

UK Steel response to submissions on TQ0066 public file

General comments

In this submission, UK Steel would like to address certain assertions made by importers and exporters in response to this TRQ review. As a general point, UK Steel submits that the changes to the TRQs requested in our application are very moderate in the context of international events and the sharp reduction in demand we have seen in the UK market as demonstrated by the data provided. The modifications to quotas requested will not in any way disrupt supply to the UK market, but will ensure that steel safeguards are able to better fulfil their purpose of shielding the UK from surges in imports that disrupt the domestic market.

TRQs still allow for a high proportion of UK demand to be met through tariff-free imports. The safeguarding regulation prevents any drastic changes to the quota system which would in fact be required and justified in response to US tariffs, the tightening of EU safeguards and the raft of trade defence measures elsewhere, substantially increasing the pressures of trade diversion at a time of rising overcapacity and weak global demand, as well as weak Chinese demand (a major driver of global steel dynamics).

In light of the seismic changes in global trade, the assertions by importers that the modest changes requested by UK Steel are unjustified and would be damaging to them are not only unfounded but also completely disproportionate with the threat of injury that UK producers are faced with. They are also disproportionate with the scale of modifications requested. UK Steel has only requested that country caps are introduced to the three categories where the “Other countries” quota is large (4,7 and 13), not across the board. The reversal of redistributed Russian and Belarussian quotas would only impact two categories (1 and 13) which previously had individual quotas for these countries. Changes in global circumstances and the reduction in demand would indeed justify a reduction in quotas. If we are just talking about not further liberalising the quotas, that has no impact on importers in a low demand environment, but prevents the safeguards from being further weakened which is essential for UK producers. Likewise, with removing carry-overs – quotas remain largely underutilised leaving ample room for imports relative to demand so importers do not need the added flexibility.

Instead, what we are seeing is domestic producers losing market share at the expense of cheap diverted imports. These are not necessarily dumped and so domestic industry does not have recourse to anti-dumping measures. There is so much overcapacity and oversupply globally, particularly from countries with much lower energy costs, that our market can easily be undercut without dumping or subsidies. So while domestic steel producers are suffering injury and loss of market share, quotas are amply sized to allow for imports to meet current demand.

Demand is not expected to recover in the year ahead, i.e. by the end of the steel safeguarding period. If anything, all forecasts of global and UK growth are being revised downwards in response to the potential of global trade wars at worst and wider economic uncertainty at best. The IMF recently downgraded its forecasts for world GDP growth from an estimated 3.3% in 2024 to 2.8% in 2025, before recovering to 3% in 2026, with significant downward revisions to US, China, and EU economies.¹ UK growth forecasts have also been downgraded for this year to 0.8% from 1.0%,

¹ [World Economic Outlook, April 2025: A Critical Juncture amid Policy Shifts](#)

and 0.9% from 1.6% for 2026 as tariffs are expected to dampen business and consumer confidence and reduce demand for goods and services.² With steel and automotive suffering amongst the highest tariff rates, these sectors will likely see a greater impact than the overall macroeconomic indicators suggest. The World Steel Association which normally publishes its short-range outlook in April has held back from doing so as it is in the process of revising its forecast in response to the tariffs.³

UK Steel is cognisant of the limitations of the UK's safeguarding regulation and has requested modifications to the TRQs in line with this. Furthermore, we have provided detailed data for each product category to show the reduction in UK demand and the rising import share, as the quotas are both oversized and not able to prevent low-priced imports entering and massively undercutting the UK market. In contrast to UK Steel's evidence-based submissions, submissions by importers have simply made assertions with no evidence whatsoever. Data and analysis cannot be simply offset by sentiment of other responses.

Furthermore, we have made specific reference to the legislative text which would enable the TRA to reduce the rate of liberalisation like the EU has done. Should the TRA deem that this is not possible, the least that can be done to offset what are already massively oversized quotas, is to restrict the carry-over from quarter to quarter. Again, this is an action that the EU decided to take for several product categories, and we see nothing in the UK legislation that prevents the TRA from doing so. Naturally importers would prefer flexibility, in the same way that producers would prefer low electricity costs, no barriers to trade in export markets such as the US and a level playing field when competing with imported steel. The global steel market does not operate under free and fair conditions, and this is simply the reality we are faced with today.

The point here is that we have a safeguarding system that the TRA has decided in previous reviews is necessary to protect the UK market from massive overcapacity and trade diversion leading to surges in imports. If this is the starting point, then surely the objective of the TRA should be to ensure that the system is as effective as possible, as opposed to letting the mechanism become weaker and weaker.

Response to ISTA submissions

Some of the arguments in the two ISTA submissions have been addressed above, but UK Steel would like to specifically address certain additional points.

In its first submission, ISTA talks about the need for green steel to be imported. First of all, there is no commonly agreed definition for green steel, but often what is meant here is EAF steel. This in itself is arbitrary, because EAF steel from a country that uses coal for its electricity generation is clearly not green. But that aside, there are several EAF producers in the UK and the transition is underway for one of our BOF producers. Other than category 1, this transition is not impacting the domestic supply of any other products, and category 1 has already been adjusted to account for that (while category 2 has been removed from the safeguards). The investment required for the transition is substantial and a stable market environment is a pre-requisite for such

² [UK growth forecast cut over tariff uncertainty - BBC News](#)

³ [worldsteel Short Range Outlook April 2025 postponed - worldsteel.org](#)

investments to be viable. As already mentioned, the TRQs are amply sized and still allow for well-above historical levels of imports to meet the well-below historical levels of demand.

The ISTA submission further talks about the need for variety and flexibility in import sources and therefore the need for carry-overs and access to residual quotas to be maintained. This has already been addressed in the general comments, but once again we would like to reiterate that TRQs offer access to imports from all origins and given reduced demand this should be more than sufficient to meet the needs of importers and consumers. UK Steel completely refutes the assertion that the safeguarding system itself results in weak demand, which has evidently been the result of high energy costs and inflation in general, heightened trade tensions and a wider weak macroeconomic climate. Besides, steel demand is not just weak in the UK, but in most countries around the world.

ISTA also claims that domestic producers do not produce sufficient volumes of products to fulfil market requirements, but there is significant underutilised capacity by UK steelmakers that they would be keen to utilise if demand was there.

In its second submission, ISTA claims that the UK Steel submission “is heavily weighted in favour of the steel producers both in choice of the data selected and elements omitted.” Yet it does not indicate how the data selected is biased in any way or what elements were omitted. The UK Steel analysis and data provided is very comprehensive, so we do not see how we can have carefully selected or omitted anything to manipulate the conclusions. The dataset is simply the full demand and import share data for each product category. The analysis refers to all the US and EU developments in recent months, which is simply factual.

It is not clear what ISTA means when saying that category 16 was omitted from the UK Steel submission. We are simply not asking for any specific amendments to it (other than no liberalisation, no carry over etc). We have not asked for a country cap to this quota as we recognise that the “Other countries” quota is small for this category.

The ISTA submission also talks about government projects that will stimulate demand and require imports. However, such infrastructure projects will not materialise in a year but over several years. This will hopefully help offset some of the sharp reductions in domestic demand in recent years, but will not suddenly create any unexpected surges in demand that cannot be met or that will radically shift the market. Public procurement accounts for about 10% of total demand. The Government publishes its procurement pipeline and most large projects run into 2030.⁴

In addition, the UK Government (like many other governments around the world) is increasingly recognising the strategic importance of a domestic steel sector for its supply chain resilience and national security. More and more governments aspire to and even mandate the use of domestically-made steel in key strategic projects, such as for energy and defence. The UK Government has committed considerable investment to the steel sector with a view to expanding its capabilities to meet future demand. This clearly has a longer-term horizon than this review but is indicative of the direction that public procurement will be taking. In the meantime, if the UK wants to maintain its capability to meet such increases in demand, then the existing domestic industry needs to survive until that demand exists. As it stands, the sector is struggling under

⁴ [Steel public procurement 2024 - GOV.UK](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/118142/Steel_public_procurement_2024.pdf)

weak demand – some temporary and some structural, for example due to the decline in the automotive industry and the hollowing out of manufacturing supply chains in the UK.

ISTA recognises that the tightening of the EU safeguards could result in some exporters diverting their exports to the UK market, but states that the UK’s safeguards are robust enough and that producers have the option of pursuing anti-dumping measures. UK Steel submits that the whole purpose of our application for a TRQ review is due to the fact that continuous liberalisation of our safeguards against falling demand has made them less and less effective. As explained earlier on, surges in cheap imports cannot always be addressed with anti-dumping and countervailing measures. Safeguards are clearly there to serve a purpose separate to anti-dumping measures, and therefore these safeguards need to be adequately effective. In addition, the assertion that the changes to the EU safeguards are not having an impact on UK exports is false, particularly for products where our exports are subject to residual quota caps.

The ISTA submission claims there is no evidence of crowding out but this is clearly evident in the import data showing specific countries using up more than half of “Other countries” quotas.

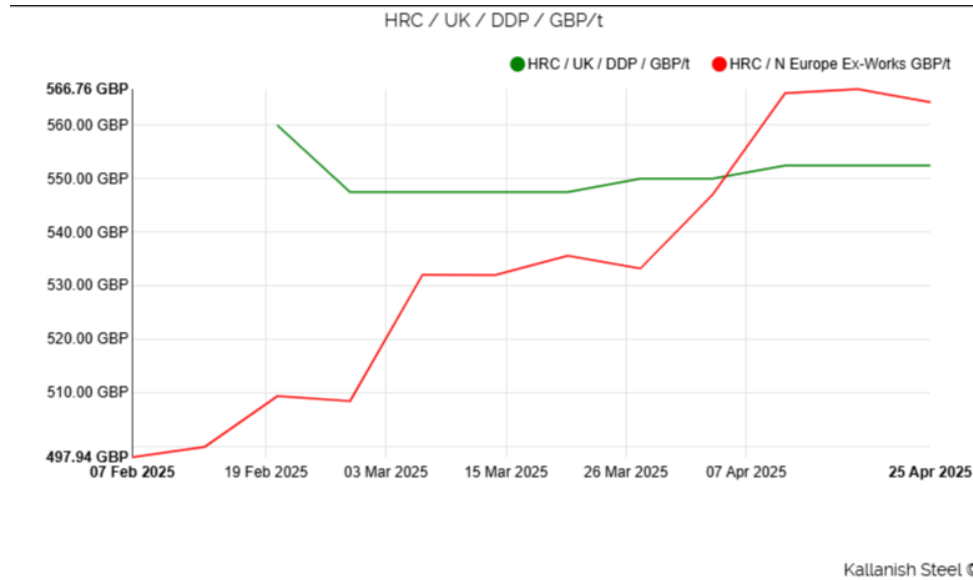
Regarding comments relating to specific producers, some of these will be addressed by separate submissions by the companies themselves. However, here are some brief comments from UK Steel:

- Most domestic producers have underutilised capacities, which they would be keen to utilise in order to serve higher demand if that were to materialise.
- The blast furnaces are still operating in Scunthorpe, but even if British Steel were to become a reroller of imported semis, this has no bearing on their supply of finished steel products.
- Same applies to Tata Steel, it is immaterial whether they are a “virgin steel” producer or not. Safeguards are not only designed for products that are melted and poured in the country. Modifications have already been made to the safeguards, where the Tata Steel transition is impacting imports and domestic supply of products (categories 1 and 2). In a separate submission, Tata addresses the claims around product range offering and the inclusion of like products in the measure which directly compete with those produced by the company.
- Demand for plate dropped by 11% in the last year alone (as demonstrated in the data supplied in UK Steel’s previous submission) and the quota amount would suffice to meet total demand even without any domestic supply and even before the reduction in demand. We already have concerns over dumped imports of plate and it is clear that there is no issue of adequate supply, but simply opportunistic low-cost imports from certain origins that are disruptive to the market.
- No evidence has been provided regarding an increase in demand for rebar in coil. In any event, Celsa has the ability to produce both rebar in cut lengths and rebar in coil depending on market demand.

Response to Sebden submission

The Sebden submission claims that injury to UK producers and surges of cheap imports are impossible. The submission further claims that TRQ changes will result in a tightening of the supply chain and increased costs through higher steel prices. UK Steel has hopefully adequately addressed both of these statements in the general comments section. The only thing to add is

that UK prices for many steel products lie below European prices, to the detriment of UK producers (when historically the UK market has often held a premium). The below chart even underestimates the differential as the European price is ex-works compared to a delivered price for the UK.



Furthermore, given that even with restrictions the UK quotas will still be oversized relative to demand, there shouldn't be any inflationary impact on UK steel prices. The country-caps to "Other country" quotas are only being requested for categories 4, 7 and 13. These are all products supplied by multiple countries around the world and therefore there is great optionality in terms of sourcing. Rebar is one of the most commoditised steel products produced by literally every single steelmaking nation in the world, while galvanised flats (ie metallic coated) and plate are amongst the most highly exported products in the world.

World steel exports by product 2019 to 2023 (million tonnes)

	2019	2020	2021	2022	2023
Ingots and semi-finished material	56.1	55.7	61.1	44.6	53.2
Railway track material	4.9	2.6	2.8	2.6	2.9
Angles, shapes and sections	21.5	19.6	20.3	19.0	20.1
Concrete re-inforcing bars	19.1	19.2	22.0	15.4	15.5
Bars and rods, hot-rolled	15.2	12.8	15.3	12.7	12.2
Wire rod	26.8	25.2	29.0	25.5	22.6
Drawn wire	8.8	8.7	9.6	8.6	9.6
Other bars and rods	5.6	4.5	6.1	7.4	8.6
Hot-rolled strip	3.2	2.8	3.4	3.0	3.1

Cold-rolled strip	4.0	3.7	4.8	4.1	4.0
Hot-rolled sheets and coils	78.4	74.6	79.3	68.0	75.6
Plates	32.8	29.4	30.9	32.2	35.2
Cold-rolled sheets and coils	32.5	19.0	36.7	30.8	30.3
Electrical sheet and strip	4.1	3.9	5.1	5.2	4.5
Tinmill products	6.9	7.0	6.8	6.9	5.9
Galvanised sheet	43.0	37.0	45.3	38.4	41.0
Other coated sheet	18.2	18.1	20.2	16.5	18.4
Steel tubes and fittings	40.9	32.3	34.3	34.2	36.5
Wheels (forged and rolled) and axles	0.8	0.7	0.9	0.8	1.0
Castings	1.3	1.1	1.4	1.5	1.4
Forgings	1.0	0.9	1.0	1.1	1.1
Total	425.2	378.8	436.3	378.4	402.8

Source: [World Steel in Figures 2024 - worldsteel.org](https://worldsteel.org)

Response to Government of Korea submission

The Government of Korea submission talks about WTO compatibility, but UK Steel’s application requests no more than what the EU was able to implement in its own quota review.

The submission also references logistical delays as a reason for maintaining carry-over. However, if a shipment arrives after the end of a quarter, it is still able to enter the UK tariff-free by claiming quota from the next quarter. It wouldn’t get penalised by having to pay a tariff. Indeed, the opposite also regularly takes place, where importers will keep cargoes in bonded warehouses until the next quarter if a quota is full in order to avoid paying the tariff. We would argue that importers already enjoy considerable flexibility both in terms of origins and delivery.

The submission also talks about reduced availability of categories 4 and 7 from the EU, however there is no evidence of this provided. Indeed, we are generally seeing increased imports from the EU as a result of low demand, coupled with import pressure. And besides, there are other origins available.

Response to Steel Processing Midlands submission

The Steel Processing Midlands submission states that the fact that the Turkish and Taiwanese quotas for category 4 are underutilised is evidence that there is no injury to the domestic producer. UK Steel respectfully submits that there is no correlation between the two. We have already provided detailed evidence showing falling demand in the UK. Furthermore, safeguards do not prevent imports landing at low prices and the imports dominating category 4 are clearly from the origin with the lowest price, which has a destabilising effect on the market. On the



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contrary, the fact these quotas remain underutilised demonstrates that importers have other options if they need to import.

Conclusion

UK Steel hopes that this submission has adequately addressed the comments made in the responses of other interested parties and has complemented our first two submissions. Global trading and domestic market conditions are such that have weakened the effectiveness of our steel safeguards and we hope this TRQ review will seek to ensure that the measures are serving their intended purpose.