

Statement to Parliament: US tariffs on steel and aluminium imports

Mr Deputy Speaker, on Thursday 8th March President Trump announced that the United States would impose tariffs of 25% on steel imports and a 10% tariff on aluminium imports after a period of 15 days [12 days on Monday – final date 23 March].

Canada and Mexico, with whom the United States is renegotiating the North American Free Trade Agreement, have been exempted from the tariffs, subject to successful conclusion of the NAFTA negotiations.

For the products within the scope of this investigation, in 2017, the US accounted for 7% of UK steel exports and 3% of UK aluminium exports. In addition, the UK accounted for 1% of US steel imports and 0.1% of US aluminium imports, in tonnage, at a value of £360 million and £29 million respectively.

The President also outlined that there is scope for further countries and certain products to be exempted from those tariffs.

From a UK perspective, as members in this House know, the US and UK are strong partners and allies and the US-UK economic and security relationship is crucially important.

The US is our largest single trading partner, accounting for a fifth of all exports, worth over £100 billion a year.

It is also the top destination for outward direct investment by the UK and the single biggest source of inward investment into the UK.

We have a long-standing and special relationship with the US however, this does not mean that if we disagree with something, that we will not say so.

And, Mr Deputy Speaker, we do disagree with the US decision to implement tariffs on steel and aluminium imports based on national security considerations.

These unilateral trade measures have weak foundations in international law.

They are not consistent with the Department of Defense's own judgement in an investigation, which was the stated basis for the investigation.

There is undoubtedly a problem of overcapacity in the global steel market.

But our strong view is that this is a global problem requiring a global solution, not unilateral action.

The UK has worked hard to address the issue of overcapacity. The Prime Minister called for a forum of G20 members to tackle this issue, which my Rt

Hon friend the Secretary of State for Business, Energy and Industrial Strategy attended in Berlin in November.

The forum agreed comprehensive policy solutions to address this issue. Most recently, the Prime Minister raised it during her visit to China, the world's leading producer of steel and aluminium products.

And the UK will continue to work within the rules-based international trade system to tackle this problem.

Since the President asked the Commerce Department to launch the investigations into the national security impact of steel and aluminium imports last April, the government has made clear, on repeated occasions to the administration, the potentially damaging impact of tariffs on the UK and EU steel and aluminium industries.

The Prime Minister has raised her concerns directly with President Trump.

I, myself, have spoken on several occasions to the Commerce Secretary and US Trade Representative about the investigation, including this afternoon, as well as with the Director General of the WTO, Roberto Azevedo, and the EU Trade Commissioner, Cecilia Malmstrom.

And several of my Cabinet colleagues have raised it with their opposite numbers. The government has worked closely with the EU as part of our unified response.

In addition, I can assure my honourable friends that we have been in regular contact with the UK steel and aluminium industry throughout, including with Gareth Space this afternoon.

Mr Deputy Speaker, there are 2 routes to petition the US for exemptions from the tariffs.

The first, overseen by the US Trade Representative, will exempt countries with which the US has a strong national security relationship and which agree alternative means to address the threat to US national security from the relevant imports.

The second, overseen by the Commerce Department, will evaluate product exemptions if it is deemed there is no domestic US alternative and there are national security considerations, and only after a request for exclusion is made by a directly affected party located in the United States.

The Department for Business, Energy and Industrial Strategy will be assisting UK industry in working with US customers to build their cases for the exemption of individual products.

I will be travelling to Washington this week for face-to-face meetings with US Trade Representative Ambassador Lighthizer and Commerce Secretary Wilbur Ross as well as members of Congress.

I will be making the case for the UK, as part of the EU. We share a strong

defence and security co-operation relationship. As close allies in NATO, permanent members of the UN Security Council and nuclear powers, close co-operation between the UK and US is vital to international peace and security.

As the House is aware, our current membership of the European Union means that the European Commission will be co-ordinating the EU response, and we have been clear that we will continue to adhere to the Duty of Sincere Cooperation.

The EU response is focused on 3 possible areas:

First, the European Commission is preparing to introduce immediate duties on the US, ahead of a WTO dispute. The EU has shared a draft list of proposed items for duties and we expect it to publish this list early next week.

Second, the EU can apply a safeguard measure of its own to protect the steel and aluminium industries from being damaged by an influx of imports to the EU caused by the displacing effect of US tariffs.

Third, the EU can pursue a dispute at the WTO.

We are currently evaluating all aspects of these responses.

Mr Deputy Speaker, we are clear that it is right to seek to defend our domestic industries from the direct and indirect impacts of these US tariffs.

We will also press for any response to be measured and proportionate. It is important that the UK and the EU response works within the boundaries of the rules-based international trading system.

Over the coming days we will be working closely with British industry and the EU to seek swift clarification and mitigation.

I commend this statement to the House.