

UK announces new approach on US tariffs

The UK is today announcing an independent approach to the longstanding trade conflicts between the EU and US around steel and aluminium and aerospace tariffs.

To defend the UK steel industry, International Trade Secretary Liz Truss is rolling over tariffs in response to the unjustified 'Section 232' tariffs imposed by the US on aluminium and steel imports. These tariffs will continue from January 1st when the UK becomes an independent trading nation once again.

The Department for International Trade will launch a consultation to ensure these tariffs are shaped to UK interests and tailored to the UK economy, based on evidence and input from key stakeholders. Details of the scope and timing of the consultation will be confirmed in due course.

In parallel, the UK government is suspending retaliatory tariffs resulting from the Boeing dispute in an effort to bring the US towards a reasonable settlement and show that the UK is serious about reaching a negotiated outcome. The government reserves the right to impose tariffs at any point if satisfactory progress towards an agreeable settlement is not made.

The twin announcements are part of the government's strategy to de-escalate trade tensions so the US and UK can move forward to the next phase of their trading relationship, and ultimately draw a line under a dispute that harms industry on both sides of the Atlantic.

International Trade Secretary Liz Truss said:

As an independent trading nation once again, we finally have the ability to shape these tariffs to our interests and our economy, and to stand up for UK business.

Ultimately, we want to de-escalate the conflict and come to a negotiated settlement so we can deepen our trading relationship with the US and draw a line under all this. We are protecting our steel industry against illegal and unfair tariffs – and will continue to do so – but are also showing the US we are serious about ending a dispute that benefits neither country.

Background

S232 steel and aluminium measures

In 2018 the United States Government announced that under Section 232 of the US Trade Expansion Act of 1962 it would place tariffs on EU imports of steel and aluminium.

The ongoing tariffs are unjustified under WTO rules and unfairly target UK steel and aluminium manufacturers and should be removed. Any claim that UK steel and aluminium imports harm US national security is false and without foundation.

In response, the EU imposed counter-balancing measures on US products. A full list of products targeted is available online.

Airbus and Boeing disputes

In 2019 the WTO Appellate Body, the final court of appeal at the WTO definitively ruled that the US has continued to unlawfully subsidise aircraft manufacturer Boeing, causing significant harm to Airbus.

The WTO's ruling in this 16 year-long dispute confirms that the United States has not complied with obligations to withdraw subsidies previously declared illegal by the WTO Appellate Body in 2012, adversely affecting the UK and EU aerospace industry.

Following the findings, last month the EU was authorised in a WTO arbitration and has gone on to place retaliatory tariffs on \$4 billion worth of US products in the Boeing dispute.