

Delegation for Relations with the United States of America
The Chair

Rep. Mario Diaz-Balart

US Co-Chair, Transatlantic Legislators' Dialogue
US House of Representatives
440 Cannon HOB
Washington, DC 20515
United States

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Rep. Jim Costa

US Ranking Member, Transatlantic Legislators' Dialogue
US House of Representatives
2081 Rayburn HOB
Washington, DC 20515
United States

Dear Mario, dear Jim,

We are writing to you on behalf of the European Parliament's Delegation for relations with the United States, to express our indignation at the announcement by the US President on 8 March 2018 of global tariffs on steel and aluminium.

The rationale behind such a measure is, to say the least, doubtful on many levels. Firstly on the justification on the grounds of national security, which is implausible, and which in any case should not apply to close allies of the United States. Secondly, despite the accompanying anti-China rhetoric, the measure will not directly affect China given its position as only the 10th highest importer of steel into the US, and will do even less to address the true and common challenge of Chinese over-capacity issues, which is what we should jointly be focussing on. Thirdly, the announced tariffs will do more damage to the US downstream industries depending on steel and aluminium than they will benefit the US steel and aluminium industries themselves. Fourthly, the balancing and WTO-compliant measures that the EU, and possibly other concerned US partners, will inevitably and legitimately take, will have an additional negative impact to US jobs and the US economy in the fields of industrial and agricultural goods.

We have followed with interest some of the negative reactions to this measure by many in the US business community and more notably by Members of Congress, including Speaker Paul Ryan and the 107 GOP Representatives who wrote to the President, including several of the Republican colleagues who are active in the TLD. Knowing your personal positions, both on trade issues and on the importance of European allies for the US, we are convinced that you are already conscious of the problematic nature of this measure and equally worried about its economic and political fallout.

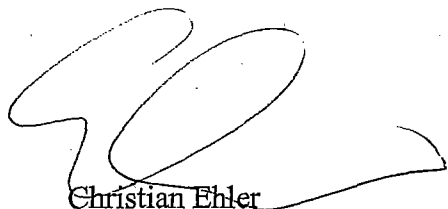
Beyond the imposition of the tariffs themselves and their immediate consequences for the steel and aluminium sectors, there are two major underlying political elements of this move which, from a European perspective, we find particularly disconcerting. The first is that the trade conflict that will very likely ensue, will be toxic for US-EU relations in general. The EU's prepared response will be

firm, but proportionate and deliberately calculated so as not to escalate tensions further. It is telling that while the total amount of US imports from the EU affected by this measure is calculated at around €6.4 billion, the list of rebalancing measures currently being prepared on the EU side is targeting only less than half that amount. Nonetheless, this chain of events will surely complicate and pollute other important areas of our political cooperation, which in today's challenging world, should be getting stronger and not drifting further apart, and will also send all the wrong messages to our geopolitical competitors.

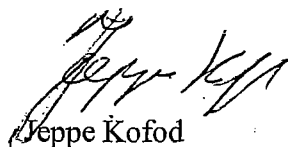
Secondly, and even more importantly in our eyes, these protectionist measures taken on the basis of section 232 of a national US law dating from 1962, do not seem to be compatible with WTO rules and will further undermine the rules-based international liberal order which the US has established and been leading for the last 70 years, and which has served the best interests of both the US and its western allies. This Administration's deliberate weakening of international global governance institutions, whether it is United Nations programmes, the WTO appellate body, or by withdrawing from or trying to undo other international agreements, is dangerous because it undermines not only these institutions but also the US's credibility and the values of the rule of law, openness and principled cooperation, that form the bedrock of our respective societies and of the transatlantic relationship.

We are relying on you to share these serious European concerns with your colleagues on the Hill, and while we appreciate that Congress may not have immense leverage in this particular area, we hope that you will continue to work towards encouraging the Administration to reconsider these measures and the general direction of travel in policy. We would also propose that we reflect on making trade the subject of our fourth working session for the next TLD meeting in Sofia, in the hope that a US-EU trade war would have been averted by then.

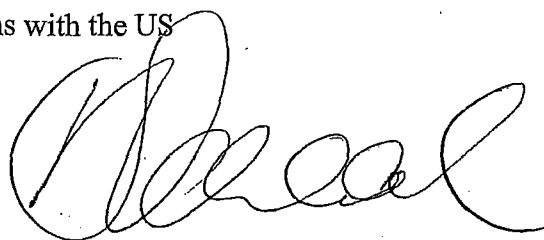
Yours faithfully,



Chair, European Parliament Delegation for relations with the US
EU Co-Chair, Transatlantic Legislators' Dialogue



Vice-Chair
European Parliament Delegation
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