Here's What to Expect Next on Trump's Steel and Aluminum Tariffs

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President Donald Trump could impose U.S. tariffs on steel and aluminum imports as early as Thursday afternoon in Washington. His plan to do so has already rattled financial markets, as investors try to gauge the economic and geopolitical fallout. Trump himself has hinted the measures, initially billed as sweeping and severe, may be watered down for allies.

Regardless of the fine print, the turmoil is likely to persist, as investors, consumers, governments and companies try to decipher whether this is the first shot fired in a trade war that threatens a healthy global economy.

To help you better understand these developments, we've laid out a few of the next steps, as well as their potential consequences.

What happens in coming days?

Trump has said he plans to set import tariffs of 10 percent on aluminum and 25 percent on steel. After that, he has as many as 15 days to implement them, and 30 days to tell Congress why he's taking those actions. The notification is a formality, as the president has broad authority in this case.

All eyes are on the order he signs and whether the president exempts certain products or countries. U.S. allies including the European Union and Nafta-member countries are clamoring for exemptions, as are critics of the measure who caution it could spark a trade war.

There is no time limitation on how long the tariffs can last. If Trump wants to change the tariffs or introduce exemptions, he can file follow-on orders.

How can other governments react?

Countries can file a complaint at the World Trade Organization, which would take years to make and enforce a ruling. The U.S. is likely to argue that tariffs are allowed to protect national security, which would spark debate and may open the door for other countries to make the same justification to raise trade barriers.

In the meantime, governments could impose tariffs that are equal to the amount of duties the U.S. is collecting against them. For example, the European Union has signaled it will target imports of American whiskey, jeans and motorcycles. The U.S. may retaliate by filing a complaint at the WTO and/or imposing additional tariffs on imports.

The tit-for-tat would probably last until the dispute is resolved, said Daniel Cannistra, a partner at Crowell & Moring LLP, an international law firm. "When everybody says trade war, that's what they're talking about. The U.S. is going to say, 'We were right to do our duties and you were wrong to do yours, so now we're going to retaliate,'" he said. "At some point, somebody has to say, 'Stop.'"

Another option is that countries that have tariffs below current limits set by the WTO could raise them to the ceiling imposed by the trade organization. That would inflict pain on U.S. exporters, and shield countries from any argument that they are violating WTO laws.

China's government has leeway to shift procurement contracts to non-U.S. companies. They could decide, for example, to buy Canadian airplanes rather than American ones, and it wouldn't be seen as a retaliatory tariff in the legal sense.

How might companies respond?

U.S. steel and aluminum producers would applaud the White House decision, potentially increasing investment and production. That could stimulate hiring and wages, at least in those industries.

Companies that use the metals in construction and manufacturing would face higher costs, which they could absorb or pass on to consumers. Threatened with thinner margins, the companies might reduce or delay investments, or fire workers. For example, South Korea's Hyundai Motor Co. has warned it may rethink how many vehicles it builds in the U.S.

Companies or industry associations could challenge the government in U.S. court, saying the justification for tariffs isn't valid. "I have a little bit of doubt that they'll have much luck" given the president's authority in this case, said Simon Lester, a trade policy analyst at the Cato Institute. "But it may be worth a try."