

Government of the Republic of Korea**Comments on UK Transition Review of Safeguard Measures Regarding Certain Categories of Steel Products****I. Introduction and Executive Summary**

1. The Government of the Republic of Korea ("Korean government") would like submit its comments on the transition review being carried out by the Trade Remedies Investigations Directorate ("TRID") of the United Kingdom of Great Britain and Northern Ireland ("UK") in regard of the existing EU safeguard measures in relation to certain categories of steel products.
2. In summary, the key points are as follows:
 - The determination to apply the transitioned EU safeguard measures after 31 December 2020 without any investigation has no basis in WTO law and violates the WTO Agreements.
 - The UK government should ensure that the WTO requirements for safeguard measures are fulfilled during the transition review.
 - Taking into account the specific situation of the UK as opposed to that of the previous EU safeguard measure, the UK government should positively consider the Korean government's requests regarding categories 1, 5 and 25A.
 - Any safeguard measures as a result of this transition review must, in any event, be terminated on 30 June 2021.
3. We also note that in any circumstances, under the UK's safeguards regime, safeguard measures can only be applied if the measures would be in the UK's economic interest. As part of this, the impact on downstream user industries must be taken into account, including in particular, the construction sector, which would continue to face significant increased costs as a result of the safeguard measures.

II. The determination to apply the transitioned EU safeguard measures after 31 December 2020 violates the WTO Agreements

4. The Korean government first of all observes that the application of safeguard measures by the UK government after 31 December 2020 pursuant to the Notice of Determination of 30 September 2020 has no basis in WTO law and violates the WTO Agreement. It has been done without an investigation and, interested parties did not receive disclosure of any data on steel imports into the UK.
5. The Korean government also observes that the Notice of Determination has not been notified to the WTO as required by Article 12(1)(c) of the WTO Agreement on Safeguards.

III. The "transition review" should meet the conditions for the imposition of a safeguard measure

Appendix I

6. For a safeguard measure imposed by the UK government when no longer a Member State of the EU to be consistent with the WTO Agreements, the UK government must ensure that the measure meets the conditions set out in the WTO Agreements, as it was a separate Member of the WTO with its own distinct obligations since 1 February 2020.
 7. The transition review that the UK government is proposing to conduct is indeed unique and unprecedented in that the review has two seemingly conflicting elements. Firstly, the transition review transposes part of the EU steel safeguard to the jurisdiction of the UK. Secondly, in the transition review, the UK government examines not only the imports from third party countries, but also that from the EU that was not considered in the EU safeguard measures. This is why the UK government recalculated the TRQs of the EU steel safeguard according to the volume imported into the UK. The Korean government is of the view that the TRID should examine relevant WTO safeguard requirements with special care when conducting the review, and not simply refer to the results of the EU steel safeguard investigation.
- a) **Regarding increase in imports into UK**
8. WTO case law has established that because safeguard measures are “emergency” measures, the increase in imports must be “*recent, sudden, sharp and significant*”.¹
 9. The WTO Agreement on Safeguards does not allow the imposition of safeguard measures against a mere threat of an increase in imports. Reliance on “hypothetical” increases or on a “threat of increased imports” is not permitted.²
 10. The UK government has not disclosed any data on steel imports into the UK during the period of investigation and the most recent period. The Korean government notes, however, that based on the Global Steel Monitor of the US Department of Commerce, steel imports into the UK were stable or decreasing during these periods.³ There was certainly no surge in imports into the UK.
- b) **Regarding serious injury to the domestic industry**
11. It will be unlikely for the proposed investigation to establish the existence or even threat of serious injury to the domestic industry that produces like or directly competitive products because the existence of EU measures is currently protecting the UK producers and the UK government has not disclosed any data on this matter.
- c) **Any possible injury is due to causes other than imports**
12. Even if the existence of increased imports and serious injury could be established for any one of the targeted products, it would be necessary to establish a causal link between the imports and the injury. The investigation would in particular have to examine whether there were any other causes of possible serious injury such as dumping from certain exporting

¹ See e.g. Appellate Body Report in DS251 US – *Steel Safeguards (Korea)* at paragraph 346.

² See Panel Report in DS207 *Chile – Price Band* at paragraph 7.161, unappealed on this point.

³ See the graphs from the US Department of Commerce, *Enforcement and Compliance*, 12 November 2020, set out as **Annex 1**. The graphs show the volumes of UK steel imports of flat products, long products, pipe and tube products and stainless products during 2013 to August 2020. See also, Global Steel Trade Monitor, *Steel Imports Report: United Kingdom*, May 2017, set out as **Annex 2**, at page 6.

countries,⁴ high UK energy costs and/or low global steel prices.⁵ Injury caused by such other factors must not be attributed to any possible increased imports.

IV. In light of the specific situation of the UK, the requests of the Korean government regarding categories 1, 5 and 25A should be taken into consideration

a) The split of product category 25 – large welded tubes – is not justified in the specific context of the UK

13. Under the Notice of Determination, product category 25 – large welded tubes – is split into sub-categories 25A and 25B, in line with the EU's existing safeguard measures.⁶ This split had originally been made by the EU Commission due to possible “crowding out” of imports of product types used in *large engineering projects*.⁷ The Commission explained that over 70% of the total TRQ volume of product category 25 corresponded to historical flows of product types used in large engineering projects. However the TRQ had been used by certain countries to export product types not used in large engineering projects well beyond their traditional trade volumes, leading to the risk that large engineering projects would not be able to procure the volumes of product required.⁸ The Commission therefore created sub-category 25A, which consisted of those product types used in large engineering projects.
14. The rationale for the split of product category 25 was therefore based entirely on EU circumstances and the historical and actual import flows into the EU. The Notice of Determination does not explain why this split would still be justified in the specific context of the UK. For instance, the most significant large engineering project in the EU that would have been relevant to the EU's situation would have been the Nord Stream 2 gas pipeline project. This project, however, has no connection to the UK and therefore would not be relevant to the UK's situation.
15. Therefore in light of the specific context of the UK, sub-categories 25A and 25B should be combined as there is no need to split product category 25. If the TRID decides that sub-category 25A is still necessary for large engineering projects, however, commodity code 73053100 should be moved from sub-category 25B to 25A. Commodity code 73053100 covers large welded tubes used in offshore wind farm projects and its inclusion in sub-category 25A would help meet the growing demand in the UK for such projects⁹ and the UK's efforts in combatting climate change.

⁴ See in this regard, the statement of MP Angela Eagle in the House of Commons on 29 February 2016: “One of the first things we have to do is stop the tsunami of unfairly traded and dumped Chinese steel, which is preventing fair trade and competition in the market at the moment. and “It asks them to support a more effective response to the dumping of Chinese steel, which threatens to decimate UK steel production.” Hansard, 29 February 2016, columns 738-739, set out as **Annex 3**.

⁵ See in this regard, House of Commons Library Briefing Paper, *UK steel industry: statistics and policy*, 2 January 2018, set out as **Annex 4**, chapter 4 and 5 and pages 11-12.

⁶ Notice of Determination, Annex 1.

⁷ Commission Implementing Regulation (EU) 2020/894 of 29 June 2020 amending Implementing Regulation (EU) 2019/159 imposing definitive safeguard measures against imports of certain steel products, OJ L206/27, 30.6.2020, recitals 55-62.

⁸ *Ibid.*

⁹ Recent new UK offshore wind projects include: Sofia (1,400MW), Seagreen Phase 1 – Alpha (454MW), Forthwind (12MW), Doggerbank Teeside A (1,200MW), Doggerbank Creyke Beck A (1,200MW),

b) **Certain products in category 5 – organic coated sheets – should be excluded from the safeguard measures**

16. Under the Notice of Determination, product category 5 – organic coated sheets – is included in the safeguard measures,¹⁰ in line with the EU's existing safeguard measures. The imposition of safeguard measures on this product category is no longer justified, however, in light of the specific context of the UK, and therefore certain products should be excluded.
17. Due to the UK's particular climate, products for construction purposes need to be weather-resistant and there is a shortage of domestic organic coated sheet production suitable for the UK's weather conditions. Korea on the other hand, produces organic coated sheets with a 0.2mm coating that is suitable for the UK's weather conditions and could make up this shortage in UK production.
18. In light of the above, Korean organic coated sheets with a 0.2mm coating should be excluded from any UK safeguard measures. In the alternative, the TRQ allocation for product category 5 should be increased for Korea so that additional sheets with a 0.2mm coating can be imported to make up the shortage in domestic production.

c) **The residual quota for category 1 – hot rolled sheets – should be increased**

19. Since the premise of the UK government is that the UK steel safeguard to be imposed as a result of the transition review was originally part of the EU steel safeguard, therefore in theory, for each product category the TRQ of the EU Commission for EU-27 and that of the UK should add up to the TRQ of the EU Commission for EU-28. In this context, the combined (EU Commission (EU-27) and UK) TRQ volumes for product category 1 TRQ¹¹ decreased from the total TRQ volume previously allocated by the EU Commission for EU-28.
20. To elaborate, the total of TRQ volume allocated by the UK to the exporting countries except the EU are expected to decrease by 19,983 tons for the first quarter of 2021 (1 January to 1 March 2021), and 20,205 tons for the second quarter of 2021 (1 April to 30 June 2021).¹² Therefore, the Korean government requests that the UK should offset the above decrease by increasing the residual quota for product category 1.

Product Category No.	1Q 2021		2Q 2021	
	Post-Brexit Sum of TRQ (UK+EU27)	Pre-Brexit Sum of TRQ (EU28)	Post-Brexit Sum of TRQ (UK+EU27)	Pre-Brexit Sum of TRQ (EU28)
	2,132,846 tons	2,152,829 tons	2,156,544 tons	2,176,749 tons
1	Decrease of 19,983		Decrease of 20,205	

Doggerbank Creyke Beck B (1,200MW) (cited from WindEurope, *Offshore Wind in Europe: Key Trends and Statistics 2019*, Feb. 2020, p. 37).

¹⁰ Notice of Determination, Annex 1.

¹¹ This was calculated based on the Brexit recalculation proposal that the EU separately released.

¹² As a comparison, the combined TRQ of goods allocated by the UK and EU-27 post-Brexit remained unchanged from the allocation by the EU-28 in the case of Turkey, which was the only Member to be allocated a CSQ for this type of products.

d) **Safeguards must be adapted to UK interest**

21. Article 5 of the WTO Safeguard Agreement requires that a Member apply a safeguard measure only to the extent necessary to prevent or remedy serious injury and to facilitate adjustment.
22. Therefore, if the conditions for the imposition of UK safeguard measures should be found to be justified for any one of the targeted products, the TRQs cannot simply reflect the “UK share” of any the EU TRQs but must be adapted to the situation in the UK. Many domestic user industries, including in particular, the construction sector, would continue to face significant increased costs as a result of the continued safeguard measures.

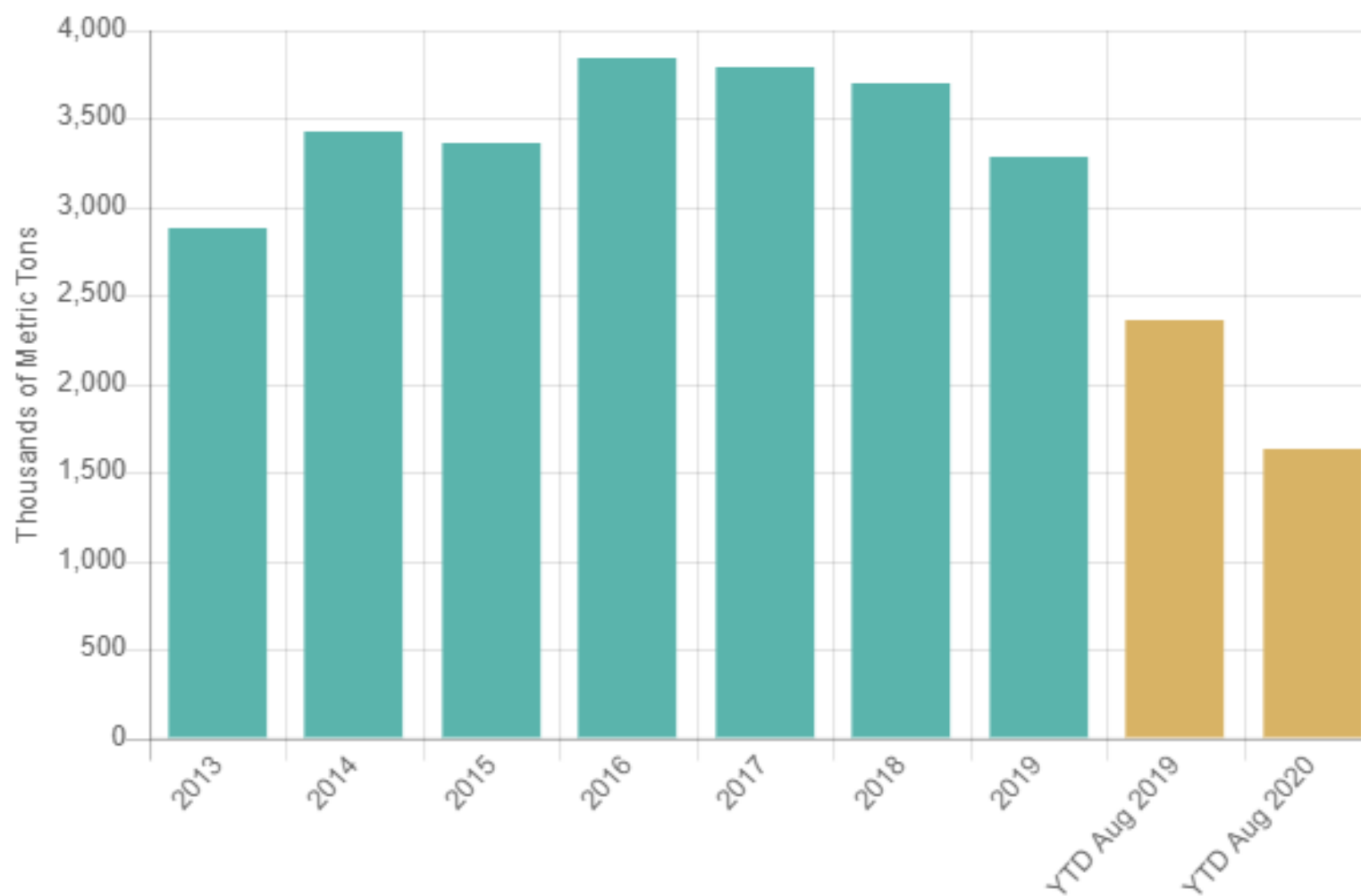
V. **UK safeguard measures must, in any event, expire on 30 June 2021**

23. Imports into the UK by third countries, including Korea, have already been restricted for two and a half years under the existing EU safeguard measures, which were first imposed on 18 July 2018. The impact on Korean producers has been significant and detrimental.
24. Under the WTO Agreement on Safeguards, safeguard measures are, by nature, exceptional and temporary measures and per Article 7.1, may only be applied “*for such period of time as may be necessary to prevent or remedy serious injury and to facilitate adjustment*”. This was acknowledged by the European Trade Commissioner Valdis Dombrovskis in his recent selection hearing before the European Parliament, when he explained that extending the existing EU safeguard measures would breach WTO rules and expose the EU to retaliatory action from affected countries.¹³
25. The existing EU safeguard measures are scheduled to expire on 30 June 2021 and any UK safeguard measures should not be extended beyond this date. In this light, the Korean government reserves the right to suspend obligations under the GATT as stipulated in Article 8 of the Safeguards Agreement if the UK government decides to extend any UK safeguard measures beyond 30 June 2021.

¹³ See the transcript of the European Parliament hearing of Mr Valdis Valdis Dombrovskis, 2 October 2020, available [here](#), at page 15. The full passage reads: “*On the question of steel safeguards: indeed, steel safeguards will expire on 30 June next year and, according to WTO rules, those are temporary instruments. So in a sense, if we were to prolong, we would expose ourselves to the possibility for affected countries basically to use retaliatory action, and that may turn out very expensive for the EU. Here we’re talking about some potential retaliatory action on goods worth, maybe, in the range of some EUR 20 billion. So I think we should stick with the WTO framework, and that’s why we are currently looking at how we can achieve the same result for the European steel industry through anti-dumping and anti-subsidy measures within the WTO rules, instead of stepping out of the WTO rules and risking retaliation.*”

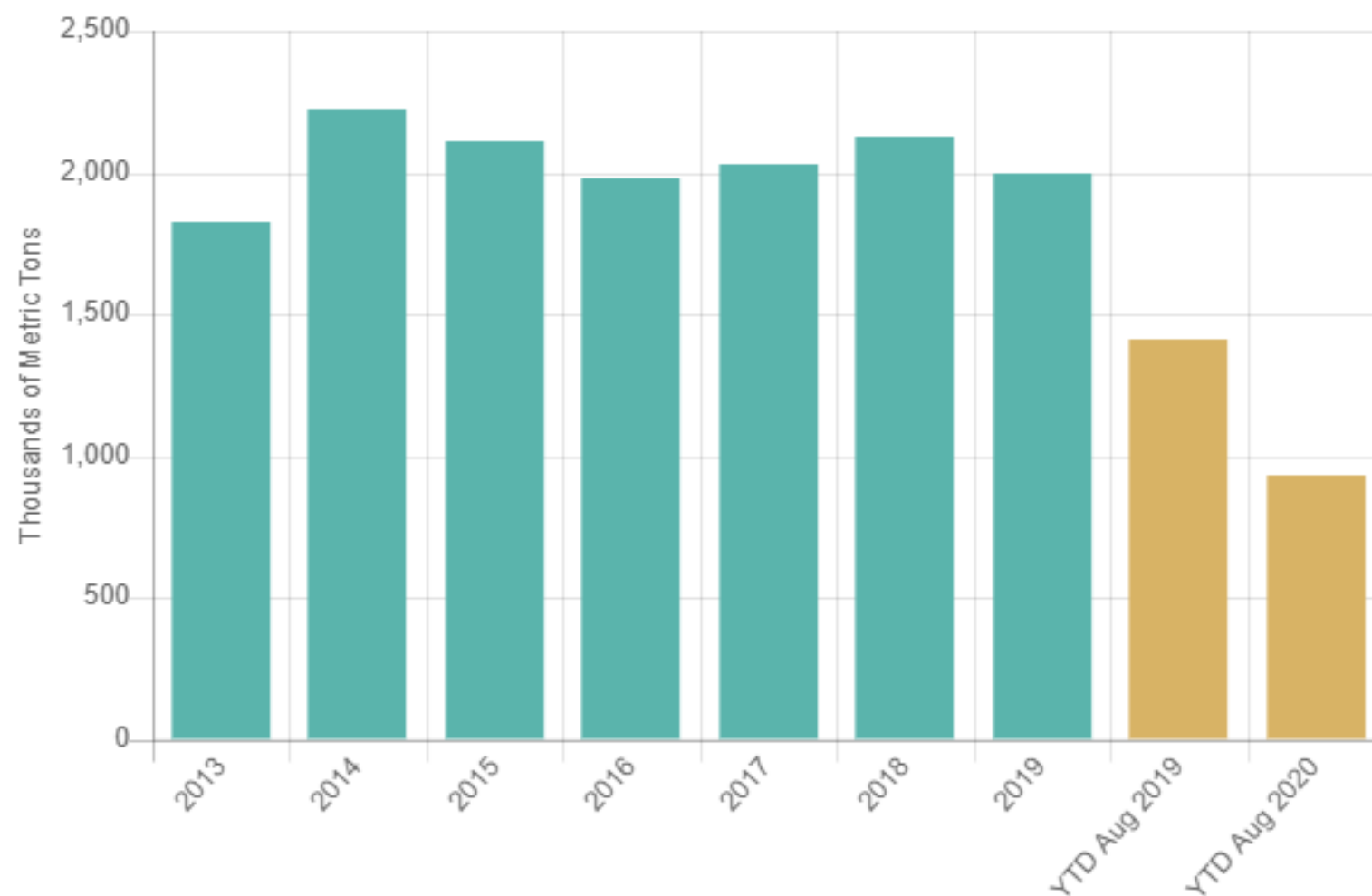
Annex 1

United Kingdom Imports from World of Flat Products in Thousands of Metric Tons - [View Data](#)



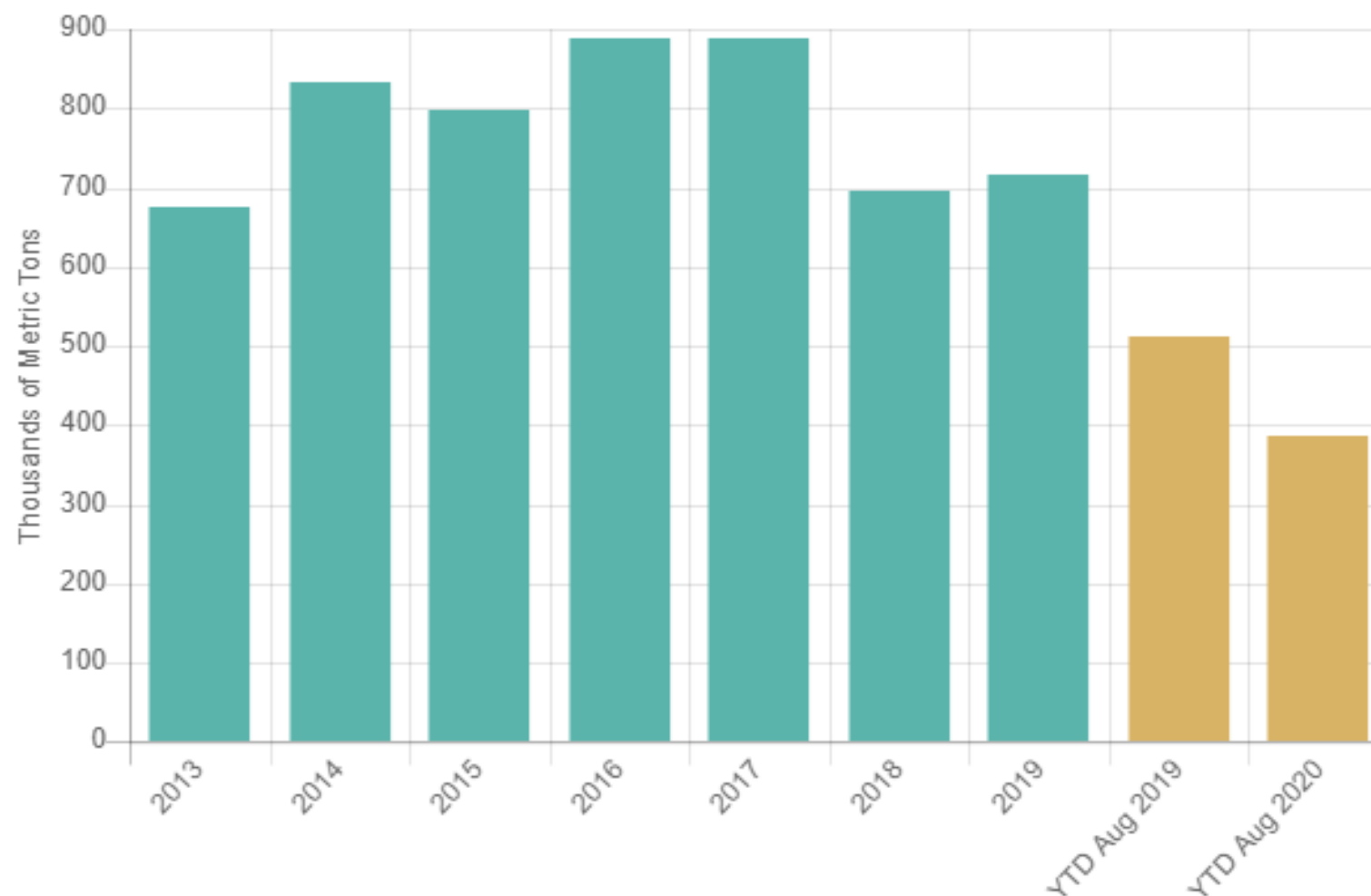
Source: U.S. Department of Commerce, Enforcement and Compliance. Includes content supplied by IHS Global Ltd.; Copyright © IHS Global, Ltd. All rights reserved. Updated on 11-12-2020.

United Kingdom Imports from World of Long Products in Thousands of Metric Tons – [View Data](#)



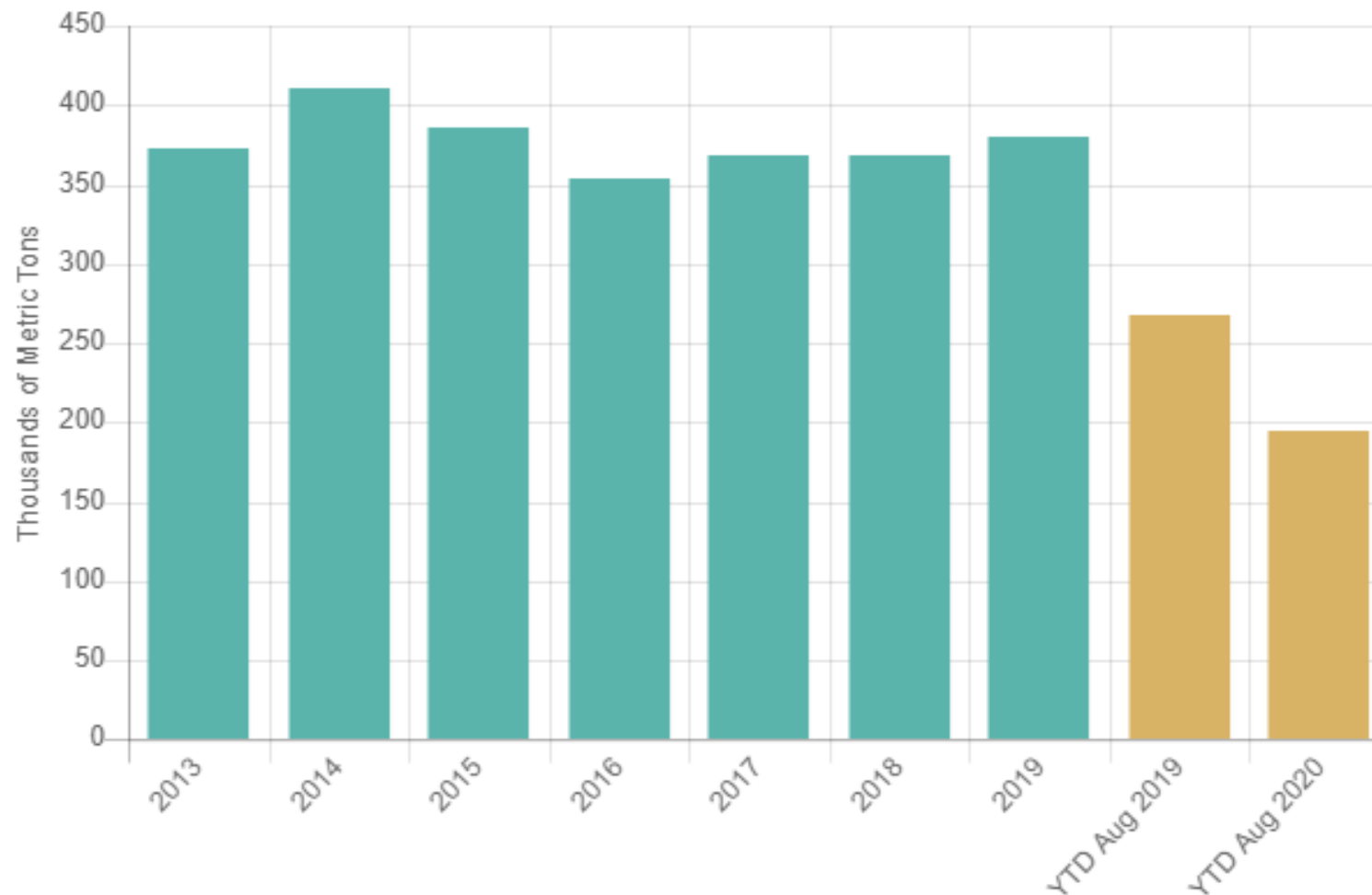
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United Kingdom Imports from World of Pipe and Tube Products in Thousands of Metric Tons - [View Data](#)



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United Kingdom Imports from World of Stainless Products in Thousands of Metric Tons - [View Data](#)



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Annex 2

Global Steel Trade Monitor

Steel Imports Report: United Kingdom

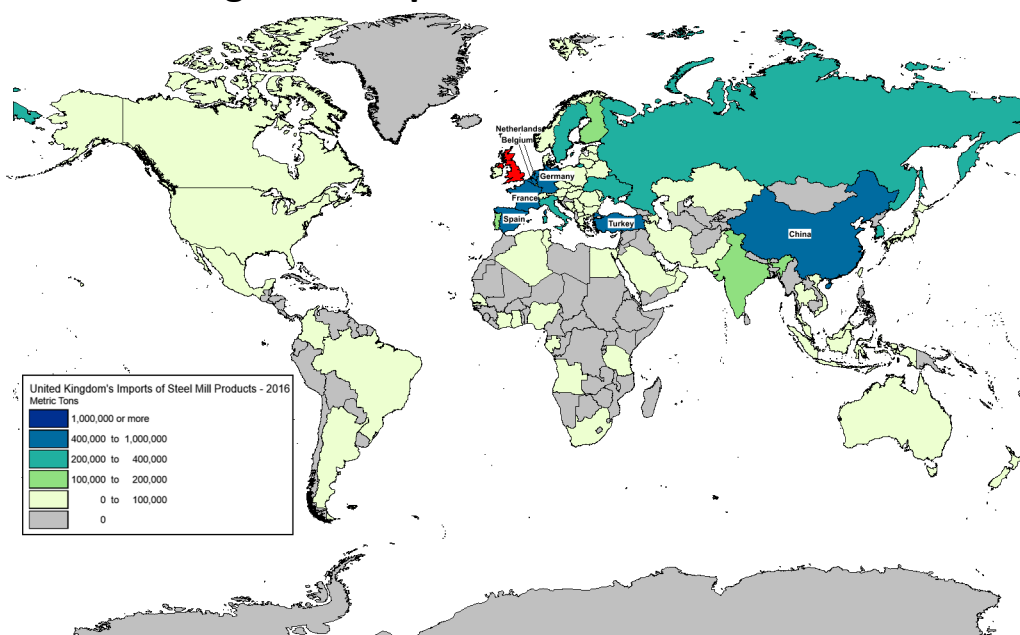
May 2017

Background

The United Kingdom is the world's nineteenth-largest steel importer, down from ranking as the eighteenth-largest steel importer in 2015. In 2016, the United Kingdom imported 6.9 million metric tons of steel, a 5 percent increase from 6.6 million metric tons in 2015. The U.K.'s imports represented about 1.8 percent of all steel imported globally in 2015, based on available data. The volume of the United Kingdom's 2016 steel imports was less than one-fourth the size of the world's largest importer, the United States. In value terms, steel represented just 0.9 percent of the total goods imported into the U.K. in 2016.

The United Kingdom imports steel from over 90 countries and territories. The seven countries labeled in the map below represent the top import sources for the United Kingdom's imports of steel, with the U.K. receiving more than 400 thousand metric tons from each and together accounting for 61 percent of the U.K.'s steel imports in 2016.

United Kingdom's Imports of Steel Mill Products - 2016



Data Source: Global Trade Atlas; Copyright © IHS Global Inc. 2017. All rights reserved.

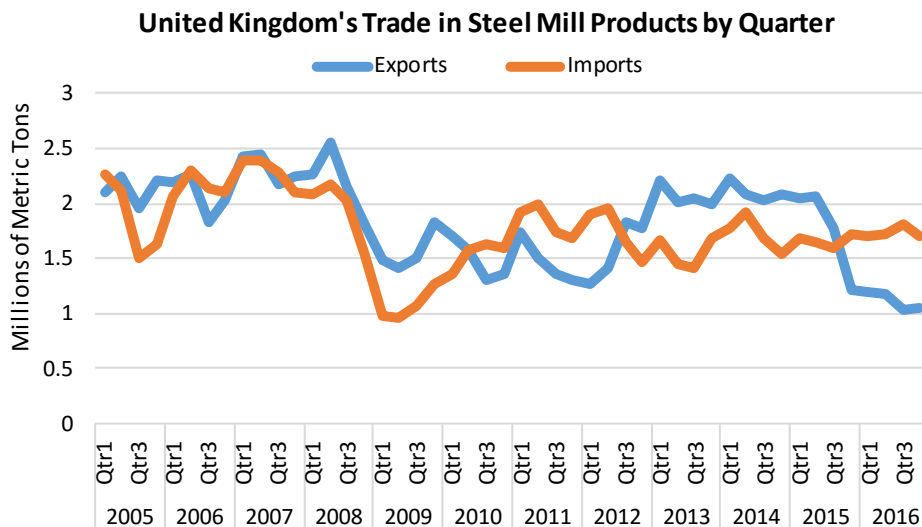
Quick Facts:

- World's 19th-largest steel importer: 6.9 million metric tons (2016)
- 74% steel import growth between Q1 2009 and Q4 2016
- Year-on-year import volume up 5% while import value down 10%
- Top three import sources: Germany, Belgium, Spain
- Import penetration up to 69% in 2016 from 63.6% in 2015
- Largest producers: Tata Steel, Celsa, Outokumpu
- 20 European Union trade remedies in effect against imports of steel mill products

Steel Imports Report: United Kingdom

Steel Trade Balance

The United Kingdom has alternated between a steel trade surplus and a steel trade deficit for the past decade. Imports and exports both fell in 2008-2009 following the global recession. While imports have increased 74 percent since their low point in Q1 2009, exports declined by 29 percent between Q1 2009 and Q4 2016, due to a drop in exports in recent quarters. The U.K. switched from a steel trade surplus to a trade deficit in Q4 2015. In 2016, the steel trade deficit amounted to -2.5 million metric tons.

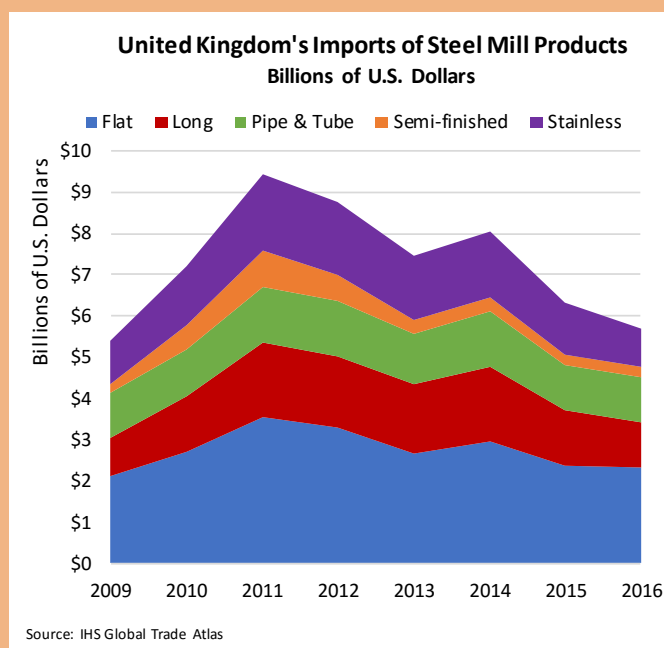
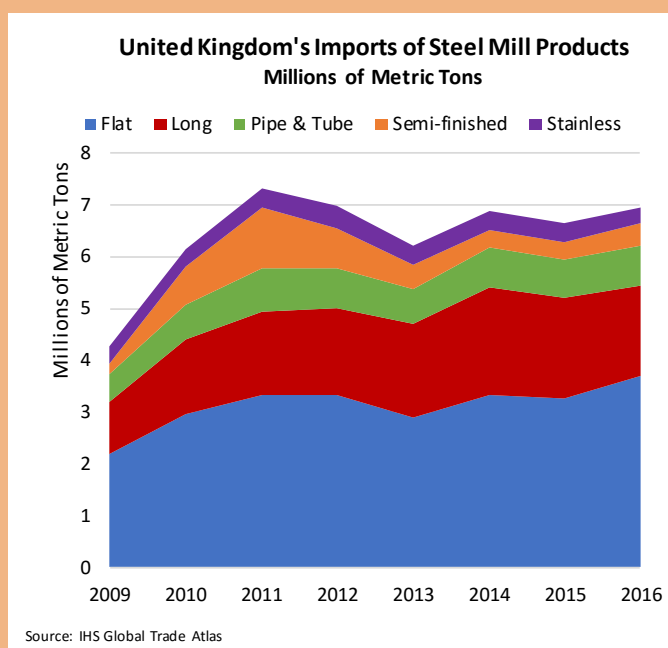


Source: IHS Global Trade Atlas

Import Volume, Value, and Product

The United Kingdom's volume of steel imports has averaged 6.7 million metric tons since 2010. Imports increased in 2016 by 5 percent to 6.9 million metric tons from 6.6 million metric tons in 2015. By contrast, the value of the United Kingdom's steel imports decreased by 10 percent to \$5.7 billion in 2016 from \$6.3 billion in 2015, which can be attributed to a drop in global steel prices.

In 2016, flat products accounted for the largest share of the U.K.'s steel imports at 53 percent, or 3.7 million metric tons. Long products accounted for 25 percent, or 1.8 million metric tons, of the U.K.'s imports, followed by pipe and tube at 11 percent (780 thousand metric tons), semi-finished steel at 6 percent (412 thousand metric tons), and stainless steel at 5 percent (319 thousand metric tons).

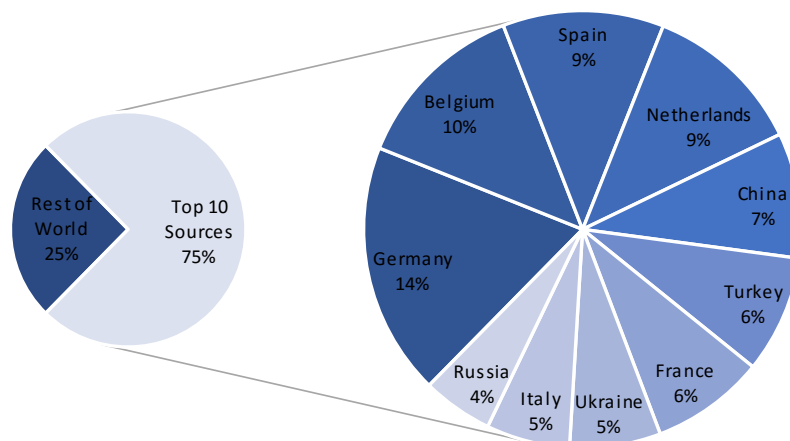


Steel Imports Report: United Kingdom

Imports by Top Source

The top 10 source countries for the United Kingdom's steel imports represented 75 percent of the total steel import volume in 2016 at 5.2 million metric tons (mmt). Germany accounted for the largest share of the U.K.'s imports by source country at 14 percent (1 mmt), followed by Belgium at 10 percent (0.7 mmt), Spain at 9 percent (0.6 mmt), the Netherlands at 9 percent (0.6 mmt), and China at 7 percent (0.5 mmt).

United Kingdom's Steel Imports - Top 10 Sources
2016 - Millions of Metric Tons



Source: IHS Global Trade Atlas

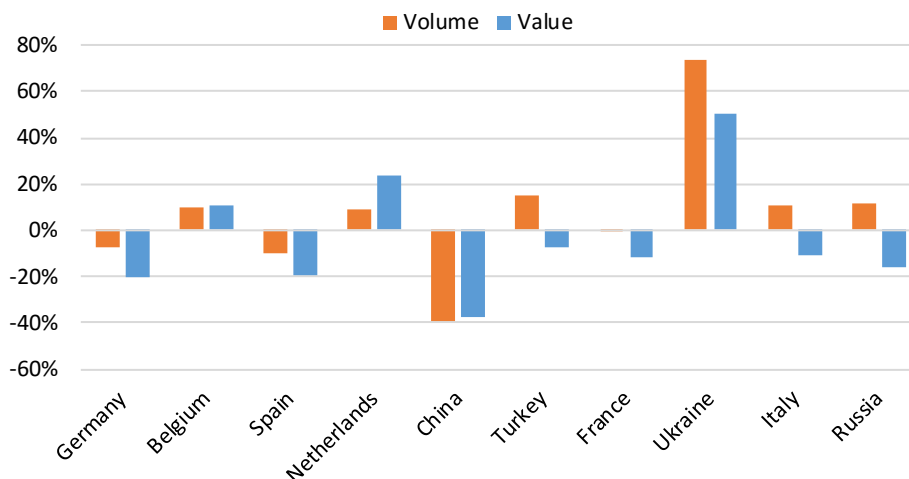
The United States ranked 29th as a source for the United Kingdom's steel imports in 2016, representing just 0.3 percent of imports (23.9 thousand metric tons).

Trends in Imports from Top Sources

Between 2015 and 2016, the volume of steel imports increased from six of the United Kingdom's top 10 source countries. Imports from Ukraine were up 74 percent from 2015, followed by imports from Turkey (up 15%), Russia (up 12%), and Italy (up 11%). Imports from China showed the largest volume decrease, down 39 percent from 2015, followed by Spain (down 10%) and Germany (down 8%).

The overall value of the U.K.'s imports decreased from seven of its top 10 sources, reflecting the decline in global steel prices. Imports from China, Germany, and Spain showed the largest decreases in value in 2016, down 37 percent, 20 percent, and 19 percent, respectively. The U.K.'s import value from Ukraine increased 50 percent, followed by imports from the Netherlands (up 24%) and Belgium (up 10%).

Percent Change in Imports from Top 10 Sources (2015 to 2016)



Source: IHS Global Trade Atlas

Outside of the top 10 sources, other notable volume changes included the United Kingdom's imports from South Korea (up 58%), Portugal (up 77%), Finland (up 57%), and India (up 172%).

Steel Imports Report: **United Kingdom**

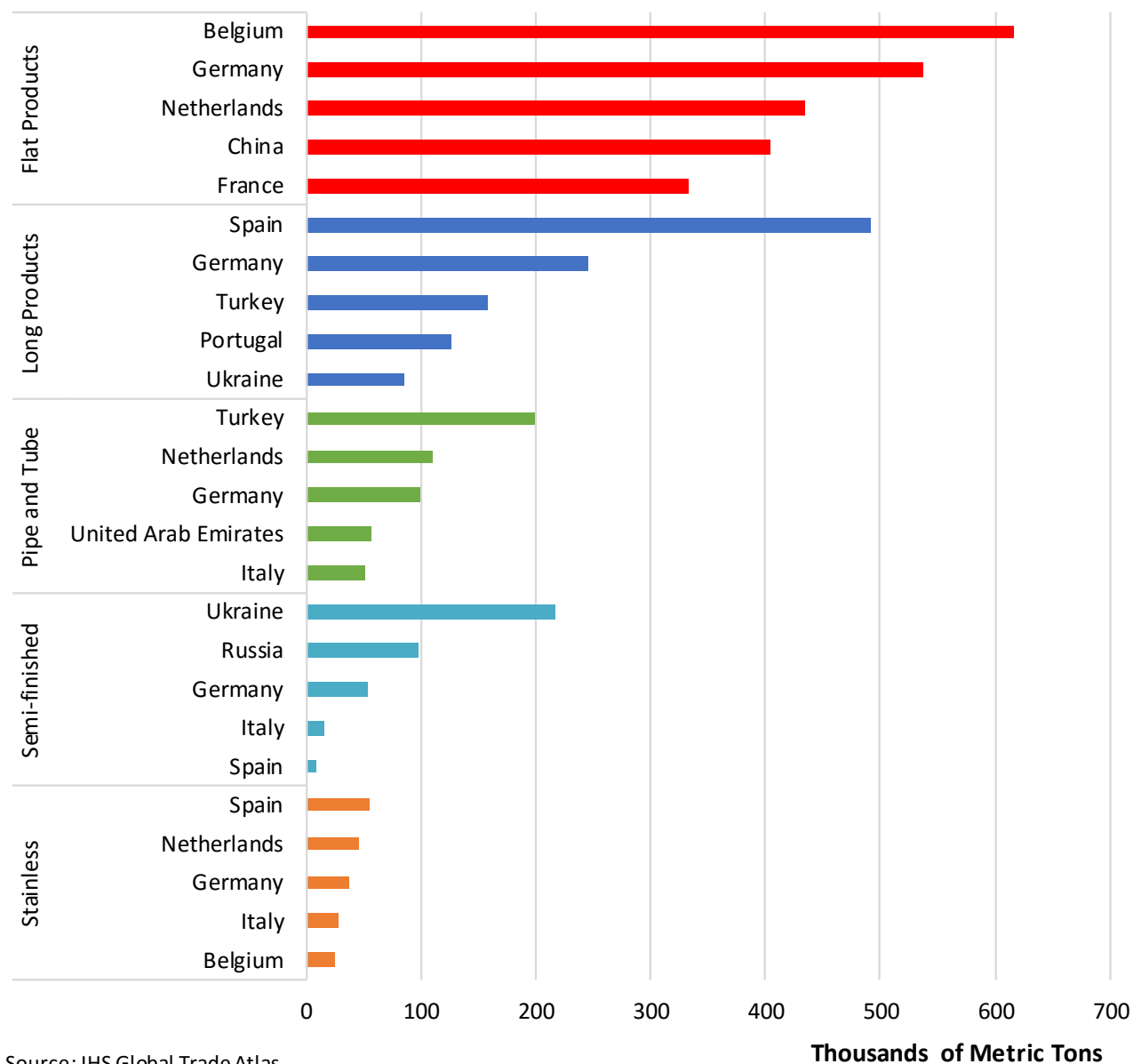
Top Sources by Steel Product Category

The top source countries for the United Kingdom's imports by volume vary across types of steel products. The U.K. imported the largest share of flat products from Belgium in 2016 at 17 percent (615 thousand metric tons), followed by Germany at 15 percent (537 thousand metric tons).

In 2016, Spain represented the largest shares of both long product imports at 28 percent (492 thousand metric tons) and stainless imports at 17 percent (54 thousand metric tons), while Turkey represented the largest share of pipe and tube imports at 25 percent (198 thousand metric tons). The U.K. imported just over half of semi-finished steel from Ukraine in 2016 at 53 percent (217 thousand metric tons).

The United States was not a top-five import source for any product category.

United Kingdom's Top 5 Import Sources by Product - 2016



Source: IHS Global Trade Atlas

Steel Imports Report: United Kingdom

United Kingdom's Export Market Share from Top Source Countries

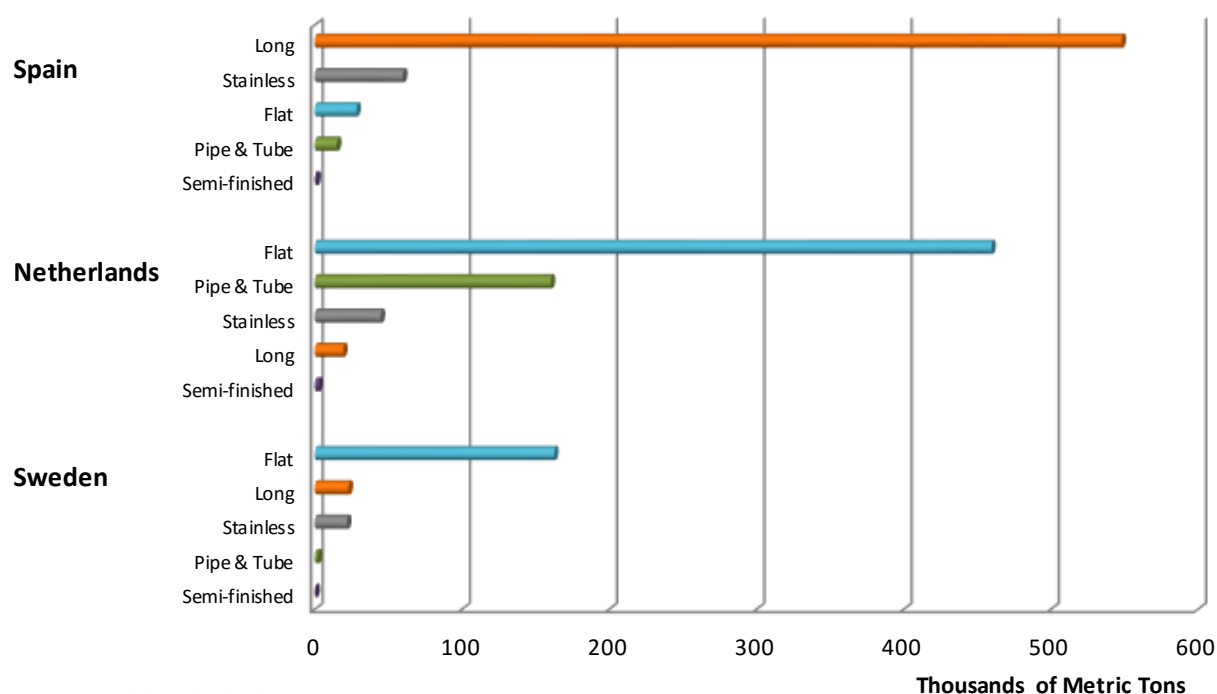
In 2015, the share of steel exports sent to the United Kingdom from its top import sources increased or remained unchanged from half of the top 10 sources. The share of steel exports to the U.K. from Germany, the Netherlands, and Russia all increased by less than one percentage point, while the share of exports to the U.K. from France and Turkey remained unchanged from 2014. Export shares to the U.K. from China, Spain, Belgium, Italy, and Sweden all decreased by less than one percentage point.

United Kingdom's Steel Export Market Share				
Top 10 Import Sources (2015)	Share of Exports to the U.K. - 2014	U.K.'s Rank in 2014	Share of Exports to the U.K. - 2015	U.K.'s Rank in 2015
Germany	4.3%	9	4.4%	9
China	1.0%	30	0.7%	32
Spain	7.0%	6	6.8%	6
Belgium	4.8%	4	4.4%	5
Netherlands	5.9%	5	6.3%	5
France	3.0%	8	3.0%	8
Turkey	2.9%	7	2.9%	9
Italy	2.8%	10	2.4%	13
Russia	0.5%	27	0.6%	27
Sweden	6.8%	3	6.7%	4

Source: IHS Global Trade Atlas, based on import data per reporting country

Among the United Kingdom's top sources, Spain, the Netherlands, and Sweden sent the largest share of exports to the U.K. at 6.8 percent, 6.3 percent, and 6.7 percent, respectively. In 2015, long products accounted for the largest share of steel exports to the U.K. from Spain at 84 percent of exports (548.1 thousand metric tons). Flat products accounted for the largest shares of exports to the United Kingdom from both the Netherlands (67 percent or 459.7 thousand metric tons) and Sweden (77 percent or 162.6 thousand metric tons).

Steel Export Composition of Top Market-Share Countries - 2015

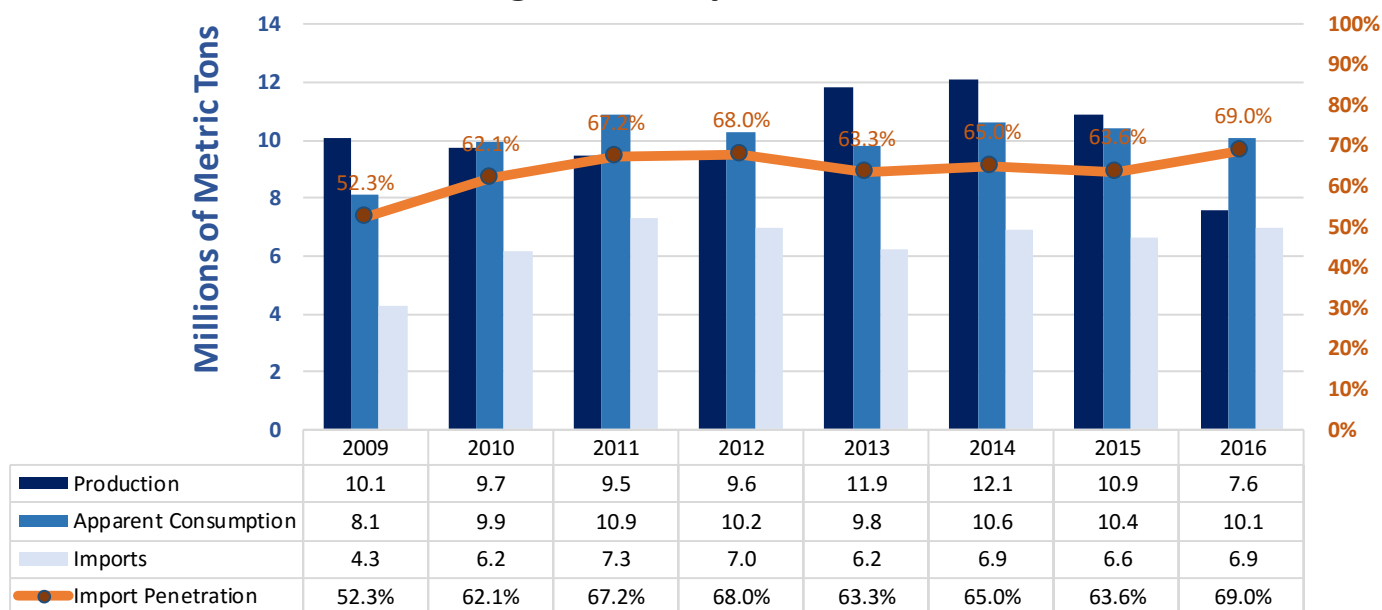


Source: IHS Global Trade Atlas, based on import data per reporting country

Steel Imports Report: United Kingdom

Overall Production and Import Penetration

United Kingdom's Import Penetration



Sources: World Steel Association; IHS Global Trade Atlas

Crude steel production in the United Kingdom decreased 6 percent between 2009 and 2011 before climbing by 28 percent between 2011 and 2014. Production in 2015, however, declined by 10 percent to 10.9 million metric tons, and in 2016, production has declined significantly — down 30 percent to 7.6 million metric tons. Apparent consumption (a measure of steel demand) was outpaced by production in the majority of years, but decreased production levels in 2016 caused production to fall behind demand for the first time since 2012. Import penetration levels remained above 60 percent every year except 2009. In 2016, import penetration increased by 5.4 percentage points to 69 percent, due to increasing imports and declining demand.

Top Producers

Of the United Kingdom's 10.9 million metric tons (mmt) of steel production in 2015, 9.1 mmt was produced by basic oxygen furnace and 1.9 mmt by electric arc furnace — according to industry association UK Steel. Thailand-based SSI closed its Teesside production facility in September 2015 (formerly owned by Tata Steel which purchased domestically-owned Corus). With the closure of SSI Teesside, steel production in the U.K. declined significantly in 2016.

United Kingdom's Top Steel Producers in 2015

Company	Production (mmt)	Main Products
Tata Steel	3.2 mmt (Port Talbot only)	Slab, hot-rolled, cold-rolled, galvanized
Sahaviriya Steel Industries (SSI Teesside)	N/A	N/A
Celsa	1.2 mmt	Semi-finished, rebar, wire rod, light sections
Outokumpu	N/A	Long products, semi-finished, stainless

Sources: Metal Bulletin, *Iron and Steelworks of the World Directory 2017*; UK Steel; Company websites

Steel Imports Report: **United Kingdom**

Trade Remedies in the Steel Sector

Antidumping duties (AD), countervailing duties (CVD), associated suspension agreements, and safeguards are often referred to collectively as trade remedies. These are internationally agreed upon mechanisms to address the market-distorting effects of unfair trade, or serious injury or threat of serious injury caused by a surge in imports. Unlike anti-dumping and countervailing measures, safeguards do not require a finding of an “unfair” practice. Before applying these duties or measures, countries investigate allegations and can remedy or provide relief for the injury caused to a domestic industry. The table below provides statistics on the current number of trade remedies the European Union, which includes the United Kingdom, has against imports of steel mill products from various countries. The European Union has no steel mill safeguards in effect.

European Union Trade Remedies in Effect Against Steel Mill Imports				
Country	AD	CVD	Suspension Agreements and Undertakings	Total
Belarus	1			1
China	7	1		8
India	1	2		3
Japan	1			1
Russia	3			3
South Korea	1			1
Taiwan	1			1
Ukraine	1			1
United States	1			1
TOTAL	17	3	0	20
Source: World Trade Organization, through December 1, 2016				

Steel Imports Report: Glossary

Apparent Consumption: Domestic crude steel production plus steel imports minus steel exports. Shipment data are not available for all countries, therefore crude steel production is used as a proxy.

Export Market: Destination of a country's exports.

Flat Products: Produced by rolling semi-finished steel through varying sets of rolls. Includes sheets, strips, and plates. Used most often in the automotive, tubing, appliance, and machinery manufacturing sectors.

Import Penetration: Ratio of imports to apparent consumption.

Import Source: Source of a country's imports.

Long Products: Steel products that fall outside the flat products category. Includes bars, rails, rods, and beams. Used in many sectors but most commonly in construction.

Pipe and Tube Products: Either seamless or welded pipe and tube products. Used in many sectors but most commonly in construction and energy sectors.

Semi-finished Products: The initial, intermediate solid forms of molten steel, to be re-heated and further forged, rolled, shaped, or otherwise worked into finished steel products. Includes blooms, billets, slabs, ingots, and steel for castings.

Stainless Products: Steel products containing at minimum 10.5% chromium (Cr) offering better corrosion resistance than regular steel.

Steel Mill Products: Carbon, alloy, or stainless steel produced by either a basic oxygen furnace or an electric arc furnace. Includes semi-finished steel products and finished steel products. For trade data purposes, steel mill products are defined at the Harmonized System (HS) 6-digit level as: 720610 through 721650, 721699 through 730110, 730210, 730240 through 730290, and 730410 through 730690. The following discontinued HS codes have been included for purposes of reporting historical data (prior to 2007): 722520, 722693, 722694, 722910, 730410, 730421, 730610, 730620, and 730660.

Global Steel Trade Monitor: The monitor provides global import and export trends for the top countries trading in steel products. The current reports expand upon the early release information already provided by the Steel Import Monitoring and Analysis (SIMA) system that collects and publishes data on U.S. imports of steel mill products. Complementing the SIMA data, these reports provide objective and current global steel industry information about the top countries that play an essential role in the global steel trade. Information in these reports includes global exports and import trends, production and consumption data and, where available, information regarding trade remedy actions taken on steel products. The reports will be updated quarterly.

Steel Import Monitoring and Analysis (SIMA) System: The Department of Commerce uses a steel import licensing program to collect and publish aggregate data on near real-time steel mill imports into the United States. SIMA incorporates information collected from steel license applications with publicly released data from the U.S. Census Bureau. By design, this information provides stakeholders with valuable information on the steel trade with the United States. For more information about SIMA, please go to <http://enforcement.trade.gov/steel/license/>.



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Annex 3

Opposition Day

[Un-Allotted Half Day]

UK Steel Industry

[Relevant documents: First Report from the Business, Innovation and Skills Committee, on the UK Steel Industry: Government response to the crisis, HC 546, the Government response, HC 861, and oral evidence taken before the Welsh Affairs Committee on 10 February, on the steel industry in Wales, HC 767.]

6.57 pm

Ms Angela Eagle (Wallasey) (Lab): I beg to move,

That this House notes the crisis in the UK steel industry; calls on the Government to support tougher EU action to ensure a level playing field and prevent the dumping of Chinese steel, to support scrapping the lesser duty rule which prevents higher tariffs being imposed that reflect the actual margin of dumping and to examine the implications of granting China Market Economy Status for the EU's ability to tackle unfair trade; and further calls on the Government to publish a full industrial strategy which includes a procurement policy which commits to using British steel wherever possible for publicly-funded infrastructure projects and which supports industrial supply chains across the UK.

Britain's steel industry is in crisis, and despite the warning signs flashing red, the Tories have had to be dragged kicking and screaming to come up with any kind of response. So far, it has been far too little and far too late. More than 5,000 UK steel jobs have been lost over the past 12 months. Redcar has been abandoned, the blast furnace and the coke ovens destroyed by this Government's shameful complacency and inaction. Tata Steel has announced the loss of 1,050 jobs this year alone, and there are worrying signs that the entire industry in the UK is hanging by a thread.

This is a vital foundation industry for the UK which, after all, was the world's first industrial nation. Our steel communities are looking to Parliament to support them in their hour of need and we must not let them down. Steel production is worth £9.5 billion to our economy, £5 billion of that in exports, at a time when we have a deteriorating trade deficit.

Mark Pritchard (The Wrekin) (Con): The hon. Lady speaks of this time of need. I grew up just a few miles from Port Talbot steelworks and played very poor rugby as a scrum half at a school close by. At this time, is it not better that all parties work together for the good of the British steel industry, rather than making party political points, when it is pretty obvious that the steel industry globally has changed not only in the past year, but over the past two decades?

Ms Eagle: I will be the first to work with Government Members, and I hope that by the time we have listened to the Business Secretary's reply we will have something that we can all cheer.

The British Chambers of Commerce recently found that export growth continued to slow at the end of 2015, with manufacturers struggling in particular. In the words of a former Conservative Trade Minister, the Government's own export target is "a big stretch". The Government have obviously been asleep at the wheel. Ahead of the Budget next month, the Government must

acknowledge that on their watch domestic structural weaknesses in the UK economy have been allowed to persist and that they are now in danger of holding Britain back.

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Stephen Doughty (Cardiff South and Penarth) (Lab/Co-op): Does my hon. Friend agree that the Government have also been asleep at the wheel when it comes to the crucial issue of procurement? Will she join me in commending the Daily Mirror for its Save Our Steel campaign, which has been shining a light on defence procurement, in particular, and found that Swedish steel is being used in the Navy's newest warships?

Ms Eagle: I certainly agree with my hon. Friend's observations and share his surprise that Swedish steel is being used in Ministry of Defence contracts in quite that way. I note that it appears to be a Conservative donor company that was doing that work. I join him in commending the Daily Mirror for its fantastic Save Our Steel campaign, which has highlighted the very real effects of the current crisis on steel communities up and down the country. Long may it continue to help us campaign to save this vital industry.

In the light of all that, why has the Government's response to the steel crisis been so complacent and ineffective to date? Perhaps it is because we have a Business Secretary who is ideologically indisposed to taking any worthwhile action as he does not actually believe in the concept of Government action at all. Perhaps it is because we have a Business Secretary who has read far too much Ayn Rand and thinks that markets should somehow just be left to look after themselves. Perhaps it is because we have a Business Secretary who will not let the phrase "industrial strategy" even pass his lips.

Tom Blenkinsop (Middlesbrough South and East Cleveland) (Lab): Is my hon. Friend concerned that the Business Secretary will write letters supporting the need to deal with dumping and to increase tariffs, but, when it comes to reality rather than rhetoric, is part of a Government who are one of the ring leaders in the EU Council preventing any increase in tariffs?

Ms Eagle: I thank my hon. Friend for that observation. I think that in this debate Opposition Members will want to explore the gap between the Government's rhetoric and the reality of their actions, because all too often we find that the gap is far too wide.

Mrs Madeleine Moon (Bridgend) (Lab): Today in Defence Questions it was said that British steel companies had not tendered for defence contracts—for example, for the building of frigates. If it is unattractive for British companies to tender, is it not important that the Government explore what is happening in our contracting? There is a problem there—a gap between what is said and reality—that should be explored.

Ms Eagle: The Government should certainly be leaving no stone unturned in encouraging UK steel to tender for any contract, especially as they boast about changing the procurement rules—in my experience, one has to do a lot more than that to make a real difference.

Mark Pritchard: Will the hon. Lady give way?

Ms Eagle: Okay, but just because I am intrigued about the hon. Gentleman's rugby-playing days.

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Mark Pritchard: I thank the hon. Lady, who is being generous in giving way—I believe in mixed rugby teams, so she is welcome on the pitch anytime. It so happens that 26 British companies were asked to tender for the offshore patrol vessels to which the hon. Member for Bridgend (Mrs Moon) referred, but only one did, so only 20% of the steel for those vessels will be British. Surely she agrees that it is not for the Government, or indeed for the Opposition, to promote and market individual steel companies, whether British or not; it is for those companies to market themselves, and it is for the Government to set the framework in which they can do the business.

Ms Eagle: I am just getting the idea of a mixed rugby team out of my mind so that I can address the hon. Gentleman's point. I think that it rather makes the point that the Government need to do more than just change technical criteria. They need to take a root-and-branch look at what is actually happening in our steel industry, and an industrial strategy would assist them in doing that. We need to do what we can to ensure that any blockages are removed so that we can give our steel communities the best chance to take maximum advantage of the procurement opportunities available in this country.

Stephen Doughty: That is absolutely crucial. Does my hon. Friend agree that there is a pattern of behaviour here? We have seen foreign steel used in the Tide class tankers, in the scout vehicles and in the aircraft carriers, we have no commitments on the frigates, and we have also heard about Swedish steel being used. That pattern of behaviour across all defence procurement needs to be investigated.

Ms Eagle: My hon. Friend makes a perfectly fair point. The Government should leave no stone unturned in order to maximise the chances of British steel companies bidding for these contracts successfully.

Andy McDonald (Middlesbrough) (Lab): On investment in steel, does my hon. Friend recognise that there is an opportunity to invest in a catapult centre in my constituency and in that of my hon. Friend the Member for Redcar (Anna Turley)? That would be a major investment that would take steel forward. That opportunity ought to be embraced, but it is being dismissed out of hand—[Interruption.] The Minister for Small Business, Industry and Enterprise says from a sedentary position that it is not, so I am glad that she is embracing the concept.

Ms Eagle: My hon. Friend has anticipated a point that I plan to make later in my speech. I certainly hope that there will be some good news on the catapult centre in the Budget, because we would certainly support that.

John Redwood (Wokingham) (Con): I agree with the hon. Lady; we need a steel industry and there needs to be cross-party working to try to find the way forward. What does she think the Government could do to try to get more steel orders? The main problem is that there just is not enough British steel being bought.

Ms Eagle: One of the first things we have to do is stop the tsunami of unfairly traded and dumped Chinese steel, which is preventing fair trade and competition in the market at the moment.

The Opposition have had to drag this Government kicking and screaming to the House on no fewer than 12 occasions since 2014 to try to force them to turn their warm, sympathetic words on steel, which we all recognise they use, into effective action. Today, here we are doing so once again. The Opposition motion calls on the Government to stop using the European Union as an excuse for their own inaction. It asks them to support a more effective response to the dumping of Chinese steel, which threatens to decimate UK steel production. It calls on the Government to take tougher action to secure a level playing field for our industry.

Mark Spencer (Sherwood) (Con): I understand the point that the hon. Lady is making, but I hope she will recognise that the Government have to work within the European Union's state aid rules.

Ms Eagle: Far be it from me to suggest that the Government should operate outside EU state aid rules; I simply do not think that they are being sufficiently inventive or creative with the rules as they are at the moment. Had they been more interested, perhaps we would not have had to drag them to the House 14 times to keep the pressure on.

Huw Irranca-Davies (Ogmore) (Lab): I apologise for my voice—I shall have to whisper.

I have been on the doorstep with steelworkers in my constituency, and, in a spirit of working across these Benches, all I want to be able to say to them is that the Minister has been to Brussels and demanded the highest possible tariffs—the sort of tariffs the Americans have. Then I can say that, in line with the proposals being put forward by the Welsh Government, we are doing everything we can to make sure we have a steel industry in this country—this year, in five years, in 10 years and in 50 years. Does my hon. Friend agree that if we do not have those tariffs, we risk losing the steel industry?

Ms Eagle: Again, I agree. In this moment, we all have to do the most we can to preserve a future for the UK steel industry.

Our motion calls on the Government to take tougher action to secure a level playing field for our industry by working in partnership with our European neighbours. As part of the largest economic bloc in the world, Britain is in a much stronger position to stand up to those who refuse to play by the rules of the game, damaging our future economic prosperity and putting at risk the jobs and livelihoods of families in our close-knit steel communities. We need a Government who are willing to make that case by standing up to China.

Ruth Smeeth (Stoke-on-Trent North) (Lab): Does my hon. Friend agree that the issue affects not only the steel industry but ceramics? It will cost more than 2,500 jobs in my constituency, unless we send a clear message, as the Minister has said, that China does not meet the criteria for market economy status?

Ms Eagle: I am coming to that later in my remarks, but my hon. Friend is exactly right: all energy-intensive industries are affected, and ceramics is one of them.

Annex 4



BRIEFING PAPER

Number 07317, 2 January 2018

UK steel industry: statistics and policy

By Chris Rhodes

Inside:

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2. International comparisons of steel manufacturing
3. Trade
4. Issues in the steel industry
5. The 2015/16 steel industry crisis
6. Government policy
7. Select Committee response to Government policy
8. Implications of Brexit
9. Timeline of the steel crisis
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Summary

Autumn 2015 saw a crisis in the UK steel industry with the closure or reduction in capacity at major plants in Redcar, Scunthorpe, Scotland and South Wales.

In response, the Government introduced a number of measures to support the industry and those affected by the closures.

This note provides an overview of the scale of the industry, the recent crisis and the Government's response to it, as well as the implications of Brexit on the industry.

The industry in 2016

Economic output totals £1.6 billion, 0.1% of the UK economy and 0.7% of manufacturing output.

There are 600 business involved in the industry.

These businesses employ 32,000 people in the UK, 0.1% of the total.

The international picture

In 2016, the UK produced 8 million tonnes of steel. China produced 808 million tonnes in the same year.

The EU as a whole produced 166 million tonnes of steel in 2015. The UK was the fifth largest steel producer in the EU, after Germany, Italy, France and Spain.

Prospects for the UK steel industry

The recent fall in international demand for steel, combined with continuing growth in production has created a glut of steel on the international market. This has pushed steel prices down, magnifying the comparative expense of steel produced in the UK, where overheads are higher than in some other countries.

Some analysts have questioned the economic viability of the UK steel industry, but the Prime Minister has stated that the Government is committed to supporting this industry, which she describes as "vital".

The 2015/16 crisis

In September 2015, Sahaviriya Steel Industries (SSI) announced that they would be "mothballing" their major steel making plant in Redcar on Teesside in the North East of England. This precipitated announcements of reductions in UK production capacity from a number of other major steel manufacturers, including Tata Steel and Caparo industries. Around 7,000 jobs have been affected by the crisis.

In March 2016, Tata Steel announced that it was examining options to sell its UK steel operation. In May it sold its long products division employing 4,400 people. In July, the sale was put on hold while it attempted to merge the majority of its remaining operations (employing 9,000 people) with other steelmakers, but Tata said it would sell its speciality steel business (employing 2,000 people). In September 2017, the German manufacturing firm ThyssenKrupp announced that it was taking over Tat's European steel operations including the Port Talbot steel works.

1. Economic contribution of the steel industry

The following table summarises the economic contribution of the steel industry in the UK.¹

Manufacture of iron and steel in the UK 2016		
	Total	% of UK
Economic output (£ million)	1,563	0.1%
Businesses (2017)	615	0.04%
Employees	32,000	0.1%

Sources:

ONS, *GDP second estimates*, Q3 2017, Low Level Aggregates Table

BIS, *Business population estimates*, 2017 (employers)

ONS, *Business Register and Employment Survey*, 2017

Notes:

Employment refers to in Great Britain

Economic output is Gross Value Added (GVA)

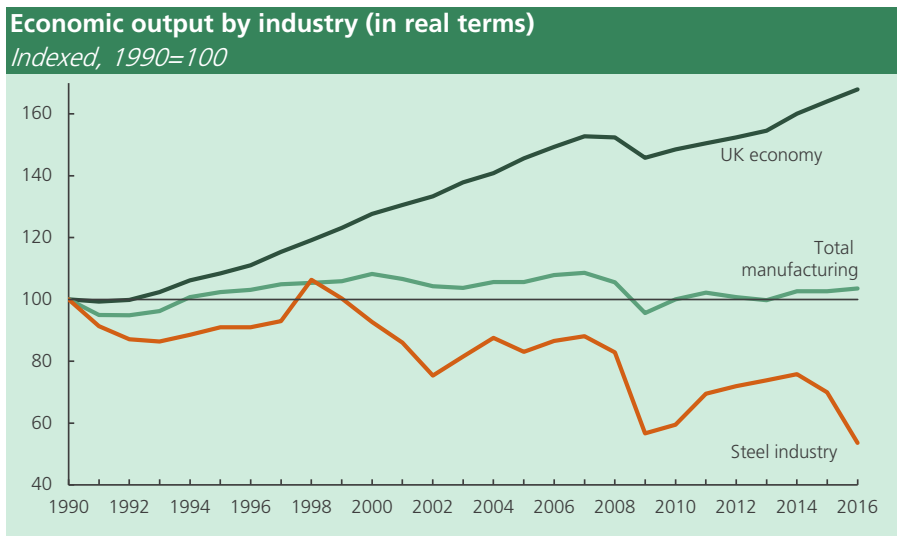
The steel industry in the UK is small compared to other manufacturing industries:

- Economic output totals £1.6 billion, 0.1% of the UK economy and 0.7% of manufacturing output.
- There are around 600 business involved in the industry.
- These businesses employ 32,000 people in the UK, 0.1% of the total.

¹ In this Briefing Paper, the steel industry is defined as the manufacture of basic iron, steel and non-ferro alloy; manufacture of tubes, pipes, hollow profiles and related fittings, of steel; manufacture of other products of first processing of steel. This corresponds to SIC codes 24.1, 24.2 and 24.3.

1.1 Economic output

The following chart shows how economic output from the steel industry has changed over the last 25 years.



Steel industry economic output is down 30% in 2016 compared with 2015

In 2015 and 2016 the economic output of the steel industry in the UK declined rapidly as several plants closed and international orders were cancelled.

Economic output from the steel industry declined by 8% real terms in 2015 and 30% in 2016, the biggest annual percentage decline since 2008 (when it declined by 46%).

The decline of the steel industry over the past 25 years contrasts with the fortunes of the manufacturing sector as a whole, which has not seen an overall decline in output. In fact, total manufacturing output was up (by 4%) in 2016 compared to 1990 in real terms.

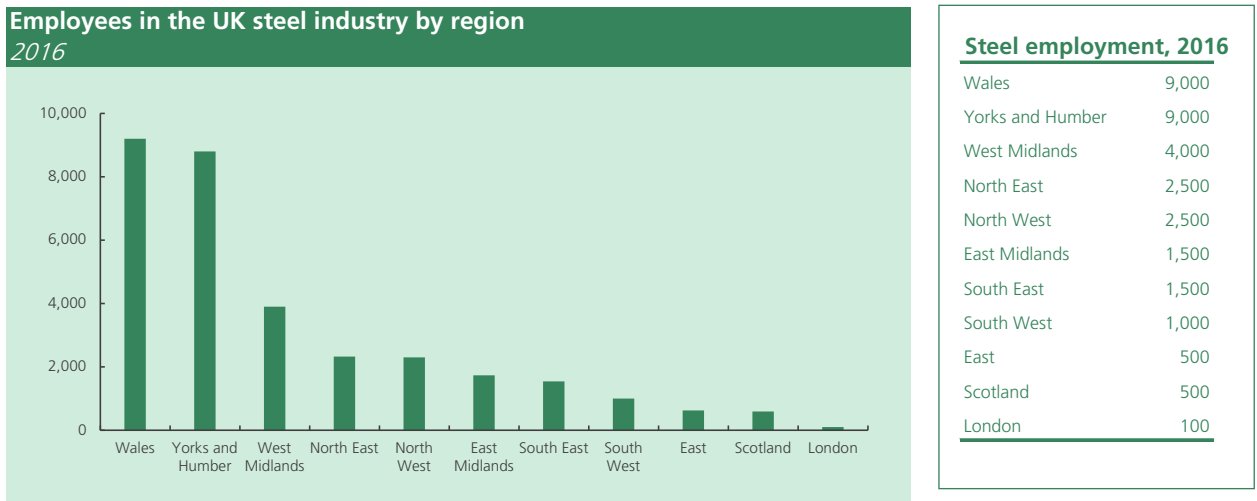
The performance of the whole economy has followed a far more positive path – total output increased by 68% between 1990 and 2015.

The steel industry's importance to the whole economy has declined over this period, from 0.4% of total output in 1990 to the current total of less than 0.1%.

1.2 Employment

The steel industry employed 32,000 people in Great Britain in 2016. This is 0.1% of employees.²

Employment is unevenly distributed across the country, as the following chart shows.



The majority of steel industry employees, 18,500, work in Wales or Yorkshire and Humberside.

Historic employment in the industry

The current level of employment in steel manufacturing in the UK is far removed from the numbers that were once involved in this industry.

Using a more narrow definition of the steel industry (excluding the processing of steel), employment fell from 320,000 people in 1971 to 271,000 in 1978.

By 1991, the number of people employed in the manufacture of steel had fallen to 44,000.

The 1990s saw a more gradual decline and in 2001, 30,000 people were employed in the industry.

The 2000s saw the number of steel industry employees fall to 24,000 in 2016 (on the narrow definition of the industry).³

Several factors have contributed to this decline, including:

- The industry is far more productive now than in the past – it requires far fewer people to produce the same amount of steel today compared to in the early 1970s.

The steel industry employed 320,000 people in 1971, compared to 24,000 in 2016 (excluding steel processing)

² Employment data source: ONS, *Business register and employment survey*, 2017. SIC codes 24.1, 24.2 and 24.3.

³ A variety of different sources have been used to compile these figures: 1971 to 1978: ONS, *census of employment*; 1991: ONS, *Annual employment survey*; 2001: ONS, *Annual business inquiry*; 2014: ONS, *Business register and employment survey*. These sources use different methods and different industrial definitions (all of which exclude the processing of steel). Comparisons should be made with caution.

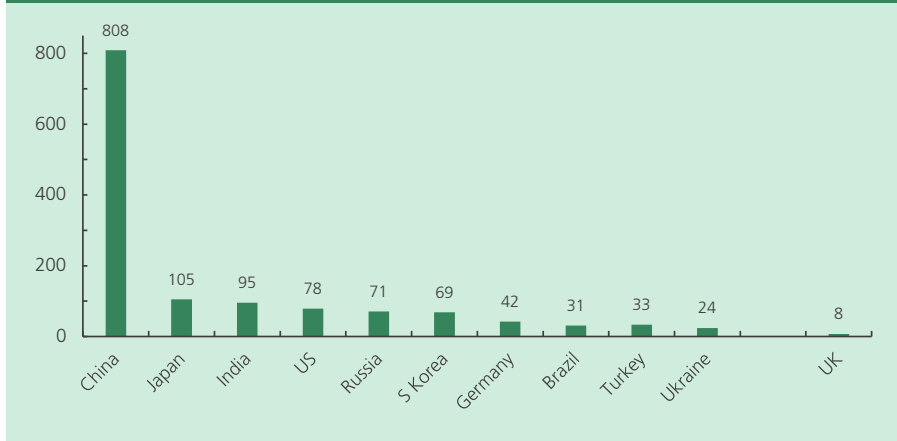
7 UK steel industry: statistics and policy

- The rise of manufacturing bases elsewhere in the world (particularly in China) which have lower labour costs and other overheads, meaning that they can produce steel more cheaply than the UK, and so now dominate the international steel market.
- Employees in the modern steel industry are likely to work in high value roles which attract higher salaries and require higher skill levels than traditional manufacturing roles, but are far less numerous.
- The service sector dominates economic activity in the UK, accounting for 84% of employees. The rise of this sector has been at the expense of jobs in manufacturing.

2. International comparisons of steel manufacturing

China dominates world steel production, as the following chart shows.⁴

Steel production, Top ten producers, and UK
Million tonnes, 2016



China produced 50% of the world's steel in 2016

In 2016, the UK produced 8 million tonnes of steel. China produced 808 million tonnes in the same year.

The EU as a whole produced 162 million tonnes of steel in 2016. The UK was the seventh largest steel producer in the EU, after Germany, Italy, France, Spain, Poland and Belgium.

Germany produced 42 million tonnes of steel, 26% of EU steel production.

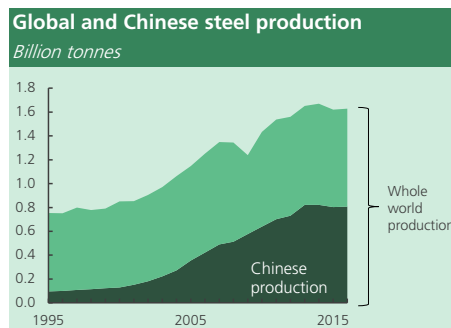
The growth of Chinese steel production

Global steel production has more than doubled since 1995 and China has been the biggest contributor to this growth.

In 1995, China accounted for 13% of the world's steel production. This had risen to 50% in 2016.

There was a dip in global production at the time of the 2008/09 recession, which was not reflected in Chinese production.

Chinese and global steel production slowed in 2015, but increased slightly in 2016.

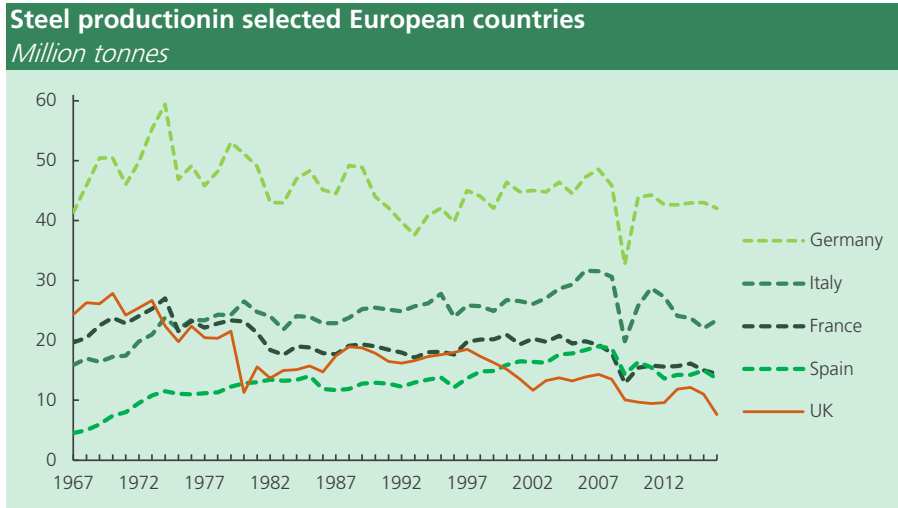


Chinese steel production increased by over 700% between 1995 and 2015

⁴ World Steel Association, [Steel Statistics Year Book](#), 2017

2.1 Historic steel production

The following chart shows steel production in the UK compared with other major European economies since the late 1960s.⁵



The UK was the second biggest European producer of steel in 1967, the fifth biggest in 2015, and the seventh biggest in 2016.

Between the late 1970s and the mid-2000s, steel output from these countries (excluding the UK) was broadly steady. Italy and Spain saw a gradual increase over this period. Following the 2008-09 financial crash, steel production declined steeply in all of the countries above. Although steel production bounced back in the immediate aftermath of the crash, since then steel production has gradually declined.

In the UK's case, steel production declined sharply in the early 1980s and then steadily from the mid-1990s to the mid-2000s. The financial crisis prompted a sharp decline in output in 2009, but production increased for four successive years from 2011.

UK steel production fell by 30% in 2016, after falling by 10% in 2015. This marked a further significant divergence from production in the other countries in the chart above.

The Business, Innovation and Skills Select Committee, in their [December 2015 report on the steel industry](#), argued that the relative decline in UK steel production could be explained in the following way:⁶

...other European countries have both better valued their domestic steel industry and have been able to withstand global competition more effectively than has been the case with the UK.

⁵ World Steel Association, [Steel Statistics Year Book](#), 2017

⁶ Business, Innovation and Skills Committee, [The UK steel industry: Government response to the crisis](#), HC 546 2015/16, pp5, 6

3. Trade

Volume

In 2015, the UK exported 6.3 million tonnes of steel. In the same year it imported 6.2 million tonnes of steel.⁷

Value

The following chart illustrates the value of the UK steel trade in £ billions.⁸



The UK's steel trade deficit is the largest in at least 20 years

In 2016, the UK steel exports were worth £3.7 billion, down £1.1 billion or 24% on the 2015 figure.

Steel imports were worth £5.2 billion, roughly the same as in 2015.

The UK's steel trade deficit was worth £1.5 billion in 2016 (a deficit is when exports exceed imports). This is the largest deficit in at least 20 years, four times larger than the next largest deficit recorded in 2012.

Origin and destination of traded UK steel

In 2015, slightly over half of UK steel exports are to the EU, whilst almost two thirds of steel imports are from the EU:

- 52% of UK steel exports are to the EU.
- 69% of UK steel imports are from the EU.⁹

⁷ UK Steel/EEF, [Key steel statistics 2016](#), pp8,9

⁸ ONS, *UK Trade*, Series [EHBT](#), [EHAL](#), [BQQF](#)

⁹ UK Steel/EEF, [Key steel statistics 2016](#), pp8,9

4. Issues in the steel industry

The Financial Times described the challenges facing the UK steel industry as a “perfect storm”.¹⁰ These challenges include:

- Massive growth in the volume of steel produced international, especially in China, since the early 2000s.
- Slowing growth in China and other emerging economies means steel consumption has ceased to keep pace with the growth in production.¹¹
- This has produced a surplus in steel in China, much of which has been exported. Since 2009, there has been a 300% growth in Chinese steel exports, and the EU has seen a 50% increase in Chinese steel imports over this period.¹²
- A glut of steel on the international market has pushed prices down.
- At the same time, the cost of overheads in the UK is high by international standards. Industrial electricity prices in the UK are more than 50% above other major EU economies.¹³ Business rates are also high in the UK, and the strong pound (prior to the EU referendum) has made UK exports less attractive.

All this has made international investors question how cost effective and sustainable the UK steel industry is in the long run.

Box 1: Steel rebar

Long, thin cylinders of steel are used to reinforce concrete beams in many construction projects. These cylinders are known as ‘rebar’ (reinforcing bars). The UK imported 760 tonnes of rebar in 2015, up from 480 tonnes in 2012.

At the beginning of 2013, Chinese products had “zero presence” in the UK rebar market. By Q4 2014, Chinese products accounted for 37% of this market. UK Steel warned that this “unprecedented surge” in imports “threatens the very existence of rebar production in the UK.”¹⁴

The UK government lodged a formal “anti-dumping” complaint with the European Commission in response to this pressure in February 2016.¹⁵

In July 2016, the EU announced that it would impose duties on imports of Chinese rebar of between 18.4% and 22.5% for five years.¹⁶

¹⁰ Financial Times, [UK steel hit by perfect storm of falling prices and high costs](#), 29 September 2014

¹¹ EEF/UK Steel, [Annual review 2014](#), 2015, p6

¹² *Ibid*, p7

¹³ UK Steel/EEF, [Steel making and input costs](#)

¹⁴ *Ibid*, p7

¹⁵ Full Fact, [Is the UK calling for EU duties for Chinese steel?](#), 19 July 2016

¹⁶ Reuters, [EU raises duties on steel rebar imports from China](#), 26 July 2016

5. The 2015/16 steel industry crisis

2015 was a year of “dramatic upheaval and anxiety for the UK steel industry”¹⁷, and “2016 started in much the same vein...with jobs being lost, business insecurity, a rise in dumped steel and a very uncertain future ahead...” according to EEF/UK Steel.¹⁸

In summary, the combination of fierce international competition and high domestic costs made many UK steel plants uncompetitive. The industry responded with a series of plant closes, company mergers and staff lay-offs. Some of the most notable events in the crisis were:

- The closure of the Sahaviriya Steel Industries (SSI) plant in Redcar, Teeside in September 2015, which included the second largest blast furnace in Europe
- The reduction in capacity at the Port Talbot plant in South Wales by Tata through late 2015 and early 2016
- The sale of Tata’s Scunthorpe site in April 2016
- The transfer of British Steel pension liabilities to Greybull Capital in April 2016

It is estimated that between September 2015 and March 2016, 7,000 steel industry jobs were lost.¹⁹

The [Annex](#) to this paper describes these incidents in detail. The [Timeline](#) outlines the sequence of events in the crisis.

¹⁷ UK Steel, [Annual review 2015](#), February 2016, p1

¹⁸ UK Steel, [Annual review 2016](#), March 2017, p1

¹⁹ BBC, [Britain's steel industry: What's going wrong?](#), March 2016

6. Government policy

The government responded to the crisis in the steel industry with a number of policy initiatives including:²⁰

- [Compensation for energy intensive industries](#): the Government has made provision to compensate industries which use a disproportionately high amount of energy for any additional costs incurred by carbon reduction policies, such as the carbon price floor, the EU emissions trading system and the climate change levy.
- [Review of business rates](#): The Government is examining how the business rates system can be changed including an examination of how R&D intensive businesses can be treated more fairly by the business rate system.
- [Anti-dumping measures](#): The Government successfully campaigned to see a more rigorous system of anti-dumping rules enforced across the EU which would prevent particularly Chinese firms selling steel at below market rates within the EU (the EU introduced anti-dumping measures against Chinese imports of rebar in July 2016).
- [Infrastructure pipeline](#): The Government have compiled and regularly update the Infrastructure Pipeline which sets out the UK's future infrastructure needs to beyond 2030. This is intended to help producers understand steel requirements in the UK over the next decades, enabling capacity planning.
- [Public procurement and 'Buying British'](#): As a major source of demand for steel, the Government tries to purchase steel from UK suppliers where possible. Anna Soubry commented that CrossRail used 97% "UK content" during its development. As well as encouraging public procurement of UK goods, the Government is also encouraging private sector manufacturers in the UK to use UK suppliers of steel, for example in the automotive industry.

²⁰ Summarised in the following contribution by the then Minister Anna Soubry MP [HC Deb 17 September 2015 cc1120-1264](#)

6.1 Steel Summit

On 16 October 2015, Ministers, MPs, steel company representatives, unions and trade bodies met in Rotherham to discuss problems in the steel industry and potential solutions.²¹

The Summit concluded with a commitment to set up working groups, chaired by ministers, to examine the following issues:

Public procurement

- the ambition is to drive up the number of contracts won by UK steel manufacturers in fair and open competition

International comparisons

- to consider what lessons can be learned from other countries in the EU and beyond

Competitiveness and productivity

- to look at energy and environmental costs, business rates, regulation and what action industry can take to drive up their competitiveness including skills, training and maximising their assets.

The Secretary of State for Business Innovation and Skills (Rt. Hon. Savid Javid MP) also discussed the Steel Summit in a written statement on 20 October 2015 and in a (similar) response to an urgent question on the same day which confirmed the steps that the Government was taking in this area, as set out by Anna Soubry (and outlined above).²²

6.2 European Council: extraordinary Competitiveness Council on the Steel Industry

On 9 November 2015, Savid Javid represented the UK at an extraordinary meeting of the European Council's Competitiveness Council to discuss challenges facing the Steel Industry in the EU.²³

Many of the actions agreed upon at the meeting were similar to the ones outlined above. Some of the new points agreed upon included:

Trade

- Improving the speed and efficiency with which the European Commission can begin and resolve trade defence investigations
- Enabling better use of policy instruments to enforce trade defence
- Intensifying discussions through the OECD with major steel producers like China, Russia and India to safeguard EU interests
- Improving the access that EU steel exporters have to "third markets"

²¹ BIS, [Summit to tackle impact of global steel challenges](#), 16 October 2015

²² [HC Deb 20 Oct 2015 c815](#)

²³ [HC Deb 10 November 2015 HCWS300](#)

Industrial development

- Using EU funds to modernise the steel industry, including re-training and reintegration of redundant steel workers into the labour market
- Engage high level stakeholders in the industry to agree a plan of action to modernise the industry
- Implement the [EC's 'circular economy'](#) strategy to reduce waste and increase efficiency in manufacturing

Energy

- Supporting energy intensive industries within existing State Aid rules
- Reviewing the Emissions Trading System to ensure that the steel sector remains competitive whilst also reducing emissions
- Implementing the EU energy union

The [European Council press release](#) on the meeting includes further details and analysis of the outcome.

6.3 State aid rules

EU Member States are bound by strict rules which prohibit most financial assistance to failing companies since this assistance could distort competition between companies in the EU. These rules are the EU State Aid regulations and these are sometimes cited as one of the barriers to further Government support for the steel industry.

Following the 23 June 2016 referendum vote to leave the EU, the UK will still be a member of the EU for a few years and bound by state aid rules. Further discussion of the implications of the vote are in [section 7](#) below.

State Aid is explained in the Commons Library Briefing Paper: [State Aid](#).

Compensation for energy intensive industries

On 17 December 2015, the Government announced that its application to allow compensation for the energy costs of energy intensive industries under State Aid rules had been granted by the European Commission (EC).²⁴

Savid Javid, the then Secretary of State, stated that this would "save our steel industry hundreds of millions of pounds a year."²⁵

The Financial Times noted that although the announcement had been welcomed by industry bodies such as EEF, these bodies had pressed the Government for further action. The newspaper also noted that the compensation package that had been granted by the EC was proposed by the UK Government in 2011.²⁶

²⁴ BIS, [Press release: UK government secures EU compensation for Energy Intensive Industries](#), 17 December 2015

²⁵ *Ibid*

²⁶ Financial Times, [UK steel boosted by EU aid approval](#), 17 December 2015

6.4 Industrial strategy

The government's [industrial strategy](#) was published in November 2017 and mentions two policies that are specifically designed to support the steel industry. The Library briefing paper, [Industrial Strategy](#), includes a summary of the main policies.

South Tees Development Corporation

Following the closure of the SSI steel plant in Redcar, the [South Tees Development Corporation](#) was established in October 2015 to support economic growth in the area. The purpose of the corporation is:

...to further the economic development of the area through physical regeneration, social regeneration and environmental regeneration so that it becomes a major contributor to the Tees Valley economy, bringing the SSI site, and other underutilised land in the area, back in to economic use. By attracting private sector investment the STDC will secure additional, high quality jobs for the people of Tees Valley and provide a safe environment for the workforce.²⁷

The Corporation's 'Master Plan' aims to create approximately 20,000 jobs and increase the economic contribution of the region to the overall UK economy to £1 billion a year.²⁸

The government will invest £118 million in the Corporation, with the intention of boosting leisure, tourism and the skills of workers in the area.²⁹

Swansea Bay City Region Deal

City deals are bespoke packages of funding and decision-making powers negotiated between central government and local authorities and/or Local Enterprise Partnerships and other local bodies. Further information can be found in the Library briefing paper, [City Deals](#).

The government announced its intention to create a City Deal for the Swansea Bay area in the 2016 Budget.³⁰ The Prime Minister confirmed this in March 2017, and stated that the Deal planned to create up to 9,000 new jobs and encourage up to £1.3 billion worth of investment into the region.³¹

The Swansea Bay area includes the Port Talbot steel plant, now owned by ThyssenKrupp. As part of the deal, the new [Steel Science Centre](#) will be set up in the area. This will:

- Focus on providing commercial R&D to address the current and future challenges of sustaining steelmaking capacity in the Region and the UK
- Work with Industry to reduce its carbon impact and place the Region at the cutting edge of low carbon production

²⁷ South Tees Development Corporation, [About us](#)

²⁸ South Tees Development Corporation, [Master Plan](#)

²⁹ HM Government, [Industrial strategy white paper](#), November 2017, p222

³⁰ HM Treasury, [Budget 2016](#), HC 901, March 2016 pg. 69

³¹ BBC, [Theresa May signs £1.3bn Swansea Bay City deal](#), 20 March 2017

- Development of value and supply chain opportunities in new products and processes.³²

6.5 Steel procurement pipeline

In 2016, the government produced the first [Steel public procurement pipeline](#). This document brings together all the planned and ongoing infrastructure projects in the UK which use steel, and records the dates of the project and the amount of steel required. The purpose of this document is to enable more accurate planning by steel manufacturers, and was something requested by the UK Steel Council of industry leaders set up after the steel crisis.

In December 2017 the Department for Business Energy and Industrial Strategy published a research report called [Future capacities and capabilities of the UK steel industry](#).³³ This report identifies areas of significant demand for UK steel, barriers to this demand being satisfied by the industry in the UK, and 'enablers', or actions that the government and industry can take to overcome these barriers.

Box 2: Sector Deals

One of the key components of the Industrial Strategy is the Sector Deals. These are

...partnerships between the government and industry on sector specific issues can create significant opportunities to boost productivity, employment, innovation and skills.³⁴

The [industrial strategy white paper](#) announces that four sector deals have been completed: life sciences, construction, artificial intelligence and the automotive sector, and that deals with the creative industries, digitalisation, and a number of other sectors are close to being agreed.

A steel sector deal is not mentioned in the industrial strategy, but Greg Clark the Secretary of State for Business Energy and Industrial Strategy stated in January 2017 that:

I have already been having discussions with the steel industry with ...[the creation of a sector deal]...in mind³⁵

He repeated the same sentiment in March 2017:

[The Government] are discussing with the steel industry a steel sector deal, part of which is to make sure that there are bigger opportunities, especially by UK customers, to make greater use of steel products.³⁶

EEF/UK Steel published a [policy position paper](#) setting out how the deals could be made most useful to the sectors that are part of them. EEF have also published [a list of the sector deals that were "being developed"](#) in August 2017, but the steel sector was not on this list.

³² Swansea Bay City Region, [Steel Science](#)

³³ BEIS, [Future capacities and capabilities of the UK steel industry](#), 21 December 2017

³⁴ HM Government, [Building a Britain fit for the future](#), November 2017, p192

³⁵ [HC Deb 31 January 2017](#)

³⁶ [HC Debate, 6 March 2017](#)

7. Select Committee response to Government policy

On 14 December 2015, the Business Innovation and Skills Committee published a report on the steel industry and Government policy: [*The UK steel industry: Government response to the crisis*](#).³⁷

The committee concluded that the Government identified the steel industry as of vital importance, and had “worked hard to mitigate the impact” of the recent crisis.³⁸

However, the Committee also found that the Government lacked “early warning systems” which would have enabled it to detect and address mounting problems more quickly.

More significantly, given Government activity in this policy area, the Committee found that the

...increased activity has not yet translated into measurable impact for those in the industry and the communities they sustain.

The Committee stated that the measures taken by Government would not be sufficient to “provide certainty” for the industry in the future.

A spokesperson for the Department for Business Innovation and Skills stated that “the steel industry has been subject to complex global challenges, which no one simple solution can solve,” and that the Government has taken “significant steps to help our steel industry.”³⁹

³⁷ Business, Innovation and Skills Committee, [*The UK steel industry: Government response to the crisis*](#), HC 546 2015/16

³⁸ *Ibid*, pp28 and 29

³⁹ Financial Times, [*MPs criticise government response to steel crisis*](#), December 21 2015

8. Implications of Brexit

This section provides an overview of the issues affecting the steel industry following the result of the referendum on 23 June 2016 for the UK to leave the EU.

A [Westminster Hall debate](#) in the month after the referendum debated the possible impact of Brexit on the steel industry.

8.1 Uncertainty over future trade relationship with EU

Following the vote for the UK to leave the EU, or Brexit, there is uncertainty over the UK's future trading relationship with the EU. This is important in determining what the ultimate impact of Brexit will be in a number of policy areas relevant to the steel industry. Some of these are discussed below.

8.2 EU State Aid rules

As the UK will still be a member of the EU until its exit has been negotiated, EU State Aid rules will still apply in the meantime.

Looking ahead, the type of trade relationship the UK ultimately has with the EU after Brexit will determine the degree to which EU State Aid rules will apply. If, for example, the UK retains full access to the Single Market by becoming a member of the European Free Trade Association (EFTA) and the European Economic Area (EEA), like Norway is, then State Aid rules will still apply (broadly speaking).⁴⁰

Alternatively, the failure to agree any trade deal with the EU would enable the UK government a greater ability to intervene in the steel market, if it so wished. Note that this wouldn't be carte blanche for the UK government to do as it liked, as World Trade Organisation rules would still apply (although these are less stringent than EU State Aid rules).

A bilateral trade agreement with the EU, outside of the EEA option, could have some provisions about State Aid included in order to facilitate free trade for instance, but this would be determined in the negotiations.

8.3 External trade policy

As the UK will still be a member of the EU until its exit has been negotiated, trade policy, such as tariff levels, will still be set at the EU level for the time being.

⁴⁰ EEA EFTA members have slightly different State Aid rules compared with EU members but broadly speaking State Aid is prohibited. See EFTA website, [State Aid](#)

Leaving the EU would likely allow the UK to set its external trade policy. For example, signing trade deals with other countries and setting its own tariffs.⁴¹

(The only scenario following Brexit where the UK would not have the power to set its own external trade policy would be if it stayed within the EU Customs Union. This is possible for non-members, see Turkey for instance, but it is unlikely the UK would see this as a desirable outcome following Brexit.)

The UK's future trade relationship with the EU would determine whether steel exports to the EU would still be tariff free or if the EU would impose tariffs if no agreement could be reached.

8.4 Impact of fall in the pound following the referendum

Following the 23 June EU referendum, the pound has fallen by around 15% against the euro and by 18% against the US dollar (as of late October 2016).⁴² Although some of the value of the pound against both these currencies has recovered, this devaluation has a number of implications for the steel industry.

A lower pound makes steel made in the UK cheaper to foreign buyers, potentially boosting demand for UK steel. However, a lower pound makes imports more expensive, meaning imported coal and iron ore, used in the production process in some of Tata's UK operations, will cost more.

The higher cost of imports will also make imported steel more expensive to UK buyers, potentially lowering demand for foreign-made steel and increasing demand for steel made in the UK.

⁴¹ LSE Centre for Economic Performance, [*Life after BREXIT: What are the UK's options outside the European Union?*](#)

⁴² Bank of England Exchange Rate statistics

9. Timeline of the steel crisis

The following timeline sets out the sequence of events and Parliamentary business related in the steel industry from July 2015 to November 2017.

UK steel crisis: time line of events and relevant Parliamentary events			
Date		Event	Parliamentary business
2015	July	16	Tata announces job losses in South Yorkshire and West Midlands
	September	17	Backbench business debate (Anna Turley)
	September	28	SSI mothball Redcar plant
	October	2	SSI goes into liquidation
	October	2	Government announces package of support for Redcar steelworkers
	October	12	Official Recover announces Redcar plant will close
	October	13	Urgent question (Anna Turley)
	October	15	Urgent question (Tom Blenkinsop)
	October	16	Tata announces "significant reductions in workforce" at Scunthorpe, Clydebridge and Dalzell
	October	16	UK Government Steel Summit involving Ministers, industry, union leaders and MPs
	October	19	Caparo industries goes into administration with job losses in the West Midlands
	October	20	Scottish Government establish steel taskforce Urgent question (Kevin Brennan)
	October	28	Opposition day debate (Labour)

	November	9	Steel discussed at EU Competitiveness Council	
	December	21		BIS Select Committee report published
2016	January	18	Tata announces job losses mainly at Port Talbot	
	January	18	Welsh Government establish steel taskforce	Ministerial statement (Anna Soubry)
	January	19		Adjournment debate (Anna Turley)
	January	21		Backbench business debate (Stephen Kinnock)
	January	23		- Government response to BIS Committee Report
	February	29		Opposition day debate (Labour)
	March	3		Backbench business debate (on Welsh Affairs Committee report)
	March	29	Tata steel announces intention to sell all UK steel businesses	
	April	8	Liberty House takes ownership of Scottish steel plants at Clydebridge and Dalzell	
	April	11	Greybull Capital announces it will buy the Tata long products division, based mainly at Scunthorpe, and change its name to British Steel	
	April	11	UK Government announce willingness to look at co-investing in Tata steel plants (particularly Port Talbot)	Ministerial statement (Savid Javid)
	April	12	-	Emergency debate (Labour)

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April	19	Savid Javid attends OECD meeting to discuss over supply in the steel industry	
April	21	UK Government states it is willing to take 25% stake in Tata Steel's UK operations	
May	4	- Tata states that the Port Talbot plant will be closed unless a 'viable buyer' can be found by the 25/26th June	
May	10	- Indian group emerges as late bidder for Tata Steel	-
May	23	- -	Welsh Affairs Committee, The steel industry in Wales - oral evidence
May	24	- Javid lands in Mumbai for key Tata talks	- -
May	26	- -	BIS Written Statement, Steel Industry
		- -	DWP Written Statement, British Steel Pension Scheme
May	31	- Tata Steel UK completes sale of Long Products Europe business to Greybull Capital	
June	9	- Tata delays decision on its UK steel operations	
June	23	- EU referendum vote to leave EU	
July	5	- Tata Steel UK completes sale of Long Products Europe business to Greybull Capital	
July	6	- -	Select Committee evidence session on Brexit implications on UK steel sector
July	8	- Tata board meeting in India	
		-	

	July	13	-	Commons Debate: EU referendum: UK Steel
	July	26	EU raises duties on Chinese steel rebar imports	-
	November	3		Commons Debate: UK steel industry
2017	January	1	- Steel APPG publishes policy recommendations: Steel 2020	
	April	25		Lords Debate: Steel Industry
	August	20	Tata transfers liability for British Steel pensions to the government's Pension Protection Fund. In return, British Steel Pension Fund receives a third of Tata's UK steel business and £550 million	
-	September	20	ThyssenKrupp and Tata agree merger with the German company taking over Port Talbot and other European plants	-

10. Annex: Major incidents in the steel crisis

10.1 SSI and Teesside

On September 28th 2015, Sahaviriya Steel Industries (SSI) announced that they would be “mothballing” their major steel making plant in Redcar on Teesside in the North East of England.⁴³

This plant includes the second largest blast furnace in Europe and the decision could result in the loss of 1,700 jobs directly employed at the plant.

SSI had been struggling with increasing losses at the plant and had accumulated debts worth \$1.4 billion. The Redcar plant had been loss making since it was bought by SSI in 2010 from Tata Steel, the largest steel manufacturer in the UK.⁴⁴

The Government stated that compensation for energy intensive industries has already been provided, but that State Aid rules “prevented it from offering financial support to secure the facilities.”⁴⁵

The Redcar steel plant has been mothballed before. In 2010, Tata steel mothballed production whilst seeking a buyer for the plant. SSI eventually bought the plant and restarted production in 2011.⁴⁶

Liquidation of SSI UK

On the 2 October 2015, SSI UK went into liquidation.⁴⁷ As a consequence of this, all employees at the Redcar site were made redundant, apart from a skeleton staff to man the blast furnace in case a buyer could be found.⁴⁸

However, on 12th October 2015, the Official Receiver stated that⁴⁹

...the coke ovens and blast furnace at the SSI Redcar steel mill are to be closed after no viable offers were received from potential buyers.

This announcement confirmed that all employees at the Redcar steel works would be made redundant.

⁴³ Financial Times, [SSI mothballs Redcar steel plant with loss of 1,700 jobs](#), 29 September 2015

⁴⁴ Guardian, [Corus agrees to sell Teesside plant to SSI of Thailand](#), 27 August 2010

⁴⁵ Financial Times, [SSI mothballs Redcar steel plant with loss of 1,700 jobs](#), 29 September 2015

⁴⁶ BBC, [SSI Redcar steel production ‘paused’](#), 18 September 2015

⁴⁷ BBC, [Redcar steelworks: Owners SSI go into liquidation](#), 2 October 2015

⁴⁸ Insolvency Service, [SSI steelworks: information for employees and creditors](#), 2 October 2015

⁴⁹ Insolvency Service, [Press release: SSI steel works](#), 12 October 2015

The Government announced a package of support for people who have lost their jobs in Redcar and the Tees Valley. The package will be worth £80 million and will include:⁵⁰

- funding for affected workers to train at local further education colleges and tailored support for them via Jobcentre Plus
- finance to assist workers if they want to start up their own business and for local small businesses to grow and create jobs

The Government stated that SSI had requested financial support from the Government, but that it

...has no confidence that this is a realistic proposal for taxpayers to support.

The Government also stated that financial support for SSI UK would be illegal under EU State Aid rules and therefore, none could be provided.

The Government announced that it will hold a 'Steel Summit' on the 16 October 2015, involving steel companies, MPs, trade unions, and Welsh and Scottish government representatives. The summit would examine how to respond to the industry's current problem and "start mapping out a path to a sustainable future for the industry."⁵¹

This package of support was confirmed in a [Written Statement](#) to Parliament by Savid Javid, Secretary of State for Business, Innovation and Skills on 12th October 2015.⁵²

10.2 Tata steel

Tata Steel is one of the world's largest steel manufacturers and the owner of several plants in the UK.

Its biggest plant is at Port Talbot in South Wales. It is estimated that Tata Steel contributed 8% of Welsh industrial and extractives economic output and 3% of total Welsh economic output in 2011, making it the largest private sector contributor to economic output in Wales.⁵³

Tata Steel contributed 3% of total Welsh economic output in 2011.

Decision to sell UK steel business in March 2016

On the 29th March 2016, Tata announced that it was "looking at strategic alternatives" to the current ownership of its UK business. The company confirmed that it was exploring the "potential divestment of Tat Steel UK in whole or in parts."⁵⁴

Tata stated that they had been in "deep engagement" with the UK Government over the future of their UK steel operations.⁵⁵

In response to this announcement, the Government stated that

⁵⁰ BIS, [£80 million support package for SSI workers and local economy](#), 2 October 2015

⁵¹ BIS, [£80 million support package for SSI workers and local economy](#), 2 October 2015

⁵² HCWS215 [\[On Liquidation of Sahaviriya Steel Industries UK Limited\]](#) 12 October 2015

⁵³ Welsh Economic Research Unit, [Economic impact of Tata in South Wales](#), Welsh Economic Review, 2012, p30

⁵⁴ Tata Steel press release, [Review of European Portfolio of Tata Steel](#), 29 March 2016

⁵⁵ *Ibid*

...we remain committed to working with Tata and the unions on a long term sustainable future for British steel making...Both the Welsh and UK governments are working tirelessly to look at all viable options to keep a strong British steel industry at the heart of our manufacturing base.⁵⁶

The Government confirmed that they were willing to provide support through loans, loan guarantees or procurement to the UK steel industry. They also stated that a private sector sale of Tata was their preferred option for supporting Tata in the long term because this option would not contravene EU state aid rules and would not expose the Government to potentially large future losses in the steel industry.⁵⁷

On the 21st April, the Government announced that they were willing to take a stake of up to 25% in Tata Steel's UK operations.⁵⁸

This followed the announcement by Tata that they had set a deadline of the 28th May 2016, by which date, if they had not secured a "viable buyer" for the Port Talbot plant, they would cease operations there. Subsequently, Tata announced that they would wait until the weekend of 25-26 June, later delayed to 8 July, before making a further announcement.^{59 60}

Tata plans to merge European operations (July 2016)

On 8 July, Tata's board met in Mumbai, India, and announced that it had put on hold the sale of most of its UK steel operations in order "to explore the feasibility of strategic collaborations through a potential joint venture" for its European business.⁶¹

Tata also announced that it would seek to sell off its speciality steel business employing 2,000 people in Hartlepool, Rotherham and Sheffield. It stated that it had already received interest from several bidders and that a formal process to sell this business would start soon.

This decision to pursue a merger for the rest of its UK business (including Port Talbot), which employs around 9,000 people, means that these factories will likely continue to operate under the ownership of Tata, at least for the time being. Tata stated talks about a tie-up with rival companies, including ThyssenKrupp, were at a "preliminary stage".

Tata's Executive Director for Europe linked the possible success of such talks to a number of issues, including supportive policies from the UK and Welsh governments. He said such policies "are necessary for realising a sustainable business in the UK."

⁵⁶ UK Government press release, [Response to Tata Steel announcement](#), 30 March 2016

⁵⁷ Financial Times, [Tata confirms plan to sell UK steel businesses](#), 30 March 2016

⁵⁸ BBC, [Steel crisis: Government willing to take state in Tata](#), April 21st 2016

⁵⁹ FT, [Tata sales process pushed back until after Brexit poll](#), 4 May 2016

⁶⁰ Financial Times, [Tata delays decision on its UK steel operations](#), 9 Jun 2016

⁶¹ Tata Steel press release, [Tata Steel announces developments regarding the strategy for its European businesses](#), 8 Jul 2016; BBC News, [Sale of Tata UK steel business on hold](#), 8 Jul 2016

Since the decision to sell was taken in March, world steel prices have risen reportedly limiting losses at Tata Steel UK⁶² (some reports even state that it made a profit in the last quarter)⁶³. This improvement in market conditions may have lessened the urgency for the company to divest itself of its UK operations.

Parliamentary Committee evidence sessions

The BIS Select Committee held an oral evidence session on the 28th April 2016 to discuss the recent announcements from Tata the Government's response and the future of the steel industry.⁶⁴

A joint evidence session comprised of five Select Committees was held on 6 July 2016 to address the steel crisis and Brexit vote implications for the UK steel sector.⁶⁵ Anna Soubry, Minister of State for Small Business, Industry and Enterprise, gave evidence on the Government's position following the EU referendum result and its implications for the UK steel industry. See [section 7 of this paper](#) for more on the implications of Brexit.

Tata sale of Scunthorpe site, April 2016

On the 11th April, Tata Steel reached a deal with Greybull Capital, a London based investment firm, which transferred ownership of Tata long products division to Greybull. The long product division is based mainly in Scunthorpe meaning that the 4,000 plus jobs threatened there would be saved.

The deal will keep the steelworks in Scunthorpe open, and will transfer pension and other liabilities from Tata to Greybull. The investment firm also pledged a £400 million funding package to modernise the businesses. The Government have agreed to contribute to this in the form of a loan on commercial terms. Greybull have changed the name of the Tata long products division to 'British Steel.'⁶⁶

On 31 May 2016 Tata announced the completion of the sale to Greybull.⁶⁷ Altogether this business employs 4,400 people in the UK in steelworks in Scunthorpe, two mills in Teesside, an engineering workshop in Workington, and a design consultancy in York.

⁶² Financial Times, [Tata delays decision on its UK steel operations](#), 9 Jun 2016

⁶³ ITV news, [Revealed: Only one bidder left in Tata Steel UK talks - as others blast 'unprofessional' sales process](#), 7 Jul 2016

⁶⁴ BIS Select Committee, [The UK Steel Industry follow-up inquiry: oral evidence session](#), 28 April 2016

⁶⁵ The European Scrutiny, Business, Innovation and Skills, Energy and Climate Change, Welsh Affairs and Work and Pensions Committees

⁶⁶ Guardian, [Tata deal saves 4,400 jobs in UK](#), April 11 2016

⁶⁷ Tata Steel Europe press release, [Tata Steel UK completes sale of Long Products Europe business to Greybull Capital](#), 31 May 2016

Job losses announced in January 2016

On the 18th January 2016, Tata Steel announced cost saving measures that would result in 1,050 job losses mainly at its Port Talbot plant in South Wales:⁶⁸

The plans would lead to the loss of 1,050 jobs – 750 jobs at its Port Talbot-based Strip Products UK business, 200 jobs in support functions and a further 100 jobs at steel mills in Trostre, Corby and Hartlepool.

Tata steel blamed “continued falls in the European steel price caused by a flood of cheap imports, particularly from China” and called for the European Commission to “increase the robustness of its actions in this area.”

Tata’s announcement was the subject of [an oral ministerial statement from the Rt. Hon. Anna Soubry MP](#), Minister for Small Business, Industry and Enterprise, on 18th January 2016. The Minister outlined the actions the Government has taken already to support the industry and the areas where activity is still continuing, discussed later in the note.⁶⁹

Many aspects of industrial policy are devolved. [The First Minister of Wales, Carwyn Jones, made a statement](#) on Tata Steel on 18th January. This announced a High Level Taskforce to draw up an action plan to support the supply chain in the local economy. The First Minister also stated that the Welsh Assembly Government would continue to lobby the UK Government over issues such as energy prices.⁷⁰

Previous cost savings measures

Tata Steel suffered losses of \$615 million in 2014. This prompted the company to announce 720 job losses at its plants in South Yorkshire and the West Midlands in July 2015.⁷¹

The company also announced that it would “scale down production” at its plant at Llanwern in South Wales which employs 250 people, adding that none of the permanent jobs there would be under threat.

In October 2015 (in the same week as the closure of the SSI plant in Teesside) Tata announced that it “expected to significantly reduce the workforce” mainly at its Scunthorpe plant, which employs 4,000 people.⁷²

Media reports have suggested that up to 1,200 jobs could be lost from the Scunthorpe plant, and plants at Dalzell in Motherwell and Clydebridge in Cambuslang.⁷³ According to UK Steel, the Dazell plant is the only plant in UK capable of rolling and processing the steel used

⁶⁸ Tata Steel, [Press release](#), 18 January 2016

⁶⁹ [HC Deb 18 Jan 2016 c1133](#)

⁷⁰ Welsh Assembly Government, [Speech by the First Minister: Tata Steel](#), 18 January 2016

⁷¹ Financial Times, [Tata targets 720 job cuts at English steel plants](#), 16 July 2015

⁷² BBC, [Tata Steel set to cut 1,200 jobs](#), 16 October 2015

⁷³ The National, [Action plan on Tata steel closures is welcomed by unions](#), 19 October 2015

in Trident submarines and the MoD special Armour plate, along with certain requirements of the offshore oil and gas industry for drilling platforms and oil and gas pipelines.⁷⁴

This follows the loss of 400 jobs at the Tata plant in Port Talbot, South Wales, in 2014.⁷⁵

On 23 October 2015, the Government and Tata steel announced an initial support package of up to £9 million in response to the proposed restructuring and job losses at the Scunthorpe steelworks:

Tata Steel's regeneration arm UK Steel Enterprise has pledged £3 million to support job creation in Scunthorpe, on top of £10 million it has already earmarked to help regenerate UK steel communities over the next 5 years.

The new £3 million funding is being matched by the UK government. It will provide support for more start-up businesses and companies that are looking to expand and create jobs.

In addition, the government is separately providing up to £3 million specifically for training of affected employees through local further education colleges.

The government has asked Baroness Liz Redfern, leader of North Lincolnshire Council, to lead a taskforce which will identify local needs, co-ordinate with UK Steel Enterprise and consider whether additional support may be necessary.⁷⁶

Tata Steel is also providing an £1.5 million for job creation in steel communities around the Dalzell and Clydebridge sites. Economic development and regeneration is devolved in Scotland, and the UK government has said that it is continuing discussions with the Scottish government about further support.⁷⁷

10.3 Caparo industries

Certain businesses within the Caparo industries group went into administration on 19 October 2015. This includes Caparo Steel Products Ltd, but not include Caparo Merchant Bar. The affected businesses have about 1,700 employees, who are attending work and being paid as normal while the administrators' review gets underway.⁷⁸

⁷⁴ EEF, [UK Steel comment on Tata announcement](#), 20 October 2015

⁷⁵ Guardian, [Tata Steel to cut as many as 250 jobs in south Wales](#), 26 August 2015

⁷⁶ Department for Business, Innovation and Skills, [Government and Tata steel to provide support to Scunthorpe steel workers and local economy](#), 23 October 2015.

⁷⁷ As above. For more on the Scottish Government response see Scottish Government, [A future for Scottish steel](#), 22 October 2015

⁷⁸ PWC, [Caparo Industries plc and its subsidiaries – collectively the "Caparo Industries group" or "CIP" – in administration](#), 19 October 2015. This contains a list of the Caparo industries businesses that are affected.

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