

# GAO Highlights

Highlights of [GAO-23-105148](#), a report to congressional requesters.

## Why GAO Did This Study

In March 2018, citing national security concerns, the President placed tariffs of 25 percent on some imported steel and 10 percent on some imported aluminum products, under Section 232 of the Trade Expansion Act of 1962. At the same time, Commerce established a process to provide relief, or exclusion, from the tariffs. Requesters apply to BIS for tariff exclusion. If BIS approves, the requester may import specific products without paying those tariffs. BIS transmits data about the specific parameters of the approved exclusions to CBP, which determines if an importer may use an exclusion.

GAO was asked to review how Section 232 exclusions are administered. This report examines (1) BIS's measures to ensure Section 232 exclusion requests are needed, (2) the extent to which BIS and CBP maintain consistent data in order to administer the exclusions, and (3) the extent to which importers invalidly used exclusions. GAO defines invalid use as the claiming of an exclusion in ACE in a way that does not comport with BIS's parameters.

GAO analyzed agency data, and reviewed agency documents related to the exclusion approval and import processes. GAO also interviewed BIS and CBP officials and spoke with industry stakeholders.

## What GAO Recommends

GAO is making four recommendations, for BIS to evaluate the results of the certification requirement and develop a more consistent data transfer process, and for CBP to implement controls to prevent overclaiming of exclusions and to recover duties owed. The agencies concurred with GAO's recommendations.

View [GAO-23-105148](#). For more information, contact Kimberly Gianopoulos at (202) 512-8612 or [gianopoulosk@gao.gov](mailto:gianopoulosk@gao.gov).

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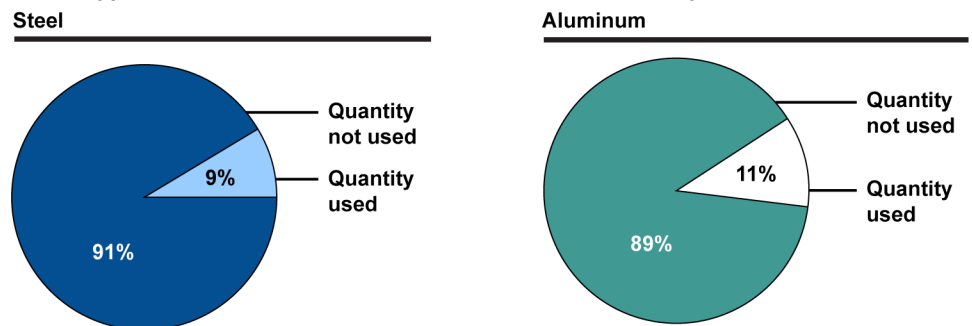
# STEEL AND ALUMINUM TARIFFS

## Agencies Should Ensure Section 232 Exclusion Requests Are Needed and Duties Are Paid

### What GAO Found

Importers can submit exclusion requests to the Department of Commerce's Bureau of Industry and Security (BIS) to seek relief from Section 232 steel and aluminum tariffs. GAO found that importers had used a small proportion of the quantities that BIS had approved (see figure). BIS implemented measures to ensure exclusion requests are needed, but has not evaluated the results. In December 2020, BIS reported that unneeded exclusion requests burdened the approval process, and began requiring requesters to certify that they expect to use the entire quantity if approved. Without evaluating the requirement's results, BIS lacks key information about whether it has helped ensure exclusion requests are needed and has improved the efficiency of the exclusion approval process.

Use of Approved Section 232 Exclusion Quantities, March 2018–September 2021



Source: GAO analysis of U.S. Department of Commerce Bureau of Industry and Security (BIS) and U.S. Department of Homeland Security Customs and Border Protection (CBP) data. | [GAO-23-105148](#)

Note: This figure presents exclusion use data available as of November 2021.

GAO found that BIS and the Department of Homeland Security's Customs and Border Protection (CBP) had inconsistent data for about 5 percent of the nearly 207,000 exclusions approved through September 2021. BIS transfers data about approved exclusions to CBP for use in the Automated Commercial Environment (ACE), the system importers use to bring goods into the U.S. BIS provides CBP partial data about the parameters, which requires CBP to derive additional information, such as the exclusion's validity period, for use in ACE. Without a more consistent data transfer process, CBP faces challenges in administering exclusions as BIS intends, creating a continuing risk of error and invalid use.

GAO's analysis shows that importers generally used tariff exclusions consistent with BIS's approved parameters. However, GAO identified an estimated \$32 million in unpaid duties resulting from invalid exclusion use as of November 2021. CBP officials said that when they programmed the Section 232 functionality in ACE, they did not have the time or resources to program automatic deactivation once the importer reaches the approved quantity. Instead, CBP has manually deactivated exclusions. However, the lag time between when importers reach approved quantities and CBP's manual deactivation allows importers to overclaim exclusions and not pay duties on the overage. Until CBP implements more effective controls to prevent overclaiming and to recover duties owed, the U.S. government is at risk of losing millions of dollars in revenue.