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## UK Steel Response: Section 232 National Security Investigation of Imports of Steel

### Introduction:

1. UK Steel welcomes the opportunity to respond to the Bureau of Industry and Security's (BIS) national security investigation into the imports of steel initiated under Section 232 of the Trade Expansion Act of 1962. As requested we have addressed our comments in line with the relevant criteria listed under § 705.4 of the National Security Industrial Base Regulations as they affect national security.
2. UK Steel, located in London and established in 2002, is the trade association for the UK steel industry. It represents all the country's steelmakers and a large number of downstream steel processors. UK Steel is a division within EEF: the Manufacturers' Organisation, the representative body for the UK's manufacturing sector.
3. **With reference to regulation: 15 CFR § 705.6., the data provided in Annex 1 of the "business confidential version" should be considered business confidential due to its highly commercial nature; those in possession of the data would be able to deduce sensitive information about the UK steel market, including market share for specific companies. It should therefore be considered exempt from public disclosure under Freedom of Information Act (5 U.S.C. 552et seq.)**
4. **The business confidential information provided in annex 1 of this submission has been redacted and provided in full in a "business confidential version".**

### Global Overcapacity and Trade Remedies:

5. UK Steel and its members are all too aware of the concerns of the US steel sector and the US Government over excess global capacity and the ongoing dumping of underpriced and subsidised steel products onto open markets. Perhaps more than most, the UK steel sector has suffered as a result of these conditions in recent years with major steel facility closures and related job losses having shaken the industry to its core. UK Steel, and its members, have worked in collaboration with the UK Government, Eurofer (the European Steel Industry Association) and our Members of the European Parliament to mitigate these conditions through the application of domestic trade remedy instruments. As the UK departs the EU and establishes its own trading practices and relationships the importance of introducing our own robust trade remedies regime is all too obvious, the very future of our sector relies upon it.
6. UK Steel has also strongly supported the EU Commission and the UK Government's collaborative efforts with the US Government to tackle this issue via the OECD and the G-20. Whilst we would be the first to recognise that we have not yet resolved the issue and the underlying conditions remain, we firmly believe that coordinated and balanced action between the US, the EU and other like-minded governments is the only effective means to address these issues whilst maintaining the benefits of free trade that our countries have enjoyed. We are concerned that action resulting from this investigation could risk 'throwing the baby out with the bathwater', harming global free trade and established trading relationships.



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**UK steel exports to the US:**

7. The UK steel sector exported some 250,000 tonnes of steel to the US last year with a value of £330 million. This is predominately made up of higher value steel products and accounts for almost 15% of the total value of steel exports from the UK. It is demonstrably not the case that steel companies in the UK are in the practise of dumping cheap, under-priced products on to US markets; UK steel producers are delivering high value, specialised products to meet US customer's needs. A breakdown of these export figures by product is provided in annex 1 of this document.

**Investigation Focus:**

8. Whilst we would maintain that the application of controls under Section 232 is fundamentally the wrong approach to tackling the problematic commercial conditions in question, and consider the targeted and proportionate use of traditional trade remedies as the appropriate course of action; to address our concerns specifically with this investigation the following points should be made:
  - i. Investigations conducted pursuant to Section 232 should be limited to considerations of "national security," as opposed to broader commercial or "national interest" considerations. This limitation is clearly established in the statute, and repeated in the governing sections of the National Security Industrial Base Regulations (15 CFR § 705).
  - ii. Previous investigations have typically differentiated among steel products because the markets for, physical characteristics and uses of, the products differ significantly. For example, existing US antidumping and countervailing duty orders cover 18 different steel products, and the International Trade Commission's 2001 global safeguard investigation of steel examined 33 different steel product categories. There is no one "steel" product – there are dozens of different steel products, and any investigation of this nature needs to acknowledge this.
  - iii. Any justifiable investigation into the impact of imported products on national security grounds should surely start by identifying which steel products are actually pertinent to national security considerations. We do not feel that the 'broad-brush' approach of this investigation is logically sound or consistent with the true spirit of the regulation.
  - iv. Once steel products with a direct relationship to national security have been identified, we would argue that BIS should then consider where those products are currently being produced, imported from, or are readily available from. As with previous investigations of this nature, should it be demonstrated that all relevant products requirements can either be met by current US capacity or provided by allies, such as the UK, then further action under Section 232 should not be considered necessary or justified. We are strongly of the opinion that such an examination would deliver this conclusion.
  - v. Given the deep and long established security ties between the US and the UK (along with like-minded allies) it not reasonable to assert that the continued supply of steel products from the UK to the US could present a threat to national security. Our security needs are so closely entwined through a whole host of agreements and treaties, not least NATO



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membership, that disruption to US national security would equate to disruption of our own. This will arguably be the case for all US allies.

**Conclusion:**

9. UK Steel strongly believes that the commercial problems with the global steel market cannot be adequately addressed through domestic measures targeting national security. Nevertheless, if the Bureau continues the current investigation under Section 232, we would ask that it (i) develops an analytical framework that accounts for wide variances among steel products, (ii) consider whether products relevant to national security are available from current US capacity and/or ally nations; and (iii) ensure that it has sufficient factual information from US companies and consumers, as well as foreign exporters and governments. Failure to do so would inevitably result in recommendations that do not actually address US national security in a manner consistent with US law.

**FOR FURTHER INFORMATION CONTACT:**

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**Annex 1: Exports of steel products from the UK to US 2016**

Product	Tonnes	Value (£)
INGOTS	X	X
SEMIS	X	X
BARS AND ROD IN COILS	X	X
DEFORMED REINFORCING BARS	X	X
HOT ROLLED BARS AND FLATS	X	X
COLD FINISHED BARS AND FLATS	X	X
HOT ROLLED LIGHT SECTIONS	X	X
HOT ROLLED HEAVY SECTIONS	X	X
RAILS AND ROLLED ACCESSORIES	X	X
HOT ROLLED WIDE STRIP	X	X
HOT ROLLED PLATES	X	X
CR PLATE/SHEET:COILS/LENGTHS	X	X
HOT ROLLED STRIP	X	X
COLD ROLLED STRIP	X	X
TINPLATE AND TFS	X	X
ZINC COATED SHEET AND STRIP	X	X
OTHER COATED SHEET AND STRIP	X	X
STEEL TUBES, SEAMLESS	X	X
STEEL TUBES, WELDED	X	X
STEEL TUBE FITTINGS	X	X
WIRE	X	X
FORGED BARS	X	X
FORGINGS	X	X
TYRES, WHEELS AND AXLES	X	X
POINTS/SWITCHES/CROSSINGS	X	X
FORGED/COLD FINISH SECTIONS	X	X
COLD FORMED SECTIONS	X	X
WELDED STRUCTURAL SECTIONS	X	X
STEEL CASTINGS	X	X
<b>Total</b>	<b>X</b>	<b>X</b>