

News story: Operational note for UK industry: US steel and aluminium tariffs

Background:

Following an announcement of steel and aluminium tariffs under the Section 232 of the US Trade Expansion Act of 1962 earlier this year, the UK Government has worked extensively with the United States (US) and European Union (EU) counterparts to secure an EU wide exemption.

We are therefore deeply disappointed at the unjustified decision by the US yesterday to apply tariffs to EU steel and aluminium imports. The UK and other European Union countries are close allies of the US and should be permanently and unconditionally exempted, any claim that UK steel and aluminium imports harm US national security is without foundation.

The Prime Minister and Secretary of State for International Trade, Liam Fox, have made clear to the US Government at the highest levels the importance of UK steel and aluminium to its businesses and defence projects.

Whilst we will continue to press for a permanent EU exemption from these tariffs, we also recognise that industry will be deeply concerned by their immediate impact. We have set out below the process to apply for product exemptions from tariffs and the Department for Business, Energy and Industrial Strategy (BEIS) will be holding a meeting with industry on Tuesday to share information and advice on how they can best navigate the procedure.

In parallel, we will support UK industry, by continuing to press the case for UK products to secure exemptions through this process. The Secretary of State for International Trade spoke to US Commerce Secretary Wilbur Ross, who is leading the product exemption process, on Thursday, and raised with him the importance to the UK of protecting its businesses.

We will also continue to work with the EU, while we remain an EU Member State continuing to engage with both the European Commission and other EU Member States. We must abide by EU trade decisions, and any EU response will be coordinated by the Commission covering all 28 Member States. We will support EU efforts to secure the swiftest possible action to safeguard industry from the knock-on effects of other countries diverting US exports into the EU.

In addition, the government will be working with the EU to shape a measured and proportionate response, in line with World Trade Organisation rules, to the impact of the US tariffs. We continue to believe that a multilateral approach, not least in the framework of the Global Forum on Steel Overcapacity, remains the best way to address structural problems in the global steel market. An escalating trade dispute between the US and EU will harm consumers and industries on both sides. We will continue to liaise with

all industries involved to reflect their concerns.

OPERATIONAL NOTE

The Response to US Tariffs from the European Union

While we remain a member of the EU, the European Commission will be coordinating the EU response.

The EU has taken steps to facilitate three possible courses of action:

- Under Article 8 of the WTO Safeguards Agreement the EU believes it is entitled to introduce duties on the US to rebalance the harm caused by US tariffs – these duties are known as ‘countermeasures’ or ‘rebalancing measures’. Under WTO rules, the EU must notify the WTO of its list of potential countermeasures and then wait at least 30 days before triggering tariffs. The list is made up of 103 steel and 8 aluminium product lines, and a range of other products.

Following a unanimous vote by Member States, the EU notified the WTO of its potential list on 18 May, and could therefore trigger tariffs on this list of products from 20 June. The Commission is required to seek Member State approval a second time in order for any of the countermeasures to come into effect. The date of this vote is yet to be determined by the Commission.

- An investigation towards possible imposition of ‘safeguard’ measures on steel was launched on 26 March. Safeguards are measures used to protect domestic industry from injury caused by unforeseen surges in imports. They act as a safety valve and provide industry with some breathing space to adjust to increased imports.

The Commission has nine months to decide whether safeguard measures will be necessary. This decision could also be taken much earlier in the proceedings, if the investigation confirms the necessity for swift action. The Commission has also put in place a surveillance system for imports of aluminium to be prepared in case action will be required in that sector.

- On 1 June, the EU launched a WTO dispute challenging US steel and aluminium tariffs.

Product exemptions from steel and aluminium tariffs

The tariffs imposed under Section 232 of the US Trade Expansion Act of 1962 include provision for individual companies to seek an exemption for their products. This process is being led by the US Commerce Department. DIT and BEIS have been supporting UK firms to appeal for exemptions under this process and will continue to do so. The issue was raised by Trade Secretary Liam Fox with US Commerce Secretary Wilbur Ross on Thursday 31 May.

Details on the process for seeking product exemptions are outlined below:

- On March 18th the US [Department of Commerce announced](#) that it would

oversee a process to allow requests for excluding products from steel and aluminium tariffs. Commerce published a notice on the '[Federal Register](#)' setting out the process

- All exclusion requests must be in electronic form and submitted to the Federal rulemaking portal www.regulations.gov.
- Only companies with business activities in the US can apply. This means UK firms without a presence in the US cannot apply directly to Commerce for a product exemption and firms will need to work with the end users of their products in the US to apply for the for a product exemption.
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- Approved product exemptions will only apply to the US firm applying, i.e. even if the producer is the same each end user must apply separately.
- All the information is on the regulations.gov website along with the [guide](#) and [application form](#).
- The data required for application is detailed and must demonstrate that the product is not readily available in the US.
- Each request will be posted online for 30 days for comment.
- Processing of exclusion requests normally will not exceed 90 days, including adjudication of objections submitted on exclusion requests.

Government support

The Government will continue to press the US for an EU wide exemption from these unjustified tariffs. The Government will also make representations to the Commerce Department to process applications for product exemptions promptly. UK firms will lead on liaising with their US customers on submitting the applications for product exemptions.

To support UK firms, the Department of Business Energy and Industrial Strategy has shared from a US legal firm advice on seeking product exclusions and has also invited industry to a meeting on Tuesday to discuss matters further.