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Trump Overhauls Section 232 Tariffs: What Metals and Pharmaceutical Importers Need to Know

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On April 2, 2026, President Trump issued two proclamations under Section 232 of the Trade Expansion Act of 1962, significantly restructuring tariffs on steel, aluminum, and copper, and imposing new tariffs on patented pharmaceuticals and pharmaceutical ingredients. These updates are expected to impact a broad range of industries and will require importers and manufacturers to carefully assess how the new rules may affect their operations and supply chains.

Revisions to Steel, Aluminum, and Copper Tariffs

The first proclamation overhauls the Section 232 tariffs on steel, aluminum, and copper and applies to covered imports entered on or after April 6, 2026, at 12:01 a.m. Eastern, unless otherwise specified in the annexes. The primary modification relates to the dutiable value of covered merchandise. Importers may no longer apply the tariffs to only the metal content of derivative products. Under the new rules, the tariffs apply to the full customs value of the imported goods. Most covered merchandise is subject to either 50 or 25 percent duties under the new framework, as specified in Annexes I-A and I-B.

Annex I-A – Merchandise listed in Annex I-A is subject to 50 percent duties. This primarily includes standard metal articles classified in chapters 72, 73, 74, and 76 of the Harmonized Tariff Schedule of the United States (HTSUS). United Kingdom (UK) products composed entirely of UK-origin metal are subject to a 25 percent duty, while U.S.-origin derivatives qualify for a 10 percent rate.

Annex I-B – Merchandise listed in Annex I-B is subject to 25 percent duties. This includes some merchandise classified in HTSUS chapters 72, 73, 74, and 76, but primarily covers derivative products outside of these chapters. Importers who previously paid Section 232 duties after the administration added more than 400 derivative products in August 2025 should carefully review this list for exposure. Further, there are reduced rates of 15 percent for UK-origin and 10 percent for entirely U.S.-origin content products.

In addition to these modifications, other key details include:

- Certain metal-intensive industrial equipment and electrical grid equipment listed in Annex III are subject to 15 percent duties through 2027
- Products containing 15 percent or less steel, aluminum, or copper by weight are excluded from Section 232 metals tariffs
- Covered merchandise entered into U.S. foreign trade zones must use "privileged foreign status"
- Drawback remains limited, with eligibility generally confined to certain products from trade agreement partners using qualifying U.S., UK, or partner-origin metals
- The proclamation does not override previously negotiated tariff reductions with major trading partners for certain civil aircraft-related goods
- Product level exclusions exist for motorcycle-related merchandise

Tariffs on Patented Pharmaceuticals and Pharmaceutical Ingredients

The second proclamation imposes Section 232 tariffs on pharmaceuticals, pharmaceutical ingredients, and derivative products. The tariffs will come into effect on July 31, 2026 for large companies listed in Annex III to the proclamation, and September 29, 2026 for all other companies. They will cover patented pharmaceuticals and associated pharmaceutical ingredients, as defined by the proclamation.

Most imports of patented pharmaceuticals and associated pharmaceutical ingredients will be subject to 100 percent duties. Exceptions include the following:

- **Onshoring commitments** – Covered merchandise of companies that have entered into Commerce-recognized onshoring commitments will be subject to 20 percent duties. This rate increases to 100 percent on April 2, 2030.
- **Trade-agreement countries** – Covered merchandise from Japan, the European Union, the Republic of Korea, and Switzerland and Liechtenstein will generally be subject to 15 percent duties.
- **UK** – Covered merchandise from the UK will be subject to 10 percent duties, which may be reduced to 0 percent contingent on compliance with the U.S.-UK pharmaceutical agreement.
- **MFN and onshoring agreements** – Covered merchandise of companies that have entered into onshoring agreements and have or are likely soon to have Most-Favored-Nation (MFN) pharmaceutical pricing agreements with the U.S. Department of Health and Human Services (HHS) will be subject to zero percent duties until January 20, 2029, subject to approvals.

The proclamation further provides relevant agencies with authority to revise the tariff framework if additional companies or foreign governments enter into onshoring or MFN agreements or fail to fulfill such agreements.

Products Excluded from Proclamation

The proclamation does not cover generic pharmaceuticals and their associated ingredients, although HHS is directed to monitor and report circumstances that might warrant action to adjust imports in this sector.

The proclamation also excludes specialty pharmaceuticals, including:

- Orphan drugs and associated ingredients where all approved indications are designated under the Orphan Drug Act
- Nuclear medicines
- Plasma-derived therapies
- Fertility treatments
- Cell and gene therapies
- Antibody drug conjugates
- Medical countermeasures for chemical, biological, radiological, or nuclear threats
- Other specialty pharmaceutical products identified by the Commerce Secretary, as well as pharmaceutical products for animal health

Additional considerations:

- U.S.-origin products are not subject to the new tariffs
- Covered products admitted into U.S. foreign trade zones must use "privileged foreign status"
- Drawback is available for covered products

Companies throughout the pharmaceutical supply chain should evaluate whether their products fall within the scope of the new tariffs.

What Companies Should Do Now

These actions continue the Trump Administration's aggressive use of Section 232 authority. Companies should evaluate their tariff exposure, engage with suppliers to obtain content certifications for accurate CBP reporting, and monitor for additional derivative product designations.

Our [International Trade and National Security Team](#) will continue to monitor developments and provide updates as warranted. If you have any questions or would like to discuss, please contact [P. Lee Smith](#), [Matthew McGee](#), [Georgia Berthelot](#), or any member of Baker Donelson's [International Trade and National Security Team](#).