

EU STEEL QUOTAS AND SAFEGUARD DUTIES DRAFT REGULATIONS – IMPACTS UPON UK BUSINESSES Briefing by the BCC

Key context

On 7 October 2025, the European Commission published a [draft Regulation](#) on steel safeguard duties for consideration by the Council of the European Union and the European Parliament.

Current steel safeguard duties are due to expire at the end of June 2026, having been first implemented in 2018. Under WTO rules the existing EU safeguard duties could not be extended any further, and a full reconsideration of the EU's approach to steel duties was required.

The EU sees the steel industry as vital for its competitiveness and security, particularly in the defence sector as outlined in the Steel and Metals Action Plan earlier in 2025.

From the end of June 2026, the proposed EU quota tariff free for imports of primary steel manufactured products is set to be 18.3m metric tonnes per annum, a reduction of 47% on the current levels.

Additionally, the proposed EU safeguard duties on primary steel products imported into the EU is set to rise from the current 25% on imports above quota levels, to 50%, to avoid trade diversion.

The EU is adopting these measures to protect its own steel production industry, but also as a means to tackle global overproduction in steel, which is also a major concern of the US Administration.

The [OECD 2025 Steel Outlook](#) finds that global overproduction of steel in 2027 is set to be 721m tonnes, rising from 602m tonnes in 2024 – over five times annual EU steel consumption.

The [Staff Working Document](#) by the European Commission accompanying the draft Regulation concludes that without action the EU steel sector would decline in output by 18% and steel exports would fall by 45%.

The EU claims 100,000 jobs in the industry have been lost since 2008 in the EU, nearly a quarter of the workforce in the sector, and the capacity utilisation rate of the industry has fallen to 67%. It encourages other states to work it in meeting global challenges of over-production of steel and decarbonisation of steel production.

The Draft Regulation

Quotas will be set via a consultation with affected countries via a process under Article XXVIII of the GATT, potentially involving compensatory payments in accordance with those rules for countries facing loss of quota.

A [draft Decision](#) when adopted will provide the European Commission with authority to conduct negotiations on quotas with the EU's partners who are WTO members.

The Quota is set to be apportioned on the basis of the import shares to the EU as at a reference point of 2013 (with inclusion of UK sales to the EU then as imports), excluding Russian and Belarussian imports, the last year before the challenges of global overcapacity of steel production became more pressing. Tariff quotas will be allocated per product category based on the import share each product category had between 2022-2024. Quotas will be administered on a quarterly basis with no carry over from quarter to quarter of unused quota.

UK trade in primary steel products is established under the terms of the tariff rate system, with the vast majority of primary produced steel exports being under the existing quotas.

The EU is also proposing a melt and pour requirement (similar to that in US trade policy now on steel) that steel qualifying as produced in the country of origin must also be melted and poured there too. This is defined as the original location in which raw steel or iron is initially produced in liquid form within a furnace and then cast into its primary solid state. For the UK this would affect certain production techniques such as where steel is made from scrap metal or substrate material imported from overseas. In evidential purposes, this would require the presentation of mill certificates or similar documents on import to the EU.

Steel made via these techniques would not be qualifying UK-origin steel for the purposes of inclusion within the revised UK quota on primary steel product exports to the UK. A good proportion of production in South Wales could fall into this category, which would have knock-on consequences for the rest of the manufacturing chain.

The Regulation will not apply to derivative products of steel, such as manufactured goods of steel or components for inclusion in other manufactured goods. For the UK, tariffs on exports of these to the EU will continue to be at zero. Product scope within the Regulation will be reviewed every two years. The overall effectiveness of the measure will be assessed by 1 July 2031 and every five years thereafter.

The draft regulation must be approved by a qualified majority of member states on the Council of the European Union (member state ministers), and by the European Parliament. It is possible it could be amended prior to becoming law, but it is not expected that either institution will block the new quotas and safeguard duties from entering into effect in June 2026.

The only exemptions from the Regulation will be the EEA-EFTA three states of Norway, Iceland and Liechtenstein. Special arrangements will also be made for Ukraine. Reference will be made to previous quotas and flows of trade products into Northern Ireland from other parts of the UK.

Furthermore, with trading partners where there is an existing free trade agreement in effect, bilateral safeguard measures in relation to steel could be pursued by the EU under those means if the effects of the global safeguard measures require to be replaced by country-specific measures in individual cases.

Annex 1 to the Regulation sets out the 28 individual product cases of primary steel products to which the quotas and new safeguard duties will apply, from wire to pipes to tubes to sheets. It also sets out the intended quotas for each product under the new measures.

What does this mean for UK businesses and supply chains?

All non-exempt trading partners of the EU will be expected to accept a reduced quota per the formula allocated to assess imports from the reference point of 2013, but examining imports over the past three years. Exemptions are limited to those within the wider European Economic Area (the EEA-EFTA-3) and special arrangements will be made for Ukraine, an EU candidate country.

This could mean the UK faces a reduction by half on existing tariff rate quotas applicable to the 28 individual product categories in terms of primary produced steel products, but the overall allocations will be subject to negotiations with the EU, under the Article XXVIII GATT process. It is possible that the UK will seek to raise these issues under the autumn 2025 meetings of the relevant Specialised Committees under the Trade and Co-operation Agreement with the EU.

2.9m metric tonnes of steel were exported from the UK to the EU in 2024, some 78% of UK steel exports, worth nearly £3bn to the UK economy. The UK steel industry is hugely concerned about the effect of 50% duties on as much half of the primary steel product exports to the EU on jobs, prices and competitiveness. Manufacturers in the UK could face increased costs for production of goods including steel if prices rise for domestically sourced steel and imports alike.

The melt and pour rule could change how the new measures impact upon particular production sites in the UK and also UK supply chains. If steel produced via scrap metal or substrates imported from other countries does not qualify to be part of the UK element of the new EU quotas because the steel is melted and poured in other countries that means the products concerned could not be exported to the EU under the quota (and would face 50% duties). That could free up more of the available quota for those production plants or locations where the primary steel products are melted and poured in the UK according to the definition in the draft Regulation. The situation in Northern Ireland will require particular attention given its special access to the EU Single Market for trade in goods, but inclusion within the UK Internal Market.

What could the UK and EU agree to in their Article XXVIII GATT discussions?

Although it would be unlikely that the UK could secure a complete exemption from the duties and quota arrangements, given the common policy agenda on decarbonisation of steel production and tackling over-production of steel, some negotiated solutions could be possible. These could include dedicated UK-specific quotas guaranteed out of some or all of the overall suggested quotas within Annex 1 of the Regulation. These could be reciprocal arrangements in terms of how EU steel imports could also be treated within the UK system of quotas and duties for imported steel. For sectors where UK-specific quotas were not agreed, compensation would be due in terms of Article XXVIII GATT for areas where effective loss of quota occurred.

Both sides may soon negotiate an exemption from each other's carbon border adjustment mechanisms so reaching a long-term accommodation on other costs could help boost co-operation between the UK and EU. A wider plurilateral approach involving other countries could widen this co-operation further.

What does the EU's approach on steel safeguard duties mean for the UK's safeguard duties for June 2026?

The EU and US will both have increased duties on steel imports by the middle of 2026 should the draft Regulation enter into force. This means that if the UK extended its existing duties and quotas until mid-2029 as it is permitted to do under WTO rules, the duty rates above quota would be half those of the US and EU (25% vs 50%). This could result in trade diversion of steel imports from countries priced out of the US and EU markets, including China, Turkiye, South Korea, increasing pressure on domestically produced steel in the UK. The UK government may consider given the changes in steel safeguard duties in its two largest trading partners that aligning with their approach from mid-2026 is necessary to defend domestic steel production. We need to take evidence on how such an approach would affect industry in the UK.

How the Chamber Network can help develop the BCC's policy position on steel quotas and duties

Work on engagement, advocacy and comms plans with the BCC involving Trade Remedies Authority, UK government and European Union contacts.

Develop evidence base for the following questions:

1. What are the likely effects of the reduction in EU quotas among individual steel product exports to the EU by June 2026?
2. What impacts will be felt within UK supply chains and the pattern of steel production in the UK of the melt and pour rule to be implemented on steel imports by the EU by June 2026?
3. What potential effects could occur in respect of trade diversion of primary steel product imports to the UK if UK quotas remained as currently beyond June 2026, and safeguard duties above the quotas remained at 25% whereas US and EU duties would stand at 50% by that stage?
4. What should the Trade Remedies Authority and the Secretary of State do in terms of post-June 2026 quotas and safeguard duties?
5. How can the UK co-operate with its key trading partners to improve decarbonisation in the industry and tackle global overcapacity in steel production? Could a collective approach mean an exemption from the safeguard duties could be negotiated?
6. What impact will have the forthcoming Steel Strategy have upon the policy response the TRA and DBT need to make in terms of the US/EU moves on tariffs, quotas and safeguard duties?