

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,

LM Products wish to participate in any review concerning category 13 products for Rebar / Reinforcement Steel.

LM Products are involved in many projects across the UK and have been in our 40+ year trading history, utilising both domestic and imported rebar products. We are actively involved in various recognised committees, including Cares (independent reinforcement steel authority) and several BSi committees that set rebar standards in the UK.

We urge the TRA investigation team to carefully consider the points below regarding Rebar product group 13. Should the proposed amendments to the current quota levels be implemented, these changes appear to benefit a few at the expense of many and could ultimately harm the UK economy rather than provide a positive impact.

We are generally in support of the Rebar mill in the UK, but it is important to note that this mill only has the capacity to produce 50% of the UK's Rebar demand. The mills owners also control a large number of downstream fabricators that compete directly with Rebar importers (required to make up the 50%). Please take this into account in your decision-making process.

Please consider the following points:

1. Reduction of Liberalisation of the Quota:

The planned reduction in liberalisation for the upcoming quota period, spanning July 1, 2025, to June 30, 2026, seems to diverge from the fundamental principles of liberalisation advocated by the World Trade Organisation (WTO). While this adjustment may be aimed at protecting domestic industries from unexpected surges in imports, it might also be interpreted as a departure from the core tenets of liberalisation.

2. Carry-over Quota from Each Quarter:

The carry-over quota plays a vital role in managing unexpected shipment delays caused by factors such as weather and port congestion. This flexibility is essential for businesses to minimise disruptions, ensuring they can meet demand and manage inventory efficiently.

3. Impact of Lower UK Demand:

Given the recent decline in demand within the UK, further reductions in quotas may adversely affect economic growth by constricting the supply of rebar just as demand begins to recover. The observed 0% change in rebar imports during the investigation period compared to the previous year reflects this downturn in demand. Consequently, maintaining the current quota levels could strategically position the market for expansion when demand eventually rebounds.

4. Risks for Fabricators and Traders:

Reducing quotas may compel fabricators and traders to accumulate excess inventory, thereby imposing financial pressures amid sluggish market conditions. Furthermore, this action could restrict the range of countries from which materials can be imported, heightening the risk of incurring penalties and tariffs.

5. Certification Constraints:

The requirement for CARES certification and sustainable, low-carbon steel significantly restricts the pool of suppliers available to UK rebar users. In response, BIRFA members have initiated collaborations with various suppliers from developing countries to encourage them to attain sustainable accreditation. Several mills in these regions have already made substantial investments to comply with government PPN 11/16 guidelines. However, excessively reducing the import quota could undermine these investments, thereby further limiting the availability of sustainable imports in the UK market.

6. **Limited Import Choices:**

Reducing quotas may limit import options predominantly to EU and Turkish suppliers, which could result in monopolistic behaviour. Consequently, as these suppliers become aware of the imposed restrictions, it is likely they will elevate import prices beyond standard levels, given the absence of alternative supply sources if these proposals are implemented.

7. **Algerian / Other Countries Quota:**

The conflict in Ukraine, along with ensuing sanctions, has considerably affected the steel industry, notably concerning the supply of rebar. The cessation of rebar quotas from Ukraine, Belarus, and Russia has had a notable impact, with Belarus previously contributing 86,000 tonnes annually and Russia 25,000 tonnes annually. Although these lost quotas have been partially offset by imports from Algeria and other nations, the overall import levels have not increased. This is partially due to the necessity of sourcing rebar from mills certified by CARES. Further restrictions on these imports, while the contributions from Belarus, Russia, and Ukraine remain unavailable, could pose significant challenges to the industry, potentially compromising supply stability.

8. **Developing Countries Status:**

Concerning the classification of developing countries, the OECD offers a comprehensive list that serves several functions, including guiding trade and aid decisions. The determination of a country's status as developing extends beyond merely assessing industrial capabilities, incorporating factors such as poverty levels and economic stability. Relying solely on steelmaking capacity as a criterion would be inequitable for nations that, despite possessing advanced industrial sectors, continue to grapple with significant poverty issues. Therefore, in this context, the responsibility for this classification should rest with the OECD rather than the TRA.

We appreciate your time and consideration of the points raised above. Should you require further discussion, please do not hesitate to contact me.

Yours Sincerely,

Alex Smith
Operations Director