BUSINESSEUROPE

THE DIRECTOR GENERAL

Mr Maroš Šefčovič
Commissioner for Trade and Economic Security
Rue de la Loi / Wetstraat 200
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Dear Commissioner,

The U.S. remains a key trading and investment partner for European companies, and we appreciate all your efforts to bring more stability and predictability to the Transatlantic relationship. We understand this is not an easy task.

In this context we appreciate that the EU-US Framework Agreement is the better solution to avoid tariff escalation. However, dynamic trade policies and newly imposed tariffs by the U.S. administration make the U.S. market increasingly unpredictable and challenging for European companies to navigate. Building on the existing agreement, it is important to maintain close dialogue and continue to engage with the U.S. administration to address remaining issues that are not only creating uncertainty and friction but also undermining both transatlantic trade and the commitments that the EU has made to increase investments in the U.S.

Of greatest urgency is the 50% tariff on steel, aluminium, copper and their derivative products, stemming from Section 232 investigations. Section 232 tariffs continue to impose severe strain on affected industries, driving sharp price increases, making several exports economically unsustainable and fuelling persistent uncertainty about future trade conditions on the U.S. market. Moreover, they create additional bureaucracy which absent of clear guidance are nearly impossible to comply with, as it is quite unrealistic for companies to gather information of where all their steel was melted and poured or the aluminium was smelted and cast.

These measures have already led to a loss of customers and market share for European businesses, intensifying volatility in transatlantic trade relations and negatively impacting the level playing field. Furthermore, these tariffs have indirect effects as well, as cheap imports originally destined for the U.S. are being diverted back to our markets, further distorting competition and depressing prices domestically.

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The arbitrary classification and continued expansion of the list of derivative products further increases costs for importers and final consumers and contributes to unpredictability, whilst simultaneously undermining the spirit of the Framework Agreement. The interaction of Sections 232 tariffs – in force or potentially upcoming – with the zero-for-zero arrangement in specific areas of the Framework Agreement also requires further clarification.

BusinessEurope therefore urges the European Commission to make the permanent removal of Section 232 tariffs on steel, aluminium and their derivative products a central priority in its negotiations with the U.S. administration. Swift and decisive engagement is needed to establish a stable and mutually beneficial framework, including (1) a quota-based arrangement that ensures lower or zero tariffs on EU exports of steel and aluminium products (2) a full exemption of all derivative products from the section 232 steel, aluminium and copper tariffs and (3) an arrangement to prevent any further expansion of the list of derivative products. The Commission must send a clear signal to Washington that the EU will not accept a gradual re-imposition of barriers under the guise of derivative classifications. In the very short term, the Commission should urge the US administration to provide comprehensive and detailed guidance for companies on how to comply with the requirements of the Section 232 tariffs on derivative metal products, as regards the calculation and reporting of the metal content of products and of the origin of the metal in question.

It is also important to identify a more structured and permanent solution covering future Section 232 investigations as otherwise, businesses will be forced to operate in a state of uncertainty and unpredictability, directly discouraging trade and investment. The current situation with Section 232 tariffs is unpredictable, as evident in the latest Section 232 tariffs imposed on heavy trucks and their parts. EU exporters are now subject to additional tariffs of 25% on trucks and their parts, despite the fact that the EU-U.S. framework agreement should ensure that such parts would only be subject to the maximum 15%, due to the cap on automobiles and their parts at 15%.

Beyond tariffs, administrative burden resulting from regulatory fragmentation, overlapping documentation requirements and inconsistent customs procedures are imposing disproportionate costs on companies. There is an urgent need to simplify procedures, ensure consistent application of rules and provide clear, predictable frameworks for exporters.

Considering these challenges, BusinessEurope respectfully calls on the European Commission to:

- **Prioritise a negotiated settlement with the U.S. administration** that leads to the full and permanent removal of Section 232 tariffs on steel, aluminium, copper and all derivative products.
- **Safeguard the integrity of the EU-U.S. Framework Agreement**, making clear that further expansion of the Section 232 measures erodes the spirit of the deal and must cease immediately. A structural solution for all ongoing and future Section 232 investigations would be the preferred solution.
- **Advance regulatory cooperation in key areas such as mutual recognition and simplification of customs and documentation procedures** to lower compliance costs and prevent divergent interpretations that fragment the transatlantic market. Any regulatory or procedural simplifications must benefit businesses on both sides of the Atlantic.

The Framework Agreement offers much needed temporary stability for some sectors. On the other hand, without decisive action on the above-mentioned outstanding issues, the position and competitiveness of European companies in the US market will suffer.

When considering solutions between the EU and the U.S., the Commission should take into account the close integration of some neighbouring countries in transatlantic value chains. This is particularly important to ensure the integrity of the internal market, including in the EEA EFTA States.

BusinessEurope remains committed to working with you and your services towards restoring a more stable and cooperative Transatlantic trade and investment environment.

Yours sincerely,

Markus J. Beyrer
Director General