



# With Trump's tariffs looming - will countries scramble to cut deals?

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US steel suppliers have just over a month to decide how to respond before the new tariffs take effect

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A decision by US President Donald Trump to place a 25% tariff on all steel and aluminium imports has left some of the US's major trade partners scrambling to make a deal.

The US is a major steel importer, importing nearly a quarter of the steel it uses, according to data from the American Iron and Steel Institute, which adds that its dependence on aluminium is even greater.

Its neighbours Canada and Mexico, as well as some allies in Asia are among its main suppliers.

Trump has said his latest tariffs will take effect on 12 March "without exceptions or exemptions".

With just over a month to go before the tax kicks in, here is how some countries have responded.

## Canada

As one of the largest suppliers of both commodities to the US, Canada has a lot to lose.

"Canada has extra reasons for irritation as they are the largest steel supplier and one of the largest aluminum suppliers to the US," says Deborah Elms, a trade expert with the Hinrich Foundation.

Canada's industry minister François-Philippe Champagne has slammed the decision, calling it "totally unjustified".

In a post on X, he said Canadian steel is being used in key US industries including defence, shipbuilding and energy, adding that this made "North America more competitive and secure".

He added that Canada would "defend our industries as we have always done and always will" and warned that Canada's response would be "clear and calibrated".

## Australia

Though Trump has said he will not consider any exceptions, it seems like he may set this rule aside for Australia.

Australian Prime Minister Anthony Albanese said he had spoken on the phone with Trump and that the US leader was considering an exemption.

Calling Albanese "a very fine man", Trump had earlier explained that the US runs a trade surplus with Australia.

"The reason is they buy a lot of airplanes. They're rather far away and they need lots of airplanes," Trump said. "We actually have a surplus, it's one of the only countries which we do."

But despite being the world's largest exporter of iron ore - a key steelmaking raw material - Australia's exports of steel itself are not as significant.

According to Albanese, Australian steel accounts for about 1% of US imports, though its steel is used by a major US military shipbuilder.

## UK and Europe

The UK has said the government "will take a considered approach" and will speak with the US about the details but wants to be clear it will be working in the national interest.

However, the BBC understands the UK will not retaliate immediately, and Chancellor Rachel Reeves has said she "strongly believe[s] that a deal can be done".

The trade body UK Steel has said in a statement that the tariffs would deliver a "devastating blow" to their industry.

"The US is our second-largest export market after the EU. At a time of shrinking demand and high costs, rising protectionism globally, particularly in the US, will stifle our exports and damage over £400m (\$494m) worth of the steel sector's contribution to the UK's balance of trade," Gareth Stace, UK Steel's director general, said in a statement.

"It is deeply disappointing if President Trump sees the need to target UK steel, given our relatively small production volumes compared to major steel nations," he said, adding that there was a danger that other countries could "redirect" steel to the UK market to avoid US tariffs.

On Tuesday, European Commission President Ursula von der Leyen responded by saying "unjustified tariffs on the EU will not go unanswered".

"They will trigger firm and proportionate countermeasures. The EU will act to safeguard its economic interests," she said. "I deeply regret the US decision to impose tariffs on European steel and aluminum exports. Tariffs are taxes - bad for business, worse for consumers."

According to trade group Eurometal, the US was the second-largest market for EU exports of iron and steel.

Trump imposed tariffs on both the UK and the EU during his first term but those restrictions were later relaxed by the Biden administration.

## India

India's Steel Secretary Sandeep Poundrik has reportedly claimed that Trump's tariffs will not have much of an impact, pointing to the fact that India exports only a small fraction of its steel to the US.

"How much steel do we actually export to the US?" Poundrik said at an industry event, according to a PTI report.

"We produced 145 million tonnes of steel last year, of which 95,000 tonnes was exported to the US. So, how does it matter if out of 145 million tonnes, you are not able to export 95,000 tonnes?"

But not everyone shares this sentiment.

The chief of the Indian Steel Association (ISA), Naveen Jindal, has said he is "deeply concerned" that US restrictions could lead steel makers to dump their steel in the Indian market at lower prices.

These tariffs are "expected to slash steel exports to the US by 85%, creating a massive surplus that will likely flood India which is one of the few major markets without trade restrictions", he claimed.

## South Korea

South Korea is a major steel exporter to the US, according to the American Iron and Steel Institute.

Its steel is used by homegrown firms like Hyundai, Kia, Samsung and LG, all of which have factories in the US and Mexico.

On Tuesday, Trade Minister Cheong In-kyo said South Korea would "actively consider" whether there was room for negotiation with the US - a day after the industry ministry held an emergency meeting with steelmakers.

In 2018, when Trump similarly imposed a 25% tariff on all steel imports, Seoul was granted a waiver in exchange for a yearly import quota.

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## What next?

It's unclear what deals might actually be cut or waivers granted over the next month, but Eswar Prasad, an international trade policy expert at Cornell University, says in the long run, US trading partners may seek to diversify away from the US by selling their products elsewhere.

But he also says that "Trump's drastic actions have put the rest of the world on the back foot" because of the US economy's strength relative to most of its trading partners.

Wendy Cutler, vice president of the Asia Society Policy Institute, says that while the US's trading partners may seek appeasement in the short term, they could still decide to hit back in the long run.

"While overtures may be made to work with the Trump team to avert the tariffs, our partners may conclude that tariffs are coming so fast and furious, negotiations are not a durable option," she says.