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Dear Liam,

Thank you for your letter dated 22 May 2026 outlining your engagement with the downstream steel sector regarding the steel trade measure and asking for clarity on several points. I am responding as the Minister responsible for trade. Please accept my apologies for the delay in replying.

The new steel trade measure has been announced to address the impact of global steel overcapacity, which continues to distort markets and threaten the viability of UK steelmaking. The Government recognises the distinct value of downstream manufacturers alongside the importance of maintaining a resilient domestic steel sector. We are also clear that a strong domestic steel sector and a competitive manufacturing base depend on one another, and our approach seeks to support both. Our aim is to strike the right balance despite challenging global circumstances: securing the future of domestic capability while maintaining secure supply chains.

In your letter, you raised that downstream businesses felt overlooked during the consultation process. The trade measure and wider steel strategy were informed by a public consultation in February 2025, a Call for Evidence in July 2025, and extensive engagement with stakeholders across the supply chain, including downstream manufacturers. The Government will continue to engage closely with industry as the measure is implemented. We have committed to reviewing the measure after twelve months to ensure it remains effective and that the balance is right for both producers and downstream users.

You requested clarification on several points, which I am going to respond to in turn:

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

Domestic steel production is important for the resilience of steel supply chains and UK critical national infrastructure and defence sectors. Yet UK steel producers are facing unprecedented challenges, much of which is caused by global overcapacity in steel and with actions being taken by other nations that reduce access to overseas markets. Against this backdrop, we have allocated quotas in a way that is designed to make our steel supply chains more secure, including by strengthening UK domestic steel production, while avoiding unnecessary disruption to UK industry and our trading partners. This is why the new steel trade measure will include an additional 4 categories, covering stainless steel, wire and bright bar products, that are not included in the current Steel Safeguard.

In determining the allocation of quotas across product categories, we have carefully balanced the needs of producer and downstream industries to support critical supply chains. We recognise the impact this may have on downstream sectors, which is why current and potential production, export , and UK demand levels are key factors when setting quota sizes.

2. *What was the rationale for introducing a 50% tariff rate for imports above the quotas?*

Our approach has been driven by the need to secure our domestic steelmaking capacity, which faces an existential and escalating threat from global steel overcapacity. This challenge is further compounded by an elevated level of geopolitical tensions and other countries taking action, which is having a major impact on global trade.

We have seen other nations move to a 50% tariff level on steel – the US as of 4 June 2025, Canada as of 1 August 2025 and the EU will do so from 1 July 2026. Anything lower than a 50% tariff therefore risks trade deflection into the UK market and would undermine the aim of the steel trade measure.

Without this decisive action, we would endanger the UK's ability to produce steel leaving us dependent on overseas suppliers, including for materials needed for defence and critical national infrastructure sectors, such as energy and transport.

3. *Why have import quotas been imposed on steel products, or grades, that are not currently manufactured in the UK?*

The measure is designed to only cover steel requirements that can be met in the UK. In some instances, this is not feasible for technical reasons where product codes at 8 digit level contain a mix of sizes or grades of steel products where some can be made in the UK, and others not. The existing safeguard operated at the 8 digit level. While more granular codes could be used, such as at the 10 digit level, but this would become more burdensome for business and would increase the circumvention risks and substitutions. For example, it becomes more challenging to identify different products at the border the more granular the codes, and larger size products could be imported and then cut down to avoid the measure.

To manage these practical constraints, the quotas have been designed with the aim of allowing for sufficient imports to ensure continued availability of these goods to UK downstream users without unnecessary additional costs.

4. *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?*

The Government held extensive consultations with both primary steel producers and downstream users to inform development of the trade measure. We will continue engaging regularly with companies across the supply chain, for example through Ministerial and official level engagement, including to finalise the provisional quotas. We will also monitor implementation of the measure.

Global steel overcapacity poses and existential and escalating threat to our domestic steel sector, which means we cannot afford to delay our actions. The measure comes in immediately after the safeguard expires to avoid any gap in protection. Delaying or phasing in the measure would risk leaving the UK steel sector exposed at a critical moment, not least as the EU – as our nearest trading neighbour - have said they will apply a restrictive new trade measure on steel as of 1 July 2026.

The quotas have been designed to reflect UK production capability and to maintain competitive supply chains, striking a difficult balance between ongoing viability of UK steel production and ensuring there is both dependable domestic supply and sufficient imports. We expect this measure, supported by the steel strategy, to create a more competitive environment and support an increase in production and domestic capability.

5. *Canada has amended their safeguards to include fabricated steelwork. Will the Government now consider doing the same?*

There is no intention for the measure to cover other metals or sectors at this stage. While the scope of the measure does not include fabricated products, we will continue to monitor the measure and review it after 12 months.

Otherwise, where industry believe that they are being injured by dumped or subsidised imports, or an unforeseen surge of imports, they should engage the Trade Remedies Authority to explore whether a trade remedies investigation would be appropriate. The Advisory Service can be contacted at contact@traderemedies.gov.uk

6. *What support or mitigations are available for firms facing acute cashflow impacts from tariffs?*

As noted in your letter, to ease short-term impacts, we are also introducing a transitional arrangement under which the new measure would not apply to goods agreed under contract before 14 March 2026 and imported between 1 July and 30 September 2026.
Further information about this can be found at: Implementation notifications on the transitional exemption, quota administration and the Ukraine exclusion - GOV.UK

7. *Have you considered the competition implications of many downstream industries being reliant on a single domestic producer?*

Our steel strategy, including the new steel trade measure, seeks to create a fair, competitive and attractive operating environment. It gives companies and investors confidence that the UK is a credible location for steel investment, and thereby encourages a competitive, domestic steel sector that supports healthy downstream industries. The steel strategy aims to have 40-50% of steel domestic demand met by domestic production.

This recognises that imports will continue to be important for the UK, and the steel trade measure is designed to enable imports to continue to flow.

8. *Why is there no reciprocal requirement for UK mills to guarantee supply volumes and specifications if downstream users are being directed toward domestic sourcing?*

Decisions on supply volumes and specifications remain matters for industry. The Government's role is to support a more resilient, competitive and sustainable domestic steel sector and our trade measure is designed to enable a mixture of imports and domestic production.

The quotas have been designed with the aim of allowing for sufficient imports to ensure continued availability of these goods to UK downstream users without unnecessary additional costs. We will continue to engage with producers and downstream users and will be monitoring the impacts of the measure over time, including for any material changes in circumstances that create serious disruptions to domestic supply.

There will be a review twelve months into the measure, and this will look at evidence in the round, including on domestic supply.

Overall, we have seen how a lack of support for steel-making in the UK over many years has created a knife-edge position where the UK could have been the first major nation without the ability to make steel. This Government has been clear we do not see that as acceptable for our national resilience and security, defence or critical infrastructure. We have taken bold and unprecedented action to make sure this is not the case, against a backdrop of sustained global overcapacity and turbulence in international trade. This comes with difficult decisions and trade-offs, and we will continue to engage with all those affected.

Thank you for continuing to share the views and perspectives of the committee.

Yours sincerely,

SIR CHRIS BRYANT MP
Minister of State for Trade
Department for Business and Trade