

Trade disputes

EU trade chief warns US over compromise on steel dispute

Valdis Dombrovskis hopeful of breakthrough in talks but will not back any US proposal that flouts global trade standards



Valdis Dombrovskis meets Katherine Tai, the US trade representative, on Thursday © Reuters

Andy Bounds and **Sam Fleming** in Brussels 11 HOURS AGO

The US will not be able to resolve its steel dispute with Europe through a deal that discriminates against other countries, the EU's trade commissioner has said, underlining the challenge of finding a compromise to end the stand-off.

Valdis Dombrovskis told the Financial Times that he was hopeful of a breakthrough to end the threat of renewed tariffs on [EU steel imports](#) ahead of a meeting with Katherine Tai, the US trade representative, on Thursday. Without a deal, the tariffs, lifted temporarily, would return in December along with retaliatory measures from the EU.

But the commissioner insisted that the EU would not sign up to any agreement that breaches global trade standards. Experts have argued that elements of Washington's proposed solution could unfairly discriminate against imports from some countries.

"As the EU, we're committed to multilateralism, to the rules-based global order," Dombrovskis said. "We would like to avoid engaging in agreements which manifestly violate World Trade Organization rules."

The section 232 tariffs of 25 per cent on steel and 10 per cent on aluminium were imposed by former US president Donald Trump on national security grounds, outraging EU capitals.

The two sides paused the dispute two years ago and promised to form a sustainable steel club that would prioritise low-carbon metal, tackle global overproduction, and Chinese subsidies.

However, they have struggled to find an agreement on this Global Arrangement on Sustainable Steel and Aluminium (GSA) ahead of a deadline in October. The US has proposed allowing club members to set emissions standards, and levy tariffs on those who do not meet them, according to media reports.

Independent analysts say such a proposal, which favours domestic producers, would probably [break WTO rules](#).

For its part, Brussels is introducing a carbon border adjustment mechanism (CBAM), which will levy tariffs on imports according to how much carbon they emit. It wants this to form the basis of the club. But the US has no national carbon pricing system and is unlikely to adopt one soon.

“We respect the EU’s concerns but we continue to wait for a proposal from their side that meets our high level of ambition and addresses our shared concerns on climate change and overcapacity,” said Sam Michel, a spokesperson for the US trade representative’s office.

Dombrovskis declined to speculate on whether the two sides could prolong the truce if there were no agreement by October. “Currently, we are focusing on delivering plan A,” he said.

Dombrovskis also said he would discuss the US [Inflation Reduction Act](#), which ties many American subsidies to domestic production. He is seeking a mandate from EU members to negotiate a deal to have critical raw materials mined or processed in the EU and used in batteries as qualifying for US consumer credits.

He expected to clinch a deal before an expected EU/US summit later this year. “Given the fact that we already have extensive discussions on this component of the agreement before, we should be able to make rapid progress once we have a mandate,” he said.

However, many member states want the agreement to include all 50 metals covered by the IRA, not just the five offered by the US.

Dombrovskis emphasised the importance of transatlantic trade, describing it as “the artery of the world economy”. He warned that there was a risk of fragmentation in

global trade as some countries raise barriers to flows of products and services. “We think it’s important to avoid this fragmentation,” he said.

He added: “For this, we need to stick with multilateralism and we need to defend the rules-based global trading order. And we need to preserve the relevance of the WTO.”

Additional reporting by Aime Williams

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