



## **SECTION 232 STEEL AND ALUMINUM TARIFF RATE INCREASE TO 50% AND "TARIFF STACKING" CHANGES (June 3, 2025)**

Today, President Trump issued a [Proclamation](#) that increases the Section 232 tariff rate from 25% to 50% on steel and aluminum articles (except for U.K.-origin steel and aluminum). Additionally, the Proclamation modifies the "tariff stacking" rules and alters the treatment of steel or aluminum and non-steel or non-aluminum content under the Section 232 steel and aluminum tariffs and the Reciprocal Tariffs.

The tariff increase goes into effect at 12:01 am EDT on June 4. There is no goods-on-the-water "in transit" exception to the tariff increase.

The only exception to the tariff increase is for steel and aluminum articles of the United Kingdom. The Proclamation states that the Section 232 tariff rates on U.K.-origin steel and aluminum articles remain at 25% at least until July 9, 2025, due to the U.S.-U.K. Economic Prosperity Deal (EPD), dated May 8, 2025.

For foreign-trade zones (FTZs), the Proclamation states that steel and aluminum articles already admitted in Privileged Foreign (PF) zone status before 12:01 am EDT on June 4, 2025 will be subject to the Section 232 tariff rate in effect at the time of entry (i.e., subject to the new 50% tariff rate or whatever rate is in place on the entry date), while steel and aluminum articles admitted on or after June 4 must be admitted in PF zone status.

The Proclamation amends language from the "tariff stacking" Executive Order (EO) 14289, which was addressed in our April 30 [What's New](#) update. The Proclamation essentially reverses the order of the (a) Section 232 steel and aluminum tariffs and (b) Mexico and Canada IEEPA tariffs, providing priority to Section 232 steel and aluminum tariffs, by exempting articles subject to tariffs under the Section 232 steel and aluminum tariffs from the Mexico and Canada IEEPA tariffs. This change applies beginning June 4 and is not retroactive.

The Proclamation also includes two new rules on non-steel/aluminum and steel/aluminum content of Section 232 steel and aluminum. First, it provides that "the non-aluminum, non-steel content of all aluminum and steel articles and derivative articles" shall be subject to Reciprocal Tariffs. This is a departure from prior treatment where payment of Section 232 tariffs on just the steel or aluminum content for "new" derivative steel or aluminum tariffs classified outside HTS Chapter 73 or 76 exempted the imported merchandise from payment of Reciprocal Tariffs. Second, the Proclamation provides that Section 232 tariffs "shall apply only to the steel content of articles in Chapter 73 of the HTSUS and only to the aluminum content of articles in Chapter 76 of the HTSUS." It is unclear from the language in the Proclamation whether this applies to all steel and aluminum articles and to derivative articles, but the below-linked CSMS messages state that the Section 232 tariffs apply to (only) the value of the steel and aluminum content of both groups. The annexes to the Proclamation are not yet available. They may provide additional clarity.

No duty drawback is available for these Section 232 tariffs.

From a compliance and enforcement perspective, the Proclamation requires CBP to issue "authoritative guidance mandating strict compliance" with steel and aluminum content

declarations warning of “maximum penalties for noncompliance,” including but not limited to “significant monetary penalties, loss of import privileges, and criminal liability, consistent with United States law.”

Shortly after the Proclamation was issued, U.S. Customs issued CSMS # [65236574](#), CSMS # [65236645](#), and CSMS # [65236374](#) providing further detail, including applicable HTSUS provisions.

Please contact [Marshall Miller](#), [Brian Murphy](#), [Sean Murray](#), or [David Ostheimer](#) with questions.

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