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Changes to Steel/Aluminum/Copper Tariffs in Effect As of April 6; New Pharma Tariffs in 120 Days

President Donald Trump signed a series of executive actions Apr. 2 to set Section 232 tariffs on [pharmaceutical products](#) and charge a flat 25% rate for [steel](#), [aluminum and copper](#) derivative products. The pharmaceutical tariffs will be set at 100% for patented drugs from companies without “most favored nation” drug pricing deals, though that rate may be reduced to 20% for companies that reshore their production to the U.S.

The new Section 232 tariff rates for steel, aluminum and copper will take effect at 12:01 a.m. ET on April 6. A flat 50% rate will apply to steel, aluminum and copper articles of Chapter 72 and many goods of Chapters 73, 74 and 76. A 25% tariff will apply to steel, aluminum and copper derivatives listed in [Annex I](#) of the proclamation. The proclamation also removes many goods from the list of derivatives subject to steel, copper and aluminum tariffs, notably all those in Chapters 1-71 of the tariff schedule, plus many in subsequent chapters. Those removals are listed in Annex II of the proclamation.

The tariffs will now apply to the full value of the goods, rather than only their steel, aluminum or copper content, “so no more of this artificial pricing done by foreign importers who just make believe that they did it cheap,” said a senior administration official on a press call.

A temporary 15% tariff, inclusive of most-favored-nation tariffs, will apply to metal-intensive industrial equipment and electrical grid equipment listed in Annex III through 2027, according to the proclamation and a White House [fact sheet](#), though that temporary tariff relief may be revoked by the administration earlier. Products manufactured abroad “entirely” with U.S. metals will face a 10% rate. Goods from the U.K. that would otherwise be subject to the 50% rate are subject to a 25% tariff rate, and goods subject to the 25% rate for derivatives will be subject to a 15% rate. The proclamation ends the product inclusions process for Section 232 tariffs on steel, aluminum and copper, though it says products may still be added at the administration’s discretion. “This authority shall allow metal containers to be included in the scope of the metal tariffs, even if they are filled with items that will not be subject to steel, aluminum, or copper tariffs.”

The proclamation also allows for manufacturing drawbacks under 19 U.S.C. 1313(a) and (b) for goods subject to the Section 232 tariffs on steel, aluminum and copper. But, that applies only to goods from a “Trade Agreement Partner,” currently the U.K., EU, Japan, South Korea, Mexico, Canada and “any trading partner with which the United States concludes a final Agreement on Reciprocal Trade.”

To qualify, the goods must also not be subject to antidumping or countervailing duties, and the aluminum, copper or steel must be entirely smelted and cast or melted and poured in a trade agreement partner country.

The tariffs on pharmaceuticals will have exemptions for countries that have signed trade deals with the U.S., including the EU, Japan, South Korea and Switzerland, which will face rates of 15%, and the U.K., which will get a 10% rate. Companies from those countries won’t be required to reshore their manufacturing, according to a White House [fact sheet](#).

Generic pharmaceutical products, biosimilars and associated ingredients won’t be subject to tariffs at this time, though the administration said that will be reassessed in one year.

Companies that agree to reshore their manufacturing operations will face tariffs of 20% while they construct facilities in the U.S. Companies that reshore and agree to MFN drug pricing will face a 0% rate during construction. The tariffs will come into effect in 120 days for “large companies,” which the administration defined as

those with which it had deals, and 180 days for “smaller companies,” according to the fact sheet. “The aforementioned 20% rate shall increase to 100% on April 2, 2030,” the order says.

The order also says the onshoring plans “shall be subject to approval, monitoring, and enforcement” by the Commerce secretary, who will require companies to submit periodic reports regarding progress “towards fulfilling onshoring milestones.” Those reports may be reviewed by an external auditor. If the secretary determines that a company “engaged in fraud or deliberately misled” the government about its onshoring commitments, tariffs may be reimposed “both prospectively and retroactively.”

The order says that drawback “shall be available with respect to the duties imposed pursuant to this proclamation.”

Seventeen companies have already signed on to reshore their operations and agreed to MFN pricing. Thirteen of those have already signed deals: AbbVie Inc., Amgen Inc., AstraZeneca Pharmaceuticals, Bristol Myers Squibb, Boehringer Ingelheim Pharmaceuticals Inc., Eli Lilly and Co., EMD Serono Inc., Genentech Inc., Gilead Sciences Inc., Merck Sharp & Dohme LLC, Novartis Pharmaceuticals Corp., Novo Nordisk Inc. and Sanofi S.A.

The administration is “negotiating with the balance of the other four”—Pfizer Inc., Regeneron Pharmaceuticals Inc., GlaxoSmithKline and ViiV Healthcare Co, and Johnson & Johnson—“but they are coming,” according to a senior White House official.

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