

ISTA

INTERNATIONAL STEEL TRADE ASSOCIATION

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ISTA Response to the Department for International Trade's Statement of Intended Final Determination on its findings on the UK's Steel Safeguard Measures, published on 19th May 2021

INTRODUCTION TO THE INTERNATIONAL STEEL TRADE ASSOCIATION

ISTA, with headquarters in the UK, represents some 50 international steel distributors – traders, importers, stockholders, service centres and the international trading arm of some UK/EU mills; and 30 associate members, including shipping companies, marine and credit insurers and brokers, cargo inspectors and others.

With their knowledge of steel and expertise in trading and logistics, members complement UK mills by providing a choice of supply to ensure that customers' specific requirements are met in a timely manner and at a fair, competitive, price.

THE TRID REVIEW

- ISTA appreciates that TRID has reviewed 19 product categories covered by the existing trade remedy measures (Annex A – Goods subject to review, page 89 of TRID paper) and has recommended revocation of nine products (Annex B, page 91) which includes 3 products for which there is no UK production.
- With regard to Annex C, Goods recommended to be varied following review, page 93, **ISTA is disappointed that the measures announced by TRID do not go far enough to allow the flexibility of supply required in current market conditions, which have been in place for the past six months and are set to continue.** In particular, overall totals for reinforcing bars are not unreasonable but the specific country restrictions based on historic data have insufficient relevance to the UK/global market in 2021 for reinforcing bars and structural hollow sections and would actually hamper that recovery.
- **ISTA questions the grounds on which the 'out-of-quota safeguarding duty of 25%', in effect a penal levy for tonnages exceeding quota limits, has been continued.** [TRID paper, paragraph 160]. Its origins lie in the USA 232 Measures and subsequent EU reaction from three years ago, and the same levy appears to have been carried over without any commercial calculation or consideration for changing global trends during the intervening three years.

- **ISTA calls for the measures to include the same ‘shipping clause’ as was in the original EU measures** to ensure that existing contractual commitments and cargoes en route for the first quarter of the new measures will not impact on the quotas now announced. It can take five months to deliver an overseas contract to ensure a smooth supply to the UK customer; we (and our customers, and their customers) will be given less than one month’s notice of any applicable quota or safeguarding duty. A shipping clause along the lines of the following provision in the EU provisional safeguard measures is vital:

“Imports of the product categories referred to in Article 1, which are already on their way to the Union on the date of entry into force of this Regulation, whose destination cannot be changed, shall not be attributed to the tariff quotas, or subject to the additional duty specified in Article 1, and may be put into free circulation”. [(EU) 2018/1013 of 17 July 2018, Art. 4].

- **ISTA dismisses the notion that the UK will be a ‘magnet for huge volumes of steel imports’ as a fantasy completely out of step with the reality** of what has been going on globally for the past six months, and anticipates a continuation of that situation. The Association points out that there are in any case other tools such as anti-dumping actions and countervailing duties available should they ever be warranted.
- **In short, ISTA’s view is that the domestic producers are ‘crying wolf’.** Cost-efficient producers are enjoying record margins at the expense of the downstream industries and do not need this level of protection. However, as ISTA doubts that TRID will be prepared to drop restrictions completely, **it proposes that quotas are significantly increased**, especially where the quotas have been fixed at such a low level that they will simply not get used at all due to the risk of incurring the 25% penalty.
- **ISTA also notes that a rigid quota system cannot react to domestic supply disruptions**, such as have been seen recently.
- **Commenting on the Product Groups which had been taken out of the measures, ISTA notes that by far the largest quotas in these groups are granted to EU origin** under the existing measures, and that even for Groups 1 (hot rolled sheets), 2 (cold rolled sheets) and 4 (metallic coated sheets), which remain part of the Measures, EU quotas have been increased to the detriment of other origins.
- **There will be much interest in the outcome of the new EU Safeguard Measures** in respect of any reciprocal action.