

Update Note: Section 232 Metals Proclamation of 2 April 2026

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Summary

On 2 April 2026, the US President issued a proclamation restructuring the Section 232 tariffs on steel, aluminium, and copper. Effective 6 April 2026, the single-rate metal tariff regime is replaced by a tiered system organised around four product annexes. This note describes the policy changes, how they are reflected in the SGEPT tariff estimation framework, and the resulting impact on aggregate US tariff estimates.

Headline result: The trade-weighted average US tariff falls from 11.44% (5 April, last day of old regime) to 10.91% (6 April, first day of new regime) under HTS schedule MFN rates, and from 12.03% to 11.98% under Bank of England baseline rates.

1. What Changed in the Proclamation

From one rate to four annexes

Under the old regime (in force since January 2025, last increased to 50% in June 2025), all in-scope steel, aluminium, and copper products attracted a single statutory S232 rate. The new proclamation replaces this with four product annexes, each carrying a different rate treatment:

Annex	Coverage	Rate
I-A	Core metals and close derivatives (Ch 72-73 steel, Ch 76 aluminium, Ch 74 copper)	50% (unchanged)
I-B	Downstream manufactured articles (machinery, electrical equipment, vehicles, construction materials)	25% (reduced)
II	Products removed from S232 scope entirely	0% (removed)
III	Further downstream articles (temporary	15% tariff floor (formula-based)

Annex	Coverage	Rate
	treatment until 31 December 2027)	

The Annex III formula ensures a minimum total tariff (column 1 HTS rate plus S232 additional duty) of 15%. For a product with a 2.5% HTS rate, the additional S232 duty is 12.5%. For a product with an HTS rate of 15% or higher, the additional duty is zero. After 31 December 2027, Annex III products move to the 25% rate of Annex I-B.

Five exemptions and preferential treatments

The proclamation introduces several exemptions and preferential rates that reduce the effective S232 burden for specific categories of imports:

1. US-origin metal (all annexes). Products made with metal melted, poured, smelted, or cast in the United States attract a reduced rate of 10% (flat additional duty for Annex I-A and I-B; 10% tariff floor for Annex III). Importers must certify the US origin of the metal content.

2. De minimis metal weight (Annex I-B and III only, excluding chapters 72, 73, 74, 76). Products where the metal content weighs less than 15% of the final product weight are not subject to S232 duties. This exemption does not apply to articles classified in the primary metal chapters (iron/steel, copper, aluminium).

3. UK Economic Prosperity Deal (steel and aluminium only). Under the bilateral deal with the United Kingdom, imports made with at least 95% British-origin steel or aluminium receive preferential rates: 25% for Annex I-A products (instead of 50%) and 15% for Annex I-B products (instead of 25%). This replaces the previous UK quota-based cap that was in force from June 2025 to April 2026.

4. Motorcycle manufacturing exemption (Annex I-B only, chapters 84, 85, 87). Parts imported exclusively for use in US motorcycle manufacturing are exempt from S232 duties.

5. Russian aluminium surcharge. Products containing Russian aluminium attract a 200% ad valorem duty on the full product value.

Product scope changes

The annex restructuring adds 7 new product codes to S232 scope (primarily additional copper articles and steel/aluminium derivatives) and removes 144 product codes via Annex II. In trade value terms, \$4.1 billion in imports enter scope while \$183 billion exit, reflecting the removal of many downstream manufactured goods from S232 coverage.

2. Decision Logic

The following decision tree captures the full rate determination for any imported product under the new S232 metals regime:

1. Is the product on Annex I-A, I-B, or III?

NO --> No S232 rate applicable.

YES -->

2. Does it include Russian aluminium?

YES --> +200% ad valorem.

NO -->

3. Made with US metal (aluminium, steel, or copper)?

YES --> +10% (flat for I-A/I-B; 10% floor for III).

NO --> Split by annex:

[ANNEX I-A]

4a. Made of British aluminium or steel (not copper)?

YES --> +25%. NO --> +50%.

[ANNEX I-B / III]

4b. Metal weight < 15% of final product weight?

(Excludes Ch. 72, 73, 74, 76)

YES --> No S232 rate.

NO -->

5b. In Ch. 84/85/87, used for motorcycle manufacturing?

YES --> No S232 rate.

NO -->

6b. Made of British aluminium or steel (not copper)?

YES --> +15%.

NO -->

7b. On Annex I-B?

YES --> +25%.

NO (Annex III) --> 15% tariff floor.

Possible rate outcomes (highest to lowest)

Rate	Condition
+200%	Contains Russian aluminium
+50%	Annex I-A, foreign metal, not British
+25%	Annex I-A with British steel/alu; or Annex I-B standard
+15%	Annex I-B/III with British steel/alu
+15% floor	Annex III, formula: $\max(0, 15\% - \text{HTS rate})$
+10%	Made with US-origin metal
0%	Not in scope; or de minimis weight; or motorcycle exemption

3. Estimation Approach

Rate assignment (Section 3 of the calculation pipeline)

For each metal (steel, aluminium, copper), the pipeline loads product scope from the exceptions database using annex-specific exception types (annex_1a, annex_1a_deriv, annex_1b, annex_3). For policy dates before 6 April 2026, the old exception types (product_scope, product_scope_derivative) remain active; the date filtering handles the transition automatically.

Rates are assigned in three tiers:

1. **Annex I-A** products receive the standard S232 rate (50%).
2. **Annex I-B and III** products receive a reduced rate (25%).
3. **Annex III** products are then overridden with the floor formula: $s232_rate = \max(15\%, HTS_weighted) - HTS_weighted$.

After rate assignment, the US metal share is blended in: for Annex I-A and I-B, the US metal portion gets a flat 10%; for Annex III, it uses a 10% floor formula.

Content share adjustment (Section 8, Step 6)

The effective S232 exposure of each product is determined by the content_share parameter, which governs the split between the S232 bracket and the IEEPA/S122 bracket in the tariff aggregation formula. Three independent factors multiply together:

$effective_share = \text{Factor 1 (metal ratios)} \times \text{Factor 2 (de minimis)} \times \text{Factor 3 (motorcycle)}$

Factor 1: Metal content ratios (active before 6 April 2026 only). Empirically calibrated incidence ratios reflecting the share of import value that actually attracts S232 duty. Steel main products: 85%; steel derivatives: 40%; aluminium main: 94%; aluminium derivatives: 35%; copper main: 70%. These ratios are no longer applied after 5 April 2026 because the annex restructuring redefines product scope precisely enough that the empirical calibration is superseded.

Factor 2: De minimis weight (Annex I-B/III only, excluding chapters 72, 73, 74, 76). Reduces content_share by the estimated fraction of imports where metal content weighs less than 15% of the product. Set to 2%.

Factor 3: Motorcycle components (Annex I-B only, chapters 84, 85, 87). Reduces content_share by the estimated fraction of imports used for US motorcycle manufacturing. Set to 0.1%.

The portion of import value shifted out of the S232 bracket by these factors does not escape tariffs entirely; it moves into the S122 bracket, where Section 122 tariffs apply instead.

UK preferential treatment (Section 7.3)

The UK deal transitions from a quota-based cap to a content-based preferential regime on 6 April 2026. Two regime indicators control this:

- **uk_quota** (June 2025 to April 2026): All UK steel and aluminium imports receive a flat 25% tariff cap.
- **uk_content** (April 2026 onwards): Only imports with at least 95% British-origin metal receive preferential rates (25% for Annex I-A, 15% for Annex I-B). The remainder pays the standard annex rate.

The `uk_content_qualifying_share` parameter (set to 30%) determines what fraction of UK steel/aluminium imports meets the 95% threshold.

Parameterisation

Four share parameters govern exemptions and preferential rates. All are set at conservative initial estimates pending empirical data from US Customs and Border Protection:

Parameter	Value	Effect on aggregate tariff
De minimis weight share	2%	Negligible (<0.1pp)
US metal share	1%	Small (-0.05pp)
UK content qualifying share	30%	Negligible for global aggregate; moderate for UK-specific rate
Motorcycle component share	0.1%	Negligible (<0.001pp)

4. Impact on Aggregate Tariff Estimates

Transition effect (5 April to 6 April 2026)

Metric	5 April (old regime)	6 April (new regime)	Change
Weighted average applied rate (HTS)	11.44%	10.91%	-0.53pp
Weighted average applied rate (BoE)	12.03%	11.98%	-0.05pp
S232 metals HS codes in scope	1,049	912	-137 net
S232-affected import value	\$1,147bn	\$968bn	-\$179bn

The 0.53pp reduction under HTS schedule rates reflects three concurrent effects:

1. **Annex II removals** (-144 products, \$183bn): Downstream manufactured goods exit S232 scope entirely.
2. **Rate reductions on Annex I-B** (~550 products): Derivatives that previously attracted 50% now pay 25%.
3. **Annex III floor** (~48 products): Formula-based rates well below 50% for products with low HTS rates.

Partially offsetting these reductions:

- **New products entering scope** (+7 products, \$4.1bn): Additional copper articles and steel/aluminium derivatives.
- **Metal content ratios removed**: The content_share for materials S232 rises from calibrated values (40-94%) to 100%, increasing the effective S232 burden on products that remain in scope.

Product scope changes

	Products added	Products removed	Trade value added	Trade value removed
Steel	1	116	\$0.1M	\$117.5bn
Aluminium	2	22	\$3.6bn	\$64.1bn
Copper	4	6	\$0.5bn	\$1.4bn
Total	7	144	\$4.1bn	\$183.0bn

5. Data Downloads

Updated dataset reflecting the 6 April 2026 regime available on GTA website:

- **Flow-level tariff rates** (exporter x HS 8-digit): Full tariff decomposition for 274,417 trade flows.

References

- Presidential Proclamation of 2 April 2026: [Strengthening Actions Taken to Adjust Imports of Aluminum, Steel, and Copper into the United States](#)
- US Customs and Border Protection Guidance: [CBP Bulletin on S232 Metals Implementation](#)