



**Business and Trade
Committee**

Friday, 22 May 26

Peter Kyle
Secretary of State for Business and Trade
Department for Business and Trade
[By email]

Subject: The UK's steel trade measures

Dear Peter,

I write to highlight some significant and pressing issues that emerged from our work scrutinising the UK's forthcoming new steel trade measures.

On 21 May 2026, we conducted an informal roundtable with downstream sectors. We heard from 16 businesses across the defence, aerospace, metal forming, and fabricated steel sectors. The consistent message was that, in their current form, the measures risk serious and immediate harm to downstream industries that are critical to UK growth, exports, and national security. Indeed, the measures appear to have **already** significantly impacted firms. One business owner told us he has had to make redundancies; many others told us that their orders have slowed down significantly.

Businesses from across these sectors share the view that **the measures go too far, too soon**. Given the significant reduction in tariff-free trade of steel products, they made clear that UK steel mills cannot provide the grades and types of steel that their businesses require. In some cases, downstream industries have been told that mills may be able to eventually meet their needs, but not until 2028-2029. These firms



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cannot wait for that long. If the purpose of the measures is to protect UK steel production, then it is unclear as to why import quotas should apply to categories of products **not** produced in the UK.

We heard strong expressions of the need to either delay, or at least taper, these new measures. While the stated objective of the steel strategy is to increase the share of domestic demand met by UK mills, the evidence we heard suggests that, in its current form, the policy risks achieving this not by strengthening domestic capacity, but by shuttering downstream industries.

Most concerningly, downstream industries told us they feel their views were largely overlooked during the consultation process, and that they have yet to receive a satisfactory response to the issues they have raised since the measures were finalised.

Defence sector

The Committee heard acute concerns from defence and aerospace suppliers about the inclusion of specialist steel categories (such as category 14 and 27) that are not produced in the UK. Evidence from firms supplying naval shipbuilding, AUKUS-related submarine programmes, Formula 1 and civil aerospace demonstrated that these materials are highly specialised, subject to strict accreditation, and are therefore not substitutable with domestically produced steel.

Participants emphasised that long-term, fixed-price contracts (common across defence supply chains) mean that sudden tariff costs cannot be passed on, creating immediate financial exposure. In several cases, companies warned that these measures could



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jeopardise their role in critical programmes, risk the relocation of aerospace production, and undermine the resilience of the UK's defence industrial base.

Fabricated steelwork

For the fabricated steelwork sector, the measures also risk creating a perverse incentive toward offshore fabrication. Primary steel inputs are subject to quotas and tariffs, but there are no tariffs on imported fabricated steelwork. In the words of one business, a firm can simply “drill a hole in a section of steel” and import it tariff-free to the UK. We note that other jurisdictions have moved to close this loophole. For example, in November 2025, Canada imposed 25% tariffs on “targeted imported steel-derivative products”.¹ The UK's measures were published four months after this, and yet no equivalent protection for domestic fabricators has been included.

Vital inputs – category 25A and 25B – are only produced domestically by British Steel, a site that has been behind its planned levels of steel production every week between April 2025 and January 2026.² The measures therefore give firms the choice of an unreliable domestic monopoly, or prohibitively expensive imports.

We were told that the forthcoming safeguards have already led to contracts being paused or cancelled, a sharp rise in imported fabricated goods, and the growing uncompetitiveness of UK-based fabrication. This divergence risks hollowing out domestic value-added manufacturing and undermining employment in the UK steel supply chain.

¹ Prime Minister of Canada, [Prime Minister Carney announces new measures to protect and transform Canada's steel and lumber industries](#), 26 November 2025

² National Audit Office, [Investigation into the government's intervention in British Steel's Scunthorpe site](#), 16 March 2026



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Metal forming sector

In the metal forming sector, evidence pointed to immediate and significant disruption to highly integrated European supply chains. The UK's quotas allotted to the EU for key inputs, such as category 1 and category 4, have been reduced by around 90% and 50% respectively. Quotas for some categories, such as 12A, have been reduced so sharply that stakeholders told us a single firm could exhaust the entire allocation. Businesses emphasised that adapting established supply chains takes time, yet the announcement of these measures in March, and their introduction in July, creates an imminent cliff edge that does not allow for adjustment. As a result, several companies have already initiated redundancies, postponed investment, or are likely to divert production to EU facilities.

Another central concern raised was the lack of reciprocity: downstream users are expected to rely more heavily on UK mills, but there is no corresponding requirement on those mills to guarantee supply across the full range of grades needed. The overall effect, industry argued, is to weaken the competitiveness of UK manufacturing at a time when major infrastructure and energy projects depend on reliable steel inputs. They argued that the policy has been introduced in the wrong sequence: safeguards to shield domestic mills have been put in place before the policies needed to increase their capacity have been implemented.

In light of these pressing concerns, I seek clarification on the following points:

- Can the Government clarify the methodology used to allocate quotas across individual categories, and how this reflects actual UK production capacity versus downstream demand? Please include an explanation of the rationale for each



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product category's quota, alongside the reasoning for the introduction of any new categories (such as 14 and 27) added to the measures.

- What was the rationale for introducing a 50% tariff rate for imports above the quotas?
- Why have import quotas been imposed on steel products, or grades, that are not currently manufactured in the UK?
- Have you assessed the impact of these new measures on UK downstream producers? What thoughts have been given to either delaying or tapering the implementation of the new import quotas?
- Canada has amended their safeguards to include fabricated steelwork. Will the Government now consider doing the same?
- What support or mitigations are available for firms facing acute cashflow impacts from tariffs?
- Have you considered the competition implications of many downstream industries being reliant on a single domestic producer?
- Why is there no reciprocal requirement for UK mills to guarantee supply volumes and specifications if downstream users are being directed toward domestic sourcing?

We would be grateful for a response by 5 June 2026.



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Yours sincerely,

Rt Hon Liam Byrne MP
Chair of the Business and Trade Committee