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 - 12. Non Alloy and Other Alloy Merchant Bars and Light Sections**

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:

|  |  |  |  |
| --- | --- | --- | --- |
| **12. Non Alloy and Other Alloy Merchant Bars and Light Sections** | |  | |
|  | |  | |
| 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.  The following is the production of product category 12 by our company.  Non Alloy and Other Alloy Merchant Bars and Light Sections  2013 2014 2015 2016 2017 2018 2019 2020  100% 100% 109% 115% 97% 105% 92% 82%  **Grounds for the request:**  I believe that Liberty has grounds to request an appeal that relate both to the general whole review process and to product specific considerations.  **12.** **Non Alloy and Other Alloy Merchant Bars and Light Sections**  We ask that you retain the safeguard measures for this product for a further 3 years. | |  | |
|  |  | |

**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 full HMRC data set presented by the ISSB as the most comprehensive source then there is a much stronger trend of increased imports for Merchant Bar products of 11.3% in the full POI.

The use of this full data set is particularly relevant for this product category since deliveries from the EU would be more likely by lorry in smaller quantities, rather than by large vessel. As a consequence, more of the imports for this product would have been discounted it the smaller HMRC data set is used with a qualifying threshold applied, rather than the full HMRC data set.

**Risk of Injury.**

The Liberty Merchant Bar mill at Scunthorpe and the Liberty Speciality Steels steel making facility in Rotherham which supplies it, are in a perilous position both historically and post Covid. The Speciality Steels business which makes the steel, was sold by its previous owner Tata Steel as part of it plan to exit loss making UK assets as an alternative to closure. The Merchant Bar business previously owned by Caparo, went into administration before being bought by Liberty. The entire Merchant Bar supply chain 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 business 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 Merchant Bar 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.

**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, 14, 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.

If product category 12 were to have its safeguard protection removed, then imports of this product would reduce production on both the Liberty Merchant Bar mill and on the steelmaking asset at Liberty Rotherham. This reduction of volume would damage the viability of other steel products, such as 13. Rebar, 12. Non-Alloy and 14. Stainless Bars and Light Sections, 16. Non Alloy and Other Alloy Wire Rod and 27. Non-alloy and other alloy cold finished bars, which are made on the same facility.

**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 Merchant Bar 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,