

US AND EU CLASH ON STEEL AND ALUMINIUM



Issue

A dispute over steel and aluminium tariffs between United States and European Union was resolved after a consensus on charges.

Details

- The United States has decided not to impose Section 232 duties introduced by former President Donald Trump.
- This will allow import of steel and aluminium without any duty from European Union at a historically decided volume.
- Tariffs on US products such as whiskey, powerboats and Harley-Davidson motorcycles will be suspended by EU.
- To address carbon intensity and global overcapacity, US and EU will negotiate the world's first carbon-based sectoral arrangement on steel and aluminium trade by 2024.
- US and EU will work together to restrict access to their markets for "dirty steel". They will prevent countries that dump steel from access to their markets
- There is a plan to bring like-minded countries such as Japan and Britain for resolving issues related to steel and aluminium.

China's challenge

- China is the producer of more than half of the world's steel. This has created over-production and threatened other steel companies.
- Steel industry is responsible for 10-20 percent of carbon emissions in the country. This makes it one of the largest CO2 emitters of the world.

- China is aiming at making top five steelmakers to account for 40% of the country's total steel output by 2025.

Global expansion

Domestic demand for iron and steel in China has plateaued. It is looking for expansion to markets that are growing very fast.

NOTES

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