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U.S. Is Poised to Impose Steel and Aluminum Tariffs on European Union

By Ana Swanson

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WASHINGTON — The Trump administration is poised to impose steel and aluminum tariffs on the European Union, and possibly on Canada and Mexico, this week when a temporary exemption expires as trade talks remain at an impasse, according to a person familiar with the White House discussions.

The threat of tariffs was supposed to force trading partners into quickly agreeing to United States concessions, including limiting imports of steel and aluminum and other trade terms that favor American companies and workers. In addition to the metal tariffs, President Trump has threatened to impose levies on imported automobiles, the bulk of which comes from allies like Canada, Mexico, South Korea, Japan and the European Union.

The White House has tried to leverage the tariffs to get Canada and Mexico to agree to its demands on a rewrite of the North American Free Trade Agreement, and it has pressured Europe to make trade concessions on other fronts, including cutting the amount of metals the bloc exports to the United States.

So far, the Trump administration's aggressive approach appears to have only hardened the resolve among the United States' closest allies to fight back against Mr. Trump's demands.

Discussions between the countries are continuing and Mr. Trump could ultimately decide not to impose tariffs on any of the trading partners. But with the exemption deadline quickly approaching and the countries still far apart on many issues, a

resolution could be tough to pull off by Friday.



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The European Union, Canada and Mexico — all of which were granted temporary exemptions from the metal tariffs — said they were unsure whether the tariffs would go into effect on Friday, but were readying retaliatory measures that would impose equal harm on American consumers and businesses in case they are triggered.

Chrystia Freeland, the Canadian foreign minister, said she had met Wednesday with the United States trade representative, Robert Lighthizer, to discuss the tariffs, as well as Nafta. “I would like to absolutely assure Canadians, particularly those who work in steel and aluminum industries, that the government is absolutely prepared to and will defend Canadian interests and Canadian jobs,” she said. “We will respond appropriately.”

The mood from Europe, where officials have refused to agree to a quota that would reduce their exports, appeared even darker. “Hopefully, we will be able to have a positive agenda with the U.S. side, with no tariffs or quotas,” Cecilia Malmstrom, the European trade commissioner, told the European Parliament on Tuesday. “Realistically, however, we do not think we can hope for that.”

The Trump administration has insisted that trading partners either accept the tariffs or commit to voluntarily restraining their own metal exports with quotas.

As the steel and aluminum tariffs went into effect in late March, South Korea agreed to restrain its metal shipments as part of a renegotiated trade deal with the United States. Last month, the administration said it had reached initial agreements with Brazil, Australia and Argentina to restrain their metal exports, and that it would temporarily exempt the European Union, Canada and Mexico as talks continued.

The administration warned that this round of exemptions would be the final one, raising the prospect that the penalties would go into effect.





New foreign cars at the Dundalk Marine Terminal in Baltimore. President Trump has threatened to impose tariffs on foreign automobiles. Mark Wilson/Getty Images

Eswar Prasad, a trade expert at Cornell University, said the June 1 deadline highlighted “the Trump administration’s view that bullying and overt threats, including imposition of tariffs and repudiation of longstanding agreements, are the best approach to gaining leverage in trade negotiations.”

Mr. Prasad said that any success would be short-lived.

“Any short-term wins gained through such threats are likely to be more than negated by the rising perception, even among longstanding allies, that the U.S. has become an unreliable and untrustworthy trading partner,” he said.

The United States now faces tough trade fights on nearly every possible front. The Trump administration is locked in a contentious trade spat with China, and last week, the White House announced that it would start an investigation that could lead to sweeping tariffs on imported automobiles, a major driver of the American economy.

Like the steel and aluminum tariffs, the auto tariffs would hinge on the idea that imports are threatening American national security. Trump administration officials have said that similar investigations could be started on a suite of other products — making trading partners wary that any concessions they offer today to lift the steel and aluminum tariffs would not be the last ones Mr. Trump asks for.

It is also sowing uncertainty among supporters of the tariffs, who say temporary exemptions make it hard for domestic companies to plan.

“I don’t think that these temporary exemptions can continue much longer,” said Scott Paul, the president of the Alliance for American Manufacturing, which supported the tariffs. “The conversations I have with people out in places like Ohio, they can manage a lot of scenarios, they just need to know what they’re dealing with in the long term.”

On Wednesday, hours before the commerce secretary, Wilbur Ross, was scheduled to meet with Ms. Malmstrom about the tariffs, he told an audience at the Organization for Economic Cooperation and Development that he believed that discussions could continue if the penalties were imposed.

“There can be negotiations with or without tariffs in place. There are plenty of tariffs the E.U. has on us. It’s not that we can’t talk just because there’s tariffs,” Mr. Ross said, adding that China had not used that as an excuse not to negotiate. “It’s only the E.U. that is insisting we can’t negotiate if there are tariffs.”

The European Union has proposed a limited trade deal focused mainly on industrial goods and government procurement, which would allow both parties to cut their tariffs on automobiles — a frequent focus of Mr. Trump’s — to zero.

The European bloc is also prepared to agree to buy large volumes of liquefied natural gas from the United States while joining with the Trump administration to press to alter the rules of the dispute settlement system at the World Trade Organization — a longstanding American goal.

But the European Commission has held firm on refusing to deliver that without a permanent exemption from the metals tariffs. And the European Union has already outlined a list of American products it is prepared to retaliate against with its own tariffs if it does not win an exemption.

Mexican officials were also planning to retaliate with their own limits on American imports should tariffs on steel and aluminum be imposed. The country has readied a file of products from politically important parts of the United States, though, unlike Europe, it has not announced the list of products publicly. Among those would most likely be agricultural products exported from the Midwest, where a part of Mr. Trump’s political base lives.

Peter Goodman, Elisabeth Malkin and Ian Austen contributed reporting.

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