



October 11, 2023

The Honorable Katherine Tai
United States Trade Representative
Office of the United States Trade Representative
600 17th Street, N.W.
Washington, D.C. 20006
United States

The Honorable Valdis Dombrovskis
Executive Vice President
European Commission
Rue de la Loi / Wetstraat 200
1049
Belgium

The Honorable Gina Raimondo
Secretary of Commerce
Department of Commerce
1401 Constitution Avenue N.W.
Washington, D.C. 20230
United States

The Honorable Thierry Breton
Commissioner for Internal Market
European Commission
Rue de la Loi / Wetstraat 200
1049
Belgium

RE: Transatlantic Industry Coalition Urges Long-Term Solution of EU-U.S. Trade Dispute over Steel and Aluminum

Dear Ambassador Tai, Executive Vice President Dombrovskis, Secretary Raimondo, and Commissioner Breton,

The health of the EU-U.S. economic relationship is critical to jobs and prosperity on both sides of the Atlantic. In 2022, \$904 billion worth of goods were traded between the European Union and the United States¹, and transatlantic foreign direct investment accounts for millions of manufacturing jobs in both the EU and the U.S. Under the leadership of Presidents Joe Biden and Ursula von der Leyen, the transatlantic economic relationship has been strengthened through the successful negotiation of a new data privacy shield, the five-year resolution of the aircraft subsidy dispute, and the two-year tariff-rate quota (TRQ) agreement on steel and aluminum tariffs. With the temporary steel and aluminum agreement reaching its expiration date on January 1, 2024, after originally being scheduled for October 2023, the undersigned trade associations, which each represent key manufacturing industries on both sides of the Atlantic, urge the EU and the U.S. to reach a long-term solution that would permanently eliminate transatlantic steel and aluminum trade barriers and prevent another costly trade dispute.

¹ <https://www.census.gov/foreign-trade/balance/c0003.html#2022>

The 2018 decision from the United States to impose tariffs on steel and aluminum imports from Europe and the rest of the world disrupted transatlantic trade, harming American and European producers and consumers. American manufacturers faced higher costs stemming from increased prices of steel and aluminum, while American exporters of products like motorcycles, steel and aluminum products, and household appliances all faced new barriers to the European market as a result of the EU's retaliatory tariffs. Meanwhile, European manufacturers were harmed by increased prices for American exports of flat-rolled products, bars, rods, wires, tubes, pipes, and tanks, which were all designated under the EU's retaliatory tariffs. In addition, manufacturers on both sides of the Atlantic faced heightened uncertainty resulting from the trade dispute which restricted trade and investment decisions in both markets.

The October 2021 deal negotiated by the EU and the U.S. certainly was a positive step, but it did not resolve the underlying dispute. The two-year agreement partially alleviated tariffs on European exports of steel and aluminum to the United States through a TRQ system and temporarily vacated European punitive tariffs. However, the possibility remains that tariffs from both sides may be reinstated in early 2024, if an agreement is not reached by January 1. In addition, American manufacturers that import specialized European steel still face additional compliance costs associated with the TRQ system. These importers pay the 25 percent tariff up front and then apply for a reimbursement, but these refunds are often delayed or even rejected.

With the October 20, 2023 EU-U.S. Summit in Washington, D.C. fast approaching, the undersigned transatlantic industry associations urge the EU and the U.S. to reach a long-term agreement that would resolve this trade dispute once and for all. Such an agreement should provide equitable treatment of American and European exports of steel and aluminum products destined for the other market. A durable agreement that would reduce steel and aluminum trade barriers between the EU and the U.S. would reduce input costs for transatlantic producers of manufactured goods and incentivize trade flows between the two markets. Since the EU and U.S. are indispensable allies, streamlined flows of steel and aluminum between the two markets would also strengthen transatlantic security.

Importantly, a long-term agreement resolving this trade dispute would also restore much-needed confidence for transatlantic manufacturers. Market volatility hinders international commerce, as manufacturers often resist making long-term trade and investment decisions if they are uncertain that tariffs and regulations will constantly change in the market where they seek to do business in. A permanent resolution to this feud would alleviate the uncertainties that resulted from the 2018 tariffs and incentivize trade and investment between the two economies.

Preventing additional trade frictions over this issue is especially paramount as Europe and the United States look to proactively address common geostrategic and economic challenges. The EU and the U.S. must continue to work together through the Trade and Technology Council to set the pace in developing global standards for critical technologies, promote innovation that helps advance global sustainability goals, bolster supply chain resilience, and combat non-market economic practices, among other joint initiatives. It would be much more difficult to achieve these positive outcomes if the two economies are engaged in a prolonged and contentious trade dispute.

For these reasons, we strongly advocate that the EU and the U.S. reach a durable agreement that would finally resolve this costly five-year dispute. While a long-term agreement is preferable for market confidence, American and European negotiators must, at the very least, ensure that tariffs will not be reimposed if an agreement is not reached by the January 2024 deadline, even if this means that the

deadline is extended. For transatlantic manufacturers, it is imperative that the EU and the U.S. avoid the costs, uncertainty, and instability that would return from a potential escalation of this dispute.

Sincerely yours,

AMT - The Association for Manufacturing Technology

Association of Equipment Manufacturers (AEM)

CECE Committee for European Construction Equipment

Comité Européen des Associations de Constructeurs D'Engrenages et D'Éléments de Transmission (EUROTRANS)

European Association of Automotive Suppliers (CLEPA)

European Association of Manufacturing Technologies (CECIMO)

Europe's Association for Plastics and Rubber Machinery Manufacturers (EUROMAP)

Hydraulic Institute (HI)

Information Technology Industry Council (ITI)

MEMA, The Vehicle Suppliers Association

The National Foreign Trade Council (NFTC)

Plastics Industry Association (PLASTICS)

United States Council for International Business (USCIB)

Verband Deutscher Maschinen- und Anlagenbau (VDMA)

Wood Machinery Manufacturers of America (WMMA)