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To:
Trade Remedies Authority
Bloom House
10 South Colonnade
Canary Wharf
London
E14 4PU

Subject: Formal Representation Regarding TRA Case TQ0066 – Proposed Amendments to Category 4 (Cat4) Steel Product Tariff Rate Quotas

Executive Summary

This letter is submitted as a formal representation by Hadley Group in response to the Trade Remedies Authority's review under Case TQ0066, which proposes changes to the UK's steel tariff rate quotas (TRQs) for Category 4 products.

Hadley Group is a major UK-based manufacturer of cold rolled sections, heavily reliant on hot-dipped galvanised (HDG) steel—defined under Category 4.

Our business has a significant downstream footprint in the construction, automotive, solar, agricultural, and transport sectors. We are deeply concerned that any quota changes aligned with EU-style methodology, without sufficient recognition of the UK market's structural differences, particularly its dependence on a single domestic producer, will have profoundly negative consequences for UK downstream manufacturers, including:

- Severe disruption to steel supply into both the manufacturing and construction sectors, with private and government projects significantly delayed.
- Erosion of commercial viability through 25% safeguard duties
- Jeopardy to pre-contracted import volumes
- Loss of supply chain flexibility critical for risk management
- Strategic dependence on a sole supplier with limited product coverage

We urge the TRA to avoid replicating EU quota methods in a structurally dissimilar UK market, and instead implement a phased and market-sensitive TRQ framework that protects both upstream and downstream economic actors.

Background on Hadley Group

Hadley Group is a privately owned, UK-headquartered business with global operations in the UK, Netherlands, UAE, Thailand, and the United States. Our annual turnover exceeds £160 million and we specialise in the design and manufacture of cold rolled steel profiles, with metallic-coated substrates, with Category 4 materials forming the majority of our raw material input.

Our operations depend on four critical conditions:

1. Secure, continuous steel supply, in alignment with our customer's requirements
2. Competitive input costs, to maintain parity with UK, EU and global competitors
3. Access to technically specified materials, from a diverse range of origins
4. A healthy, sustainable UK-based steel producer, operating within a fair and open market

Given the centrality of Cat4 to our operations, we have a vested interest in the outcome of the TQ0066 review.

Technical Context: Cat4 Product Characteristics and End Uses

The Category 4 TRQ cover steel products coated with zinc, aluminium and/or magnesium, typically in the form of HDG (Hot Dipped Galv) coil. These materials are critical to structural and non-structural applications in the UK and are covered by the below commodity codes.

4	Metallic coated sheet	72102000, 72104100, 72104900, 72106100, 7210690020, 7210690080, 72109080, 72122000, 72123000, 72125020, 72125030, 72125040, 72125061, 72125069, 72125090, 72259100, 72259200, 72259900, 72269910, 72269930, 72269970
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The complexity of sourcing stems from the following:

Product Diversity: A large variation of products are included under the Category 4 quota and range from complex Automotive grades, to Structural grades and more common Commodity grades such as DX51 all of which are available with a range of metallic coatings using zinc, aluminium and/or magnesium, or a combination of these three non-ferrous metals.

Tata Production Range: Whilst Tata can make a large proportion of the metallic coated coil being used, it cannot make a number of products, such as gauges over 2mm and some ZM coatings.

End Uses: The products are used in numerous industrial sectors in the UK, but the majority end up in either Automotive or Construction related applications.

Domestic Production Realities

There is only one UK producer of Category 4 materials: Tata Steel UK. Over the past two decades, Tata has rationalised its operations, reducing its galvanizing lines from five to two:

Llanwern (Zodiac Line) – Approx. 600,000 tonnes/year capacity. Historically served automotive but has pivoted to construction as automotive demand fell.

Shotton (Line 6) – Approx. 400,000 tonnes/year capacity. Primarily feeds Tata’s internal pre-painted line, reducing external HDG availability.

Post-restructuring, effective HDG capacity available to the open UK market is approx. 650,000 tonnes/year. However, Tata now imports all its steel feedstock due to the closure of Port Talbot’s blast furnaces, prior to the introduction of an EAF. This introduces new volatility and cost into its own production.

Evolution of Import Trends

Over the past 20 years, the UK’s downstream steel ecosystem evolved to offset domestic shortfalls by diversifying import sources. Historical and current quota data shows that reliance on non-EU imports has become essential:

- **China** was a dominant supplier until 2018, when anti-dumping duties (17.2–27.9%) curtailed trade
- Post-2018, the UK has sourced HDG from:
 - **EU:** Mainly accounting for specialist grades and utilizing approximately 40% of the available quota
 - **Taiwan:** Variable supply ranging from 3300 tonnes to 22,500 tonnes per quarter and utilizing approximately 43% of the available quota
 - **India:** Supply can be erratic, and whilst India filled their quota in the 2023/24 period, at present is supplying very little material into the UK
 - **Turkey:** A major supplier until about 3 years ago, Turkey is presently supplying only very limited tonnes of Category 4 material into the UK - <1% utilization.
 - **Vietnam and South Korea:** These 2 countries supply the majority of the material under the “other countries” quota, and are critical when other markets are not supplying the UK.

Approximately 240,000 tonnes of Cat4 material are imported quarterly, with origin flexibility critical to price, specification, and availability.

Risks of any change to Steel TRQ volumes and methodologies

TRA guidance under the Trade Remedies (Reconsideration and Appeals) (EU Exit) Regulations 2019 requires policy to:

- “Prevent serious injury to UK producers”
- Avoid disproportionate impact on users of imported goods
- Recognise “market conditions” including availability, demand, and product interchangeability

Therefore, based on the above, applying EU-style quota structures to a UK market with a single domestic Category 4 producer would be structurally inappropriate and economically dangerous. Specific consequences include:

- **25% Tariff Exposure:** Contracted imports arriving in Q3 2025 (July–Sept) that exceed quota volumes will incur a punitive safeguard duty of 25%, severely affecting the economic viability of downstream businesses, with potential insolvency for those unable to meet their financial commitments.
- **Pre-Existing Import Contracts:** Numerous contracts for imports are already established for the July to October timeframe. These agreements are binding and cannot be rescinded, as they correspond to actual demand in the UK market.

- Port Congestion: UK ports are already busy, and delays in custom clearing material arriving from July, will have significant ramification on the UK's steel logistics, with delivery delays into end users and could also see vessel backlogs, leading to diversion to EU ports.
- Loss of Competitive Edge: Downstream businesses forced to pay premiums or accept inferior materials will lose ground.
- Supply Chain Vulnerability: Narrowing sourcing options increases exposure to delays.
- Distortion of Market Dynamics: Artificially privileging one supplier risks monopolistic conditions.

Recommendations for the TRA

In view of the above, we make the following representations:

1. Avoid replication of EU quota methodology and develop a UK appropriate methodology which reflects the needs of both the UK domestic mill and UK downstream users .
2. Maintain sufficient quota volume and origin flexibility to ensure a supply of high quality material is available to End Users.
3. Defer any changes until at least Q4 2025 (Oct–Dec).
4. Implement a phased quota transition over three quarters.
5. Engage with downstream stakeholders.

Final Remarks

Hadley Group supports the long-term sustainability of UK steelmaking and recognises the strategic role of Tata Steel UK.

We purchase significant volumes from Tata and value their contribution to our supply chain.

However, this must never compromise the supply chain integrity for downstream customers.

TRQs must be balanced, pragmatic, and rooted in real-world supply and demand. A blunt or misaligned quota policy risks widespread, unintended harm to hundreds of downstream businesses that rely on consistent access to Category 4 materials.

We urge the TRA to proceed cautiously, transparently, and with a view to ensuring the continued health of the UK's broader industrial ecosystem.

We remain available for any clarification or further engagement.

Yours sincerely,



Andrew Gardner

Director of Procurement – Hadley Group