

# STEEL & ALUMINIUM

## *EU-US Joint Statement*

*31 October 2021*

Given the joint desire of the European Union ('EU') and the United States to address non-market excess capacity so as to preserve their critical steel and aluminium industries, the EU and the United States agree to the following:

### **1. Ongoing cooperation**

- a. Trade Remedy/Customs Cooperation: To advance their efforts to address excess capacity, both sides agree to expand EU/U.S. coordination involving both trade remedies and customs matters. The United States will also share public information and best practices with EU officials and/or Member State officials, as appropriate, on topics including how detection of fraud/evasion and circumvention of duties is approached and possible self-initiation. Officials could also coordinate industry engagement with relevant sectors to hear their views and share observations/concerns. Insofar as customs cooperation is concerned, it may take the form of mutual administrative assistance in accordance with the EU-U.S. Agreement on customs cooperation and mutual assistance in customs matters.
- b. Monitoring: The EU and the United States will monitor steel and aluminium trade between them.
- c. Cooperation on Non-Market Excess Capacity: The EU and the United States agree to regularly meet to consult with a view to developing additional actions in order to contribute to adjustments and solutions and address non-market excess capacity in the global steel and aluminium sectors.
- d. Review: The EU and the United States agree to review the operation of this arrangement, and ongoing cooperation, on an annual basis, including in light of changes in the global steel and aluminium markets, U.S. demand, and imports.

### **2. Global steel and aluminium arrangements to restore market-oriented conditions and address carbon intensity**

Steel and aluminium manufacturing is one of the highest carbon emission sources globally. Excess capacity generates unnecessary greenhouse gas emissions, deflates prices of high emissions products and hinders the development and scaling up of competitive solutions for lower emissions production. For steel and aluminium trade to be sustainable, producers and consumers must address both global non-market excess capacity as well as the carbon intensity of the industries. Against this backdrop, the EU and the United States are resolved to negotiate, in accordance with their respective institutional frameworks, future arrangements for trade in these sectors that take account of both issues. The EU and the United States will invite like-minded economies to participate in the arrangements and contribute to achieving the goals of restoring market-oriented conditions and supporting the reduction of carbon intensity of steel and aluminium across modes of production. The EU and the United States will seek to conclude the negotiations on the arrangements within two years. In order to encourage similar efforts by other steel producing

economies, the EU and the United States will consult with respect to bringing these matters into relevant international fora for discussion, as appropriate.

Compatible with international obligations and the multilateral rules, including potential rules to be jointly developed in the coming years, each participant in the arrangements would undertake the following actions: (i) restrict market access for non-participants that do not meet conditions of market orientation and that contribute to non-market excess capacity, through application of appropriate measures including trade defence instruments; (ii) restrict market access for non-participants that do not meet standards for low-carbon intensity; (iii) ensure that domestic policies support the objectives of the arrangements and support lowering carbon intensity across all modes of production; (iv) refrain from non-market practices that contribute to carbon-intensive, non-market oriented capacity; (v) consult on government investment in decarbonisation; and (vi) screen inward investments from non-market-oriented actors in accordance with their respective domestic legal frameworks.

To enhance their cooperation and facilitate negotiations on a global sustainable steel and aluminium arrangements, the EU and the United States agree to form a technical working group. Through the working group, the EU and the United States will, among other things, confer on methodologies for calculating steel and aluminium carbon-intensity and share relevant data.

### **3. World Trade Organization Disputes**

The EU and the United States agree to suspend by 5 November 2021, pursuant to Dispute Settlement Understanding ('DSU') Article 12.12, the World Trade Organization ('WTO') disputes they have initiated against each other regarding the U.S. Section 232 measures (DS548) and the EU's additional duties (DS559). Regarding the matters that are before these panels, the EU and the United States mutually agree to resort to arbitrations pursuant to DSU Article 25, as set out below and so as to fully preserve the work of the parties and the panels and procedural steps in these disputes. The EU and the United States will agree by 17 December 2021 on the procedures to be followed in an arbitration of those matters, in accordance with the present arrangement. Upon agreement on these procedures, the EU and the United States will terminate their respective disputes before the panels, and the arbitrations will be suspended, without temporal limit. The EU and the United States intend for DSU rules and practices on panel proceedings to govern the arbitration and to be reflected as appropriate in the agreement on arbitration procedures.

The arbitration procedures will permit the complaining party in each dispute to bring the matter forward from the panel into the arbitration, so as to preserve the work in each dispute and allow the arbitrators to continue the panel process on the basis of the procedural steps and work already performed and make findings on that matter. The three panellists in each dispute will serve as arbitrators, if available, and otherwise will be replaced by agreement of the parties or by the Director-General of the WTO, within one week from the complaining party's request.

Before resuming an arbitration, a complaining party will first seek to consult at the ministerial level with the other party with a view to reaching an alternative solution. A complaining

party may request to resume the arbitration at any time after the lapse of a 30-day consultation period and no sooner than 12 months after the issuance of the present statement.

An arbitration may be resumed only if a complaining party considers that this arrangement is not providing the benefits envisioned. The EU and the United States also intend not to initiate any new WTO dispute relating to these matters for so long as each party considers this arrangement to be operating satisfactorily.

# FACT SHEET: The United States and European Union To Negotiate World's First Carbon-Based Sectoral Arrangement on Steel and Aluminum Trade

OCTOBER 31, 2021

Arrangement Will Remove European Union tariffs and lower costs for American families

Arrangement will counter flood of cheap steel by other countries, including the People's Republic of China (PRC), that harms our industries and our workers

Today, the United States and the European Union announced their commitment to negotiate the world's first carbon-based sectoral arrangement on steel and aluminum trade by 2024. This announcement delivers a major win in the fight to address the climate crisis while protecting our workers and industry, and enabling them to compete in the global marketplace. The President believes that climate action must mean good jobs – and today's announcement demonstrates that we can work with our partners and allies to both reduce emissions, and protect and create good-paying union jobs at home.

The United States and the European Union also used the strength of their partnership to come to an interim arrangement for trade in the steel and aluminum sectors that modifies tariffs on European Union steel and aluminum providers, addresses global overcapacity, and toughens enforcement mechanisms to prevent leakage of Chinese steel and aluminum into the U.S. market. As a result of the arrangement, the Europe Union will remove its tariffs on a wide range of products, protecting

American jobs, reducing costs for middle-class families, and maintaining U.S. export competitiveness.

Together, the United States and European Union will work to restrict access to their markets for dirty steel and limit access to countries that dump steel in our markets, contributing to worldwide over-supply. This arrangement will be open to any interested country that wishes to join and meets criteria for restoring market orientation and reducing trade in high-carbon steel and aluminum products.

This arrangement will:

- Be a global first in the fight against climate change and countering distortive economic practices that harm our interests. Never have two global partners aligned their trade policies to confront the threats of climate change and global market distortions, ensuring that trade works to solve the challenges of the 21<sup>st</sup> century. The deal demonstrates President Biden's commitment to putting U.S. workers and communities at the center of our trade agenda.
- Protect American jobs and industry and provide them with an advantage. American-made steel and aluminum is produced with far fewer emissions than dirtier alternatives made in the PRC and elsewhere. To date, American steel companies and workers have received no benefit for their low-carbon production. Low-carbon steel across all production types —and the workers who make it—will be incentivized and rewarded going forward.
- Results in lower prices for American consumers and families by providing relief for American manufacturers who rely on readily accessible, affordable steel and aluminum to make their products. Steel and aluminum are essential components of many manufactured goods, including automobiles, household appliances, building materials, and more.
- Demonstrate the climate ambition and global leadership of the Biden-Harris Administration. Steel and aluminum production are two of the most carbon-intensive industrial sectors, accounting for roughly 10 percent of all carbon emissions —comparable to the total emissions of India. A carbon-based sectoral arrangement will drive investment in

green steel production in the United States, Europe, and around the world, ensuring a competitive U.S. steel industry for decades to come.

- Showcase the strength of the U.S.-EU relationship. The United States and European Union pledged at the U.S.-EU Summit in June to use the size of their collective economies to update the rules of the 21<sup>st</sup> century. Today's announcement delivers on that promise and builds on the successful resolution of the 17-year Boeing-Airbus dispute and the creation of the US-EU Trade & Technology Council.