

26/05/2021

Trade Remedies Investigations Directorate
Department for International Trade
North Gate House, 21-23 Valpy Street
Reading RG1 1AF

TF0006 – Safeguard Measure on Certain Steel Products

Dear Sir/Madam,

With respect to The Trade Remedies Investigations Directorate's transition review of the safeguard measures on steel products I am writing to confirm my company's UK manufacture of the products indicated below.

This response is on behalf of Liberty Steel UK and all the companies which make up the Liberty Steel UK production:

Company Name: Liberty Steel Group Holdings UK

Companies House Number: 10702565

Registered Address: 40 Grosvenor Place, 2nd Floor, London, United Kingdom, SW1X 7GG

- 1 Non Alloy and Other Alloy Hot Rolled Sheets and Strips
- 2 Non Alloy and Other Alloy Cold Rolled Sheets
- 7 Non Alloy and Other Alloy Quarto Plates
- 12 Non Alloy and Other Alloy Merchant Bars and Light Sections
- 13 Rebars
- 14 Stainless Bars and Light Sections
- 16 Non Alloy and Other Alloy Wire Rod
- 21 Hollow sections
- 25A Large welded tubes
- 25B Large welded tubes
- 27 Non-alloy and other alloy cold finished bars

I have attached a declaration setting out the detail of the production volumes of each of these products in the separate attachment "Liberty Letter to confirm production of certain products subject to the UK steel safeguards review – May 2021".

As a UK producer of these products, I must express my concern over TRID's recommendation that the safeguard measures on these products should be discontinued. A revocation of these measure would likely lead to an increase in imports of these products and causing injury to my company. Furthermore, I believe that there are specific reasons to reconsider the interim decision and to maintain the current safeguard protection across a wider range of products.

Incomplete data:

The data used in the analysis is incomplete and does not reflect the full level of imports of the products under consideration due to a threshold being applied before inclusion into the HMRC data. If the analysis is extended to include all imports, using the ISSB data as the most comprehensive source then there is a much stronger trend of increased imports for nearly all products.

Incomplete data:

Liberty Steel UK has been severely impacted by the Covid pandemic. Key personnel have been furloughed to reduce costs to sustain the businesses. The Brexit preparations and implementation have also had a significant impact on business resources and capability. Liberty Steel UK implemented a new enterprise wide IT system across its major Yorkshire businesses. The preparations, implementation and further development of this system continue to absorb resources and limit the businesses capability to analyse data. The above factors of covid, Brexit and IT constraints have severely constrained Liberty Steel UK's ability to engage with the TRID safeguarding investigation. These factors were communicated to TRID during the investigation, and any shortfall in the data Liberty was able to provide should not limit the validity of our contribution or the removal of safeguarding measures that will impact on the wider UK economy.

Incomplete data 1. Non Alloy and Other Alloy Hot Rolled Sheets and Strips

The Liberty Steel Newport plant did not start up operations until 2016 and the first full year of production was 2017, so we cannot provide information on previous years.

Incomplete data 21. Hollow Sections

The Liberty Steel Tredegar plant did not start up operations until 2016 and the first full year of production was 2017, so we cannot provide information on previous years.

Incomplete data 25. Large welded tubes

The Liberty Steel Hartlepool plant did not start up operations until 2017 and the first full year of production was 2018, so we cannot provide information on previous years.

Incomplete data 4B Metallic Coated Sheets

The UK does produce metallic coated sheets. These are made from metallic coated coils and are decoiled by UK service centres. A failure to recognise this risk opening an import route in sheet form that undercuts the coil form of the product. It also removes value from the UK as the added value processing and decoiling would be carried out overseas and then sheets imported. This would significantly damage the profitability of the UK steel service centre sector. The National Association of Steel Service centres represents over 150 companies, who are predominantly SMEs. This association has not been contacted by TRID and has not provided import, although they do manufacture metallic coated sheets.

Incomplete data 7. Non Alloy and Other Alloy Quarto Plates:

There are two UK producers of this product, of which Liberty is one. Liberty Dalzell was closed by its former owners in 2016 and bought by Liberty in the same year. This was an asset purchase and the business does not have access to the financial, cash, or production data of the former owners. The first full set of data Liberty has is 2017 and we are unable to provide information for the period before this. Liberty should not be penalised in the assessment of economic damage as a new producer or in the inability of other UK producers to respond.

Economic Damage 7. Non Alloy and Other Alloy Quarto Plates:

The Liberty Dalzell plant in Scotland was closed by its former owner Tata Steel UK in large part due to aggressive dumping into the UK market of plate imported from China and from other non-EU countries. If ever there was a clear demonstration of economic damage and its results, then this is it. The UK plate market has shrunk substantially during the POI and the share of imported plate has grown, even using the HMRC data used by TRID. The market continues to be over supplied and highly competitive.

Economic Damage 21. Hollow Sections:

The Liberty Tredegar plant produces hollow sections. Its ongoing economic viability is in question due to the dumping of hollow sections imported mainly from Turkey. This can be seen by how the UK quota for hollow sections is 100% filled within 2 days of it opening by Turkish Hollow Section being stored in bonded warehouses and then flooded onto the market as soon as a new quota period commences. Additionally, the Turkish hollow section is being sold into the UK substantially below (up to £170/t below) the price that hot rolled coil is being sold either in the UK or in Turkey. The importers



of Turkish hollow sections are dumping product into the UK and abusing the use of bonded warehouses to make bulk shipments.

Product Inter-dependency

The independent consideration of each product neglects the fact that damage to a single product stream in the UK market directly impacts on the profitability of other products due to the production starting from common process routes. E.g. product categories 12, 13, 15, 16 & 27 are all sourced from a common steel making processes. This pattern of production interdependency continues across all steel products, meaning that if one product becomes the victim of disruption due to imports, then other products made in the same steelmaking source process become uncompetitive as volumes drop and costs increase.

Period of Investigation POI

The EU and subsequent UK safeguards were initiated to address the distortion of product flows due to the US 232 tariffs. The POI considers the time before the implementation of section 232, so cannot be relied on to assess product flows after 2017. Likewise, product flows after 2017 reflect the impact of safeguard measures. What is clear, reviewing third country flows into the EU and UK, is that there are still significant surges and distortions of product flow e.g. April 2021 import surges of HRC and MB from India and Turkey respectively. It is also clear that historical product flows are not good indicators of future flows, since in the specific examples above, product flows in the preceding 2 years had been at quota levels and then these jumped by a factor of 10 and 5 respectively.

I confirm that the data provided above is a true and accurate record of the products and volumes produced by my company in the UK.

Yours Faithfully,

MICHAEL HORAN

Chief Commercial Officer

M: +44 (0) 7943 182313

E: Michael.horan@libertysteelgroup.com

LIBERTY STEEL UK

Aldwarke General Offices, PO Box 50,
Aldwarke Lane, Rotherham, S60 1DW
United Kingdom

libertyhousegroup.com

