

Trump Administration Issues New Section 232 Tariff Orders on Steel, Aluminum, Copper, and Patented Pharmaceutical Products

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On April 2, President Trump issued two Presidential Proclamations adjusting and/or imposing national security tariffs under Section 232 of the Trade Expansion Act of 1962. The proclamations:

- Alter existing Section 232 tariffs on steel, aluminum, and copper products; and
- Impose new tariffs on certain pharmaceutical products.

Steel, Aluminum, and Copper

The proclamation concerning steel, aluminum, and copper products can be found [here](#). A fact sheet may be found [here](#). The following are the key implications of the new proclamation:

- Certain tariff codes are being removed from the coverage of pre-existing Section 232 duties applicable to steel and aluminum products, effective today.
 - The affected tariff codes are listed in Annex II to the proclamation. The codes appear mainly to relate to products that are packaged in steel, aluminum, or copper containers, including milk, certain foods, chemicals, pharmaceuticals, and soaps. Codes for buckets, certain machines and machine parts, motorcycles and their parts, and furniture also appear on the list.
- The proclamation also directs that, effective today, duties be collected on the full value of metal articles classified in tariff codes listed in Annexes I-A and I-B, at rates of 10% - 50%, depending on the relevant metal, and/or location in which the

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metal was melted/poured, or smelted/cast. Previously, duties were only owed on the value of the metal content in certain items.

- Annex 1-A Codes
 - For steel/aluminum/copper tariff codes listed in Annex I-A, the duty rate will be 50% on the full product value, unless the goods are U.K. goods produced with steel or aluminum that is melted/poured or smelted/cast within the U.K. (which are tariffed at 25%).
 - “Derivative” goods classified in tariff codes listed in Annex I-A, which are produced abroad using entirely U.S.-melted/poured steel or U.S.-smelted/cast aluminum or copper will now be subject to a 10% 232 duty.
 - The codes in Annex I-A are largely located within Chapters 72, 73, 74, and 76 of the tariff schedule. These chapters correspond to goods that are typically made entirely, or near-entirely of steel, aluminum, and copper.
- Annex 1-B Codes
 - For steel/aluminum/copper tariff codes listed in Annex I-B, the duty rate will be 25% on the full product value, unless the goods are U.K. goods produced with steel or aluminum that is melted/poured or smelted/cast within the U.K. (which are tariffed at 15%).
 - “Derivative” goods classified in tariff codes listed in Annex I-B, which are produced abroad using entirely U.S.-melted/poured steel or U.S.-smelted/cast aluminum or copper, will now be subject to a 10% 232 duty.
 - The codes listed in Annex I-B are largely located outside of Chapters 72, 73, 74, and 76. However, some Chapter 73 and 76 codes are listed in this Annex, particularly those relating to more complex, manufactured items for household use (e.g., steel sinks, tableware, bakeware).
- Annex III to the proclamation lists tariff codes for which the 232 duties, plus any standard import duties owed on the code, will now collectively top out at 10-25%, depending on whether the product is made in a country that has, or does not have, permanent normal trading relations with the United States, and whether the product is made entirely with U.S.-melted/poured or U.S.-smelted/cast metal.
 - The Annex III treatment will terminate on January 1, 2028, and be replaced with the applicable Annex I-B rates for the same products.
 - The list largely appears to cover production-related inputs, equipment and machinery.
- A 200% duty will remain in place for aluminum goods that are classified in codes listed in any of the Annexes and for which any amount of aluminum in the product was smelted or cast in Russia.
- Finally, the proclamation also terminates a previously implemented formal process for expanding the scope of Section 232 metals duties, thus now leaving it in the Administration’s hands on whether, and on what basis, to expand the duties to include new products.

Pharmaceuticals

The proclamation regarding pharmaceuticals can be found [here](#). A fact sheet may be found [here](#). The following are the key implications of the new proclamation:

- This proclamation imposes new duties on certain “patented pharmaceuticals and associated pharmaceutical ingredients” listed in Annex I to the Proclamation.
- Generic and biosimilar pharmaceuticals, as defined in Annex I, are not subject to the 232 tariff.
- The default duty on patented pharmaceuticals and ingredients is 100%, subject to the following company- and country-specific reductions and exclusions:
 - Products of companies that have (or are likely to soon have) “onshoring plans” approved by the Secretary of Commerce will have a **20% tariff**. That tariff will increase to **100% on April 2, 2030**
 - For companies eligible for this treatment that have entered into pharmaceutical pricing agreements, the tariff rate will be **0% until January 20, 2029** “per the terms of the agreements listed in Annex II”
 - Products of the European Union, Japan, Switzerland and Liechtenstein will be subject to a **15% tariff**
 - Products of the UK will be subject to a **10% tariff**
- The tariff rates will be effective as of July 31, 2026, for companies listed in Annex III of the proclamation, and September 29, 2026, for all others.
- The lowest applicable duty rate will apply. For example, EU-origin products will be subject to the 15% rate even if produced by a company with an onshoring agreement that would result in a 20% tariff.
- Other exclusions include: pharmaceuticals and ingredients for which all approved indications are designated as orphan pursuant to the Orphan Drug Act, 21 U.S.C 360aa; Nuclear Medicines; Plasma derived therapies; Fertility treatments; Cell and gene therapies; Antibody drug conjugates; Medical countermeasures; and Others identified by the Secretary of Commerce, and products for animal health, if (1) they are products of a jurisdiction with a current or forthcoming agreement; or (2) meet an urgent U.S. health need.
- Annex IV lists pharmaceutical products/ingredients tariff codes not subject to duties.
- The Secretary of Commerce is delegated authority to:
 - Establish criteria for onshoring plans;
 - Approve, enforce onshoring plans and MFN pricing agreements, including by raising tariffs if companies fail to fulfill commitments;
 - Increase tariff rates applicable to foreign jurisdictions if they fail to fulfill commitments under agreements with the United States;
 - Enter into agreement with the United Kingdom; and

- Designate further drugs for exclusion.

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