

REF: Application by UK Steel for review of TRQ Safeguards

CASE No: TQ0066

For the attention of the TRA Investigations Team

To whom it may concern,

7 Steel UK (formerly CELSA Steel UK) welcomes the opportunity to respond to the comments submitted by the International Steel Trade Association (ISTA) as part of the ongoing Tariff Rate Quota (TRQ) review. While we recognise the vital role of importers and independent fabricators in the UK steel supply chain, we must strongly reject several of the assertions made in the ISTA submission, which misrepresent the dynamics of the UK long products market and 7 Steel's role within it.

7 Steel UK is the sole domestic producer of reinforcing bar and a major contributor to merchant bar supply. Our production is based on 100% UK sourced scrap using an Electric Arc Furnace (EAF) process, and all of our reinforcing steel is CARES approved to meet UK construction standards. Our steel is fully available on the open market and supplied to a wide range of customers, including both our own downstream operations and independent fabricators and distributors.

The suggestion that 7 Steel limits market access by favouring its own fabrication businesses is not supported by market reality. While we operate a vertically integrated model through subsidiaries that serve a portion of the fabrication market, independent fabricators continue to source large volumes of rebar both from 7 Steel and from imported supply. In fact, roughly half of the UK's rebar consumption is met by the independent fabrication sector, clearly demonstrating ongoing access to competitive material and choice in sourcing.

ISTA's claim that there is a shortage of CARES approved rebar in the UK is unfounded. The CARES certification system is internationally recognised and includes a large number of overseas mills, many of which export directly to the UK. 7Steel is one of many global producers with CARES certification, and importers regularly bring in CARES compliant rebar from countries such as Turkey, Portugal, and Algeria.

The UK market has consistently had access to sufficient volumes of certified rebar, both from domestic production and from imports. At times when demand has increased or global trade flows have shifted, the market has quickly adapted. There is no evidence to suggest that CARES certification presents a barrier to supply or that 7Steel's capacity limitations have created any structural shortfall.

7Steel's production capacity is not currently being fully utilised, not due to technical limitations, but due to market conditions. Our ability to meet a greater share of UK demand is constrained by sluggish demand and sustained import pressure. It is misleading to suggest that imports are filling a supply gap; the reality is that imports have surged because foreign producers, particularly in Turkey and Algeria, are offering material at prices underpinned by lower energy, labour, and regulatory costs. This is a matter of cost competition, not capacity.

There have been suggestions that there is a growing and unmet demand in the UK for rebar in coil form. While 7 Steel UK has the technical flexibility to supply coil where required and continues to serve customers who operate coil processing machinery, there has been no significant market shift towards coil in recent years. Feedback from across the market indicates that investment in new coil handling equipment has stalled, with most contractors continuing to prefer straight lengths due to logistical and handling constraints. We are equipped to respond to changes in product preference but see no evidence that demand for coil is materially outpacing available supply.

Safeguards were introduced to ensure fair market conditions in response to well documented global overcapacity, trade diversion, and surges of dumped steel. These measures have not prevented imports from entering the UK. On the contrary, import volumes have remained strong and, in recent quarters, have reached

record levels. The safeguard has simply ensured that these volumes arrive in a measured, controlled way that does not destabilise domestic producers.

The UK's safeguard on a tariff free quota system was introduced to protect against the well documented risks of global steel overcapacity, unfair trade practices, and sudden import surges. It ensures that traditional, fair trade flows continue to enter the UK market within generous, predefined volumes currently set at 120% of average 2015–2017 import levels while providing a necessary backstop against destabilising oversupply.

While quota utilisation for rebar has fluctuated in recent quarters typically between 40–60%, this should not be interpreted as evidence that safeguards are excessive or redundant. Rather, it reflects the impact of persistently weak demand across the UK and EU construction sectors. The UK's Construction Purchasing Managers' Index (PMI) has remained in contractionary territory throughout 2024 and into 2025, particularly in residential and commercial building. This has naturally reduced steel consumption across the supply chain, including the volumes of imported product needed to meet demand.

In this context, safeguards remain not only appropriate, but vital to maintain fair conditions. The fact that quotas have not recently been exceeded demonstrates that they are not overly restrictive, but instead have successfully absorbed import demand within a stabilising framework. Importantly, the current market outlook provides no credible prospect of strong demand recovery before the current safeguard period ends in mid-2026. It is therefore entirely reasonable to refine the existing measures such as by capping residual access, limiting end-of-year overspill, or slowing liberalisation without threatening market supply.

Put simply, the safeguard must be judged not by current quota usage in isolation, but by its continuing role in ensuring stability, predictability, and resilience in a highly exposed and competitive market. Strengthening the mechanism now will help support viable UK production and ensure readiness for future volatility, without impeding access to rebar or other long products.

The European Union has recently extended and tightened its own steel safeguard measures, including caps on residual quota access, restrictions on end-of-year quota use, a slowdown in quota liberalisation, and a review of developing country exemptions. These actions reflect continued import pressure and the need to defend fair trade and sustainable production.

Even with the proposed modifications in the UK Steel application there will still be ample quota availability given how much quotas have been liberalised and how much lower demand is and is expected to remain in the year ahead. The UK must not weaken its safeguards otherwise, we risk becoming a target for diverted steel and opening ourselves up to market destabilisation. In this context, maintaining alignment with our largest trading partner is not just a trade strategy, it is a matter of industrial and environmental security.

7 Steel is the only EAF producer of reinforcing bar in the UK. We support the Government's Net Zero ambitions and the growing call for sustainable, low-carbon, domestically sourced steel in public procurement. Undermining domestic steelmaking by enabling uncontrolled imports would risk the viability of the only rebar producer operating within the UK's circular economy, putting jobs, investment, and environmental leadership at risk.

A healthy UK construction sector depends on a resilient and balanced steel supply chain one that includes robust domestic production and fair, rules based access to imports. The facts do not support the narrative that 7 Steel dominates or restricts the market. Our presence ensures competition, quality, and security of supply. Our continued viability ensures that the UK retains the strategic capacity to support its infrastructure and decarbonisation goals.

We therefore urge the Trade Remedies Authority to continue to apply proportionate safeguard measures, aligned with evolving global trade conditions and consistent with the UK's broader industrial strategy.

Sincerely,

Gabriella

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