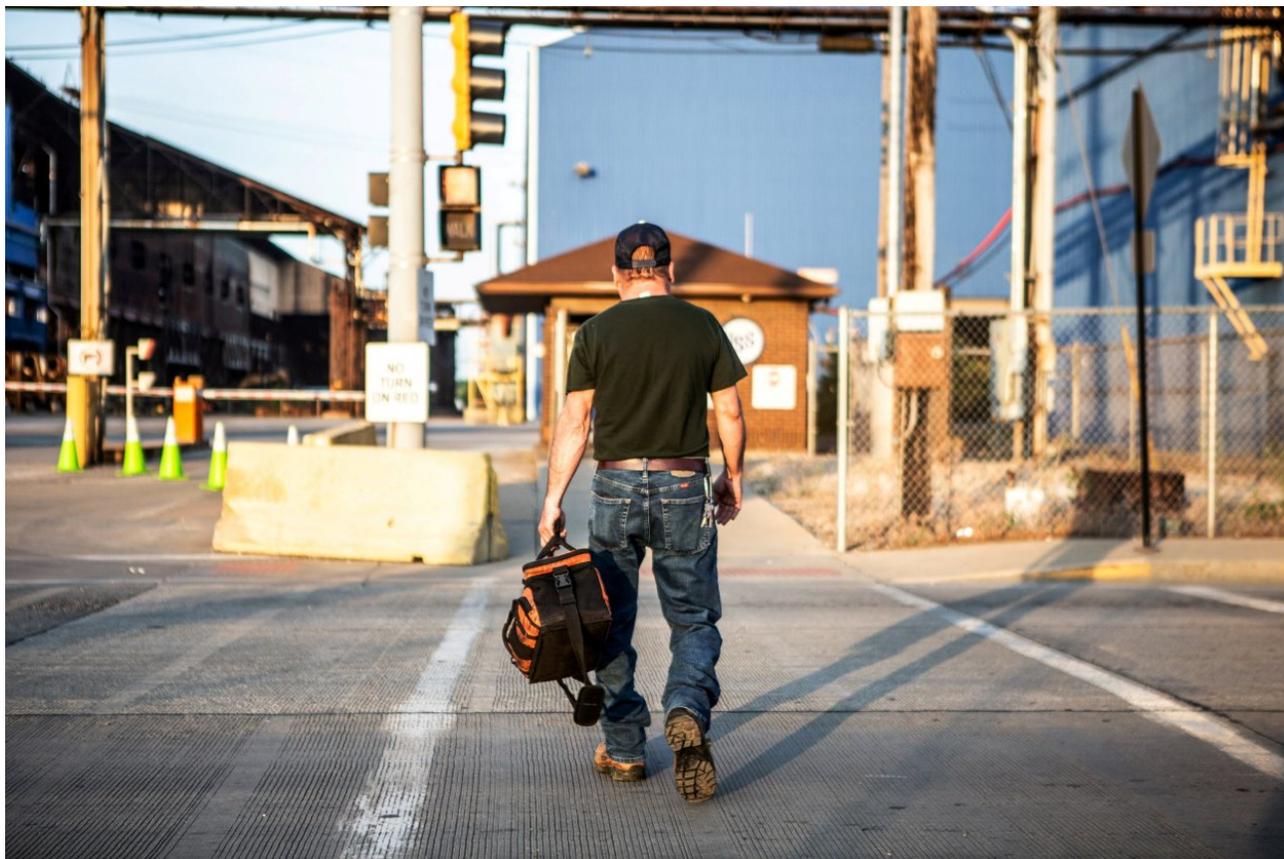


U.S. Plans to Hit EU With Steel, Aluminum Tariffs

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U.S. officials say the steel and aluminum tariffs are based on national security. Above, a steel worker returns to work in Granite City, Illinois. Photo: lawrence bryant/Reuters

By

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WASHINGTON—The Trump administration, unable to win concessions from European Union counterparts ahead of a Friday deadline, is planning to make good on its threat to impose tariffs on European steel and aluminum, people familiar with the matter said.

The administration is expected to make an announcement as early as Thursday.

The move, which has been threatened for months, is almost certain to draw a response from the EU, which has threatened to retaliate with its own tariffs on such American products as motorcycles, jeans and bourbon.

President Donald Trump announced in March global tariffs of 25% on imported steel, and 10% on aluminum, based on national security concerns.

The White House delayed implementation for some countries, giving those trading partners a chance to offer concessions to avoid the tariffs.

The U.S. is now planning to let the EU's exemption lapse.

One person familiar with the matter said the administration's plans could still change, particularly if the two sides are able to cobble together a last-minute deal, though both sides suggest such a deal is unlikely.

Commerce Secretary Wilbur Ross, who led the investigation into metal imports as a possible threat to national security, hinted on Wednesday that the EU would face tariffs.

But he emphasized the U.S. wants to keep negotiating a possible deal that opens markets in Europe to U.S. exports.

"It's not that you can't talk just because there are tariffs," Mr. Ross said in Paris at the Organization for Economic Cooperation and Development. "God knows there are plenty of tariffs the EU has in place on us."



U.S. Commerce Secretary Wilbur Ross, at the Organization for Economic Co-operation and Development forum in Paris on Wednesday, said negotiations over a possible trade deal between his country and the EU could continue even if Washington applies the tariffs. Photo: Christophe Morin/Bloomberg News

European officials have said they plan to swiftly impose levies against as much as €2.8 billion (\$3.3 billion) in U.S. exports under a rule at the World Trade Organization that allows members to punish a country immediately for inappropriately seeking a "safeguard" against their exports.

U.S. officials say the steel and aluminum tariffs—as well as possible future auto-industry tariffs—are based on national security, putting them in line with U.S. law and a WTO exception that allows trade measures that protect a country's security.

The EU says the Trump administration is disguising a move to protect American steel and aluminum industries economically.

"We have not seen any analysis that shows these exports pose a problem to national security," said David O'Sullivan, the European Union ambassador in Washington.

"If the United States wants to open discussions on a possible sort of trade deal, we don't think slapping tariffs on our aluminum and steel exports is a way to start off," Mr. O'Sullivan added.

Most EU member states, along with the U.S., are members of the North Atlantic Treaty Organization, and many European officials bridle at the suggestion the steel they send to the U.S. represents a national-security risk.

China's extensive steel and aluminum production, which is blamed for a global glut in those metals, is the ultimate target of global U.S. tariffs on steel and aluminum imports.

And yet, U.S. steel industry groups, and their allies in Congress, say the industry needs to be insulated from excess production in all major economies, calling it a spillover from China's overcapacity.

Besides the EU, the U.S. granted temporary exemptions to Canada and Mexico while the countries strove to strike a deal on an overhaul of the North American Free Trade Agreement, or Nafta.



U.S. steel industry groups, and their allies in Congress, say the industry needs to be insulated from excess production in major economies. Photo: Markus Schreiber/Associated Press

The U.S. steel industry and steelworkers are reluctant to punish Canadian steel, which is heavily integrated with the U.S. industry, so most observers expect Canada and Mexico to get a continued exemption as Nafta talks continue.

EU officials in Brussels didn't immediately respond late Wednesday evening to requests for comment about Mr. Trump's anticipated tariffs decision.

While the EU has repeatedly issued threats of retaliation, it isn't clear whether the two giant economies will escalate tensions or seek to limit the damage.

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Mr. Trump has threatened to punish EU car exports if the bloc retaliates, and Mr. Ross is pursuing a study of car and auto-part imports similar to the one he completed on steel and aluminum.



Officials in some EU member states are already angry at Washington over Mr. Trump's decision to pull out of the Iran nuclear deal. Still, others, including some German officials, want to seek a solution that prevents economic damage.

French President Emmanuel Macron said Wednesday the EU shouldn't respond to pressure with weakness.

"The day before an important decision I want to repeat this: Unilateral responses and threats of trade war resolve none of the serious imbalances in global trade," Mr. Macron said at the gathering with Mr. Ross. "A trade war is always a war lost by everyone."

"Independently of this decision we must do everything to protect our interests and act with self-confidence and yet preserve free trade as much as possible," said Peter Altmaier, Germany's minister of economic affairs, following a meeting with Mr. Ross.

Mr. Ross said in Paris that "every country's primary obligation is to protect its own citizens and their livelihoods."

In the U.S., users of imported steel and aluminum have criticized the Trump administration's tariffs for boosting prices, and many lawmakers have advised against targeting allies. Still, the American industry and labor groups have voiced strong support.

Shares of U.S. Steel Corp. rose in after-hours trading Wednesday after the news, climbing 4.6% to \$37.93 compared with a close of \$36.25. AK Steel Holding Corp. shares advanced 5.2% after hours, to \$4.82. Century Aluminum Co. stock edged up 3.3% to \$17.72 after hours.

—William Horobin in Paris contributed to this article.

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