

EU eases US trade tensions by shelving plans to increase tariffs

◆ Effort to end steel and aluminium stand-off ◆ Truce 'reboots' transatlantic relationship

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The EU has shelved plans to lift tariffs on US products as it seeks to "reboot" its transatlantic relationship and resolve a long-running stand-off over the **steel** and aluminium sectors.

Brussels said in a joint statement with the Biden administration that the EU and US had agreed to avoid changes that "negatively affect bilateral trade" as they start discussions to address global excess capacity in the two sectors.

The move means that the EU will no longer go ahead with a planned increase in tariffs on a range of US products from bourbon whiskey to motorcycles, which were scheduled for next month. The two sides have given themselves until the end of the year to engage in discussions

about the **oversupply** of steel resulting from production in countries including China.

The EU's move relates to a dispute running since 2018 when former president Donald Trump imposed duties on aluminium and steel from Europe and other economies, citing national security reasons.

The EU retaliated with its own tariffs on a range of products, which it was preparing to boost on June 1. In its first round, the bloc hit high-profile US products including clothing and peanut butter.

Yesterday's detente comes ahead of a planned summit between the EU and Joe Biden, US president, next month, which will aim to improve transatlantic relations following the tumult of the Trump

years. Valdis Dombrovskis, executive vice-president at the European Commission, said the decision to suspend the automatic increase of the retaliatory tariffs showed the EU was taking steps to "reboot the transatlantic relationship".

He announced the truce with Katherine Tai, US trade representative, and Gina Raimondo, secretary of commerce. The two sides said that they had agreed to discuss "steel and aluminium excess capacity and the deployment of effective solutions, including appropriate trade measures, **to preserve our critical industries**".

They added that they were ready to "hold countries like **China** that support trade-distorting policies to account".

Dombrovskis said: "By suspending our measures, we are creating the space



The EU's Valdis Dombrovskis said: "The EU is not a national security threat to the US"

to resolve these issues before the end of the year. The EU is **not** a national security threat to the US. But the distortions created by global excess capacity — driven **largely by third parties** — pose a serious threat to the market-oriented EU and US steel and aluminium industries and the workers in those industries."

This month, Dombrovskis told the Financial Times that he was also increasingly hopeful of securing a deal with the Biden administration to end a 16-year feud over subsidies for Airbus and Boeing.

The EU and US were engaging "very intensively" on resolving their trade disputes, he said, as he hailed a "very welcome shift" since Biden's administration took office in January.