

Alert | International Trade



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Mexico Responds to U.S. Tariffs on Steel and Aluminum Imports with Compensatory Tariffs

Following the White House's decision to impose tariffs on imports of certain steel and aluminum products from Mexico starting on June 1, 2018, Mexico has responded in kind by imposing compensatory tariffs. On June 5, 2018, the government of Mexico published in the *Diario Oficial de la Federación* (Mexico's federal gazette) a presidential decree levying duties on \$3 billion worth of a wide array of U.S. exports. The new tariffs on U.S. products became effective on June 5, 2018, for most of the affected products. The tariffs will become effective for the remaining affected products on July 5, 2018.

Mexico and other countries had been temporarily excluded from the March 18, 2018, Section 232 tariffs on certain imports of steel and aluminum products due to – in the case of Mexico and Canada – the renegotiation of the North American Free Trade Agreement (NAFTA). However, the United States ended the temporary exclusion at the end of May when it announced that Mexico, Canada, and the European Union would also be subject to the 25 percent and 10 percent Section 232 tariffs on steel and aluminum products, respectively, that were rolled out on March 18.

Measures & Anticipated Effects

Citing violations of the United States' obligations under NAFTA, Mexico has imposed tariffs on specific categories of U.S. products, including agricultural and food products such as pork, apples, potatoes, bourbon, and several types of cheese, but also steel and aluminum products and finished products like certain types of motorboats.

Due to their targeted nature, these compensatory tariffs are expected to be particularly damaging to certain agricultural sectors. For example, since Mexico receives approximately 25 percent of U.S. pork exports, making it the largest foreign market for this product, the pork industry is expected to be particularly affected. Furthermore, Mexico's tariffs on U.S. steel and aluminum products may also be damaging, as Mexico is the largest and second largest foreign market for U.S. exports of aluminum and steel, respectively. Mexico's Ministry of Economy has announced that these tariffs will be in force until the United States excludes Mexico from its Section 232 tariffs on imports of steel and aluminum products. Canada and the European Union are also preparing similar compensatory measures, which are expected to be implemented in the near future.

It is unclear whether and how these tariffs and compensatory measures will impact the renegotiation of NAFTA. Mexican officials have stated that the imposition of tariffs on Mexican products will roil trade discussions with the United States but have reaffirmed their willingness to continue with the renegotiation of NAFTA. Canada has taken a similar stance and has rejected the possibility of making further concessions at the NAFTA negotiating table under the pressure of U.S. tariffs.

Greenberg Traurig's International Trade group will continue to monitor developments regarding these new tariffs.

About Greenberg Traurig's International Trade Practice

Greenberg Traurig's [International Trade Group](#) provides continual consultation and advice to clients on expanding trade opportunities and the impact of U.S. governmental action on global trade.

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