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**SECTION 232 ALUMINUM/STEEL INVESTIGATION**  
**DEPARTMENT OF COMMERCE (DOC) REPORT RELEASED**  
*February 16, 2018*

**KEY POINTS:**

- **DOC today released its [recommendations](#) to the White House on the ongoing steel and aluminum 232 investigation, which **proposes quotas and high tariffs on semi-finished and finished aluminum and steel products**. These **recommendations had been presented to the White House on January 11**.**
- The **report outlines a process** for “affected US parties” **to appeal** for exclusion from any remedies applied. Certain countries may also be exempted by the president.
- Importantly, **DOC rejected the definition of “safe” (allied) suppliers of steel and aluminum**, as has been considered in previous 232s. Allies like Brazil, Costa Rica, and South Korea were targeted.
- These are recommendations; President Trump **may decide not to act on the recommendations**, or **may substantially modify the tariff levels, target countries, or covered products**.
- This release, along with the February 14 Trump meeting with members of congress and the cabinet on the 232, **are viewed as possible attempts to lay the groundwork for a harsh 232 determination**. However, the recommendations are so stark that they **may provoke a backlash** among steel and aluminum users.
- **Trump is required to decide on the steel case by April 11 and on the aluminum case by April 19**. After the DOC release, Senator Schumer withdrew his hold on Commerce undersecretary nominee Gilbert Kaplan.

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**TIMELINE OF THE ALUMINUM INVESTIGATION**

On January 11, DOC submitted to President Trump the results of its **Section 232** investigation into the **impact of steel and aluminum imports on national security**. The

investigation was conducted under Section 232 of the Trade Expansion Act of 1962, as amended.

On February 16, DOC released its recommendations, which found that the current quantity and circumstances of these imports pose a threat to national security. This determination **authorizes the President to act to protect domestic industries from foreign competition.**

**Previous 232 investigations had excluded allies as “safe” countries**, under the understanding that close allies were unlikely to cut off supplies to the United States. **Secretary Ross rejected this notion:** “the fact that some of all of the imports causing the harm are from reliable sources does not compel a finding that those imports do not threaten to impact national security.”

The President has **until April 19<sup>th</sup> to decide on what actions to take on aluminum**, and until the **11<sup>th</sup> on steel**. In comments to the media, Ross stressed that the **President is free to modify the proposals or choose not to act on them.**

## REPORT PROPOSALS

DOC recommended **three alternative remedies for aluminum:**

- **A tariff of at least 7.7% on all aluminum imports.** This is the harshest option, constituting a “**blanket tariff**” with wide-ranging effects on US manufacturing.

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The **deployment of a blanket tariff in combination with a rejection of the concept of “safe” countries** seem to indicate a **definition of national security in economic, not security, terms.**

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- **A tariff of 23.6% on all products from China, Hong Kong, Russia, Venezuela, and Vietnam.** A quota for all others of equal to 100% of their 2017 exports to the United States.
- **A quota on all imports from all countries equal to a maximum of 86.7% of their 2017 exports** to the United States.

**For steel:**

- **A global tariff of at least 24% on all steel imports.**
- **A tariff of at least 53% on all steel imports from Brazil, China, Costa Rica, Egypt, India, Malaysia, Republic of Korea, Russia, South Africa, Thailand, Turkey, and Vietnam, with a quota mirroring that of aluminum.**
- **A quota on all steel imports from all countries equal to 63% of each country’s 2017 exports** to the United States.

## EXCEPTIONS

DOC's recommendations allow for **"affected US parties" to seek an exclusion** from the imposed tariff or quota **on a case-by-case basis**.

Companies can apply for an exclusion if they can demonstrate either a **lack of domestic production capacity for comparable products** or a **specific national security consideration**. Each decision would include a public comment period and would be made within 90 days of application. "The U.S. Department of Commerce will lead the appeal process in coordination with the Department of Defense and other agencies as appropriate."

In addition, the **President could determine that specific countries should be exempted**, based on an overriding economic or security interest of the United States, which could include their willingness to work with the United States to address global excess capacity and other challenges facing the U.S. aluminum industry.

## WHY NOW?

This release, along with the February 14 Trump meeting with members of congress and the cabinet on the 232, are viewed as **possible attempts to lay the groundwork for a harsh 232 determination**. However, the recommendations are so stark that they **may provoke a backlash among steel and aluminum users**, many of whom were represented by their congressional representatives in the February 14 meeting.

**After the DOC release, Senator Schumer withdrew his hold** on Commerce undersecretary nominee Gilbert Kaplan.

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