

## **CBM Response to TRID TF0006 recommendations – 24 May 2021**

### **Non-Confidential**

#### **General**

CBM welcomes that TRID has carried out a detailed and thorough investigation and given due consideration not just to UK steel producers but also to UK downstream users, which need the ability to source materials to support their production in already extraordinarily challenging supply chain conditions.

In particular CBM welcomes that TRID has identified steel product categories either not produced in the UK, or where there is no serious risk of injury to UK producers, on which safeguarding should be revoked.

CBM is, therefore, disappointed and concerned that UK steel producers and their representatives persist in highly emotive campaigning to maintain protectionist measures on all grades of steel, even where there is no UK production or serious risk of injury. This stance clearly takes no account of the hundreds of downstream steel users, many of which are valuable customers to UK steel producers, which are totally committed to supporting the UK economy and employment to the very best of their abilities.

As CBM has previously stated, all of its members would much prefer to be able to source their steel requirements reliably and competitively from UK producers. However, the reality is that until UK producers are capable of supplying all of our members requirements on this basis it is essential our members are able to source internationally to maintain production and respond to current market growth.

As CBM has also previously stated, faced with the current uncertainties in both the global steel market and the UK domestic supply chain, it is unreasonable for downstream steel users to have to operate under the unpredictable jeopardy of safeguarding tariffs that, at minimum, seriously damage company profitability and may place them and their employers' futures at real risk.

#### **CBM Continued Concerns**

The CBM remains concerned about a number of areas that it does not feel have been fully addressed by TRID and its recommendations.

1. Certain steel products remain included in the recommended safeguarding measures even though our members inform us that, in practice, it is not possible to obtain reliable supplies from UK steel producers. In particular, CBM has one member facing specific challenges, as previously detailed in confidential submissions to TRID, in reliably sourcing Product 4A in the UK. The company is emphatic that its business continues to need to rely on importing the required materials and, with demand continuing to escalate as the UK economy recovers, it continues to be deeply concerned that it will incur out of quota safeguarding tariffs, which will completely undermine the profitability of its activities. In relation to Product 4A, CBM is also concerned that higher quotas have been granted to product of EU origin despite, in many cases, European mills not being able or willing to satisfy demand, necessitating sourcing under RoW quotas.

2. The CBM has another member which informs us there is an issue in relation to drawn welded tubes. While there are a number of UK producers of direct welded tube, there are none producing drawn welded tube. Since both products are classified within the same tariff code, this means importers of drawn welded tubes are subject to quota, and potentially tariffs, even though there is no domestic supply option.
3. CBM remains very concerned that an inflexible safeguarding mechanism cannot respond swiftly and appropriately to either disruption in the domestic steel supply chain or in the international supply chain. CBM believes it is essential the TRA has the capability to adjust quota levels rapidly, particularly in response to any significant change in the domestic supply chain. It also continues to believe that, rather than relying on safeguarding measures with all their limitations, the UK should be using more targeted trade remedies to address the origins of unfair competition.
4. Even without the serious concerns over the continued viability of Liberty Steel, it is a fact that, while nominal UK capacity may exist for certain products, some of these products are not actually being produced, or customers are being required to make advance payments to secure production. CBM is concerned that these 'on the ground' realities are not reflected in safeguarding quotas, increasing the risk of our members being punished by tariffs through no fault of their own.
5. With global steel lead-times both extended and increasingly unreliable, exacerbated in some cases by disruptions in global sea-freight, CBM believes it is fair and appropriate to introduce a 'shipping clause'. This is the only way to ensure our members know with certainty that, where they are obliged to source materials outside the UK, their materials will not be at the vagaries of when quotas exhaust. This is crucially important, so that our members are able to commit to production levels in response to the needs of the UK market as well as export opportunities for their products.

As always, the CBM is willing to assist TRID/TRA and to facilitate contact at director level with our members, particularly in relation to points 1 and 2 above, in order that they may provide fuller information.

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