

EU-US Section 232 Tariffs Coalition

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Head of the US & Canada unit in DG TRADE, Matthias Jørgensen

Situation is complicated – steel and aluminium trade is not normalised, section 232 remains in place, though some suspension of EU exports, there is a heavy US trade tariff barrier, and negative flows of EU to US steel and alu

The Commission is fully engaged, in the process with US on the GSA, with a strong will and commitment on both sides to resolve this and reach an agreement in time by Oct to address decarbonisation and market excess capacity.

The [briefing paper](#) by Bruegel is an interesting analysis of the implications of the US proposal, and differences need to be bridged.

Apart from steel and alu, other industries are affected, increasing the urgency to resolve the issue and move forward, and reinforces commitment to find an agreement and provide clarity on what will happen.

Looking at the political calendar, there are technical and political level meetings between EU and US on this, channels of communication are open, talks had last week in Washington were useful though there was not breakthrough, clearly a wish to move forward.

There is a possibility for a high-level meeting, even a summit, in autumn, and even if not a solution, there will be greater clarity.

The Commission cannot assure that the tariffs will not come back – that is the default if there is no solution, but there is hope for a way forward to avoid further irritants on trade.

Spirits Europe:

EU and US are on different planets, saw this with FDE delegation in May to Washington. Will there be an extension? Has this been discussed.

Matthias Jørgensen

Yes, always a possibility of prolonging, but the current situation is very difficult for the whole of the EU industrial operators, and hard for the COM to tell its steel and aluminium exporters that they maintain the status quo.

On Airbus and Boeing, the US discussions have been productive, the US is more focused on what it must finalise during this administration. The aviation dispute is frozen until 2026, and closer to this deadline, it will be seen what is done. It is the choice of the US not to permanently lift these sanctions. Resolution of this will very much depend on what the next administration decides.

Harald Past:

US have shown concerns on CBAM, wanting exemptions, what role is CBAM playing?

Matthias Jørgensen

CBAM is of relevance to the GSA negotiations, and one question is addressing decarbonisation with effective measures at the border. CBAM is a relevant tool for the EU to do this, and whilst the US would like to be exempted overall from CBAM, this is not possible. Discussion also going in the US

whether it should have its own carbon border mechanism, and this will likely continue to be discussed.

Thomas Lividini:

Deadline of 31 October – is this a legal or aspirational deadline?

Matthias Jørgensen

If the deadline is missed, and there is no other decision, then it can be tight – if there is no decision then the tariffs all come back in place on 1 Jan 2024. If no successful conclusion of the GSA or any other political decision.

Spirits Europe

If the tariffs come back, would it be the maximum tariffs or would it be the tariffs that applied at the time of suspension.

Matthias Jørgensen

Yes, this is correct, both the first and second tranche of tariffs would apply from 1 Jan 2024

FRUCOM

What about the Global part in GSA? Is the resolution conditional on adding more countries or is global just an aspiration and only the EU and US agreement will matter?

Matthias Jørgensen

Global is more aspirational than a condition for an agreement in October.

GSA is something that should be open to third countries, provided that they are willing meet conditions particularly on non-market excess capacity and decarbonisation, and the clear candidates would be Canada, Iceland, UK, Japan, but other countries would be less easy to deal with like China. The idea is to have something that is open to other countries wanting to be part of this and would be ready to take on these obligations.

This is why the EU sees the US proposal as a one-size fits all, with tariffs and stringent measures and obligations that are not very flexible, and it would be good to have some flexibility on this, both because the EU and US are different, and making something narrow and defined, then it becomes difficult to get other countries involved.

Spirits Europe

What about the possibility of the carousel of US tariffs under the Airbus and Boeing? Section 232

Matthias Jørgensen

Whilst the US can carousel, this is not possible for the EU – the COM has chosen to target the swing states, and this won't change.

Important for the coalition to continue its work and messaging, the consistent message from MS is that they would want this resolved, and that the tariffs eventually hurt one's own interest. This message should also be emphasised to the US. A simple rollover is not so simple.