

7Steel UK

Response to the Trade Remedies Authority's Statement of Intended Final Determination (SIFD) Tariff Rate Quota (TRQ) Review 2025 Submitted: 26th May 2025

To Whom It May Concern,

7Steel UK welcomes the opportunity to respond to the Trade Remedies Authority's (TRA) Statement of Intended Final Determination (SIFD) regarding the current TRQ review. We acknowledge the Authority's responsiveness in advancing a number of improvements within a constrained legislative framework and under tight timelines.

However, we remain concerned that some of the measures proposed do not go far enough to address the structural challenges facing the UK steel industry. While several of our key requests have been partially accommodated, others have been deferred, diluted, or constrained by the limitations of the current UK trade remedies regime. In particular, the measures proposed do not sufficiently reflect the urgency of the situation, nor the scale of the threat posed by global overcapacity and subdued demand.

1. Implementation Timeline of Country-Specific Caps

The TRA proposes to introduce 40% individual country caps under the "Other Countries" residual quota for Categories 4, 7, and 13. While this is a step in the right direction, the delayed implementation date of 1 October 2025, rather than the proposed 1 July 2025, is a missed opportunity to act with the necessary urgency.

The TRA's explanation that importers require more time to adapt underestimates the transparency and foresight provided by the review process itself. Importers and market participants have been on notice since the review's initiation in March 2025. This provides more than adequate lead time to adjust.

In contrast, the European Union has implemented similar caps with immediate effect, recognising the risk of import surges in a high-capacity, low-demand global market. By delaying implementation to October, the TRA creates a window for importers to front-load shipments, potentially undermining the very measures being proposed.

We strongly urge the TRA to reconsider the implementation date and move it forward to 1 July 2025.

2. Adequacy of the 40% Cap Level

We remain concerned that the 40% country-specific cap remains too high to effectively guard against import concentration.

UK Steel's original proposal of a 15% cap was based on a realistic assessment of import diversity, historic trade flows, and the experience of the EU, which has adopted cap levels between 13% and 30%. In this context, 40% appears excessively lenient and risks allowing one dominant country to capture a disproportionate share of the UK market.

With global capacity exceeding demand, and with UK demand currently 16% below 2018 levels, it is entirely possible to implement a tighter cap without endangering the security of supply. We therefore reiterate our request to lower the cap from 40% to a more appropriate level of 15%.

3. Liberalisation and Redistributed Quotas

We are disappointed that the TRA has chosen not to take action on two critical issues:

- **Suspending quota liberalisation** at a time when demand is suppressed across the UK and EU.
- **Ending the redistribution** of quotas previously assigned to sanctioned states such as Russia and Belarus.

Maintaining liberalisation in a contracting market is counter-intuitive and risks further weakening the position of UK producers. The evidence is clear: construction demand, as measured by the UK Construction PMI, remains in contraction, and steel consumption has not recovered to pre-COVID levels.

Regarding redistributed quotas from sanctioned countries, we understand that the TRA is constrained by its current legal framework. However, we would encourage a more creative and pragmatic approach. If the political will exists to correct this imbalance, the TRA could consider varying the quotas rather than reducing them outright. Specifically, volumes previously redistributed from Russia and Belarus could be returned to their original country-specific quotas, which due to sanctions, cannot be accessed. This would effectively reverse the approach taken under SM0019, without creating legal exposure or constraining legitimate trade. Such an adjustment would reinforce the intention behind sanctions, while removing an artificial source of additional competitive pressure from the market.

We encourage the TRA to assess whether this mechanism could be employed to meet the policy intent in a legally robust way.

4. Comparative Reflections and Legislative Reform

It is increasingly evident that the UK's trade remedies system, as currently structured, lacks the agility and strength seen in other jurisdictions. The EU has acted decisively to update its safeguard framework, while the UK's response remains hampered by more restrictive legislation.

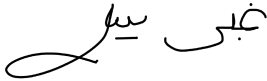
The current situation underlines the need for legislative reform that would empower the TRA to implement proportionate and timely interventions in defence of UK industry. This review, while helpful in delivering some useful adjustments, does not resolve the deeper structural misalignment in the UK's trade defence regime.

In summary, while we acknowledge the progress made and thank the TRA for its consultation and engagement, we urge stronger action on the following points:

1. Bring forward the implementation date of country-specific caps to 1 July 2025.
2. Lower the proposed cap level from 40% to 15%.
3. Suspend liberalisation and end the redistribution of quotas from sanctioned and previously active countries.
4. Work with DBT to consider long-term legislative reform to strengthen the UK's trade remedies framework.

We remain committed to working constructively with the TRA and DBT to support a steel trade framework that defends fair competition, encourages sustainable production, and ensures the UK is not left behind in global policy terms.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'G. Nizam'.

Gabriella Nizam
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7Steel UK