Trade Remedies Authority

Trade Remedies Authority
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Berkshire
RG1 7EB

Rt Hon Liam Byrne MP
Chair, Business and Trade Committee

Sent by email to: commonsbtc@parliament.uk

17 April 2025

Dear Mr Byrne,

Monitoring potential trade diversion and dumping of products into the UK market

Thank you for your letter of 14 April 2025 requesting an update from the Trade Remedies Authority (TRA) on monitoring trade diversion and dumping of products into the UK market.

As your letter notes, the TRA can initiate an investigation to tackle unfair trade practices or surges in imports upon application from UK industry, or a request from the Secretary of State when certain conditions are met. As the global trading environment is undergoing a profound shift, we recognise that this will likely accelerate industry demand for our services. We also recognise that we will need to respond to this moment with agility and initiative to ensure that, alongside Government, we put in place the right protections for the UK market quickly.

The recent rise in tariffs globally creates risks of both trade diversion and trade deflection. For example, countries may start sourcing more of their imports from trading partners that face lower tariffs rather than those that face higher tariffs (i.e. trade diversion); and exporters from third countries that previously sold into certain countries might instead look to send their goods into other markets like the UK (i.e. trade deflection). Should this lead to a surge in imports into the UK, or goods being sold into the UK market at a 'dumped' price, the TRA is ready to investigate without delay and recommend trade remedy measures to protect UK industry.

The TRA Chair, General Counsel and I met with the Secretary of State for Business and Trade on 7 April to discuss global trade disruptions, risks to the UK economy, and the trade remedy tools that are available to mitigate those risks. We agreed that the UK will continue to monitor the risks from trade deflection, dumping and other issues; and ensure the agility of the UK's toolkit to respond where these risks materialised. To that end, we agreed that three immediate steps would be taken by the TRA, working hand in glove with the Department for Business and Trade (DBT), to support businesses:

- The TRA is, working with DBT and other Government departments, enhancing its monitoring of emerging risks around trade deflection;

- The TRA is surging more staff into its 'Pre-Application Office' to work with businesses on the ground, to spot trade risks and advise on potential cases that may be needed;

- The TRA is working with Government and looking for ways to ensure that automatic registration of imports can be put in place soon after cases are initiated, and provisional measures are implemented as quickly as possible. This will help change traders' behaviour at an early stage by signalling likely imposition of future measures.

We agreed that trade defence measures were part of a much wider Government response to a new era of global insecurity, including through the Industrial Strategy and Trade Strategy.

I have provided further information on the first two points listed above since they are most relevant to the issues raised in your letter. The TRA and DBT are already establishing a regular monitoring system to look at trends in HMRC and broader trade data, to spot any surges in imports and whether they are driven by particular trading partners, changes in prices that may indicate potential dumping of products, and to observe any changes in trade patterns between partner countries. These monitoring activities will give us an early indication of emerging issues – including any circumvention behaviour to try and avoid existing trade remedies – which will make us well placed to follow up with targeted engagement with affected sectors. We are also working with DBT to build a shared understanding of sectors that are most likely to be exposed to trade deflection risks.

We will continue to engage with UK industry through our Pre-Application Office (PAO), which we are already adding resource to in readiness for the demand we see coming. Like in many other countries, trade remedy measures can only be put in place following sector-specific investigations which rely on evidence from affected industries to prove they are being injured by dumped goods. Proof of injury is a fundamental criterion in the World Trade Organization applying to all Members, which distinguishes the use of trade remedies from other types of tariffs. This is why data monitoring but also business engagement is important. Receiving good quality data from businesses on time is essential for our investigations to progress quickly. We recognise, however, that not all UK businesses are familiar with trade remedies and how our investigations work. Our PAO enables early discussions with UK businesses, providing advice and support on gathering the necessary evidence in applying for an investigation. Businesses have found our PAO support to be valuable; in 2024/25, all applicants that submitted applications for new investigations following PAO engagement had those applications accepted. Alongside this, we will be working very closely with officials at DBT so that we can benefit from their existing relationships with industry sectors and use their insights for horizon scanning. We've built a track record of establishing strong relationships with the industries we've already worked with, and we're committed to engaging more widely with the sectors impacted by the current global dynamics.

Your letter asks about how the TRA takes account of wider macroeconomic developments and pressures across multiple sectors. Some of these factors are considered as part of our investigations. For example, we look at a range of economic indicators in assessing injury to UK industry, take account of any market distortions in exporting countries that warrant adjustments to costs and consider wider impacts across the supply chain as part of the Economic Interest Test.

We also often work closely with trade associations and industry bodies across manufacturing sectors (including steel, chemicals, ceramics and automotive) to raise awareness of trade remedies, gain insight into sector-wide pressures, and understand which industries may be likely to apply for trade remedies. We are currently partnering with the Federation of Small Businesses (FSB) in a series of regional roadshows across Coventry, St. Helens, Sunderland, Doncaster, Derby, Shropshire, Lincolnshire and the East of England as part of our commitment to regional engagement with UK businesses.

We regularly attend the Confederation of British Industry and Chamber of Commerce trade policy working groups to ensure we raise awareness of trade defence with their members and networks. We will be using our next annual external stakeholder event, the TRA Forum, to discuss the wider international trade landscape and how trade remedies can help in responding to current global challenges. We are proactively using all our engagement interventions with industry to raise the profile of trade remedies, and supporting and encouraging businesses to submit applications and evidence to us without delay, so that we can initiate investigations and deliver recommendations with pace.

The TRA plays a vital role in defending UK economic interests against unfair international trade practices, even more so now and in the years ahead. Subject to securing the Spending Review resources needed, I am confident of our ability to be agile and responsive to the increased demand we foresee in these changing times, delivering evidence-based recommendations to Government in line with our legislative framework.

I would be happy to provide any further information that the Committee may find useful. Our Chair, Nick Baird, is scheduled to meet with you next month for further discussions.

Yours sincerely,

Steve O'Donoghue
Interim Chief Executive