

Update on the IEPPA Tariffs

On April 2, the Trump Administration issued a sweeping Proclamation titled “**Strengthening Actions Taken to Adjust Imports of Aluminum, Steel, and Copper into the United States,**” marking a significant adjustment to the Section 232 tariff regime reimposed by the Administration last March.

Below is a practical breakdown of the major actions imposed through the Proclamation, and why they matter.

Tariff Rates Increased & Differentiated

The Proclamation establishes a **tiered tariff rate approach** for various products subject to Section 232:

- **50%** tariffs on products made entirely or almost entirely of imported steel, aluminum, or copper (i.e., most of HTSUS Chapters 72, 73, 74, and 76)
- **25%** duty on all remaining steel, aluminum, and copper derivative articles
- **Reduced rates** for:
 - Qualifying **UK-origin metal products (25% and 15%, respectively)**
 - **U.S.-origin metal products** returned after processing abroad (10%)

This creates a far more granular tariff framework tied closely to origin and sourcing strategy.

Section 232 Duties Now Apply to the Full Customs Value

One of the most significant shifts is the elimination of the “metal-content limitation” for covered products.

What changed:

Section 232 duties now apply to the **entire customs value** of aluminum, steel, and copper articles and their derivatives, *regardless of the percentage of metal content*.

Why it matters:

Depending on how importers have previously calculated the value of metal content, this update may increase tariff exposure for downstream products such as fabricated components, assemblies, and derivative goods previously assessed only on metal value. Establishing the accurate value of imported merchandise now matters more than ever, especially for complex or multi-material imports.

Derivative Product Inclusions Are Eliminated

The pre-existing **derivative-product inclusion process** has been fully removed.

In its place, the Department of Commerce and USTR are now authorized to add new derivative products to the Section 232 scope on a rolling basis when imports:

- Are deemed to threaten national security, or
- Appear designed to circumvent existing tariffs

While the termination of the inclusion process is a benefit to importers of products that were listed on the most recent October 2025 inclusion request, this does raise the risk of future scope-creep by governmental agencies beholden to the Administration's trade agenda.

Annex II and Annex III Reshape Product Coverage

The Order:

- **Removes certain products** from tariff coverage via **Annex II (mostly articles classified in HTSUS Chapters 1-71, plus many subsequent chapters)**, and
- Establishes temporarily modified 15% tariff rates for selected products (mostly metal-intensive industrial equipment and electrical grid equipment) under **Annex III**, effective through **2027**.

These annexes introduce limited relief—but only for specific products, for a defined period, and subject to revision.

Russian Aluminum Restrictions Remain Severe

The Executive Order **maintains the 200% tariff** on:

- Russian-origin aluminum products, and
- Any goods containing **Russian-sourced aluminum**

This reinforces the Administration's zero-tolerance stance on Russian metal inputs—regardless of where downstream processing occurs.

Expansion of Smelt-and-Cast Origin Reporting Requirements

To combat evasion and transshipment, the Order requires enhanced **smelt-and-cast origin reporting**, extending beyond steel and aluminum to **covered copper products** as well.

This significantly raises the bar for supply-chain traceability, supplier certifications, and broker and importer documentation practices for imports of a metal not previously subject to these requirements.

FTZ and Drawback Considerations

The Executive Order keeps in place narrow trade program access to items subject to the Section 232 tariffs:

- Covered goods admitted into **Foreign-Trade Zones** must use **privileged foreign status**; and,
- **Duty drawback is restricted**, except for limited exceptions tied to specific trade-agreement partners (i.e. the UK, EU, Japan, Korea, Mexico, Canada, and any other nation concluding a finalized Agreement on Reciprocal Trade)

Intensified Monitoring and Enforcement

Finally, the Order directs **Commerce, USTR, and CBP** to: closely monitor import trends, aggressively enforce compliance, and recommend **additional Section 232 actions** when warranted.

The key takeaway of the above: **this is not a static tariff regime**—it is a living enforcement framework. While the reduction in tariffs on certain derivative articles and the removal from scope of others may come as a benefit to some, the Administration is leaving open the possibility of stricter measures in the future as they see fit.

Please feel free to reach out to the Supply Chain Collective with questions or to schedule a time to discuss your specific situation.