Department for Energy Security & Net Zero

Department for Business, Innovation, Science and Trade

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Our ref: MCB2026/09468

18 August 2026

Dear Paul,

Thank you for your correspondence on 26 June, on behalf of the Thames Valley Chamber of Commerce, regarding the steel trade measure. I am responding on behalf of the Secretary of State as the Minister for Reindustrialisation. Please accept my apologies for the delay in doing so.

Like many other countries, our steel sector faces an existential and escalating threat from global steel overcapacity. The US, Canada and EU are all applying tariffs on steel. In 2024, only 30% of the UK's steel demand was met by steel made in the UK, whilst UK production capability was idled or under-utilised. This Government is clear that we need steel making in the UK, for our national security, critical national infrastructure and defence.

The Government therefore introduced a new steel trade measure on 1 July 2026. This will limit tariff-free steel imports of 20 steel categories with overall quota volumes reduced by 51% compared to the expired steel safeguard. Any imports above these levels will face a 50% tariff. The measure will apply only to product categories that can be made in the UK. In some instances, this is not feasible for technical reasons, including where product codes contain both steel products that can and cannot be made domestically. Where this is the case, quotas have been designed to allow for sufficient imports to ensure continued availability of these goods without unnecessary additional costs. Nearly three-quarters of UK steel imports by value (74%) and over half by volume (53%) fall outside of the measure's scope. The quotas will continue to enable tariff-free imports for categories in scope of the measure.

In designing the measure, we engaged extensively with UK industry, including through a Call for Evidence in 2025 and ongoing stakeholder engagement. We subsequently announced the trade measure in March and published provisional quotas in early April. Following ongoing industry engagement, we increased the final overall quota volume to 3.2mt. This is 21% higher than the provisional proposal and strikes a balance between securing the future of UK steel production and the impact on steel-using industries. As part

of this the quota volume for Category 1 increased considerably compared to the provisional quota. There has been no change to Category 7.
Explanatory Memoranda accompanying the relevant legislation were published here and here setting out the expected impacts on different types of businesses. We will closely monitor the implementation of the measure, continue to engage with businesses and review the full measure after 12 months.

To ease potential short-term impacts, a transitional arrangement is available under which the measure would not apply to goods agreed under contract before 14 March 2026 and imported between 1 July and 30 September 2026. We have enabled the roll-over of unused quotas within the year, and we have not applied country cap restrictions. Further information about this can be found at: Implementation notifications on the UK steel trade measure - GOV.UK. We will closely monitor the implementation of the trade measure, continue to engage with businesses and review the full measure after 12 months.

The EU's steel trade measure also came into force on 1 July 2026. We have also engaged closely with the EU and agreed an approach that reflects the UK and EU's highly interconnected supply chains. As part of this, we increased the EU's quota access under the UK measure from the 1.63 million tonnes announced in March to 2.08 million tonnes. In return, we secured access to the EU market of up to 2.14 million tonnes for products covered by the EU's measure. This includes 1.05 million tonnes of guaranteed access through country specific quotas, and a further 1.09 million tonnes through competitive pools, of which 0.77 million tonnes reflects our status as an FTA partner. This will provide stability for UK-EU steel trade from 1 July, while we continue to work together to strengthen UK-EU steel trade longer term.

More broadly, our Steel Strategy (Steel Strategy - GOV.UK) sets out new steps to put steel production on a more competitive footing, and enable the sector to innovate and grow, including procurement reforms, potential support through the British Industry Supercharger, British Industrial Competitiveness Scheme, and access to British Business Bank and UK Export Finance. While the priority for the Steel Strategy is steel production, many of the measures are intended to benefit the wider supply chain.

Yours sincerely,

BLAIR McDOUGALL MP
Minister for Reindustrialisation