UK STEEL

Rt Hon Liam Byrne MP
Business and Trade Committee
House of Commons
Palace of Westminster
London
SW1A OAA

11 June 2026

UK Steel comment on Liam Byrne MP's letter to the Business Secretary

CC Rt Hon Peter Kyle MP, Secretary of State for Business & Trade
Sir Chris Bryant MP, Minister of State for Trade
Chris McDonald MP, Minister for Industry

Dear Liam,

UK Steel welcomes your intervention in the impact of import quotas on the UK's steel supply chain. As Chair of the Business and Trade Select Committee, you have been a relentless advocate for UK industry. The recent Financial Times' revelation that you have written to Government to share your concerns over Sheffield Forgemaster's exclusion from the taxpayer backed small modular reactor programme is testament to this.

Having previously made appearances before your Committee, UK Steel would have appreciated the opportunity to contribute to your information gathering regarding the steel trade measure ahead of your 22-May letter to the Business Secretary, however we are happy to do so here.

We will address issues raised in your letter point by point:

1. Removal of products not made in the UK

UK Steel agrees that categories of steel not produced in the UK should be removed from the quota. In its provisional note for the measure published on 14March, the Department for Business and Trade excluded a number of commodity codes that would typically be included in the scope. UK Steel subsequently proposed removing additional commodity codes after extensive discussions with its members.

The difficulty in this process is the breadth of products assigned under each commodity code. While UK steel companies may not make all the products listed under a single code, exempting the entire code would remove much needed protection.

While this situation leads to calls for product exemptions, exemption mechanisms have widely failed in the past. They often become loopholes that traders exploit to substitute protected products. Consequently, President Donald Trump scrapped exemptions from his Section 232 measure, and the European Union did the same in its proposed new quota system.

We do, however, support authorised use schemes such as Category 1B. This category provides Tata Steel with access to required imports while it constructs its £1.25 billion electric arc furnace. Indeed, UK Steel has made two further proposals to DBT: one to allow UK bright bar manufacturers to access the raw materials they need to benefit from the trade defence afforded to them by the new measure, and another to ensure Corinth Pipeworks, the UK's only linepipe producer, can access the steel required to supply the Hartlepool pipe mill it recently purchased for £10 million.

2. Request to delay or taper measure

The call for a delay to the measure is a non-starter. Complaints that the market has not had time to adapt to are largely unfounded, as the new quota replaces an expiring measure that has been in place for eight years. DBT spent over a year consulting with organisations such as the BCSA, ISTA, NASS, NSA and UK Steel to inform the policy.

It is important to remember why safeguards were first introduced. Section 232 in the US meant a significant amount of the US's annual 30 million tonnes of steel imports would be redirected to countries with weaker trade defences. The EU's measure is expected to cut their imports by over 15 million tonnes. The UK is a natural market for redirected steel. Considering our market is only 10 million tonnes, it is easy to see how devastating this trade diversion could be. Furthermore, international steel prices are brutally low due to vast global overcapacity, particularly in China, where Beijing subsidises its steel industry at 15 times the OECD average and floods global markets with 120 million tonnes each year.

Regarding the idea of tapering, UK Steel supports the phased reduction of relevant category quotas where the products produced by Speciality Steels UK (SSUK) are concerned. While the company's rolling assets are operational, its electric arc furnaces in Rotherham are on track to restart in December 2026. Consequently, we have proposed that the quotas for categories 12A, 12B, 13 and 16 should not account for SSUK's production capability until they are actively able to supply these products. The quarterly structure of the scheme provides the necessary flexibility to allow the market to adapt as SSUK scales up.

However, this flexibility must be targeted at specific companies as they ramp up production. Easing in the entire system would not give steelmakers the immediate protection they need to survive the massive trade diversion noted earlier, especially as the new EU measure comes into force.

3. Downstream voices went unheard

As already noted, DBT held multiple meetings with an extensive range of trade associations representing downstream sectors. In fact, ministers met far more frequently with those trade associations than with UK Steel. UK Steel was required to provide substantial data to justify our call for support, and our members supplied a huge amount of information to prove that specific commodity codes fall within their production capabilities. Furthermore, there have been multiple challenges to existing safeguards, and the Trade Remedies Authority (TRA) has repeatedly found in favour of UK steel producers.

The primary difference between the experience of steel-intensive users in the UK compared to Canada and the US is that the UK government has not yet extended its trade defence measures downstream. This leaves UK manufacturers more exposed than their counterparts across the Atlantic. While the EU has similarly focussed on core steel products, it has given itself a year to determine how to extend the measure to downstream sectors. UK Steel is already working alongside other sector associations and the TRA to determine how best to extend this protection. Doing so will ensure the ultimate success of the steel measure while securing our customers and the broader UK industry, as we are ultimately part of a single, interconnected supply chain.

4. Defence and aerospace accreditation (category 14)

UK Steel, in association with the British Stainless Steel Association, will host a meeting on 12 June between steel producers Marcegaglia, SSUK and Special Melted Products, and stainless steel manufacturers to outline UK capability.

The liquidation process of SSUK has led to considerable uncertainty regarding current UK capabilities. However, SSUK is in the final stages of discussions with a new owner, and funds are being released to return the electric arc furnaces to production by the end of this year. Additionally, some of the rolling lines are already operating and performing hire work for other companies. Because SSUK has retained its AS9100 approvals and has been audited by UKAS, its accreditations to service aerospace requirements remain intact.

UK Steel and its members agree that in certain areas, such as duplex and super duplex grades, there is currently no viable supply route within the UK. Consequently, we are working with manufacturers to outline the UK's precise requirements and to submit a proposal to DBT for an authorised use scheme tailored to the aerospace sector.

5. Fabricated steelwork

UK Steel fully supports the call to extend the trade measures protecting steelmakers to fabricators of structural steel. A symbiotic relationship exists between British Steel and major UK fabricators. British Steel would lose its primary market if fabricators disappear, while fabricators could be completely replaced by imports of pre-fabricated steel if there are no domestic structural steel producers.

Beyond trade policy, the government can assist this process by implementing procurement rules that do not inadvertently force UK fabricators to rely on imported steel. British Steel has lost significant market share due to construction regulations that heavily favour lower emission steel produced via electric arc furnaces. Consequently, fabricators have increasingly relied on EU imports to meet these obligations.

Unfortunately, the environmental impact of this trend is not positive for the global climate. One of the primary beneficiaries is ArcelorMittal, which operates 22 blast furnaces across Europe and recently extended the lifespan of a facility in Poland. The company exports its lower-emission steel to the UK from Spain while continuing to produce high-emission steel for other markets. The cost is to British Steel which loses hundreds of millions of pounds in revenue, making it far more difficult to fund its planned transition to electric arc furnaces. The Welsh government is among those public bodies that currently exclude British Steel from its contracts. These are the measures the government can change today to reduce the risk of greater imports.

6. Categories 25A and 25B

British Steel does not make these products but in Tata Steel and Corinth Pipeworks, the UK has two producers with massive capacity to serve the tubes and pipes market.

The claims of the UK wanting a monopoly are also laughable considering that in the case of 25B, the quota is 65% larger than 2025 import volumes.

Imports (tonnes)	2024	2025
[25A] - Large Welded Tube	22,602	12,211
[25B] - Large Welded Tube	50,454	22,642

New quotas (tonnes)	Quota	vs 2025 imports	vs 2025 imports (%)
[25A] - Large Welded Tube	10,172	-2,039	-16.7%
[25B] - Large Welded Tube	37,291	+14,649	+64.7%

7. Category 4

It is also curious to us that there are any complaints about Category 4 as we are the more justifiably unhappy party. As you can see from the below table, Tata Steel is currently receiving zero protection from this quota. If the traders are still not happy when quotas allow them to increase imports by 16.9% tariff free, then perhaps they never will be.

Imports (tonnes)	2024	2025
[4] Metallic Coated Sheet	998,513	966,641

New quotas (tonnes)	Quota	vs 2025 imports	vs 2025 imports (%)
[4] Metallic Coated Sheet	1,135,805	+169,164	+16.9%

8. Category 12A and 12B

Again, complaints about Category 12A are confusing as the quota is 26.5% larger than UK imports.

Imports (tonnes)	2024	2025
[12B] Non-alloy merchant bars and light sections	73,255	73,895

New quotas (tonnes)	Quota	vs 2025 imports	vs 2025 imports (%)
[12B] Non-alloy merchant bars and light sections	92,640	+19,385	+26.5%

However, Category 12B has been cut much further than is healthy for the market. Having discussed with 7-Steel, British and SSUK, UK Steel sent a proposal to DBT in mid-April to significantly increase the size of that quota when the measure is finalised.

9. Lack of UK capacity

UK steel companies are operating at unsustainably low capacity utilisation rates. There is ample scope to scale up and supply more of the UK market. It should be noted for context that DBT's ambition with the measure is to increase domestic market share from 30% to 50%, not 100%. There is ample scope within the vast majority of the categories to import the required steel so long as quotas are not swamped by traders and the bigger stockholders taking positions that service their specific needs rather than the needs of UK manufacturing.

10. 50% tariff rationale

This is the new global standard. The US increased its tariffs to 50%; this action was quickly followed by Canada and the EU. The primary concern here is trade diversion, as steel blocked from the US and EU markets will inevitably find a new destination in the UK. If the UK adopts a lower tariff rate, the entire trade defence measure would be undermined.

Furthermore, China has increased its subsidy rate from 10 times to 15 times the OECD average over the past year. This further distorts international steel prices at a time when production input costs are rising.

Conclusion

In summary, until these measures are finalised, UK Steel will continue to work diligently to provide DBT with the information it requires to ensure that the import quota effectively defends primary steelmakers while avoiding unnecessary damage to the broader manufacturing ecosystem. We remain at your disposal should you require further information.

Yours sincerely,

Gareth Stace
Director General, UK Steel