

President Joseph R. Biden
President of the United States of America
1600 Pennsylvania Avenue, NW
Washington, D.C. 20500

December 5, 2023

Dear President Biden,

Our organizations, which represent millions of people across the United States, applaud the work of your administration to integrate trade and climate through negotiations on the Global Arrangement on Sustainable Steel and Aluminum (GASSA). We strongly support the United States and the European Union coming to an agreement that would incentivize countries to lower the carbon intensity of steel and aluminum production. We are deeply concerned by recent reports that talks on GASSA are stalled.

As groups committed to industrial decarbonization, we call on you to ensure that GASSA reflects strong climate objectives that tie market access to the carbon intensity of goods. Such a framework should be agreed to in 2023 and fleshed out, with a firm timeline for implementation, by the end of 2024. The U.S. and EU must also consider equity among countries so that, for example, Least Developed Countries are not adversely impacted by GASSA.

A strong GASSA is necessary to reduce global emissions and ensure a level playing field where a commitment to climate does not result in a competitive disadvantage in the global market. An agreement to tie market access to the carbon intensity of goods should be attainable in 2023, as both non-market excess capacity and climate were included repeatedly in the political mandate from the highest levels,¹ and Europe has already been leading on integration of trade and climate.

As noted by your administration in the launch of GASSA, “steel and aluminum production are two of the most carbon-intensive industrial sectors, accounting for roughly 10 percent of all carbon emissions.”² An agreement between the U.S. and the EU which incentivizes trade in—and therefore production of—steel and aluminum with low carbon intensity

¹ Joint US-EU Statement on Trade in Steel and Aluminum. October 31, 2021. <https://www.whitehouse.gov/briefing-room/statements-releases/2021/10/31/joint-us-eu-statement-on-trade-in-steel-and-aluminum/>

²FACT SHEET: The United States and European Union To Negotiate World’s First Carbon-Based Sectoral Arrangement on Steel and Aluminum Trade. October 31, 2021. <https://www.whitehouse.gov/briefing-room/statements-releases/2021/10/31/fact-sheet-the-united-states-and-european-union-to-negotiate-worlds-first-carbon-based-sectoral-arrangement-on-steel-and-aluminum-trade/>

would send a powerful signal that carbon-intensive industries must reduce their emissions in order to remain competitive in global markets.

Reports indicate that the U.S. has put forward two such approaches—one that would impose tariffs on steel and aluminum based on the carbon intensity of the products³ and, more recently, one that would essentially ban the imports of steel or aluminum into the U.S. and the EU that is more carbon-intensive than what the two economies produce domestically.⁴

While more details are needed to assess the specific merits of these approaches, both would set a watershed precedent that market access in the 21st century should be conditioned on decarbonization—which could be replicated in other industries and with other trading partners as well.

Moreover, as negotiations continue with the EU, the U.S. government should launch negotiations with other countries, such as Canada and Australia, to achieve the same objective of structuring market access tied to the carbon intensity of industrial products.

The U.S. and EU must seize this historic opportunity to use trade tools to incentivize climate action. Both economies have an opportunity to show true leadership at the intersection of trade and climate. We look forward to working with your administration to land a successful deal this year on carbon intensity, and to working on an implementation plan and timeline in 2024.

Sincerely,

Center for American Progress
Citizens Trade Campaign
Earthjustice
League of Conservation Voters
National Wildlife Federation
Natural Resources Defense Council
Foreign Policy for America
Sierra Club
Trade Justice Education Fund

CC: The Honorable Katherine Tai, United States Trade Representative

³ Swanson, Ana. *U.S. Proposes Green Steel Club That Would Levy Tariffs On Outliers*. New York Times. December 7, 2022.

<https://www.nytimes.com/2022/12/07/business/economy/steel-tariffs-climate-change.html>

⁴ Harris, Lee. *U.S. and EU Struggle to Form Green Steel Club*. The American Prospect. October 11, 2023.

<https://prospect.org/economy/2023-10-11-us-eu-trade-green-steel-club/>