U.S. steel and aluminum tariffs update: Relief, more of the same or more extreme industrial policy?

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The world of tariffs used to be sedate and boring. There were times in the Times Before when glaciers appeared more agile than trade policy. Those days, of course, are gone. We can hope not for ever; we can look into the horizon and pine for a Return to the Mundane. For now, change is the order of the day. Rapid, dizzying, change – it's difficult to keep up; even more so to inform.

And so here we are, with some delay, yet again talking steel and aluminum, yet again talking section 232; yet again talking changes in the US tariff structure.

April 23, 2026.

On that day, the United States Department of Commerce (the DOC) issued a notice setting out procedures under which certain Canadian and Mexican producers of steel and aluminum may seek partial reductions of Section 232 tariffs.

Relief from what?

From changes introduced earlier in April resulting in an expansion of the Section 232 regime earlier in the month.

The new procedures do not restore country-wide exemptions or roll back the April 2 tariff increases. Instead, they introduce a targeted, discretionary process that links tariff relief to commitments to expand or establish production capacity in the United States. There is that.

Reminder: What was the regime after the Times Before but before the recent changes?

In the Times Before there were no "national security" tariffs on steel and aluminum. There was a global trading order with "bound tariffs", negotiated and agreed under the umbrella of the World Trade Organization and subject to dispute settlement and

multilateral monitoring. In North America, we had the North American Free Trade Agreement that actually prohibited increasing ordinary tariffs.

In 2018, the United States impose wide-ranging tariffs on steel and aluminum under the guise of “national security” interests. And then Canada, the United States, and Mexico negotiated a new free trade agreement imaginatively called the “Canada-United States-Mexico Agreement”, or “CUSMA” for short, which generally prohibited the imposition of new ordinary tariffs. CUSMA entered into force in 2020.

All good thing and all … but we’re going too fast.

When they were first introduced in 2018, the Section 232 tariffs were applied primarily to base metal products, such as steel slabs or aluminum ingots, and a limited set of downstream derivative articles.

In many cases, duties were assessed only on the value of the metal content incorporated into a finished good.

The regime was tightened in 2025. How? Well, through *higher* tariff rates and the elimination of many *exemptions*. On top of all of that, a stakeholder-driven derivative inclusion process allowed interested parties to request that additional downstream products be brought within the scope of the Section 232 tariffs over time.

“Sometimes it snows in April”

The April 2 Proclamation introduced several structural changes.

First, Section 232 tariffs now apply to the *full customs value of covered products*, regardless of the proportion of steel, aluminum, or copper they contain. This change substantially increases effective tariffs on many finished and semi-finished goods.

Second, tariff rates were recalibrated. A 50 per cent ad valorem tariff now applies to most steel and aluminum articles and certain copper products, while other specified copper articles and selected derivatives are subject to 25 per cent tariffs. Limited preferential treatment remains for articles made entirely with U.S.-origin metals and, in narrow circumstances, UK-origin products.

Third, the derivatives inclusion *process* was eliminated – but not derivative inclusion as such. Rather, authority to expand coverage is now centralized, with the DOC and the U.S. Trade Representative empowered to add products on a rolling basis without stakeholder petitions. This could well become the subject of public choice dissertations many years hence.

What now?

That brings us to April 23, 2026, and the DOC notice.

Good news! Canadian and Mexican steel and aluminum producers may apply for reductions of applicable Section 232 duties, subject to several important limitations.

Now, relief is not automatic and must be requested through a formal application process.

On the one hand, it is conditional. Applicants must commit to making investments that result in new or expanded steel or aluminum production capacity in the United States.

On the other hand, there's a catch. Even where relief is granted, tariffs may not be reduced below 25 per cent, preserving a substantial residual duty burden.

On the third hand – indulge us – the mechanism is also narrowly targeted. It is principally directed at CUSMA-qualifying supply chains, with a particular focus on producers supplying U.S. automotive and medium- and heavy-duty vehicle manufacturers (MHDVs). The process does not represent a general reduction in tariffs and is unlikely to be available for many exporters whose products fall outside these supply chains.

What does that mean, specifically?

The following features are required for steel or aluminum producers to be eligible for relief:

- operate production facilities in Canada or Mexico;
- supply, directly or indirectly, U.S. manufacturers of automobiles, automobile parts, medium- and heavy-duty vehicles (MHDVs), or MHDV parts; and
- commit to new U.S. production capacity for primary steel or primary aluminum used in key products (automobiles, automobile parts, MHDVs, and MHDV parts).

In addition, only imports that:

- qualify for CUSMA preferential treatment; and
- were melted and poured (for steel) or smelted and cast (for aluminum) in Canada or Mexico

are eligible for relief.

The DOC may reduce existing Section 232 steel and aluminum tariffs by up to half for qualifying imports tied to new U.S. production commitments. Any adjusted tariff, however, may not fall below 25 percent and is limited to quantities corresponding to the producer’s newly committed U.S. production capacity. The relief is also granted for a fixed period of time as determined by the DOC, with its duration tied to the scope of the project, the applicant’s progress against committed milestones, and the national-security benefits associated with the investment.

Applications may be submitted project-by-project, starting April 23, 2026. The Required documentation (certified by a senior officer) primarily includes:

- proof of eligibility and supply relationships;
- detailed project description and investment plan;
- production details (NAICS, HTSUS, capacity, supported U.S. products);
- project costs, suppliers, contractors, and raw materials;

- mandatory milestones (land purchase, construction, equipment, first production, etc.);
- a project management plan and quarterly reporting commitment; and
- designation of a single importer of record.

The DOC reviews each application to make sure it is complete, credible, and consistent with the program requirements. Where an application is approved, the DOC notifies U.S. Customs and Border Protection of the company's eligibility, the effective start date for the tariff adjustment, the applicable quarterly volume limits, and the authorized importer of record. Eligible imports may then enter the United States at a reduced tariff rate, subject to those quarterly caps.

Once approved, companies are required to submit quarterly reports to the DOC on the shipment information for any imports benefiting from the adjustment, including the required melt-and-pour or smelt-and-cast certifications.

If a company fails to substantially meet its committed project milestones, The DOC may suspend or terminate the tariff relief. In such cases, previously imported goods may be liquidated or reliquidated at the full Section 232 tariff rates. However, where a company brings its project back into compliance and resumes meeting its commitments, tariff relief may be reinstated.

What next?

For importers and exporters, the introduction of a conditional relief mechanism does little to soften the immediate impact of the revised regime. Products previously (prior to April 2, 2026) exposed to limited tariffs may now face substantial duties assessed on full product value, while relief, where available, comes with investment commitments and a high residual tariff floor.

Downstream and fabricated products, including those outside traditional metals chapters of the tariff schedule, remain at heightened risk. Supply chain strategies based on metal content thresholds are unlikely to mitigate exposure. Additionally, increased emphasis on origin tracing, smelting and casting documentation, and CUSMA qualification is expected as enforcement tightens.

The Section 232 regime remains dynamic. While the April 23 notice introduces a narrow path for tariff reduction in specific circumstances, U.S. authorities retain broad discretion to expand coverage further or recalibrate relief mechanisms. For businesses engaged in cross-border trade involving steel, aluminum, or copper, whether directly or through finished goods, these developments underscore the importance of proactive compliance, supply chain planning, and strategic assessment of long-term tariff risk.

BLG is there to help

BLG's International Trade and Investment group continues to monitor the situation closely. If you have any questions about the tariff developments impacting your organization, please reach out to one of our lawyers below. Our multidisciplinary team can help you navigate the new regulatory landscape, maximize opportunities, and ensure compliance across all major industries.

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