



NON-CONFIDENTIAL

Tuesday 9th December 2025

To: Trade Remedies Authority

Request by Confederation of British Metalforming for a TRQ review of safeguard measures concerning imports of steel products in Product Category 12A

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I. Introduction

1. On behalf of its members the Confederation of British Metalforming (The “CBM”) hereby requests that the Trade Remedies Authority (“TRA”) initiates a TRQ review of all commodity codes within Category 12A of UK steel safeguard measures, covering imports of alloy merchant bars and light sections.
2. This request is made with reference to The Trade Remedies (Increase in Imports Causing Serious Injury to UK Producers) (EU Exit) Regulations 2019 (The Safeguards Regulations”).
3. As detailed below, since the 2024 ruling for the continuation of safeguard measures on Category 12A alloy steel products, UK production of the concerned products has dramatically reduced to the extent there is no viable domestic supply to meet the requirements of CBM members’ production.
4. CBM contends that even in 2024 and well before, Liberty’s Speciality Steel UK (LSS UK) was unable or unwilling to support downstream UK demand for Category 12A products. This was a consequence of the financial crisis of its parent, GFG Alliance, which left it incapable of offering reasonable commercial terms to UK customers. Subsequently, its capability to supply progressively eroded, due to its inability to refinance its operations while facing winding up orders from multiple creditors. By 2025 LSS UK’s steel mill had ceased production and most of its personnel placed on long-term furlough.
5. On 21st August 2025, the High Court finally ruled in favour of applications from multiple creditors for the winding up of LSS UK. The Official Receiver was appointed to liquidate the Company. In evidence to the Court it was confirmed that LSS UK’s Rotherham had been mothballed.
6. Since the ruling there has been no indication the Government is succeeding in identifying a viable buyer for LSS UK.
7. There being no other viable domestic supply alternative, downstream metal manufacturers including CBM members are obliged to import Category 12A input materials, primarily from EU mills.
8. The TRA has advised CBM that in 2024 British Steel stated that it supplied or was capable of supplying some of the product in Category 12A. The CBM has carried out extensive research amongst its members and can find no evidence that British Steel supplies or is capable of supplying the products they require.
9. Analysis of 2024 UK Trade Data shows that 96% of import volumes of the tariff codes in Category 12A originate from the European Union and not from any country that may be deemed to subsidise steel exports or adopt unfair trade practices. The key difference between UK and EU steel production costs are energy costs, over which the UK Government has committed to further support UK steelmakers, and issues of ownership stability, investment, technology and productivity.
10. UK downstream manufacturers are reliant on imported Category 12A inputs to sustain their production and are, therefore, vulnerable to quota exhaustion tariffs. Under current safeguard measures tariffs of 25% are highly injurious to businesses that operate on tight margins and service tightly demanding contracts. The most immediate risk to the importing business is cash rather than profitability. The unpredictable imposition of a quota exhaustion tariff, for which immediate

payment is demanded, can quickly become a business killer, especially when steel is a high proportion of input costs.

11. That vulnerability was significantly exacerbated by the June 2025 decisions of the Secretary of State for Trade to minimise the quota liberalisation factor and remove the carryover of previous quarter quota residuals. The quota carryover helped balance the seasonality of demand, particularly during calendar Q3 when much of the supply chain takes holiday and, again, at end of calendar Q4.
12. Category 12A is vulnerable to significant surges in quota claims, due to customs authorities recoding non-alloy steel to Category 12A tariff codes – caused by a technical anomaly in World Customs Organisation guidance on what constitutes alloy steel.
13. All these factors endanger the viability of downstream metal manufacturers, which are major employers and contributors to the UK economy and exports, supporting the supply chain to critical user sectors including Aerospace, Automotive, Construction, Engineering, and Energy Infrastructure.
14. There is now a serious potential that, following EU plans, the UK may decide to introduce new measures that substantially reduce safeguard quotas and double exhaustion tariffs. This massively increases the risk of quota exhaustion and Category 12A consuming manufacturers facing even more injurious tariffs. These costs cannot be passed onto customers, either in the UK or overseas. At best, downstream manufacturers would curtail output, starving critical supply chains. At worst, companies will activate plans to relocate production outside and potentially deciding to close completely. Members have told CBM they would be under pressure from owners to offshore production, as the regulatory environment would no longer conducive to manufacturing in the UK. Others have made it clear their business could not survive tariffs of this magnitude.
15. The CBM therefore requests that the TRA carries out a TRQ review to establish for which commodity codes within Category 12A there is *actual and viable* UK production. Where there is no convincing evidence of domestic production that CBM and other downstream manufacturers could use, the CBM requests that the TRA recommends the safeguard quota is removed and tariff-free access is re-established to support UK growth, employment and exports.

II. Changes in market conditions

1. Background information

a) CBM members' interest

The Confederation of British Metalforming represents around 200 downstream metal manufacturers across the United Kingdom. Our membership includes around twelve downstream manufacturers reliant on Category 12A input to sustain their production.

These members service a diverse range of domestic and export markets including automotive, transport, machinery, construction and energy infrastructure. The components they produce are vital to these sectors and

providing consistent supply to them is reliant on a reliable and cost-effective supply chain for alloy steel production inputs within the Category 12A range.

The CBM and its members support the revitalisation of the UK steelmaking sector and wish to see a viable and effective domestic supply chain for their steel input requirements. However, that supply chain is not currently viable for all products subject to steel safeguard measures and is effectively non-existent for Category 12A products.

Since 2020 our members have found it extremely challenging and often downright impossible to source the required Category 12A products from UK domestic steelmakers.

The primary domestic source of this category of alloy steel inputs is LSS UK.

Since 2019, when its parent group started to experience major financial issues, compounded by the impact of the Covid pandemic, it has been at best extremely challenging and often impossible to source Category 12A products from LSS UK.

LSS UK continued to place unrealistic commercial conditions on any order and eventually ceased production, mothballing its mill and placing most employees on long-term furlough.

With unpaid debts reported at more than £600 million, LSS UK was subject to a winding up order submitted by major creditors. On 21st August 2025 the High Court granted that winding up order, and subsequently the Official Receiver was appointed to liquidate the Company.

The CBM contends that this situation constitutes a progressive and major deterioration in domestic supply capability, to the point it is impossible to obtain reliable supply of materials, meeting the criteria of a major change in market conditions.

CBM members had and have no choice but to import the Category 12A material required to sustain production and support their domestic and export customers. This leaves these companies vulnerable to injurious quota exhaustion tariffs, which given the operating margins involved, are potentially fatal to their businesses.

This vulnerability is further exacerbated by Customs recoding non-alloy steel imports to Category 12A tariff codes, which can rapidly and unpredictably soak up available quota. This recoding is evidently inconsistent (see below). Consequent surges in claims from Quota 058100 were evident in Quarter 1 2025 and without any method to predict HMRC practice can be expected to recur in future.

In July 2025, the Secretary of State for Trade determined that previous quarter unclaimed quota balances would no longer be carried over. He also determined, against TRA recommendation, that the annual liberalisation factor would be slashed from 3% to 0.01%.

These decisions further increase the jeopardy facing CBM members when the potential to source Category 12A product domestically has effectively diminished to zero.

It is therefore essential that safeguard measures are updated to reflect current and likely longer term domestic supply conditions, in order not to undermine downstream manufacturing.

The CBM recognises that a commercial buyer may be found for LSS UK, which is understood to be the Government's preference. However, since the High Court ruling there is no evidence of progress in identifying a viable buyer for LSS UK. Even were a buyer to be found today, the deterioration in its manufacturing facilities, means it will take at the very minimum six months and potentially longer to reestablish production. From that point, it will take, again at the very minimum, at least another six months for downstream manufacturers to reestablish purchase relationships. See 4b below for further explanation.

b) TRA recommendation to remove Category 12 from safeguard measures

The CBM notes that in June 2021 the TRA recommended to the then Secretary of State that Category 12, including those tariffs now defined under Category 12A, be removed from UK safeguard measures. This recommendation was overridden by the Secretary of State – a decision that exceeded her authority under UK trade remedy legislation ruling at the time and contravened WTO rules.

The CBM argues that the TRA's recommendation correctly assessed market conditions and should have been upheld by the Secretary of State.

We further contend that subsequent inclusion of Category 12A in safeguard measures disregarded evidence generally available, as well as submitted by the CBM and other representative bodies, clearly identifying LSS UK's inability to supply UK manufacturers and the consequent vulnerability and negative impact on downstream manufacturers.

c) Changes to safeguard measures on Category 12

In 2022, working with UK Steel, the CBM obtained acceptance from the Secretary of State, that Category 12 should be separated into two categories, 12A for alloy steel products and 12B for non-alloy steel products.

This change recognised that the supply pattern of products in the two sub-categories were distinctly different and that large volume surges of Category 12B

product, largely driven by construction demand, meant Category 12 was highly vulnerable to quota exhaustion.

CBM brought specific evidence of the impact of quota exhaustion tariffs running into hundreds of thousands of Pounds, on some of its members. At best this impact constrained companies' ability to respond to export and domestic demand opportunities. For one member the tariff total was more £500,000, payment of which was required immediately, due to just in time commitments with its major customers. This represented an unsustainable impact on profitability and generated an immediate cash flow crisis. Ultimately the company had no choice but to close part of its operations, resulting in the loss of one hundred jobs. This is a clear indicator of what would happen were quotas to be further restricted and quota exhaustion tariffs increased.

The CBM welcomed the recognition of the different supply pattern of Category A and B products and, along with UK Steel, expected this change would resolve the unpredictable surges and injurious impact of quota exhaustion tariffs.

d) Unintended consequences of separation to 12A and 12B

Subsequent to the separation of Category 12, it rapidly became clear that Quota 058100 was continuing to experience unpredicted and major surges in claims. Investigation revealed that, following World Customs Organisation guidance on the chemical constituent thresholds for alloy steels, customs officers were actively recoding non-alloy steel consignments to alloy steel tariff codes under Category 12A.

The issue was raised with the Department of Trade and eventually with HMRC. It was identified that the decision to recode was solely based on the Copper threshold in WCO guidance. The CBM providing extensive evidence, supported by UK Steel, that the Copper threshold of 0.4% weight defined in the WCO guidance, was unrealistic for non-alloy steel produced by the Electric Arc Furnace ("EAF") method. This was because EAF steel is predominantly produced from scrap steel and higher levels of Copper, up to 0.6%, were regularly present in non-alloy steel products.

The CBM brought evidence from several leading European steel makers that this level of Copper was generally accepted as it had no deleterious effect on the performance and safety of the non-alloy steels involved.

HMRC decisions to recode non-alloy steel products to Category 12A tariff codes have clearly not been consistent. CBM members have experienced situations where one pallet on a ship has been recoded, but another of identical product on the same ship, has not.

As a result of this evidence the Secretary of State did increase the quotas for Category 12A steels but did so in the aftermath of the pandemic when demand was depressed.

As demand in construction and engineering recovers Quota 058100 will once again come under pressure, previously alleviated by the carrying forward of quota balances.

From July 2025, these carryovers were abolished by the Secretary of State, reintroducing the threat of quota exhaustion tariffs while CBM members and other downstream metal manufacturers continue to have no option but to import their requirements.

Quota allocation takes no account of seasonality of steel supply and demand. Most steel mills and many downstream manufacturers have up to four-week shutdowns in the summer. This generates a quota 'surplus' which is balanced out during the remainder of the year. Removal of the carryover negates this levelling effect.

- e) It has been suggested that, were Category 12A to be removed from safeguarding, the tariff recoding issue could mean that other UK electric arc furnace steel producers could face increased imports of non-alloy Category 12B steel, on the basis some imports are currently being recoded to Quota 058100.

To CBM's knowledge, putting aside LSS UK, there are currently two steel companies using electric arc furnace technology in the UK.

One, Marcegaglia UK, produces steel welded tubes, which are not included in Category 12A. It's EAF in Sheffield produces stainless steel for tubes, so again not included in Category 12A.

The other is 7 Steel, formerly Celsa, which produces mild steel (i.e. non-alloy) coil, including for wire mesh, reinforcement bar, flat bar and angles. Most of these products fall outside Category 12. There is some limited potential for recoding of non-alloy flat bar and angles to current Category 12A tariff codes. However, it is impossible to gauge the extent as HMRC has never been prepared to confirm to CBM the volumes that are recoded, quite probably because it is unable to track occurrence. The application of this assessment of alloy constituents is unquestionably inconsistent.

The CBM believes the solution to this issue, is for HMRC to accept evidence from the steel industry that, due to the growing production of steel by the EAF method, the Copper threshold is anomalous and should not be used, in isolation, to define materials are otherwise evidently non-alloy product to alloy steel commodity codes.

Since the only mechanism available to Customs is to scrutinise mill certificates application of a wider evaluation of alloying metals rather than relying solely on the value for Copper is straightforward.

2. Changes in market conditions

a) Deterioration in Liberty Steel Speciality Steel UK supply capability

As a result of the financial crisis that begun to impact its parent, GFG Alliance, in 2019, and the Covid pandemic that followed, Liberty UK mills ceased to produce the products required by CBM members.

In 2021, GFG's primary lender, Greensill Capital, collapsed. The Liberty UK business acknowledged that alongside "additional issues" the financial crisis placed "severe constraints on its ability raise third party finance".

LSS UK demanded that customers placed orders for unrealistic minimum quantities, with payment in advance and no clarity over delivery lead-times.

Subsequently, major creditors including Harsco Metals, petitioned the court to force the company into insolvency, so that Liberty's assets could be liquidated to repay the money it owes.

Court hearings were repeatedly adjourned - in June 2025 on the company's submission that it had identified a buyer to take over the UK business. In July there was a further adjournment for undisclosed reasons. During this period, even had LSS UK been able to produce its insistence on advance payment meant that no Company Director could reasonably agree to placing orders that might never be fulfilled at major financial loss to the buyer.

On 21st August 2025 the High Court assessed that there was no realistic potential for either the refinancing of LSS UK or its purchase by a viable buyer. It, therefore, granted a winding up order and the Official Receiver was subsequently appointed to liquidate the Company.

Evidence to the Court confirmed that LSS UK's Rotherham mill had been mothballed, with production facilities deteriorating rapidly, and that most of the skilled workforce had been on long-term furlough.

Following August's High Court ruling, there is now no possibility to place orders with LSS UK, so the domestic capacity on which Category 12A safeguard measures were predicated is non-existent.

b) Other UK suppliers of Category 12A products

In a 2024 submission the TRA, the CBM understands that British Steel informed the TRA that it supplied or could supply some product under Category 12A.

CBM has investigated the feasibility for its member to source the required Category 12A product from British Steel. It is not a practical alternative for much of CBM members' demand as the Scunthorpe Rod Mill has a maximum wire production capacity of 17mm diameter. British Steel also supplies product in coil

rather than bar form and is understood to require minimum orders of around 120 tonnes.

CBM members require bar, not coil, generally in diameters greater than 17mm. As SMEs they are not able to commit to orders of the size required by British Steel. EU suppliers can supply 40 tonnes, which is a realistic commitment for their business. These members also note that lead times from EU suppliers are substantially quicker, which is essential to support just-in-time sourcing and production to meet customer requirements.

CBM Members have explored the potential to source required product from UK stockholders but costs are high and, in many, cases the product available is sourced from EU mills anyway.

The CBM, therefore, contends that while British Steel may have the technical capability to produce certain, but by no means all, Category 12A product, that capacity is size limited and the size and form in which the product is available is unsuitable for SMEs.

3. Impact on downstream metal manufacturers using Category 12A input

As previously noted, exhaustion tariffs at 25%, let alone a higher figure, are company killers, where margins are already tight and it is impossible to pass on these costs to customers. This is particularly true of export customers, including in the EU, that have plentiful opportunities to re-source their requirements outside the UK and have made it abundantly clear to UK exporters that they would not hesitate to do so.

CBM members are prepared to submit confidential evidence that incurring exhaustion tariffs on product they source domestically incurs serious injury to company finances and to the ability to sustain supply to major industry sectors, including automotive and construction, both in the UK and in valuable export markets. Members can evidence that exhaustion tariffs incurred during the early period of UK safeguard measures resulted in company closure and loss of jobs.

The potential for tighter quotas and higher exhaustion tariffs means that this injury, or the threat of it when quotas are subject to surges due to HMRC recoding, would lead to supply chain disruption, company closures, the relocation of production outside the UK, and substantial job losses.

4. Potential temporary nature of change

a) Scenarios in which LSS supply capability might improve

The Government is clearly not minded to nationalise LSS UK. The insolvency practitioner is tasked with attempting to find a buyer for the operation.

Significant efforts have clearly been made to find a buyer since the High Court ruling. There is no evidence that a viable buyer has been or is likely to be identified in the foreseeable future.

It is also clear that the deterioration in LSS UK production facilities, and the understandable loss of skilled personnel, means that major investment and time will be required to return it to operation. Should a buyer be found, or the Government decide to nationalise the business, the current parlous state of LSS UK makes it highly improbable that the mill could be operational and producing acceptable quality product within, at the very minimum, six months.

b) Lead time for downstream manufacturers to respond

It should also be recognised that, from the time the mill is fully operational, it will take a minimum of six months and potentially up to a year for CBM members and other potential customers to:

- Conclude existing supply contracts.
- Reevaluate and assure LSS UK's technical capabilities and quality.
- Obtain customer approval for a change in the production of their goods.
- Agree acceptable trading terms with LSS UK.

This is because a high proportion of the products manufactured by CBM members are supplied to critical applications in major sectors including automotive, engineering, construction and energy infrastructure with many of these customers outside of the UK. These customers will require clear evidence of reliable and consistent quality, meeting their stringent requirements, and assurances of continuity of supply.

CBM members can submit confidential evidence of the processes involved in re-sourcing quality and supply critical materials.

III. Conclusion

WTO Rules clearly define that safeguard measures are intended to protect the domestic industry and provide time for it to adjust its operations and business models to be competitive in global markets.

Far from there being improvement in the domestic steel industry to support downstream metal consumers of Category 12A, there has been a marked and progressive deterioration to the point that LSS UK has ceased production and is unviable as a supplier to quality and service critical customers.

UK Steel has recently confirmed to media (Sunday Times 9th November 2025 "Jobs and kebabs on the line in UK steel's civil war over tariffs") that it supports zero-tariff quotas for imports of steel products that are not viably manufactured in the UK. CBM contends that Category 12A products have met this criterion for many months and unquestionably do so now.

Supported by the evidence above, the CBM urgently requests the TRA to reevaluate its assessment of domestic supply capability.

The CBM requests that the TRA recommends to the UK Government the removal from safeguarding all Category 12A commodity codes, for which there is no current viable domestic production capable of genuinely and sustainably supporting downstream UK metal manufacturers.

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