

26th May 2021

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Re: TF0006: Safeguard measures on certain steel products

To whom it may concern,

With respect to the Statement of Intended Preliminary Decision for the transition of Safeguard measures, published on 19th May 2021, we have a number of comments which we would like to raise.

Safeguard Quotas in General

For the products with larger quota levels (namely product categories 1, 2, 4, 13), we believe that the measures in their current form do not provide the necessary flexibility to allow for the continually adjusting trade flows, and we would welcome the opportunity for a meeting to explore further how these measures can be improved.

Category 5 - Organic Coated Sheets (OCS)

1. Domestic Production

We understand that the domestic producer TATA have reiterated that they believe they have sufficient capacity in order to service the entire Organic Coated Sheet market in the UK. TATA have however issued a letter to the market this week (attached), which confirms that they are having capacity problems.

There is also ample evidence from local customers to confirm this capacity issue. There is a significant shortage of OCS within the UK market, and customers are heavily reliant on import tonnages to try to meet the end user demand. The local construction press is very clear that there is a shortage of availability of roof and wall cladding in the UK, and this is caused by the shortage of OCS supply.

We strongly urge TRID to review again the quota levels for this product category, as we do not believe they are sufficient to meet the demand needs of UK customers with the lack of availability from domestic supply.

2. No UK Production

The Domestic producer TATA is unable to supply OCS product in a thickness less than 0.345mm.

As detailed in the intended decision document, TRID advise that any product which is not being produced by UK producers, would have the applicable TRQ revoked.

As such, we would ask TRID to review again the option of providing a quota exemption for OCS material below 0.345mm.

Kind regards,
Stemcor Distribution Limited

Tata Steel Colors, Shotton

Ongoing Delivery Performance Issues

24th May 2021

I think it is well recognised that we are currently operating in unprecedented market circumstances where demand for many goods massively outstrips capacity and supply chains for various raw materials remain dramatically depleted and indeed critically fragile. In Shotton we are currently experiencing this fragility in respect of DINCH supply for production of plastisol paints but equally we face other supply shortages. In parallel with these supply chain challenges, Shotton has also faced a number of manufacturing incidents, particularly on the hot dip galvanising line, which has resulted in outputs running below plan.

The combination of these issues means that Shotton is running orders in arrears with a current delivery performance of between 50-65% i.e. between a third and a half of the current weekly orders are running late. This is clearly not the standard of service you have come to expect from Shotton. In normal circumstances, we would manage the arrears by reducing the forward order-load but it is clear that all customers are desperate to maintain current allocations and would not accept any attempt to reduce the volumes previously indicated.

Therefore we have decided to run, for the remaining part of this quarter with no cut in forward orders but with a clear recognition that delivery performance will remain at or around the current level. All lines are currently running at a maximum output on a 24 hour, 7 days a week basis, so the opportunity to recover the arrears will have to come from scheduling the lines for maximum output and ensuring that the availability of these same lines is managed to the optimum. The outcome of this decision is that the visibility, flexibility and service that you would expect and require from the Shotton site may, in the short term, be compromised.

In early July we will regulate bookings to create the space and opportunity to get on top of the arrears and then from that point on, we would expect delivery performance and service to return to normal levels.

We trust you recognise the logic and approach we are taking and we sincerely apologise for the anticipated impact on delivery performance. As you would expect, we will do our best to manage your most urgent priorities but please recognise that our normal flexibility is severely constrained at this current time.