffs

By Douglas J. Heffner and Richard P. Ferrin

March 1, 2018 was a turbulent day for U.S. trade policy. Since April 2017, the Trump Administration has been contemplating a hike in tariffs for a broad range of steel and aluminum mill products, based upon a rarely used provision of U.S. law. The statute, Section 232 of the Trade Expansion Act of 1962, authorizes the President to restrict imports into the United States of any article that is being imported "in such quantities or under such circumstances as to threaten to impair the national security." In April 2017, the President directed the U.S. Department of Commerce (DOC) to conduct two separate investigations under Section 232, one for steel and one for aluminum, to determine whether imports of steel and aluminum threaten national security. The DOC released both reports to the public on [February 16, 2018](#). Both reports concluded that the imports threaten national security and recommended a menu of options, including increased tariffs and/or quotas, to curb imports of steel and aluminum.

Since that time, President Trump has held meetings with steel and aluminum industry executives, as well as with members of Congress, to consider his options. There has been a widely publicized split of opinion within the Administration, with Secretary of Commerce Wilbur Ross and White House trade adviser Peter Navarro pushing for tariffs and/or quotas, and the Departments of Defense and Treasury and White House Chief Economic Adviser Gary Cohn staunchly opposing import restrictions.

These tensions came to a boil this week. Late on February 28, reports circulated that President Trump planned to announce sweeping tariffs on March 1, and the Administration invited U.S. steel and aluminum executives to the White House for the formal announcement. Then, mid-morning on March 1, the White House Press Office stated that there would be no announcement that day, and instead the meeting with the steel and aluminum executives would be a "listening session." Meanwhile, a senior adviser to Chinese President Xi Jinping had flown in for an urgent meeting with U.S. Trade Representative Robert Lighthizer, Gary Cohn, and Treasury Secretary Steven Mnuchin, reportedly to try to head off a trade war.

But then the plan veered off course again during the "listening session." President Trump made [unscripted remarks](#) at the meeting, stating that he would announce "next week" tariffs of 25 percent for steel and 10 percent for aluminum. He said that the tariffs would be in place for an "unlimited" time.

The reactions were swift. Unsurprisingly, major steel producers applauded President Trump's announcement. Comments from many members of Congress, including House Speaker Paul Ryan and Senator Orrin Hatch (Chairman of the Senate Finance Committee), were generally negative. Several major U.S. trading partners, including the EU and Canada, have issued strong statements in opposition to Trump's unscripted announcement, raising the possibility of retaliation.

As of now, there is no proclamation or other "official" decision, much less any specifics, regarding the exact products covered, whether any countries are exempted, or the time or circumstances in which the tariffs would be lifted. Some guidelines, including product coverage, were suggested in the DOC's report to the President (see our [February 20 Client Alert](#) for details), but it is still unknown whether the President will incorporate those details or move in a different direction when he formally announces the decision. President Trump stated that a formal announcement would be made next week.

Companies that have been adversely impacted by surging imports, those who rely on exports to countries targeted by the reports, and companies that are heavily reliant on imported materials should all closely monitor these developments and consider how these and similar future actions could impact their own bottom lines.

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