

New York Times (10.31.21)

U.S. Agrees to Roll Back European Steel and Aluminum Tariffs

The deal, which comes as U.S. and E.U. allies meet in Rome, will keep some trade protections in place in a nod to metalworking unions that supported President Biden.

By Ana Swanson and Katie Rogers

WASHINGTON — **The Biden administration announced on Saturday that it had reached a deal to roll back tariffs on European steel and aluminum**, an agreement that officials said would lower costs on goods like cars and washing machines, reduce carbon emissions, and help get supply chains moving again.

The deal, which comes as President Biden and other world leaders meet at the Group of 20 summit in Rome, is aimed at easing trans-Atlantic trade tensions that had worsened under former President Donald J. Trump, whose administration **initially imposed the tariffs**. Mr. Biden has made clear he wants to repair relations with the European Union, but the agreement also appears carefully devised to avoid alienating U.S. labor unions and manufacturers that have supported Mr. Biden.

It leaves some protections in place for the American steel and aluminum industry, by transforming the current 25 percent tariff on European steel and 10 percent tariff on aluminum into a so-called tariff rate quota, an arrangement in which higher levels of imports are met with higher duties.

The agreement will put an end to retaliatory tariffs that the European Union had imposed on American products including orange juice, bourbon and motorcycles. It will also avert additional tariffs on American products that were set to go into effect on Dec. 1.

“We fully expect this agreement will provide relief in the supply chain and drive down cost increases as we lift the 25 percent tariffs and increase volume,” Commerce Secretary Gina Raimondo said.

Ms. Raimondo, in a briefing with reporters, said the deal had allowed the United States and European Union to establish a framework to take carbon intensity into account when producing steel and aluminum, which could allow for them to manufacture “cleaner” products than the ones produced in China.

“China’s lack of environmental standards is part of what drives down their costs, but it’s also a major contributor to climate change,” Ms. Raimondo said.

The tariffs were imposed on dozens of countries, including those in the European Union, after the Trump administration determined that foreign metals posed a national security threat.

Mr. Biden vowed to work more closely with Europe, which he has described as a partner in efforts to combat climate change and compete against authoritarian economies like China. But he has been under pressure from American metal manufacturers and labor unions not to entirely remove the trade barriers, which have helped protect the domestic industry from a glut of cheap foreign metal.

The deal marks the final step for the Biden administration in dismantling Mr. Trump’s Trans-Atlantic trade war. In June, U.S. and European officials announced an [end to a 17-year dispute](#) over aircraft subsidies given to Airbus and Boeing. In late September, the United States and Europe announced a new partnership for trade and technology, and earlier this month they came to an agreement on global minimum taxes.

Under the new terms, the European Union will be allowed to ship 3.3 million metric tons of steel annually into the United States duty-free, while any volume above that would be subject to a 25 percent tariff, according to people familiar with the arrangement. Products that were granted exclusions from the tariffs this year would also temporarily be exempt.

The agreement will also place restrictions on products that are finished in Europe but use steel from China, Russia, South Korea and other countries. To qualify for duty-free treatment, steel products must be entirely made in the European Union.

Jake Sullivan, the president’s national security adviser, said that the deal removed “one of the biggest bilateral irritants in the U.S.-E.U. relationship.”

Metal unions in the United States praised the deal, which they said would limit European exports to historically low levels. The United States imported 4.8 million metric tons of European steel in 2018, a level that fell to 3.9 million in 2019 and 2.5 million in 2020.

In a statement, Thomas M. Conway, president of the United Steelworkers International, said the arrangement would “ensure U.S. domestic industries remain competitive and able to meet our security and infrastructure needs.”

Mark Duffy, the chief executive of the American Primary Aluminum Association, said that the deal would “maintain the effectiveness” of Mr. Trump’s tariffs, “while allowing us to support continued investment in the U.S. primary aluminum industry and create more American aluminum jobs.”

He said the arrangement would support the American aluminum industry by limiting duty-free imports to historically low levels.

Other countries remain subject to U.S. tariffs or quotas, including Britain, Japan and South Korea. The U.S. Chamber of Commerce, which has opposed the metal tariffs, said the deal did not go far enough.

Myron Brilliant, the executive vice president of the U.S. Chamber of Commerce, said the agreement would offer “some relief for American manufacturers suffering from soaring steel prices and shortages, but further action is needed.”

“The U.S. should drop the unfounded charge that metal imports from the U.K., Japan, Korea and other close allies represent a threat to our national security — and drop the tariffs and quotas as well,” he said.