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Alert on New Section 232 Steel and Aluminum Tariffs on Derivative Products – Effective August 18, 2025: More than 400 additional HTS Codes have been added to the list of "Derivative" Products

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Effective August 18, 2025, the United States has dramatically expanded its Section 232 steel and aluminum tariffs, by updating its lists of products affected by the tariffs (organized by Harmonized Tariff System ("HTS") numbers) to cover hundreds of additional "derivative" products containing steel and aluminum components.[1] Customs published these additions as:

- **CSMS # 65936570** - Guidance: Section 232 Additional Steel Derivative Tariff Inclusion Products, and
- **CSMS #65936615** – Guidance: Section 232 Additional Aluminum Derivative Tariff Inclusion Products

Under this expansion, imports of a broad range of goods will now incur a 50% ad valorem duty on the steel and aluminum content on imports (all countries except the UK, which faces 25%). The newly tariffed items span at least 17 different HTS chapters – reaching well beyond raw metals to include items not traditionally viewed as steel or aluminum products. For example, metal-packaged food and chemical products (like certain sweetened milk product under HTS 0402 or certain petroleum oils under 2710) are now captured because of their steel or aluminum cans or containers.

These Section 232 duties apply to goods entered for consumption on or after August 18, 2025, *with no grace period* for goods in transit as of that date. Notably, only the steel or the aluminum portion of the product's value is supposed to be subject to the 50% tariff – any non-steel content should remain subject to normal duties and applicable "reciprocal" tariffs. Imports of products made from *U.S.-origin steel* can claim a 0% tariff exemption under HTS 9903.81.92, but only if the importer can document the steel was melted and poured in the U.S. before foreign processing. Similar exemption applies to aluminum smelted and cast in the United States. Duty drawback is disallowed on these tariffs, preventing importers from reclaiming the Section 232 duties, even if the goods are later re-exported.

[1] On July 18, 2025, DCG issued Duty Assessment Under Section 232 Alert, mapping the context and background for the current expansions.

Impact on Automotive Parts and Tool Manufacturers

This expansion brings many automotive and machinery components under the steel and aluminum tariff for the first time. Several HTS Chapter 87 subheadings for auto parts have been added – for example, HTS 8708.99.81 (a catch-all for miscellaneous vehicle parts) now falls within the Section 232 steel list. Auto parts importers will therefore face a 50% surcharge on the steel or aluminum value of many components, significantly raising costs for foreign-sourced car parts. Likewise, manufacturers of tools and hardware are also affected. Newly covered products include items in HTS Chapter 82, meaning various hand tools, saws, blades, and other steel implements now carry the extra 50% steel tariff. In addition, aluminum-containing automotive and machinery parts (such as housings, castings, or tool components) are now captured under the expanded aluminum derivative lists. This means that importers must separately account for aluminum content as well as steel, apply the correct Chapter 99 tariff numbers, and budget for the higher costs.

Because this expansion reaches items as diverse as food items, petroleum oils, chemicals, and various automotive parts, importers should not assume that their industry is unaffected. Importers and manufacturers in automotive, aerospace, appliances, food, electronics, and tooling should all examine their import classifications in case some of their products are now impacted by this 50% steel- or aluminum-content duty.

Practical Takeaways for Importers

Importers and manufacturers should take prompt action to comply with the new rules and mitigate costs:

- Review the updated list of HTSUS codes now subject to Section 232 steel and aluminum duties and check all your import classifications against it. Particularly the high-volume HTS number imports. The additions span many chapters (from foods to machinery), including broad basket "parts" headings (e.g. miscellaneous auto parts in 8708.99.81) that may be the best fit, but not an obvious choice at first glance.

- Classify and break out steel and/or aluminum content from other content in your products and be prepared to declare the applicable Chapter 99 tariff number (or numbers) on your entry (in addition to the normal HTS code) to trigger the 232 duty. CBP guidance confirms that failure to include the correct 9903.81.xx code will cause entry rejections, delays and potential assessment of penalties.

- Determine and report the value of the article's steel or aluminum content separately so that the 50% duty is applied only on that portion. If done correctly, the remaining non-steel or non-aluminum value continues under regular duty rates. Restructure your invoices and clearly describe whether and which of the products include steel and/or aluminum content. Maintain supporting documentation in support of the steel and aluminum content valuation.

- Understand your supply chain and all input items incorporated into the import. Understanding the supply chain will assist with planning opportunities.

- This August 2025 expansion is the first of a series – the Commerce Department has instituted a regular two week "inclusion process" every May, September, and January where industry can petition for additional HTS codes to be added, with the next expansion process expected to commence in September 2025. Importers should monitor these developments closely, as even more products will likely become subject to 232 tariffs in coming months.

For further guidance on Section 232 compliance, duty assessment, or to discuss strategies for mitigating the impact of the new tariffs, please contact your Dentons Cohen & Grigsby International Trade Team.

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Because these changes are ongoing, Dentons Cohen & Grigsby will continue to monitor these developments and provide additional updates. We provide our clients access to resources in Canada, Mexico, China, the European Union, the United Kingdom and globally to help navigate these rapidly changing trade measures.

Key Contacts

V. Susanne Cook
Shareholder
D +1 412 297 4741
susanne.cook@dentons.com

Sasha V. Phillips
Counsel
D +1 412 297 4788
sasha.phillips@dentons.com

Bruce H. Chiu
Shareholder
D +1 412 297 4933
bruce.chiu@dentons.com

Jacob Clark
Associate
D +1 412 297 4795
jacob.clark@dentons.com

Megan Finkelstein
Customs and Trade Consultant
D +1 412 297 4846
megan.finkelstein@dentons.com

Rick Laurel
Customs Specialist
D +1 412 297 4845
rick.laurel@dentons.com