

February 24, 2026

The Honorable Howard W. Lutnick  
U.S. Secretary of Commerce  
1401 Constitution Avenue NW  
Washington, DC 20230

The Honorable Jamieson Greer  
United States Trade Representative  
600 17th Street NW  
Washington, DC 20508

Dear Secretary Lutnick and Ambassador Greer:

Since their implementation in 2018, Section 232 tariffs on steel and aluminum products have played a vital role in stabilizing domestic industries, solidifying domestic production capacity, strengthening America's industrial base, and enhancing our national security. These measures remain necessary today due to persistent global overcapacity and continued market distortions driven by state-directed producers.

Recent reports suggest that the Trump administration may be preparing to clarify how Section 232 tariffs are calculated on steel and aluminum products, including covered derivative products. The Alliance for American Manufacturing (AAM) urges the administration to ensure that any actions clarifying coverage and calculations reinforce the core economic and national security objectives of the Section 232 steel and aluminum actions.

The Section 232 steel and aluminum tariffs were imposed following a determination that excessive imports threatened to impair U.S. economic and national security. At the time, global overcapacity and rampant unfair trade practices by China and many other countries had depressed prices, forced U.S. plant closures, and threatened the ability of domestic producers to reliably supply critical defense and infrastructure needs. Since 2018, Section 232 has helped improve market conditions for U.S. producers, enabling reinvestment, modernization, and the preservation of high-quality manufacturing jobs. The stabilization and improvement of market conditions demonstrate the effectiveness of Section 232 actions.

Critical to this issue, the underlying problem of global overcapacity has not been resolved, and when other markets close or slow, excess supply has historically targeted the United States. State-directed production, heavy subsidies, and export-oriented industrial policies – especially in China but also prevalent among many U.S. allies – continue to flood global markets with artificially cheap material. Global steel excess capacity is projected to reach 721 million metric tons by 2027, a level the OECD has characterized as “unprecedented.” Low-priced steel exports from China continue to surge, and the United States is not alone in taking action to protect its market from the damaging effects of global overcapacity. OECD data show that excess capacity has triggered a sharp rise in trade defense measures worldwide. In 2024 alone, 81 antidumping investigations on steel products were launched across 19 countries, approaching crisis levels last seen in 2016. Even though direct imports from China have been curtailed, the harmful impacts of global overcapacity on the U.S. market remain an ongoing danger through third countries, transshipment, and downstream derivative products.

In response to these shared pressures, key U.S. trading partners are also moving to strengthen their own steel protections. Mexico has raised tariffs on steel imports from countries with which it does not have trade agreements, aiming to slow surging imports from Asia. Canada, too, has tightened limits on steel imports and imposed a 25 percent tariff on certain steel-containing

products to prevent companies from sidestepping existing rules. Meanwhile, the European Union is moving to tighten its own steel safeguards, including cutting back tariff-free imports and strengthening rules to stop transshipment. Together, these actions underscore a growing international consensus that robust trade defenses are necessary to shield domestic steel industries from persistent global overcapacity and unfair trade practices.

The addition of downstream derivative products to Section 232 coverage has been essential to evasion prevention and to ensure that the national security objectives of the tariffs are not undermined by importer attempts to game the system. Experience has shown that foreign exporters will exploit any loopholes by sourcing foreign steel and aluminum that would otherwise be subject to Section 232 and performing minimal transformation before shipping finished goods into the United States with lower or no duties applied. As detailed in a February 2025 Presidential Proclamation, imports of derivative products “increased significantly since the issuance of [the initial Section 232 actions], eroding the domestic industry’s customer base and resulting in depressed demand for steel articles produced in the United States.”

The administration and Congress must remain vigilant to these circumvention tactics that weaken domestic producers, depress capacity utilization, and recreate the very import pressures that Section 232 was designed to address. Robust derivative coverage ensures the stability of domestic steel and aluminum production, closes backdoor pathways for global overcapacity, and reinforces the strength and resilience of America’s industrial base needed to support defense, critical infrastructure, and energy security.

If the administration moves forward with clarifying how Section 232 tariffs are calculated – particularly with respect to steel and aluminum content in derivative products – such guidance must be designed to strengthen compliance and enforcement. Clear rules can help Customs and Border Protection prevent undervaluation, misreporting, and other practices that erode the intent of the Section 232 actions. However, clarification should not become a vehicle for narrowing coverage, reducing effective tariff rates, or creating new pathways for circumvention. The adoption of permissive valuation rules, interpretations, or other loopholes would risk squandering the gains made under the Section 232 program and recreating the vulnerabilities that prompted action in the first place.

Steel and aluminum are foundational to U.S. national defense, critical infrastructure, and economic security. The United States cannot afford to become dependent on foreign suppliers, particularly adversaries like China or others subject to coercion by hostile or non-market governments, for materials essential to ships, vehicles, energy systems, and the electric grid. For these reasons, the Section 232 actions must remain in place and be robustly enforced. AAM urges that any administrative clarification reaffirm the core finding that excessive imports threaten national security and that strong, consistent tariffs are necessary to ensure a resilient domestic steel and aluminum industry capable of meeting America’s present and future needs.

Sincerely,



Scott N. Paul  
President  
Alliance for American Manufacturing