



BRITISH STAINLESS STEEL ASSOCIATION

THE INNOVATION CENTRE, 217 PORTOBELLO, SHEFFIELD, S1 4DP

T: +44 (0)114 551 8170 / +44(0) 7593561160 E: rob.cooper@bssa.org.uk W: www.bssa.org.uk

Trade Remedies Investigations Directorate
Department for International Trade
21-23 Valpy Street
Reading
RG1 1AF
25th May 2021

Ref: UK Trade Remedies Transition Policy: Statement of Intended Preliminary Decision within the stainless steel market.

Dear Sir / Madam

Following the Statement of Intended Preliminary Decision for the transition review TF006- Safeguard measures on certain steel products I write to you on behalf of the members of the British Stainless Steel Association (BSSA). The BSSA represents 150 member companies involved in the total supply chain for stainless steel in the UK, from mining of raw materials, through to production, distribution, material enhancement, and on to fabrication and manufacturing and our members are all effected by either import or export of stainless steel or products produced from stainless steel.

As Managing Director for the said trade association, I wish to express our general approval for the recommendations. However we still have two Product Numbers that cause concern that the stainless steel industry needs to be addressed. They are both related to the same issue which is the combination of the stainless steel and carbon steel industries.

COMBINED STAINLESS STEEL AND CARBON STEEL QUOTAS:

In Sections 21 and 26 the quotas for stainless steel are included within an overall heading for all types of steel. We as an industry have an issue with this.

The stainless steel industry and the carbon / mild steel industry are not closely connected. Although markets are sometimes shared, for example in construction, the reasons for the use of stainless steel are very specific, generally to solve problems caused by corrosion or for aesthetic reasons. The product is therefore NOT connected to the use of carbon steels. Even the supply routes to markets are not normally shared or connected. The producing mills are totally different entities with different ownership, and carbon / mild steel distribution businesses frequently do not operate in the stainless steel market, or if they do then they would operate as separate divisions and sell both carbon and stainless but have different teams and generally different premises looking after the products. Therefore, it is very difficult for the stainless steel market to get an understanding of the much larger carbon / mild steel markets, their demands and forward mill bookings. Stainless steel is only approximately 5-7% of the carbon steel imports. This poses a massive problem for the stainless importer and subsequently the end user, as the stainless part of the quota can be consumed very easily by the carbon steel businesses without the stainless orders even being considered. Also, as the production routes are not the same, having a forward view on the demands of the carbon steel market is also very difficult. This has been highlighted in 2021 as the quota was exhausted from order 058035 by 20th January, and there is no UK volume producer to obtain material from in stainless steel. This is very harmful to UK manufacturing as they end up paying higher prices and harming their competitive position.

There is very little stainless steel production of Product Numbers 21 and 26 in the UK therefore it is unjustified to include stainless steel HS codes as detailed later in any safeguarding measures.

Product Number 21: Hollow Sections

HS CODE

73066110 Tubes and pipes and hollow profiles, welded, of square or rectangular cross-section, of stainless steel:

Very limited UK production capability that does not produce volume or standard products that are used in the manufacture of such items as catering equipment, construction or general fabrication (frames and supports). Our UK based manufacturers tend to specialise in the difficult, non-standards where they do not have to compete with the bulk manufacturing capabilities of the Italian tube makers. Overall the stainless steel industry welcomes the removal of safeguarding measures from all but the EU and Turkey.

However, Stainless steel Hollow Section only accounts for an average of 11,500 tonnes or 6.83% of the total market of Product Group 21 over the period 2013-2020. With no volume UK producer we depend on imports. Therefore we wish to have HS Code 73066110 redacted from the Safeguarding measure.

Product Number 26: Other Welded Pipes

HS CODES

73061110 Line pipe of a kind used for oil or gas pipelines, longitudinally welded, of flat-rolled products of stainless steel, of an external diameter of $\leq 406,4$ mm

73061190 Line pipe of a kind used for oil or gas pipelines, spirally welded, of flat-rolled products of stainless steel, of an external diameter of $\leq 406,4$ mm

73062100 Casing and tubing of a kind used in drilling for oil or gas, welded, of flat-rolled products of stainless steel, of an external diameter of $\leq 406,4$ mm

73064020 Tubes, pipes and hollow profiles, welded, of circular cross-section, of stainless steel, cold-drawn or cold-rolled "cold-reduced" (excl. products having internal and external circular cross-sections and an external diameter of $> 406,4$ mm, and line pipe of a kind used for oil or gas pipelines or casing and tubing of a kind used in drilling for oil or gas)

73064080 Tubes, pipes and hollow profiles, welded, of circular cross-section, of stainless steel (excl. products cold-drawn or cold-rolled "cold-reduced", tubes and pipes having internal and external circular cross-sections and an external diameter of $> 406,4$ mm, and line pipe of a kind used for oil or gas pipelines or casing and tubing of a kind used in drilling for oil or gas)

73066910 Tubes, pipes and hollow profiles, welded, of non-circular cross-section, of stainless steel (excl. tubes and pipes having internal and external circular cross-sections and an external diameter of $> 406,4$ mm, line pipe of a kind used for oil or gas pipelines or casing and tubing of a kind used in drilling for oil or gas, and tubes and pipes and hollow profiles of square or rectangular cross-section)

As stated in the comments regarding Product Number 21, Product Number 26 has very a limited UK production capability that does not produce volume or standard products used in the Chemical, Petro-chemical, Oil and Gas, food and pharmaceutical industries and general fabrication industries. Our UK based manufacturers tend to specialise in the difficult, non-standards where they do not have to compete with the bulk manufacturing capabilities. The majority of UK producers are comparatively small volume, specialist. There are no manufacturers producing volume stainless steel pipes over 403mm dia.

However, Stainless steel Tubes and Pipes only accounts for an average of 4,300 tonnes or 5.75% of the total market of Product Group 26 over the period 2013-2020. The UK actual imports have declined from 2013 for this product number from 5565Tonnes in 2013, to 3809Tonnes in 2020, with only 2019 seeing any significant increase year on year. This was corrected in 2020 following an increase in stainless imports from 3690 Tonnes in 2018 to 5150T in 2019, an increase of 28.35%, but followed by a decrease to 3809T in 2020 which is a drop of 35.19%.

With no volume UK producer we depend again on imports. Therefore we wish to have HS Codes 73061110, 73061190, 73062100, 73064020, 73064080 & 73066910 be redacted from the Safeguarding measure.

Our distributor and end user members believe that a truly open market could give the UK a competitive edge in the supply of manufactured goods or components by ensuring that a free market gives the UK the opportunity to purchase the most competitive products, from anywhere. This may not be via the lowest cost option, as availability, quality, service and product certification are all part of the equation the industry uses to justify where product is sourced.

Should you require any additional information or wish to discuss in more detail please contact the British Stainless Steel Association..