



22 July 2022

The Trade Remedies Authority (TRA) has recommended that a critical anti-dumping measure for the UK steel industry on imported Chinese reinforcing bar for the construction sector, is removed on the grounds that maintaining the measure would be harmful to the UK's economic interest. This recommendation is made despite an acknowledgement that dumping and injury to UK Steel producers would be likely to occur for this product in the absence of the measures, and despite the lack of any robust evidence to support the TRA's claim that the Economic Interest Test (EIT) has not been met.

It is important to state that the burden of proof rests with the TRA to demonstrate conclusively that maintaining the measures do not meet the EIT. Liberty Steel feels strongly that the TRA has failed in this regard and therefore the presumption that the test has been met (as set out in the Taxation Cross Border Trade Act 2018) must apply here.

Please refer to UK Steel's response to the Statement of Essential Facts for an expansion on this point, but we wish to provide information here from Liberty's perspective of the negative economic damage that a removal of the measures would create. From the second half of 2020, Liberty Steel UK (LSUK) entered the HFP rebar market in the UK and supplied thousands of tonnes, prior to running into some well documented funding issues. We have continued to supply some valuable volume of large diameter rebar for important government related products such as HS2, so LSUK continues to be a second producer of HFP rebar in the UK. Our rebar production is based in Rotherham, we have "green steel" / electric arc steel-making capability which supplies our adjacent rolling mill, which produces rebar. This product remains in our forward strategic plans with an aspiration to supply Rebar to independent fabricators in the UK, all of whom have welcomed our entry into the market. Rotherham is the steel-making centre for LSUK's rolling facilities across the UK.

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Rebar production forms an important part of these supply chains for a sustainable future and is a core component of LSUK's re-financing plans and future investment.

Chinese rebar production accounts for almost 80% of global production and history tells us that there is always a need to find a home for this capacity, their cost base is not subject to typical market forces. The future viability of the Rotherham site includes the production of rebar, a resumption in high levels of dumping of Chinese HFP rebar will become a real threat and put hundreds of jobs at risk in Rotherham, combined with knock on risks for the wider LSUK workforce. Chinese rebar has been subject to anti-dumping measures for good reasons, with imports into the UK surging to 370KT in 2015 and accounting for 60% of UK HFP rebar imports from virtually none three years before. This was all at dumped prices with the European Commission finding dumping margins of 51.5% to 66% and with 90% of Chinese rebar imports into the EU at the time directed to the UK. Most producers in China are based on BOS production, this recommendation presents a significant challenge to our efforts to decarbonise our industry in the UK. The very fact that China has had these measures in place, perversely means they are now exempt from steel safeguards as a 'developing country' since the anti-dumping measure has kept Chinese exports to the UK below the 3% threshold. As such, in the short to medium term could inflict irreversible damage to UK production, given no restrictions on volumes supplied to the UK market and given past experience suggesting that it could take the TRA a year to preform a review of the quotas.

The current arrangements with UK safeguarding provides the downstream rebar industry with more than enough choice and availability to satisfy UK market needs, indeed there is ample headroom to cover any unforeseen demand spikes, which LSUK does not foresee in the next few years. A quick look at the recent TRQ utilisation data well demonstrates this point with ample quota being available at the end of the last two quarters. The TRA has provided no convincing evidence, beyond the views of one anonymous downstream user, that there could be supply issues in the future if these measures remain in place.

Moreover, most spooled rebar is even subject to a different category within the safeguards quota system. Ironically, a flood of Chinese imports could have a negative effect on import availability. If Chinese producers turn to the UK in a big way, this is likely to turn other overseas producers away from the UK market, thus restricting the supply routes for our independent fabricators.

We sincerely hope that sense prevails here and that the recommendation to remove duties is reconsidered.