

# **ANNOUNCEMENT OF ACTIONS ON JAPANESE IMPORTS OF STEELS UNDER SECTION 232**

**February 7, 2022**

## Steel Tariff-Rate Quota

The United States will replace the existing 25 percent tariff on Japan's steel products under Section 232<sup>1</sup> with a tariff-rate quota (TRQ) with a date of effectiveness of April 1, 2022. Under the TRQ arrangement, historically-based volumes of Japan's steel products will enter the U.S. market without the application of Section 232 tariffs as follows:

1. TRQ Amount: The aggregate annual import volume under the TRQ is set at 1.25 MMT under 54 product categories and allocated in line with the 2018-2019 historical period. A breakdown of the said 54 product categories is enclosed in Annex 1.
2. Derivative Products: Imports of derivative articles of steel, as referenced in Proclamation 9980,<sup>2</sup> from Japan will not be subject to Section 232 duties.
3. Eligible products: In order to be eligible for duty-free treatment under the quota, steel imports must be "melted and poured" in Japan according to current<sup>3</sup> U.S. requirements and rules implementing this arrangement. An importer shall provide relevant documentation substantiating compliance with U.S. requirements. Failure to comply could result in remedies and/or penalties as provided for under U.S. law.
4. Exclusions: The United States will maintain its exclusions process, as implemented under Section 232 of the Trade Expansion Act of 1962, available for steel products imported from Japan.
5. Tariff Rate: Section 232 steel products from Japan that are within-quota will enter free of any Section 232 duty while all Section 232 steel products entering above-quota will continue to be subject to a Section 232 duty of 25 percent, provided that they are not subject to an exclusion as per point 4 above.
6. Administration: The TRQ will be calculated for each year of the measure and administered on a quarterly basis. Any unused TRQ volume from the first quarter of the year, up to 4 percent of the allocated quota for that quarter, will roll over to the third quarter; any unused TRQ volume from the second quarter of the year, subject to the same limit, will roll over into the fourth quarter; and any unused TRQ volume from the third quarter, subject to the same limit, will roll over into the first quarter of the following year. The TRQ will be allocated on a first-come, first-served basis for each product category. The United States will provide on a public website

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<sup>1</sup> Those steel articles are subject to U.S. Presidential Proclamation 9705 of March 8, 2018 (<https://www.govinfo.gov/content/pkg/FR-2018-03-15/pdf/2018-05478.pdf>).

<sup>2</sup> U.S. Presidential Proclamation 9980 of January 24, 2020 (<https://www.federalregister.gov/documents/2020/01/29/2020-01806/adjusting-imports-of-derivative-aluminum-articles-and-derivative-steel-articles-into-the-united>).

<sup>3</sup> As of February 7, 2022.

updated information on the utilization of the quarterly quota for each product category, including information on the transferred unused TRQ volumes from one quarter to another.

7. Adjustment: The United States will conduct annual reviews of the TRQ to calculate the level of U.S. steel demand (apparent consumption) in the previous year when such data becomes available from the World Steel Association. For each 6 percent that this calculated level is above or below U.S. steel demand in 2021, the TRQ volume would increase or decrease, respectively, by 3 percent relative to the level outlined in point 1 in the subsequent twelve-month period. Should the calculated level of U.S. steel demand not be at least 6 percent above or below the U.S. fiscal year 2021 level, then the TRQ volume in the subsequent year would be at the level outlined in point 1 above.

8. Review: Starting no later than July 1, 2022, the United States will evaluate utilization and administration of the TRQ every three months and, at the request of Japan, enter into consultations to address any substantial under-use of the TRQ.