07/07/2021

Trade Remedies Investigations Directorate

Department for International Trade

North Gate House, 21-23 Valpy Street

Reading RG1 1AF

**TF0006 – Safeguard Measure on Certain Steel Products : Requests for reconsiderations of the decisions - 7. Non Alloy and Other Alloy Quarto Plates**

Dear Sir/Madam,

With respect to The Trade Remedies Investigations Directorate’s transition review of the safeguard measures on steel products I am writing to request that you reconsider the decision on:

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| |  |  | | --- | --- | | 7 | Non Alloy and Other Alloy Quarto Plates | | |  | |
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| I believe that my company is entitled to request this review since Liberty Steel UK is an interested party who made an original submission and application in this case, and who is a UK producer of all these steel products. Furthermore, the original decision will cause injury to our company, including job losses and a reduction in revenue and profitability.  **Grounds for the request:**  I believe that Liberty have grounds to request an appeal that relate both to the general whole review process and to product specific considerations.  **7. Non Alloy and Other Alloy Quarto Plates**  We ask that you retain the safeguard measures for this product for a further 3 years.  The ruling by TRID states that the safeguard quotas for this product were removed due to the lack of injury risk for plate given that for “product category 7 we were not able to ascertain the likelihood of serious injury due to a lack of available data.”  Firstly, counter to the statement that is made several times in the ruling document that “no production data on products in categories 7 …. was provided during the transition review”, Liberty Steel UK did submit all available data both during the transition review and then again in the following consultation period.  The issue is that following catastrophic injury caused to the pervious owner Tata Steel’s plate business in increased plate imports, they closed two plate mills in the UK. The Dalzell plate mill was opened by Liberty and the first year of production was 2017. As such there is no available data for most of the period of investigation. Available production data was provided as can be seen in the submission data and in the following extract from the submitted review consultation document:  Non-alloy and other alloy quarto plates  2013 2014 2015 2016 2017 2018 2019 2020  100% 98% 99% 55% 36% 35% 27% 31%    If the data that Liberty has submitted for Plates is deficient in some way then I would welcome the opportunity to address this and have therefore also submitted the signed accounts for the Dalzell plate mill for the FY2017, FY2018, and FY 2019 to demonstrate that production did take place.  Secondly it is not logical to conclude that there should be a removal of safeguarding for “product category 7 we were not able to ascertain the likelihood of serious injury due to a lack of available data.” In fact, the very reason that there was no production data in the POI is because Tata Steel, the previous manufacturer of this product had been injured to the extent that they had to close the business. Liberty Steel is in effect a new entrant to the plate market, mainly after the POI, and TRID should recognise this and considered the period 2017 to 2020 for which production data was submitted.  In the absence of data during the POI, please see below information from the previous owner and UK plate producer. This shows their analysis of share loss to EU and non-EU competitors, the erosion of premium grade prices by EU competitors, an excess of capacity amongst EU competitors, opportunistic import surges by EU and non-EU competitors, and a falling margin for UK plate production.  The above analysis formed the basis of Tata Steel’s decision to close both of its UK plate mills, the clearest possible indicator and the most extreme impact of injury caused by plate competitors, both EU and non-EU.  The Dalzell Plate business and the steelmaking facility which supplies it from British Steel Scunthorpe, are in a perilous position both historically and post Covid. Plate business was closed by its former owner Tata Steel Europe. The Scunthorpe steel making business now owned by British Steel, want into administration due to losses. The entire supply chain to Plate production is precarious and the poor financial results are in a large part due to increased imports driving down prices and reducing sales volumes from UK production.  Covid has further impacted on the businesses both on the demand side and on the cost side. This is recognised by the UK government in the packages of support available to UK business to support their survival. It is also evident in the investment of UK government in their funding to stimulate the economy. Costs have gone up and demand is down.  The production of Plate products and the associated steelmaking is in an already perilous position due to import pressures, and this is made much worse due to the covid pandemic. Any removal of safeguards will cause further injury, putting at risk jobs, investment and the future viability of the business.  Graph of UK plate share loss vs Other Eurofer competitors - redacted  Graph of high value plate product pricing reducing as imports to the UK drive down prices - redacted  Graph of major imports to the UK and import prices per country - redacted  Graph showing EU plate capacity utilisation - redacted  Graph of non-EU plate imports by country - redacted  Graph of UK plate supply and market share vs imports - redacted  Graph of plate price vs hot rolled coil prices - redacted  Thirdly TRID’s own assessment as set out in the published Statement of Intended Decision” demonstrates that import levels for Plate had increased during the POI, and subsequently, and tellingly, that for Plate products specifically, “evidence available therefore suggests that it is likely there would be a recurrence of imports in increased quantities if the goods were no longer subject to a tariff rate quota.”  Given that Liberty have submitted data on Plate products, that there is clearly evidence of damage to UK manufacturing of the most extreme kind, the closure of two manufacturing business, and an acknowledgement that without safeguarding it is likely that plate imports would continue to increase, then we ask that you reconsider your decision and retain the safeguard measures for Non alloy and Other Alloy Quarto Plates. | |  | |
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**Incomplete data:**

The data used in the analysis by TRID is incomplete and does not reflect the full level of imports of the products under consideration due to a threshold being applied before inclusion into the HMRC data. If the analysis is extended to include all imports, using the ISSB data as the most comprehensive source then there is a much stronger trend of increased imports for Plate products of 14.4% in the full POI but of 28.7% in the period 2013 to 2016.

**Incomplete data:**

Liberty Steel UK has been severely impacted by the Covid pandemic. Key personnel have been furloughed to reduce costs to sustain the businesses. The Brexit preparations and implementation have also had a significant impact on business resources and capability. Liberty Steel UK implemented a new enterprise wide IT system across its major Yorkshire businesses. The preparations, implementation and further development of this system continue to absorb resources and limit the businesses capability to analyse data. The above factors of covid, Brexit and IT constraints have severely constrained Liberty Steel UK’s ability to engage with the TRID safeguarding investigation. These factors were communicated to TRID during the investigation, and any shortfall in the data Liberty was able to provide should not limit the validity of our contribution or the removal of safeguarding measures that will impact on the wider UK economy.

**Product Inter-dependency**

The independent consideration of each product neglects the fact that damage to a single product stream in the UK market directly impacts on the profitability of other products due to the production starting from common process routes. E.g. product categories 12, 13, 15, 16 & 27 are all sourced from a common steel making processes. This pattern of production interdependency continues across all steel products, meaning that if one product becomes the victim of disruption due to imports, then other products made in the same steelmaking source process become uncompetitive as volumes drop and costs increase.

**Period of Investigation POI**

The EU and subsequent UK safeguards were initiated to address the distortion of product flows due to the US 232 tariffs. The POI considers the time before the implementation of section 232, so cannot be relied of to assess product flows after 2017. Likewise, product flows after 2017 reflect the impact of safeguard measures. What is clear, reviewing third country flows into the EU and UK, is that there are still significant surges and distortions of product flow e.g. April 2021 import surges of HRC and MB from India and Turkey respectively. It is also clear that historical product flows are not good indicators of future flows, since in the specific examples above, product flows in the preceding 2 years had been at quota levels and then these jumped by a factor a 10 and 5 respectively.

Below are the latest EU and UK safeguard import levels as published by HMRC. These clearly show that for imports into the EU several countries are reaching their maximum quota level. They also show the same for the UK. It is clear that without safeguarding then the countries already hitting their UK safeguarding quota will be in a position to just keep dumping steel into the UK, particularly, as is the case, where these same countries are restricted from further imports into the EU by the safeguarding levels that they have retained.



I confirm that the data provided above is a true and accurate record of the products and volumes produced by my company in the UK.

Yours Faithfully,