

Dear Richard,

I have taken the liberty of copying in xxxxx who is the lead investigator for the department of trade (Trade Remedies) as this is now becoming a serious issue. Following your mail last week regarding the possible removal of safeguards on certain non alloy products we were alarmed to discover that the quota limits that we (and everyone we spoke to) assumed would be dropped at the end of June – may now continue for anywhere between 3 - 5 years but with a lower quarterly quantity! As previously discussed we are one of the last remaining stainless steel wire mills in the UK. We are part of a large group of North American companies but we are the only one based outside of North America. We predominantly buy from Outokumpu – but we do also buy from several European mills for grades that Outokumpu either do not produce or cannot meet the purchase / quality requirements.

The main issue we face now is that if these quotas on Stainless rod (72210010 and 72210090 – category 15) stay in place – it will severely impact the success of our business going forward. Outokumpu already enjoy 80% of the UK's stainless wire rod market so we strongly feel there is no justified reason to apply quota limits. If this was to continue and quotas were in place and we did see 25% duty applied to some of our imported wire rods – it would negatively impact our ability to service and grow these markets from a UK base and would cast a serious shadow over the future of operations remaining here in the UK. Ultimately the markets UK Steel are trying to protect could potentially disappear altogether, so it really is in no ones interest to see these damaging quotas remain in place. Please understand that 90% of the quota limit is consumed by just one company - CWI UK. I have spoken with Outokumpu and asked for their support on this – which they are discussing internally as I am sure they can see the logic in our argument on stainless wire rod – but we await their decision. It is worth pointing out that CWI UK is a good customer to Outokumpu, as are our colleagues in the US (who are a much larger customer) – and hope that together we can find a very quick solution where we can continue to grow and develop our business strategies together.

I would finish by stating that we fully understand that safeguards were brought in to counter a threat from Asian steel producers damaging EU producers, and we were fully on board with that – but the current safeguards do not penalise any imports from China or India – but they do from the EU (which is utterly ridiculous)!!! We now have UK / EU safeguards that will prevent us from buying these grades in the EU that previously actually supported the development and growth of UK stainless business. The more we can grow /develop / expand – the more additional business we can place with Outokumpu for the grades they can supply. We have ambitious expansion plans in the UK, but having these restrictive safeguards in place would effectively end this – so we really do not see any logic in continuing with these damaging safeguards.

As a last resort we would at least request the quarterly limits be increased by 40-50%. I understand these limits are calculated over a historical period of time – but they do not consider any yearly increases, so effectively stifle any expansion plans we may have.

In further support to our argument – we have taken the following extracts from a Statement of Preliminary Decision – Transition Review TF0006 Safeguard measures on certain steel products (dated 19th May 2021)

Regarding point 163 below – as a company that exports 60-70% of it's output of stainless steel wire, we'd disagree that safeguard measures on category 15 are in the wider economic interest of the UK - as it would severely impact the success of our business and as mentioned would significantly affect any investment plans we have for the UK operation.

The Table below shows that 3,839 kilotonnes were imported on average per year but only 1 kilotonne represents Category 15, Wire Rod. A miniscule amount @ 0.026% of steel imports. It also is the lowest import to consumption ratio of all categories at 1:8 (12.5%) – please see the table below for your reference....

(image was not available from email)

James Wright – Commercial Director – Central Wire Industries