

UK steel safeguard: International Trade Secretary's statement, 29 June 2022

With permission, Mr Speaker I would like to make a statement on the Government's final decision regarding the UK's steel safeguard.

A strategic steel industry is of the utmost importance to the UK – especially given the uncertain geopolitical and economic waters that we are currently all charting.

Trade remedies are one of the ways that Government can protect their businesses. They tackle issues of dumping, of unfair government subsidies or, as in the case of safeguards, give businesses time to adjust to unforeseen increases in imports.

When we left the EU, Mr Speaker, the UK rolled-over the relevant trade remedies that were already in place. This included safeguards on 19 different categories of steel imported into the UK from the rest of the world.

Last year, the Trade Remedies Authority (TRA) reviewed these measures and recommended keeping the safeguard on ten categories of steel and removing it on nine. On 30 June 2021, the Government announced that it would extend the safeguard as recommended by the TRA on ten product categories of steel for three years and remove them on four of the remaining nine, but would extend the safeguard for one year on five categories of steel to allow further time to review them.

In March this year we passed legislation to allow the Government to take responsibility for the conduct of transition reviews and the reconsiderations of any transition review.

In March, Mr Speaker, I called-in the reconsideration of the steel safeguards with this new authority. The TRA has since completed additional analysis for my consideration. I have now considered their Report of Findings and concluded that there would be serious injury or the threat of serious injury to UK steel producers if the safeguard on the five additional categories of steel were to be removed at this time.

Given the broader national interest significance of this strategic UK industry, and the global disruptions to the energy markets and supply chains that the UK currently faces, we have concluded it is in the economic interest of the UK to maintain these safeguards, to reduce the risk of material harm if they were not maintained.

I am therefore extending the measure on the five steel categories for a further two years, until 30 June 2024, alongside the other ten categories. This means the safeguard will remain in place on all 15 categories, updated

from 1 July to reflect recent trade flows.

The Government wishes to make it clear to Parliament that the decision to extend the safeguard on the five product categories departs from our international legal obligations under the relevant WTO agreement, as relates to the five product categories. However, from time to time, issues may arise where the national interest requires action to be taken which may be in tension with normal rules or procedures.

The Government has therefore actively engaged with interested parties, including those outside the UK on the future of the UK's safeguard and has listened to the concerns raised. This also includes the needs of the many thousands of people employed throughout our downstream steel industry who play a vital role in the economic life of the UK.

Throughout this investigation, downstream users of steel have raised concerns about difficulties in sourcing some steel products in the UK, in particular, those classified under category 12. I have listened to these concerns, and I am acting to protect this vital part of the economy by increasing the tariff rate quota on Category 12a to ensure it better reflects trade flows.

Finally, the Government has also decided to suspend the safeguard measure for steel goods coming from Ukraine for the next two years. The Government is clear that it will do everything in its power to support Ukraine's brave fight against Russia's unprovoked and illegal invasion and to ensure long-term security and prosperity and the maintenance of the world order from which we all benefit. The Government has already removed all tariffs under the UK-Ukraine FTA to zero to support Ukraine's economy. This decision means Ukrainian steel will not be subject to the additional safeguard quotas and duty.

Mr Speaker, these are unusual times – the aftershocks of the gravest pandemic have combined with the biggest war in Europe since 1945. The spike in energy costs is creating huge stresses on manufacturing. Global steel markets are facing persistent overcapacity. The TRA findings provide clear evidence of serious injury or the threat of serious injury to our UK producers. The Government has a duty to use its democratic mandate to the greatest possible effect to protect the interests of the British people and provide leadership in these challenging times.

On balance, we have therefore decided that it is in the vital public interest that Government acts to protect the steel sector, which is why we have taken the steps that we have. We believe that this approach is in the public interest, and this decision has been taken collectively and with reference to the Ministerial Code, noting the conflict outlined above.

Mr Speaker, this has been a finely balanced decision.

Steel is a vital industry for the UK and it is in constant use in our everyday lives.

But the global position on steel production is challenging. The use of unfair

subsidies contributes to global overcapacity, putting domestic industries at risk around the world.

The measures I am announcing today will further support our steel industry and those who work in it. This comes on the back of this government securing an expansive removal of Section 232 tariffs on imports of UK steel and aluminium products into the USA, which came into effect earlier this month. The tariff-free volumes we have secured mean that UK steel and aluminium exports to the US can return to levels not seen since before 2018.

It is important to remember that safeguards are a temporary, short-term measure. We will continue to work with international partners alongside other government departments to support our domestic steel sector for the long-term.

Mr Speaker – I hope that the House will support this Government's stance in defending our strategically important steel sector, and I commend this statement to the House.