

Position Paper

Brussels, 13th of April 2018

Orgalime comments following the US decision to impose tariffs on foreign steel and aluminium

Orgalime, the European Engineering Industries Association, represents a fundamentally healthy industry that is a major employer in Europe (11 million people), a major export sector (over a third of EU manufacturing exports) and a significant importer thanks to its extensive supply chain. International trade is a growth engine not only for the engineering industries but for the entire European economy.

Orgalime regrets to see that the current US administration seems to be pulling away from the multilateral trading system under WTO rules. By imposing tariffs on steel and aluminium, the US is provoking countermeasures from its trade partners, which will threaten the international trading system developed over the past decades. Where the EU and US once cooperated and aligned their trade strategies and shaped globalisation together, they now seem to be diverging in their trade strategy.

The engineering sectors are convinced that protectionism is the worst of all strategies when addressing the challenges that our societies and economies encounter. As such, Orgalime urges the Commission to take all necessary measures to avoid an escalation of a conflict which would inevitably lead to protectionism. Protectionist behaviours should be avoided, as they will backfire in the long term, raising prices and harming both industry and consumers alike.

We support a constructive and well-balanced use of trade defence instruments. In the spirit of a balanced approach, any potential disruptions to the operations and supply chains of the European engineering industries must be avoided. This is essential for our industry, as our competitiveness is highly dependent on exports and, as a result, on access to world markets. In addition, the industry is also a major importer of goods and components. This is why Orgalime cautions against the hasty use of rebalancing measures, having potentially counter-productive effects on the global supply chains of the European engineering industry. In our view, trade defence instruments must always be applied in compliance with the rules of the World Trade Organisation. These instruments should only be used for their true purpose, which is to counter predatory behaviour of specific trade partners under specific situations at certain moments in time. Orgalime believes the announced US duties on steel and aluminium do not meet these criteria. Even though the European Union seems to be

Orgalime, the European Engineering Industries Association, speaks for 42 trade federations representing the mechanical, electrical, electronic, metalworking & metal articles industries of 23 European countries. The industry employs nearly 11 million people in the EU and in 2017 accounted for some €2,000 billion of output. The industry represents over a quarter of the output of manufactured products and over a third of the manufactured exports of the European Union.

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temporarily exempted from the application of additional tariffs, the US decision has nevertheless the potential to damage the competitiveness of the European engineering industry.

We ask the European Commission to develop a strategy that will avoid imposing hasty rebalancing measures against the US or third countries without an appropriate analysis, taking into account also trade with EFTA members. A firm response to these threats would include prioritising a lawsuit against the US at the WTO.

Orgalime believes that possible new measures, on top of the already existing ones, to further protect the EU steel and aluminium market are unnecessary and need to be avoided. An additional rise in steel prices in the EU could be the imminent outcome of such further measures. Hasty EU rebalancing measures would go against the principle of de-escalation of tensions and would only support the advocates of protectionism. We therefore ask the European Commission to first carefully investigate whether diversionary effects of goods flows to Europe could actually arise. If so, only targeted and WTO-compliant safeguards should be considered, taking into account the interests of both steel producers and users.

Good trade ties with the US remain a key and long-term priority for our industries. The EU should explore “win-win” ways to remove tariff and non-tariff barriers between EU and US.

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