# EU’s new steel tariffs threaten UK industry and merge trade with migration negotiations



Britain is facing a critical period of negotiation with the European Union regarding steel tariffs, which could have profound implications beyond just trade. The EU has proposed a new tariff regime that would halve the current tariff-free steel import quotas and impose a 50% tariff on excess imports, including those from the UK. This move is part of a broader EU strategy to protect its steel industry, which currently operates below capacity, by curbing global overcapacity and redirecting steel trade flows—particularly in response to U.S. tariffs. The proposed system would replace existing WTO-aligned safeguards set to expire in 2026 and requires approval from the European Parliament and Council.

The impact on the UK steel sector is expected to be severe. Gareth Stace, director-general of UK Steel, has described the potential tariffs as the largest crisis faced by the industry in recent history, warning that such levies could devastate remaining UK steel producers. The UK government, led by Prime Minister Keir Starmer, is urgently seeking clarification from the European Commission about how these quota changes will affect British steel exports. Strategic discussions are underway with the EU and the US, as the UK also tries to negotiate lower tariffs under separate agreements. British Industry Minister Chris McDonald has emphasised the importance of maintaining smooth trade flows to protect the steel sector.

However, these steel tariff talks appear to be intertwined with broader negotiations over migration policies. Reports indicate that European countries are leveraging the upcoming steel discussions to push the UK into agreeing to a more generous youth mobility scheme, allowing EU nationals aged 18 to 30 to live and work in the UK for an extended period, potentially beyond the existing one-year cap proposed by the UK Home Secretary, Yvette Cooper. Brussels insiders have suggested that exempting the UK from steel tariffs could serve as an incentive for Labour, currently led by Starmer, to make concessions on the youth mobility scheme. The EU’s Brexit negotiator, Maros Sefcovic, has stated that the EU will negotiate quotas with the UK “in good faith.” However, opponents such as Reform UK and Conservative leader Kemi Badenoch have criticised the scheme as a backdoor to reinstating free movement, warning it could lead to an uncapped migration system.

The proposed EU steel measures have also drawn criticism from other stakeholders beyond the UK. The European Automobile Manufacturers’ Association (ACEA) has labelled the plans as excessively harsh, cautioning that the double tariffs and strict origin tracking requirements could increase costs for European carmakers who rely on specific steel grades. Similarly, Swiss industry leaders have voiced concerns about the disproportionate impact on their steel exports given the tougher US tariffs they face, calling for exemptions or negotiated solutions to prevent trade disruption. South Korea, another key steel exporter to the EU, has raised alarms about the detrimental effects of the quota cuts and increased tariffs, seeking dialogue with the EU to safeguard its steel export interests.

Taken together, the EU’s new steel import policy signals a protectionist shift aimed at revitalising its domestic steel sector but risks significant trade tensions with major steel exporters like the UK, Switzerland, South Korea, and others. For the UK, the stakes are particularly high as the negotiations extend beyond tariffs to touch sensitive immigration issues, underscoring the complex interplay between trade and political agendas in the post-Brexit landscape.

### 📌 Reference Map:

* Paragraph 1 – [[1]](https://www.express.co.uk/news/uk/2120194/brexit-betrayal-fears-steel-trade-concessions), [[2]](https://apnews.com/article/fe0c6ff0063a1679a2ed36b0f06da96a), [[3]](https://www.reuters.com/world/china/eu-halve-steel-import-quotas-revive-domestic-industry-2025-10-07/)
* Paragraph 2 – [[1]](https://www.express.co.uk/news/uk/2120194/brexit-betrayal-fears-steel-trade-concessions), [[6]](https://www.reuters.com/world/china/uk-seeks-clarification-european-commision-steel-quotas-impact-2025-10-07/)
* Paragraph 3 – [[1]](https://www.express.co.uk/news/uk/2120194/brexit-betrayal-fears-steel-trade-concessions)
* Paragraph 4 – [[4]](https://www.reuters.com/sustainability/eu-steel-import-quota-plan-goes-too-far-says-european-auto-lobby-2025-10-08/), [[5]](https://www.reuters.com/business/swiss-industry-flags-concern-over-eu-steel-tariffs-presses-exemptions-2025-10-08/), [[7]](https://www.reuters.com/world/asia-pacific/south-korea-says-steel-exports-be-impacted-by-eu-plan-halve-import-quotas-2025-10-07/)

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## Bibliography

1. <https://www.express.co.uk/news/uk/2120194/brexit-betrayal-fears-steel-trade-concessions> - Please view link - unable to able to access data
2. <https://apnews.com/article/fe0c6ff0063a1679a2ed36b0f06da96a> - The European Union has proposed halving its tariff-free steel import quota, introducing a 50% tariff on excess imports from countries including the UK, China, India, and Turkey. This move aims to protect EU steelmakers from global overcapacity and the diversion of steel imports caused by U.S. tariffs. The new system would require detailed origin disclosures and a complex quota structure, replacing existing WTO-aligned safeguards set to expire in June 2026. The proposal excludes neighboring nations like Norway, Iceland, and Ukraine and must be ratified by the European Parliament and Council.
3. <https://www.reuters.com/world/china/eu-halve-steel-import-quotas-revive-domestic-industry-2025-10-07/> - The European Commission has proposed a significant reduction in steel import quotas, nearly halving the current tariff-free volume to 18.3 million metric tons annually, alongside increasing tariffs for excess imports from 25% to 50%. This move is aimed at reviving the EU’s struggling steel industry, which is currently operating at only 67% capacity, by raising domestic production levels toward 80%. The import limits would be reset to 2013 volumes, when steel overcapacity became a major issue. The new proposal requires EU government and parliamentary approval and mandates proof of steel origin for imports.
4. <https://www.reuters.com/sustainability/eu-steel-import-quota-plan-goes-too-far-says-european-auto-lobby-2025-10-08/> - The European Automobile Manufacturers' Association (ACEA) has voiced strong concerns over a new EU proposal to significantly reduce tariff-free steel import quotas and double out-of-quota duties to 50%. While acknowledging the need to protect domestic steel production, ACEA argues that the proposed measures are excessive and will lead to higher input and administrative costs for Europe’s automakers. European carmakers currently source about 90% of their steel within the EU, but still rely on imports for specific types of automotive-grade steel, which are often quickly exhausted under existing quotas. ACEA also criticized the requirement for importers to trace the origin of steel melting and pouring, citing the complexity of global automotive supply chains. The organization called for a more balanced approach to align the interests of both steel producers and users. The proposal, which aims to support EU steelmakers, still requires approval from EU governments and the European Parliament.
5. <https://www.reuters.com/business/swiss-industry-flags-concern-over-eu-steel-tariffs-presses-exemptions-2025-10-08/> - Swiss industry leaders have voiced strong concerns over the European Union's proposed plan to nearly halve tariff-free steel import quotas and impose a 50% tariff on additional imports. Industry association Swissmem emphasized that this move could disproportionately harm Swiss manufacturers, who are already burdened by tougher U.S. tariffs compared to their EU counterparts. The EU currently enforces safeguards on 26 steel categories, applying a 25% tariff over established import limits, which are set to expire by mid-2026 under World Trade Organization rules. Swissmem warned that without an exemption or similar duty-free access, the Swiss steel industry would struggle to remain competitive in the EU market. The call includes seeking a negotiated solution to avoid disrupting EU-Swiss trade relations, especially amid ongoing talks to deepen their trade partnership. Key players like Swiss Steel and Stahl Gerlafingen, along with many smaller firms, are closely monitoring the situation, highlighting the broader potential impact across the Swiss steel export industry.
6. <https://www.reuters.com/world/china/uk-seeks-clarification-european-commision-steel-quotas-impact-2025-10-07/> - The UK government is urgently seeking clarification from the European Commission regarding its newly proposed steel import quota changes, which significantly cut tariff-free quotas and impose a 50% duty on excess steel shipments. British Prime Minister Keir Starmer confirmed strategic discussions with both the EU and the US on the matter, emphasizing strong support for the domestic steel industry. The UK steel sector has raised alarms, suggesting that the EU's proposed measures could pose a greater threat than prior U.S. tariffs under former President Trump. While Britain currently benefits from a reduced 25% U.S. tariff, thanks to a deal struck in May, the government is pushing to reduce this further to 0% under quota limits. Additionally, as of August, the EU had agreed to remove tariffs on key UK steel products under a separate quota agreement to ease trade tensions. UK Industry Minister Chris McDonald stressed the importance of protecting UK-EU trade flows and called on the European Commission for urgent clarification to prevent further harm to the industry.
7. <https://www.reuters.com/world/asia-pacific/south-korea-says-steel-exports-be-impacted-by-eu-plan-halve-import-quotas-2025-10-07/> - South Korea has raised concern over a European Commission proposal to significantly reduce tariff-free steel import quotas and impose a 50% tariff on excess shipments, arguing it would seriously hurt its steel exports. The European Union is the second-largest export market for South Korean steelmakers, making the potential impact substantial. However, the EU has indicated it will consider free trade agreement (FTA) signatory nations in its quota allocations. South Korea aims to protect its interests through bilateral talks, with Trade Envoy Yeo Han-koo planning to meet EU Trade Commissioner Maros Sefcovic soon. The move follows similar high U.S. tariffs that have already contributed to a 4.2% drop in South Korean steel exports in September, marking the fifth consecutive month of decline.