



Position Paper

THE EFFECTS OF THE 25% ERGA OMNES DUTIES IMPOSED BY TRUMP FROM 12 MARCH 2025 ARE WORRYING ON US STEEL AND ALUMINIUM IMPORTS

ASSOFERMET

ASSOFERMET expresses its concern about the possible consequences in the short/medium/long term of the protectionist policy adopted by the newly elected President Trump in light of the 25% Duties that will be reintroduced as of 12 March 2025 on Steel and Aluminium Imports and that will affect, as in the past, both Steel Ingots/Semi-Finished Aluminium Products and related Semi-Finished Products (Flats, Lengths and Tubes).

These are already existing measures, although on Aluminium the Duty was set at 10% at the time. With the publication of Proclamations 10896 for Steel and 10895 for Aluminium, both published in the Federal Register on 18.02.2025, the TRUMP Administration confirmed not only its willingness to abolish all existing exemptions and Bilateral Agreements recognised to certain countries first by President Trump himself and then by President Biden, after the introduction of Section 232 back in 2018, but also the initiation of the Duties in question, however including a number of new Customs Items, previously not included.

Press reports indicate that the US Administration is also considering the introduction of reciprocal Duties (e.g. on the basis of the average tariff imposed by the trading partner), against all countries that have tariff barriers in place against Made in the USA, regardless of the type of goods and products involved.

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The US is the second largest export market for EU Steel Producers, accounting for 16% of total steel exports in 2024. That being said, the EU Steel Industry has historically been an exporter of high quality steel to the US, with products characterised by high costs and performance standards that are not produced, if at all, by US Steel mills. Consequently, the application of import duties could easily be absorbed by the Importer. Many EU mills, in order to overcome tariff barriers, have already started production directly in the US to serve the local market from within.

Our main concern, however, is the possible ‘domino effect’ of the new tariffs imposed on Asian countries. These measures could, in fact, generate a significant reorientation of international steel flows and the world's major steel producers could identify the European Union as an alternative market to the United States, with the likely application of EU countermeasures to defend their steel industry.

Such a scenario, which already occurred in 2018, could now have particularly serious consequences, as the delicate European economic balance is no longer able to sustain further price increases without risking a further irreversible loss of competitiveness.

The part of the economy most at risk is therefore, as repeatedly argued, EU manufacturing that regularly uses steel (and/or aluminium) in its production.

If you continue to protect only upstream Production, triggering inflationary scenarios, the consequences of which inevitably fall on Users, you will continue to destroy the domestic demand in the EU market, just as the export of finished products from the EU will be penalised, as it will be burdened with higher costs at source when purchasing semi-finished steel and aluminium products/raw and/or semi-finished products.

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Inflationary scenarios inevitably fall on the users: more generally, while Supply is normally rebalanced quite easily according to demand, the latter is instead very difficult to attract locally and, once induced to relocate abroad, one can hardly think of recovering it within the EU. It is therefore necessary to avoid destroying demand.

The possible effects on the EU market of the Trump government's action

That said, the possible effects of President Trump's policies on the EU market are listed below:

- **The collapse of all EU exports to the US of semi-finished and finished steel and aluminium products** affected by the measures taken by the US, as well as other goods subject to US protectionist tariffs, aimed solely at boosting consumption in the US domestic market;
- **A collapse in domestic demand for ferrous/ferrous/ferrous scrap (dri/hbi)** destined for the EU steel industry, insofar as the latter will not be able to find export outlets for flat products, long products and pipes;
- **The decline in EU steel and aluminium production** is unlikely to maintain previous levels unless there is a significant increase in domestic consumption of steel and/or aluminium to replace exports;
- **A possible new extension of the EU Steel Import Safeguard**, either in the form of further restrictions (internal enforcement mechanisms) and quotas, or in terms of period, going beyond 30 June 2026 (changing the maximum term to 8 years and going somewhat beyond the current WTO rules). It is recalled that Safeguard already affects imports from the US, which in most cases, however, does not have a country quota;

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- **Introduction of EU import duties on other products from the US**, as well as on US-made finished products with high steel and/or aluminium content, to protect the relevant part of EU manufacturing from imports;
- **The risk of spilling** over to the EU market the flows of steel and aluminium that non-EU countries will no longer be able to export to the US, triggering distortions in market flows;
- **The relocation of EU manufacturing to the US**, in order to save themselves from US import duties, by shifting production to US territory and importing the finished product into the EU;
- **A further slowdown in the gradual and slow transition of EU steel and metallurgy** towards greener production, in order to avoid higher costs.

Systems should therefore be adopted to protect the EU internal market from the import of steel-intensive products, in order to protect EU manufacturing in favour of European production.

We therefore call for a rethink of the existing protection system and for it to be extended downstream: if we persist in protecting only a part of the supply chain, the depressive effect of demand will inevitably drag with it the production assets that we all want to continue to defend.

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