

Application for safeguards TRQ review

About UK Steel

UK Steel is the trade association for the UK steel industry. It represents all the country's steelmakers and a number of downstream steel processors. UK Steel is submitting this application on behalf of our members.

Changes in circumstances justifying a TRQ review

UK Steel submits that all of the factors below represent a significant change in circumstances since the application of the TRQs, as required by regulation 35B of the Trade Remedies Regulations in order to initiate a TRQ review.

1. US tariffs

The reintroduction of US tariffs against the UK and a number of other countries will have a substantial impact on the UK steel sector, both direct and indirect. The US represents our second most important export market by value, after the EU, accounting for 6% of the UK's steel exports by volume and 9% by value. The direct impact on the UK's exports will therefore be substantial.

To make matters worse, US tariffs will also have significant trade defence ramifications, as exports from countries like Canada, Mexico Brazil, South Korea, Japan, Ukraine and the EU will face barriers to the US market. A significant proportion is therefore likely to be diverted looking for other export markets. In the context of an already vast global overcapacity and oversupply, the trade deflection risks are particularly heightened. This will still be the case even if the UK was able to secure an exemption for its own direct exports to the US.

2. Fall in demand and quota liberalisation

Such import pressure would be injurious at the best of times, but the impact is made all the worse by the fact that we are in a weak demand period, both in the UK and globally, and also notably in China. In 2024, global steel demand declined by -0.9%, Chinese steel demand fell by -3%, and demand in the EU and UK dropped by -1.5% on-year.¹ Overall UK demand has not recovered to pre-pandemic levels, but it has contracted by 16% between 2018 and 2023.²

	2018	2019	2020	2021	2022	2023
UK apparent demand (million tonnes)	10.8	10.2	8.6	11.0	9.4	9.1

Meanwhile, UK safeguards quotas have been liberalised year after year. TRQs are based on historical levels of imports, reflecting historical levels of demand, and have been liberalised every year since their introduction. Quotas were first increased by 5% at the time when definitive measures were introduced in early 2019, then liberalised by 3% every year since. We now have quotas that are 22% larger than what the 2015-2017 import levels would have resulted in and these are due to be liberalised by a further 3% in July 2025.

When accounting for the contraction in demand and the introduction of further barriers to trade around the world, UK Steel submits that the current safeguards do not offer adequate protection.

3. EU safeguard restrictions

All of the above would already create serious concerns for the UK industry, but the fact that the EU has also proposed to make amendments to its own safeguards which would restrict imports, represents an additional factor amplifying the likelihood of trade diversion, while also impacting UK exports to the EU as well. While the proposed changes are still subject to WTO consultation and an EU member state vote, the proposed changes include quota reductions through reversing the redistribution of Russian and Belarussian quota

¹ Worldsteel Short Range Outlook, October 2024: [Steel Demand Forecasts](#)

² ISSB

volumes, caps to the “other countries” quota for certain categories ranging from 13% to 30%, and removal of carry-over of unused quotas for several products. The annual quota liberalisation rate will also be cut from 1% to just 0.1%, signalling a much stricter trade environment ahead.

4. Imports from certain origins crowding out residual quotas

Finally, certain product categories of the UK’s steel safeguards that have larger residual quotas are additionally exposed to diverted trade. These are categories 4, 7 and 13. These are also categories where the residual quota is dominated by a single importing country crowding out other suppliers. In 2024:

- For category 4, 56% of “Other countries” imports were from Vietnam
- For category 7, 66% of “Other countries” imports were from South Korea
- For category 13, 78% of “Other countries” imports were from Algeria

Proposed TRQ modifications

1. TRQs should be reduced or at a minimum not be further liberalised in July 2025.

Quotas are already oversized relative to demand. While both the WTO and UK Trade Remedies Regulations require TRQs to be progressively liberalised, the TRA has some discretion regarding the pace and the intervals of liberalisation.

The WTO Agreement on Safeguards states that *“the Member applying the measure shall progressively liberalize [the measure] at regular intervals during the period of application”*. It also states that *“a measure extended under paragraph 2 shall not be more restrictive than it was at the end of the initial period, and should continue to be liberalized.”* The UK Trade Remedies Regulations also state that *“where the TRA recommends that the application of a tariff rate quota to goods be varied, that variation must ensure that the pace of liberalisation is maintained or increased.”*

UK Steel submits that the quotas are being by default liberalised relative to demand, without having to be increased. Indeed, the quotas could be reduced and they would still be less restrictive than when they were last extended, when accounting for the significantly reduced demand. If the TRA concludes it is not able to reduce the quotas, then at a minimum these should not be further liberalised or only liberalised by a nominal amount (e.g. 0.1% like the EU has done) so that the safeguards are not undermined in their purpose of offering protection against surges in imports at a time of reduced demand. The reversal of the redistribution of Russian and Belarussian quota volumes should also be considered.

2. Carry-over quota from each quarter should no longer be available in the next quarter.

This would not make quotas more restrictive as the total amount would still be available each quarter. There is no obligation to offer additional flexibility by making unused quota available in the next quarter. In the same way that the quotas reset at the start of each safeguarding year, they can just reset at the start of each quarter.

3. Individual country caps of 15% should be introduced under residual quotas for categories 4,7 and 13.

This is necessary as explained above to prevent the crowding out of other origins, particularly at a time of heightened risk of trade diversion.

4. Developing country exceptions should be revoked for countries that are not “developing” in a steel context

There are no WTO definitions of “developed” and “developing” countries. WTO members announce for themselves whether they are “developed” or “developing” countries. That a WTO member announces itself as a developing country does not automatically mean that it will benefit from the unilateral preference

schemes of some of the developed country members. In practice, it is the preference giving country which decides the list of developing countries that will benefit from the preferences.³

It is therefore at the TRA's discretion to decide which countries should be deemed developing and benefit from exceptions. UK Steel submits that China, India, Turkey, Brazil and Vietnam should not be considered developing countries for the purposes of steel safeguards. China and India are the two largest steel producers in the world, while Turkey, Brazil and Vietnam ranked 8th, 9th and 11th largest respectively in 2024.⁴

³ [WTO | Development - Who are the developing countries in the WTO?](#)

⁴ [Total production of crude steel](#)