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Senator the Hon Don Farrell
Minister for Trade and Tourism
Special Minister of State

MS26-000099

Commissioner Maroš Šefčovič
Commissioner for Trade and Economic Security, European Commission
European Union

Maroš
Dear Commissioner

In connection with the Free Trade Agreement between Australia, of the one part, and the European Union, of the other part ("the Agreement"), I have the honour to confirm our understanding regarding our exchanges in relation to the European Union's proposed steel measure:

1. The European Union's proposed steel measure to commence on 1 July 2026 is intended to address global structural steel excess capacity. In recognition of the European Union's proposed measure, Australia and the European Union have withdrawn their respective offers under the Agreement to eliminate customs duties in relation to steel products within the scope of the proposed steel measure and the European Union has increased its base rate of customs duties from 0 to 50 per cent.
2. Global structural steel excess capacity – driven by non-market policies and practices – is a threat to market-based steel producers in Australia and the European Union. As members of the Global Forum on Steel Excess Capacity (GFSEC), Australia and the European Union have committed to address the root causes and negative effects of global steel excess capacity through a 'comprehensive framework for joint action'. Potential developments in GFSEC may provide an avenue for reviewing our respective steel tariffs under the Agreement, with a view to improving market access.
3. The Agreement, once it enters into force, in accordance with Article 2.5 (Elimination of Customs duties), will provide for the possibility of either Party to request consultations to consider accelerating, or broadening the scope of, the reduction or elimination of customs duties in relation to steel products within the scope of the European Union's proposed steel measure. This includes the possibility of normalising steel trade between Australia and EU, two market-based steel producers.
4. For greater certainty, this letter does not give rise to legally binding obligations.

I look forward to your letter in reply confirming that you share this understanding in relation to the above exchanges.

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Yours sincerely



DON FARRELL

24 MAR 2026

Canberra, 24 March 2026

Dear Minister Farrell,

In connection with the Free Trade Agreement between Australia, of the one part, and the European Union, of the other part (“the Agreement”), I have the honour to confirm the receipt of, and thank you for, your letter dated 24 March 2026, in relation to the European Union’s proposed steel measure.

I confirm that I share the understanding of the exchanges we had within the context of the Agreement as set out in your letter. Global structural steel excess capacity is a real problem facing Australia, the European Union and other market-based steel producing countries.

For ease of reference, see the above-mentioned letter in annex.

I look forward to working together to advancing our respective steel interests in each of our markets and pursuing potential avenues to normalise steel trade between the EU and Australia.

For greater certainty, this letter does not give rise to legally binding obligations.

Your sincerely,



Maroš Šefčovič

Senator the Hon Don Farrell
Minister for Trade and Tourism
Australia