



British
Independent
Reinforcement
Fabricators
Association

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Trade Remedies Investigation Directorate
Department for International Trade
North Gate House
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25th May 2021

Dear Sirs

Statement of Intended Preliminary Decision

I am responding to the above captioned document on behalf of our members, who are all independent fabricators of steel reinforcement, All of our comments relate to Product Group 13, rebars, only.

We are disappointed that TRID have concluded that it is necessary to prolong the Safeguard Measures on product group 13, which is used exclusively for construction. UK construction is enjoying a period of very strong demand, which we expect to continue for several years. This has resulted in both strong demand for rebars, as well as very high prices and we find it difficult to accept that UK steel mills should need any further protection. Materials shortages affecting construction have received a lot of publicity over recent weeks, and the proposed measures will only exacerbate an already difficult situation.

We congratulate you on the amount of data collection and analysis that has been carried out in a relatively short period of time. Unfortunately this is all historic, whereas our members have to deal with the reality of life going forward. We have few arguments with the historic analysis, but must draw to your attention the problems that these measures will cause to both our members and the whole construction industry going forward.

Market demand

We have assessed UK market demand during the new safeguard period by using historic demand and adjusting for exceptional project requirements. Historic market demand and supply data is given in Table 1.

Average UK rebar demand 2013-2019	695kt
Additional HS2 requirement per annum	100kt

Additional HMG requirement	120kt (based on 2.6m extra tonnes of steel products over 10 years)
Total UK demand	915kt
Quota	485kt
UK production (no exports)	330kt
Market shortfall	100kt

The above figures are for year 1 of the new period. The annual 3% increase in quota is taken as being only sufficient to cover expected growth in demand. Even this does not allow for any major new infrastructure projects such as additional nuclear power generation.

Total annual UK production of rebar during the period 2013-2019 has averaged 310kt of which more than 30kt on average has been exported, primarily to Eire. It is our view that the supply of 330kt of domestically produced rebar would only be achieved if all exports of rebars from the UK were to cease.

Even with no exports of rebar we foresee a substantial shortfall in availability compared to projected demand. We respectfully suggest that a significant increase in the quota for this product group is required to give both our members and the construction industry confidence in security of supply.

Operational issues.

The supply/demand model used above assumes an ideal situation in which each country is willing/able to supply its full quota to the UK market. In reality this is not always likely to happen.

We are already effectively reduced to 90% maximum utilisation of each quota unless our members are willing to risk having to pay an extra 25% for their material. Cash resources, in an industry that has already seen its raw materials costs increase by up to 70% this year, are already stretched, and there is no margin to risk this additional cost.

We would therefore ask that:

- a) the requirement to pay duty “up front” once 90% of a quota is utilised, is removed**
- b) there is a facility to use up to 10% of the following quarters quota in advance.**

We have further concerns that could impinge on the effective use of the quota. While we appreciate the efforts that have been made to relate quotas to historic UK trading patterns, we also need recognition that external factors may affect the ability of one or more of these partners to utilise its quota in any given period. In such circumstances we need the facility for the rapid transfer of quota to other trading partners who are able to supply.

Because the availability of rebars is likely to remain very tight as long as Safeguard Measures are in place, we think there is a need for a wider monitoring system, that can

facilitate rapid responses to changing circumstances. This should include domestic production, import availability and construction demand. BIRFA would be very willing to participate in the setting up and operation of such a system.

Conclusion

BIRFA is fully supportive of a strong UK steel industry able to competitively supply its customers needs. We have campaigned for more UK capacity for rebars particularly in the form of one or more micro-mills. We understand the need for a quota system, though we think current market circumstances require a system with a very light touch. The current measures are too backward looking and we need a system that recognises forward needs and can respond to them. We are very willing to play a part in this and are at your disposal to discuss ways of making the measures more suited to wider industry concerns as well as protecting the UK steel industry.

Yours sincerely

Andy Kirkcaldy
Chairman
BIRFA

TABLE 1. PRODUCT GROUP 13 - REBARS[illegible]

