



20th May 2025

Trade Remedies Authority
Bloom house
10 South Colonnade
Canary Wharf
London
E14 4PU

Response to TQ0066 Statement of Intended Final Determination

Category 12A

CBM members are deeply concerned that the TRA continues to be focused on the protection of British steelmakers and does not pay due regard to the economic, export and employment contributions of downstream metal manufacturers.

Specifically in relation to Category 12A there appears to be a face-value acceptance of Liberty Steel assertions of its capability to supply products in this category to downstream domestic metals manufacturers. In response to our previous requests to remove Category 12A from safeguarding, it became clear that analysis was based on Liberty's pre-pandemic supply capabilities and patterns.

This analysis fails to take account of the financial crisis experienced by Liberty's owner, which led to the virtual shut down of UK production during the pandemic years. It is evident that Liberty has not adjusted its capabilities while protected by safeguarding but has rather continued to deteriorate in its ability to support UK downstream metal manufacturers.

The presumption of Liberty Steel's capabilities takes no account of its continued inability to supplying Category 12A products at anything close to reasonable commercial terms. From 2020 onwards, CBM member' enquiries have been met with unrealistically large minimum order requirements and demands for advance payments without any clear commitment to delivery lead-times.

For CBM members the products in Category 12A are vital feedstock and they must have full confidence in the supply chain to provide required materials to specification, in quantities that reasonably match their production schedules, and on reasonable commercial terms. Their production systems are continuous and highly responsive, which means grade and dimensional requirements can change month to month. Even

were it practicable to 'bulk buy' many of our members are SMEs lacking the financial resources to do so.

With Liberty Steel UK's viability now clearly hanging in the balance as it fails to convince the court to accept its recovery proposals, downstream metal manufacturers cannot risk placing and paying for large orders, when there is serious risk that the Liberty Steel UK may enter some form of administration and not be able to fulfil them, seriously damaging customers' finances.

In contrast, the EU mills on which many of members must rely, in the absence of any realistic domestic supply potential, provide the supply chain stability and responsiveness that is not forthcoming from the UK supplier and which is critical for the continuity of their production and ability to respond to domestic and export demand for their products.

The TRA has published data provided by UK Steel showing Category 12A demand over recent quarters has been subdued. In the last year, market demand for our members' products has been undermined by political uncertainty, and subsequently by Government policies that have undermined business and consumer confidence in the UK. Demand has also been depressed by the high levels of uncertainty in international trade, resulting from the US administration's disruptive tariff practices.

The UK Government is committed to stimulating growth in the economy, which will be thwarted if the critical supply chain to British downstream metal manufacturers is not stable. These manufacturers support a wide range of critical sectors including automotive, advanced engineering, and construction. If they are not able to respond and increase supply to meet the demand of these sectors, they in turn will not be able to respond to growth opportunities.

CBM welcomes Government action to reach agreement with United States on its unjustified and damaging tariffs regime. The removal or, at least reduction, in these tariffs on steel and its derivatives should result in a return to stronger export demand, to which CBM members can only respond if they are confident of a reliable steel input chain and that there is no jeopardy of quota exhaustion tariffs, which will not only inhibit growth but, for some companies, will risk their core viability.

The UK safeguard strategy cannot be reliant on outdated UK production data or a period during which demand has been depressed by Government policy and international trade disputes. It must reflect future requirements of downstream manufacturers committed to supporting UK growth, exports and employment.

There are additional technical issues with Category 12A quota 058100, which is subject to erratic and unpredictable import distortion, as particularly seen in Q1 2025, which without the carryover from Q4 2024 would have resulted in the quota going critical, and importers being faced with damaging quota exhaustion tariffs.

CBM believes this relates to the HMRC practice of recoding non-alloy steels into Category 12A based on the copper content exceeding 0.4%.

CBM has previously demonstrated to DBT and TRA that this is technically erroneous and is based on WCO thresholds that fail to reflect actual industry practice for electric arc furnaces, which are primarily charged with steel scrap. The copper residual from the scrap in EAF non-alloy steels commonly exceeds the 0.4% threshold for the alloy steel tariff codes in Category 12A.

Since there is no detrimental impact on product performance there is no advantage for steelmakers in reducing the copper content level, which will commonly be between 0.4% and 0.6%. This does *not* make these products alloy steel to legitimately coded under Category 12A tariff codes.

UK Steel and major steelmakers in Europe have all agreed that this is an anomaly. However, the process to amend the ISO standard on which WCO thresholds are based is long-winded and requires global standard body approval, so if change is to be achieved it will not be until well after steel safeguard measures must be removed under WTO rules.

In response to CBM and UK Steel requests the TRA and Government previously recognised the need to split Category 12, to prevent surges of non-alloy steel imports eroding the quota and inflicting unviable quota exhaustion tariffs on manufacturers that rely on steady, continuous flow of input materials.

This has not worked because of the HMRC recoding actions.

For these reasons the CBM urges:

1. That the TRA incisively investigate the reality of Liberty Steel supply to the domestic market. To assist in this the CBM would be pleased to meet with TRA representatives and arrange for member companies to provide direct evidence of the unrealistic commercial terms and disinterest in supporting downstream manufacturers requiring these products.
2. That TRA investigates the extent of GMRC distortive practices in recoding non-alloy steel to Category 12A and analyses its impact on Quota 058100 claim patterns. HMRC is adamant it must follow WCO guidelines in this matter so, in the absence of any flexibility, it is crucial that safeguard measures take proper account of this distortive and unpredictable practice.

Based on both these issues, CBM reiterates its request that Category 12A is completely removed from safeguard measures to protect critical supply chains which will be disrupted if there is a return to quota exhaustion tariffs under Quota 058100.

The CBM wholeheartedly supports the transition of British steelmaking to new environment standards, efficiencies and capabilities. However, in general these developments will not be realised or benefit downstream steel consumers for many years to come. Safeguard measures are meant to provide the time for the domestic industry to adjust. That has clearly not happened. In the case of Liberty Steel, there has been dramatic and sustained deterioration, to the point where the Company's viability is unfortunately but clearly in the balance.

Downstream metal manufacturing is a major and a critical contributor to the UK economy, to many major industrial sectors, and to export and employment. Its ability to contribute to the economic growth the Government rightly and urgently wants to achieve cannot be hobbled by protectionism that fails to take account of the actual conditions in the supply chain.

Failing the complete removal of Category 12A, which CBM believes is the proper action at this critical juncture, the carryover of unclaimed balances from the previous quarter must be continued to smooth the distortions. CBM disagrees with UK Steel's assertion that the removal of the carryover will not make quotas more restrictive. It will - and will leave downstream metal manufacturers at jeopardy of quota exhaustion tariffs which at best inhibit the ability of our members to respond to crucially important growth opportunities. At worst, it will put our members' business viability at severe risk, especially will all the other pressures these business face, with increased employment costs and the impact of higher tariffs for exports.

Category 4

CBM is deeply concerned that the proposed 40% cap on imports from individual countries within the residual quota will be seriously detrimental to its member, Hadley Group.

The CBM supports Hadley Group's further representation, dated 19th May 2025, with rejects the need for any cap in residual quota, and concurs with its assessment that its application would have a significant impact on supply flexibility.

Hadley Group has expressed its concern that Tata UK, will being able to supply additional tonnes into the UK market, if market conditions change significantly, would not be able to fulfil the shortfall this change to the residual quota would create.

The CBM also concurs with Hadley Group's assessment that downstream Category 4 users need multiple supply routes to avoid the substantial risk to the supply chain, should Tata UK have serious production issues.

Yours faithfully

Stephen Morley
President – CBM