

LEGAL UPDATES

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Service

International Trade &
Supply Chain

Trump Administration to Investigate Effect of Steel Imports on National Security

Using a rarely invoked legal provision, the Trump administration announced on April 20, 2017, that it will self-initiate an investigation into steel imports. Under section 232 of the Trade Expansion Act of 1962 (19 U.S.C. §1862), the administration is allowed to impose duties or other import restrictions based on a finding that the importation of articles threatens to impair the national security.

By turning this import dispute which in the past has involved “unfair” practices such as low pricing or subsidies into an issue of national security, the administration has made the decision largely unreviewable by the courts. Further, because of the nature of the case, it is likely that much of the information relied upon by the administration will not be revealed to importers, purchasers or foreign producers, nor made public, based on national security or confidentiality claims. By law, an investigation must be completed and a report submitted to the president by the Commerce Department within 270 days. It seems possible that the report will be completed earlier, however.

The administration has not revealed which steel products will be covered by the investigation or stated the specifics of why it believes continued imports are a threat to national security, although it has identified the steel industry as a core industry. The administration also has not yet announced any schedule. The Commerce Department said that it will determine if “steel imports cause American workers to lose jobs needed to meet security requirements of the domestic steel industry.”

What This Means to You

Imports just under Chapter 72 of the Harmonized Tariff Schedule (which covers basic steel products) totaled almost \$19 billion last year. The exact breadth of this case should be announced soon. Thus, if severe restrictions were to be imposed, the disruptions to U.S. users of the products would likely be very significant. Moreover, the possibility of retaliation by other countries is a real possibility.

While the exact process has not been announced, we believe there will be a procedure to exempt or distinguish certain countries or certain products. U.S. and other companies affected by this case should contact members of Congress and work with the administration to ensure that their interests are taken into account. That effort should combine technical expertise on the tariff and enforcement mechanisms of the government with an ability to advocate strongly within the Congress and administration. We will provide additional client alerts as more information becomes available.

Contact Us

For more information on how this development may impact your business, please contact Jeffrey S. Neeley or another member of Husch Blackwell's International Trade & Supply Chain team.