

RAINHAM STEEL

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Rainham Steel Company Limited

With over 50 years of commitment to the construction industry Rainham Steel has become the UK's industry leader in the supply and delivery of quality constructional steel products.

- We currently sell 260,000 tonnes of steel per annum, the bulk of which is from our Scunthorpe distribution depots.
- Our UK sites cover over 120 acres of which 110 acres is located in the Scunthorpe area.
- Our main Scunthorpe depot is the largest individual steel stockholding site in the UK covering 60 acres.
- Between the two locations in Rainham and Scunthorpe we have 250 employees of which 75% are based at our Scunthorpe depot.
- At any one time we hold stock in excess of 140,000 tonnes making us the largest steel stockholder in the UK.

Over the past 5 years, we have invested heavily in the reinforcing side of our business both in Rainham, Essex and in Scunthorpe, North Lincolnshire.

- In Rainham we have invested more than £10,000,000 (ten million pounds) in the development of a bespoke cut & bent reinforcing bar facility.
- In January 2023 we purchased a 17-acre site in Althorpe, Scunthorpe which is one of the areas in the country that the government has targeted for regeneration. In the subsequent 12 months we have invested in excess of £6,000,000 (six million pounds) both on land and machinery at this site for the production of steel reinforcement.

Currently we are working on plans for further substantial investment on another of our Scunthorpe sites with the construction of a new, state of the art cut and bent facility the plans for which are currently with the North Lincolnshire planning officers.

- This investment will inject a further £15,000,000 (fifteen million pounds) into the local economy as it is our goal to employ local companies in the construction of this facility.
- This will add a minimum of an additional 80 employees to our Scunthorpe operation in an area that is currently struggling with job losses due to the proposed redundancies at British Steel.

Steel Supply Chain

We currently purchase from UK steel mills and supplement this where required with imports from all over the world both directly from manufacturers and indirectly via steel importers. Whilst we endeavour to source the bulk of our steel products from the UK, the current issues relating to the supply of reinforcing rod are forcing us to reconsider our position relating to the planned investment and job creation in Scunthorpe.

The UK market for reinforcing products is circa 1,000,000 (one million) tonnes.

The only UK reinforcing supplier currently produces approximately 550,000 tonnes of reinforcing bar per year the bulk of which is consumed by their own Group owned UK fabricators leaving a surplus

less than 100,000 tonnes for other UK reinforcing companies such as ourselves. Their current UK price per tonne is artificially high compared to Europe and the rest of the world as they maintain an effective monopoly on supply and price. This is solely because of the inadequate level of the current import quotas that have been set.

To meet the UK's current demand 450,000 tonnes must be sourced elsewhere.

In the past, when we were planning our investments, we had the benefit of supply from Belarus, Ukraine, Turkey and the rest of the world. However, the first three of these are now no longer supply options so we are reliant on one Spanish supplier and the rest of the world. The Spanish supplier bases their prices on the levels set by the UK supplier as they know that the market has no other purchase options.

The quotas set for the rest of the world are currently at 23,000 tonnes per quarter which is far too low and leaves approx. 350,000 tonnes that Spanish supplier effectively has the Monopoly on.

Turkey has traditionally been a good supplier to the UK but have not been in the market for the last 12 months, as you can see by their quota usage. This has been due to high energy prices and their countries recent disasters. The rest of the world quota is far too low and has not increased in line with the fall in other available supply routes.

The result of the current import restriction is that UK fabricators are unable to purchase reinforcing rod competitively which is in turn halting investment in the UK construction market as a whole.

Conclusion

Before we rubber stamp our investments, we need reassurance that the UK reinforcing fabricators will not be unfairly at a disadvantage regarding the supply of reinforcing products which is currently the case.

We would welcome anyone from your agency to visit our Scunthorpe operations to witness at first hand the level of investment that we have currently made and intend to make going forward in this regeneration area of the country.

If the current quotas remain in place, we will have to seriously reconsider our planned investment and we may even have to mothball the whole scheme until the next quota review in two years' time.

Trevor Webb
Managing Director