



## Press release

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**UNITED STATES** | Brussels, 31 May 2018

# European Commission reacts to the US restrictions on steel and aluminium affecting the EU

The US announced that starting on 1 June 2018 it will impose additional duties of 25 % and 10 % respectively on imports of steel and aluminium from the EU.

President of the European Commission, Jean-Claude **Juncker** said: *"I am concerned by this decision. The EU believes these unilateral US tariffs are unjustified and at odds with World Trade Organisation rules. This is protectionism, pure and simple. Over the past months we have continuously engaged with the US at all possible levels to jointly address the problem of overcapacity in the steel sector. Overcapacity remains at the heart of the problem and the EU is not the source of but on the contrary equally hurt by it. That is why we are determined to work towards structural solutions together with our partners. We have also consistently indicated our openness to discussing ways to improve bilateral trade relations with the US but have made it clear that the EU will not negotiate under threat. By targeting those who are not responsible for overcapacities, the US is playing into the hands of those who are responsible for the problem. The US now leaves us with no choice but to proceed with a WTO dispute settlement case and with the imposition of additional duties on a number of imports from the US. We will defend the Union's interests, in full compliance with international trade law."*

Commissioner for Trade Cecilia **Malmström** said: *"Today is a bad day for world trade. We did everything to avoid this outcome. Over the last couple of months I have spoken at numerous occasions with the US Secretary of Commerce. I have argued for the EU and the US to engage in a positive transatlantic trade agenda, and for the EU to be fully, permanently and unconditionally exempted from these tariffs. This is also what EU leaders have asked for. Throughout these talks, the US has sought to use the threat of trade restrictions as leverage to obtain concessions from the EU. This is not the way we do business, and certainly not between longstanding partners, friends and allies. Now that we have clarity, the EU's response will be proportionate and in*

*accordance with WTO rules. We will now trigger a dispute settlement case at the WTO, since these US measures clearly go against agreed international rules. We will also impose rebalancing measures and take any necessary steps to protect the EU market from trade diversion caused by these US restrictions."*

## **Background**

The US measures affect EU exports worth €6.4 billion in 2017. While striving to avoid today's situation, the EU has been preparing over the last months and stands now ready to react to the US trade restrictions on steel and aluminium in a swift, firm, proportionate and fully WTO-compatible manner.

The EU will launch legal proceedings against the US in the WTO on 1 June. This was decided by the College of Commissioners on 29 May and Member States were consulted on the same day. The US measures are primarily intended to protect the US domestic industry from import competition, clearly at odds with WTO rules. In addition to the WTO dispute settlement we are launching against the US measures, we have also coordinated action in this field with other affected partners.

As regards the US tariff measures, the EU will use the possibility under WTO rules to rebalance the situation by targeting a list of US products with additional duties. The level of tariffs to be applied will reflect the damage caused by the new US trade restrictions on EU products. The list of US products is ready: it was consulted with European stakeholders and supported by Member States. The EU notified its potential rebalancing to the WTO on 18 May and, in line with the Organisation rules, could trigger them 30 days later. The Commission will now in coordination with Member States take a formal decision to proceed with the rebalancing.

The Commission is determined to shield the EU steel and aluminium markets from damage caused by additional imports that might be coming into the EU as a result of the closure of the US market. An investigation towards possible imposition of safeguard measures on steel was launched on 26 March. The Commission has nine months to decide whether safeguard measures would 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.

## **Press release**

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[DISPUTE SETTLEMENT](#) | Brussels, 15 May 2018

# **WTO rejects vast majority of US claims in Airbus dispute**

The EU welcomes the report by the Appellate Body in the dispute brought by the US on support to Airbus. The report rejects the vast majority of the US allegations that the EU had not complied with the WTO findings.

The Appellate Body definitively dismissed all US claims that any of the EU support is outright "prohibited" under WTO rules.

Commissioner **Malmström** said: *"Today the WTO Appellate Body, the highest WTO court, has definitively rejected the US challenge on the bulk of EU support to Airbus, and agreed that the EU has largely complied with its original findings. Significantly, it dismissed the vast majority of the US claims that this support had damaged Boeing's aircraft sales. The EU will now take swift action to ensure it is fully in line with the WTO's final decision in this case. Also, we look forward to the upcoming ruling by the Appellate Body on US compliance with the WTO findings of the massive and persistent government support to Boeing."*

The Appellate Body found that the majority of EU support to Airbus challenged by the US had expired in 2011. It ruled that under WTO rules the EU is not required to take any further action regarding state support that no longer exist, such as the alleged support for the A300, A310, A320 and A330/A340 aircraft models.

This ruling leaves the EU with only a few remaining compliance obligations in order to bring itself fully into line with WTO rules. These are linked to repayable loans provided to the newer A380 and A350 XWB models. There are no obligations that remain regarding single-aisle aircraft.

The Appellate Body also significantly downgraded the assessment of the economic damage that the remaining EU support has allegedly caused to Boeing's aircraft sales. The US had put forward 218 claims of 'adverse effects' - such as lost sales - to Boeing as a result of alleged support to Airbus. The Appellate Body rejected 94% of US claims and only upheld 14 instances where the support had negatively affected Boeing, related only to the support for the A350 XWB and A380.

The EU will now take swift action to bring itself into line with WTO rules as regards its remaining obligations.

## **Background**

The original WTO case was initiated in 2004. The US challenged support provided by France, Germany, Spain and the UK to Airbus for the development and production of its series of large civil aircraft programmes.

The WTO ruled on the case in 2011, but the US considered that the EU, France, Germany, Spain and the UK had failed to take sufficient steps to withdraw subsidies to Airbus, or remove the economic impact of those subsidies on Boeing. The US therefore brought compliance proceedings against the EU which challenged the European efforts. Today's step marks the end of those compliance proceedings as the Appellate Body is the highest WTO court.

The EU launched a parallel case against US government support for Boeing aircraft in 2005. In that case we are also at the stage of the compliance proceedings after the EU argued before the WTO that the US had not made any efforts to remove its subsidies.

## Commission welcomes green light to start trade negotiations with Australia and New Zealand

The Commission welcomes today's adoption by the Council of the negotiating directives for free trade agreements with Australia and New Zealand. The preparations – which included an impact assessment for both agreements – are now complete and formal negotiations can begin.

President of the European Commission, Jean-Claude **Juncker** said: *"These agreements will build on the recent successful agreements with Canada, Japan, Singapore, Vietnam, as well as Mexico among others, expanding the alliance of partners committed to open and rules-based global trade. Open trade must go hand in hand with open and inclusive policy making. That's why the Commission published the draft negotiating mandates with Australia and New Zealand when it proposed to the Council to open these negotiations. These agreements will be negotiated in the greatest transparency and we expect Member States to uphold this high level of transparency."*

Commissioner for Trade Cecilia **Malmström** said: *"This is great news. We look forward to adding Australia and New Zealand to the EU's ever-growing circle of close trading partners. We are already close in terms of shared values and our open, global outlook. Together, we will now negotiate win-win trade deals that create new opportunities for our businesses, as well as safeguard high standards in key areas such as sustainable development. I am looking forward to visiting Canberra and Wellington in the coming weeks to officially launch our negotiations. Starting these talks between likeminded partners sends a strong signal at a time where many are taking the easy road of protectionism."*

Australia and New Zealand are important allies and these agreements will offer significant economic gains by getting rid of obstacles and boosting trade further. Despite the distance, trade between the EU and these two countries is already roughly the same as with Mexico or Canada.

Having trade agreements with Australia and New Zealand would provide EU businesses with a valuable entry point into the wider Asia-Pacific region. They will also put European companies on an equal footing with those from the other countries in the area that have signed up to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) or that already enjoy better access to Australia and New Zealand through other preferential trade agreements.

Commissioner **Malmström** will travel to Australia and New Zealand in June to open negotiations at the political level. The first negotiation rounds between the teams of negotiators are then envisaged to take place in Brussels in July.