

## UK Steel Guidance – Update 3 Exporting Into EU Steel Safeguards

### Introduction:

As of 1 January 2021, UK steel exports to the EU for the first time in almost half a century have become subject to import restrictions. Whilst the EU does not have any standard customs tariffs on steel, it currently has in place steel [safeguarding measures](#) which apply a tariff rate quota system on steel imports from all third countries, including the UK. So whilst the PM has talked about ‘no tariffs and no quotas’ – this does not apply to tariffs and quotas as part of ‘trade remedies/defence’ measures.

The EU steel safeguarding measures will run until at least 1 July 2021, but could be extended beyond this period should the European Commission (EC) make the decision to do so. After considerable efforts made by DIT, at the behest of UK Steel, the EC has provided the UK with its own tariff free quotas. This means that the majority of steel exported to the EU will remain tariff free, with 25% tariffs only due once/if those tariff free quotas run out in each quarter. However, there are a number of product categories where it is evident that quotas will not be sufficient to allow for exports from the UK to EU to continue at recent levels. The details of the EU quotas, including the new UK ones, can be [found here](#).

### How do the Quotas Work?

The EU's Steel Safeguards (ESS) operate a tariff rate quota system covering 26 different product categories (plus two further sub-categories). Each of those product categories has been provided with an overall tariff free quota for all imports from outside the EU, with the level of those quotas based upon the 2015-2017 average annual import level. Each of those categories is then further subdivided - any exporting countries that accounted for 5% or more of EU imports of a particular product category in that period is given their own quota, whilst exports from all other countries are grouped together in an ‘other countries’ quota. The UK has been provided with a tariff free quota for all the products UK Steel members make with the exception of rebar and non-alloy wire. Please note the following points:

- All quotas are managed on a quarterly basis.
- Once a quota is used up in a quarter, a 25% tariff will be due until the start of the next quarter.
- Any unused quota from a quarter is transferred over into the next quarter's quota.
- Unused quota at the end of the safeguard year (30 June each year), is not carried over. This point will only be relevant if the EU decides to extend its measures beyond 30 June 2021 however.
- In the final quarter of each safeguarding year (1 April to 30 June) – those countries that have exhausted their own quotas for a given product category can utilise the ‘other countries’ quota in that same product category.
- Note – there are complex rules now in place for how much access to the ‘other country’ quotas, countries that have used up their own quotas can have. The rules can be found in Annex III of the [ESS regulation](#).
- In brief the rules are:

Rules of access to ‘other countries’ quotas	Categories
No access provided to ‘other countries’ quota	5, 16, 20, 27
Each country wishing to use the ‘other countries’ quota after the exhaustion of their own in 4 <sup>th</sup> quarter can use a maximum of 30% of the ‘other countries’ quota (not including any quota carried over from previous quarter).	1, 4B

Collective access for all countries that have exhausted their own country quotas is limited to a specified amount. (See Annex III of the EU regulation for details)	10, 12, 13*, 14, 15, 21, 22, 28*
No limit on use of quota, but this does not include use of any unused quota 'carried over' from previous quarter	2, 3A, 3B, 4A, 6, 7, 9, 17, 18, 19, 24, 25B, and 26
There is no 'other country' quota in place – everyone uses one global quota	8 and 25A
*UK hasn't been provided with its own country specific quota and therefore will use unrestricted 'other countries' quota in all quarters.	13, 28

## How can I monitor the quotas?

You can check the quota usage data using the EU quota database [here](#). You will need to insert the correct order number for the particular quota you are interested in. The current order numbers for each quota can be found in [here](#).

HMRC has its own quota monitoring database which provides information on how all the quotas within the UK's own steel safeguards measures are being utilised. This can be accessed [here](#). You will need to enter the relevant order number for the quota you are interested in and these can be found [here](#).

Additionally, UK Steel will send members a weekly update on the usage of UK's quotas. The mailing list will be the same as that the current EU quota updates are sent to, if you or a colleague would like to be added to this mailing list please contact [DSheppard@makeuk.org](mailto:DSheppard@makeuk.org).

## What do I need to do to claim a portion of a quota when exporting to the EU?

It will obviously depend on your incoterms as to who will have responsibility for claiming a portion of the quota for your exports to the EU. For the purpose of this guidance we have assumed that you are trading on Delivered Duty Paid (DDP) terms and therefore the responsibility is yours.

Administration of the quotas is carried out using the normal import documentation, there is no need to apply for an import licence. The default position is that the 25% duty will apply to all imports of the relevant products from the relevant countries of origin. However, the following steps should be taken to register your exports against a quota and avoid the 25% tariff (at least until the quota has been used up).

- Identify the correct order numbers for your relevant quota. Again, these can be found [here](#)
- In box 39 of the [Single Administrative Document](#) (SAD) enter the necessary order number
- Enter Code 120 into box 36 – which specifies that a “non-preferential tariff quota” is to be claimed for
- Enter code A20 F in box 47 – this is the EU's specified tax code to be used in relation to the steel safeguards
- It is also advisable to indicate in box 44 that the correct documentation has been supplied to support your claim against the quota – in particular this will include product origin documents
- Further guidance about the EU's Single Administrative Document can be found [here](#).

With your SAD correctly filled out, and with the relevant supporting documentation provided, the volume being imported is checked against the remaining quota at the point that the imported goods are declared to the Customs authority in an EU Member State. The quota number declared on the entry documentation will determine which country sub-quota the goods are allocated against. An electronic system enables the Customs authority to check whether there is any quota remaining before releasing the goods for free circulation. If there is no quota left, the goods will only be released for free circulation after payment of the 25% duty.

Once 90% of any particular quota has been used, it will be classified as 'critical' and you will be required to post a guarantee before your goods are release for free circulation. HMRC guidance states that such a guarantee can take the form of:

- banker's guarantee, (which can cover either one importation or a number of importations, or
- a cash deposit (which may be set against your duty deferment account)

However the approach may differ in EU-27 countries. Please also note, that anecdotal evidence indicates that even where you are trading on DDP terms and you are liable for the guarantee – it is possible the Customs authority in the EU country will contact the local contact (i.e. your customer) named on the import declaration rather than yourselves given it may be deemed simpler and more efficient than contacting an exporter in the UK. This may cause delays and difficulties with your customers so it is something to be aware of and plan for.

If you have posted a cash deposit as a guarantee, this will be refunded once/if your goods have been checked and cleared against the relevant quota and it is shown it had not been exhausted at the time your goods cleared Customs. Note – there is a delay of around 24hrs between goods clearing customs and being registered centrally with the EU quota monitoring system, hence the need for guarantees for 'critical' quotas.

## Rules of origin considerations:

For the vast majority of steel exported from the UK to the EU, the origin of the steel (and therefore which quota to register it against) will clearly be the UK. However, for those companies that import steel products for rolling and further processing they should consider whether the process that takes place in the UK is sufficient to confer UK origin on the resultant product that is then exported to the EU. The key document to consult is the [EU's non-preferential rules of origin](#) – the relevant rules on steel products can be found [here](#).

If only minimal processing takes place in the UK, for example transforming a product from 7208 to 7211, or from 7210 to 7212, it may not be sufficient to confer a change in origin. In these situations, if the source material you used came from outside the EU, you would then need to register your export not against the UK quota but against that of the origin of the material or the 'other countries' quota. Conversely, if you used EU steel to produce your good and the EU rules of origin do not indicate you have conferred UK origin through your manufacturing processes – then your product would be of EU origin and technically would be able to enter tariff free and without registering against quotas.

Clearly in situations where steel goods are imported into the UK and no further processing takes place before they are exported to the EU or NI (see below), then such goods **must not be registered against UK quotas**. Not only would this be an incorrect allocation and would technically constitute fraud, but it would lead to the overuse of the UK's limited quotas, quicker than anticipated exhaustion of these quotas, and to the imposition of 25% tariffs unnecessarily.

## What about movements of goods from GB to NI?

Goods moving from GB to NI will be treated as an export to the EU if it is considered 'at risk' of subsequently moving on into the ROI or elsewhere in the EU. HMRC has published detailed guidance on how to determine whether a good is 'at risk' or 'not at risk' [here](#). **Critically, HMT has provided advice that any products subject to a trade remedies measure (including safeguards) will be considered at risk and therefore treated as a UK to EU export.**

This means all steel exported to NI from GB will be subject the EU safeguards whilst they remain in place. Currently there is no system in place to allocate steel brought into NI originating from outside the EU (including GB) to any quotas.

**However for steel originating in the UK (see rules of origin above), HMRC has put in place an 'interim' solution that exporters of UK produced steel can use to avoid this situation and the imposition of tariffs.**

Detailed guidance on how to use this system is included in annex 1 and 2 to this briefing, but in brief you will need to:

- Check that the relevant quota you wish to use has not been used up. See EU TRQ database [here](#).
- Indicate in your import declaration that you are using this special process for NI.
- Fill in an the relevant excel spreadsheet and send to [steelnideclarations@beis.gov.uk](mailto:steelnideclarations@beis.gov.uk) within 24 hours of your goods movements.

As of 21 January 2021, HMRC has also provided guidance and a process for moving steel into NI that us not of UK origin. **Further information on this can be found in annex 1.**

Steel **originating from the EU** can enter NI tariff free and will not be subject to EU safeguards, even if they have been in free circulation in GB. Steel that is in free circulation within the EU (i.e. it has already passed through EU customs and be subjected to the safeguards) will also be able to move freely directly to Northern Ireland without tariffs or customs processes, even where it is not of EU origin, as it will have already been accounted for within EU quotas.

Steel **originating from the rest of the world** can now be imported directly into NI tariff free as long as there is both EU and UK quota capacity for the relevant country of origin and the relevant product category. **Rest of world origin steel which has been customs cleared in GB** can also enter NI tariff free as long as there is EU quota available.

After checking the relevant quota status the RoW process requires the following:

- Include the Additional Information code 'NIREM' in Data Element 2/2 in your customs declaration
- Apply for the correct quota within the UK safegaurds. (Note there is no need to do this if the goods have already been GB customs cleared)
- Notify BEIS of your goods movements within 24 hours by filling out the correct spreadsheet and sending it to [steelnideclarations@beis.gov.uk](mailto:steelnideclarations@beis.gov.uk).

Any members that are moving steel from GB to NI, that are not already in direct contact with the steel team in BEIS about this, are also requested to let UK Steel know, providing a contact point that can be passed on to BEIS officials.

**For further information contact:**

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## Annex 1 – HMRC Guidance on GB to NI Exports 21.01.2021



HM Revenue  
& Customs

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**Director, Customs and Border Design**  
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**To:** Whom it may concern

**Email:** aidan.reilly@hmrc.gov.uk

**Date:** 21 January 2020

We are aware there has been concern raised by some businesses as to the arrangements in place for the movements of steel into Northern Ireland. In order to provide clarity this note sets out the relevant tariff and quota treatments and the associated requirements.

In addition to this guidance on importing steel of differing origins into Northern Ireland, it may also be possible – subject to authorisation – to use customs special procedures to defer and potentially prevent duty becoming due. For example, Inward Processing and Customs Warehousing can suspend the duty until the point at which goods enter free circulation and, if the goods are re-exported instead, prevent it becoming due. Further guidance on that is available here. You can also find guidance about rules of origin here.

As outlined in the letter sent on 31 December 2020 (*see annex 2*), we continue to discuss with the European Commission the application of their safeguards and the increase of the quotas for UK exports into the EU single market under the EU steel safeguards measures to account for direct movements of affected steel products from Great Britain to Northern Ireland.

In the meantime, we have put in place an interim solution to ensure that relevant UK-origin steel products do not incur safeguard charges when moving to Northern Ireland from Great Britain, when capacity remains in the relevant UK country-specific quota (or in the residual quota where applicable) within the EU tariff rate quotas.

In order to qualify for this interim solution, you need to be moving steel directly from GB to NI and must meet the following requirements:

- the steel must be produced in the UK (and must meet the relevant rules of origin requirements for the quota in question)
- the product must fall under one of the product categories covered by the EU safeguards measure; and
- the EU's quota for imports from the UK for the specific good must not have been filled (or there must be capacity in the residual quota where applicable).

If these requirements are met, we will allow the goods to access the quota for the relevant product category under the EU's steel safeguards measure, and you will not have to pay safeguard charges on the steel.

To make this interim solution possible you, or the importers of your products into Northern Ireland, will need to take the following steps:

- Before you move the goods, you need to check that there is quota capacity remaining for imports from the UK for the relevant product category.
  - EU quota availability is available on the EU TARIC database
  - This will tell you if the quota is open, closed or critical.
  - You can use the interim solution when the quota is open or critical, but should be aware that you may be charged duty if the remaining balance had been used prior to your movement, so you should ensure you are able to account for this if needed. If the quota is closed you may not use the interim solution.
- You must supply the information included in the ('GB-NI') annex to this letter to BEIS (steelndeclarations@beis.gov.uk) within 24 hours of each movement of goods upon which you wish to claim the quota.
- BEIS will then acknowledge receipt of this notification. It is important for you to keep this receipt and any other documents related to the movement of these goods between GB and NI, including a copy of the email you sent to BEIS.
- In order to claim the quota, you will also need to follow the standard requirements for the movement of goods under the NI Protocol – you can find more information on these processes on gov.uk.
- When completing your customs declaration, you will need to indicate that you are using this interim process. You do this by including the Additional Information code 'NIREM' in Data Element 2/2 of your import declaration.
  - This is the same administrative process as used when declaring your goods as not 'at risk', but you will not need to be authorised for the UK Trader Scheme or follow the other requirements for declaring your goods not 'at risk' to utilise the quota.
  - When you have submitted your declaration, you will get a reference number. You should keep a record of this reference number, alongside proof that the steel meets the relevant rules of origin and evidence of the movement of the goods into NI (for example, a sales invoice).

You do not need to make these declarations yourself - you can sign up and use the Trader Support Service, or get someone else, e.g. a customs broker, to complete declarations for you.

## **EU originating steel**

EU origin goods entering Northern Ireland, even if they have been in free circulation in Great Britain ahead of being transported to Northern Ireland, will not be subject to the EU safeguards and therefore will not require there to be available quota to avoid the payment of the 25% tariff. This includes EU-origin steel products which have undergone some processing in Great Britain, where that processing is not sufficient to confer UK origin according to the EU's non-preferential rules of origin (see link below).

Steel in free circulation within the EU will also be able to move freely directly to Northern Ireland without tariffs or customs processes, even where it is not of EU origin.

Information on the rules of origin which determine the EU's treatment of goods for the purposes of Safeguards is available here.

## **Rest of World (RoW) originating steel**

Traders moving RoW originating steel into NI may consider importing via Ireland or elsewhere in the EU to make use of the EU's tariff rate quotas. Once cleared for free circulation in the EU, these goods may then enter NI by any means of transport, including by boat, without further checks, controls or tariffs. Prior to moving your goods it is important that you contact Irish Revenue Commissioners or their equivalent authority in the relevant Member State in which the goods are customs cleared if you wish to use this route for your shipment.

Alternatively, traders may wish to place RoW originating steel under a transit procedure upon arrival at an NI port and clear these for free circulation at an Office of Destination in Ireland. More information about transit can be found here.

Where these options are not viable or appropriate, we have put in place a process to ensure that a sufficient supply of these products can continue to enter Northern Ireland without

being subject to safeguard charges. To use this process, for **direct movements from RoW- NI** you will need to take the following steps:

- Before you move the goods, check that there is both UK and EU quota capacity (for the relevant country of origin) remaining for the relevant product category. To access this process, capacity must exist under both the UK and EU quotas.
  - EU quota availability is available on the EU TARIC database and the UK quota on gov.uk
- If you are making an import declaration on to CDS, when completing your customs declaration, you will need to include the Additional Information code 'NIREM' in Data Element 2/2 of your import declaration and apply for the correct UK quota in the normal way.
- In the short term traders may make import declarations for imports from the RoW into NI using the CHIEF system. You will still be able to use this solution if you are making a direct RoW-NI declaration on CHIEF. We will send out information on the process for making the customs declaration on CHIEF as soon as possible, but you should contact HMRC (externalstakeholders.customs@hmrc.gov.uk) to discuss your bespoke circumstances.

For movements of **RoW origin steel, which has been customs cleared in GB, from GB- NI** you will need to take the following steps:

- Before you move the goods, check that there is EU quota capacity (for the relevant country of origin) remaining for the relevant product category. To access this process, capacity must exist under the EU quota.
- EU quota availability is available on the EU TARIC database.
- You can only make declarations for these movements on CDS, and when completing your customs declaration, you will need to include the Additional Information code 'NIREM' in Data Element 2/2 of your import declaration to ensure no customs duty is charged when moving your goods into NI.
- You will not have to apply for a quota on your declaration into NI, provided the goods are in free circulation in GB, because you have already made use of the UK quota when customs clearing your goods in GB. For RoW-origin steel that has not been customs cleared into free circulation in GB, you should instead follow the process set out above for RoW-origin steel that moves directly into NI.
- The Trader Support Service can make these declarations on your behalf if you have registered with them.

In addition, in all circumstances, you will need to notify BEIS within 24 hours of each movement of goods. You can notify BEIS by supplying the information relevant to the declaration (see relevant annexes) to [steelndeclarations@beis.gov.uk](mailto:steelndeclarations@beis.gov.uk).

These options are available to you now and the government will ensure any legislation required will be put in place as soon as possible and apply retrospectively.

We continue to discuss this important issue with the European Commission.

If you have further queries please contact: [externalstakeholders.customs@hmrc.gov.uk](mailto:externalstakeholders.customs@hmrc.gov.uk).

Yours sincerely,



Aidan Reilly  
Director, Customs and Border Design

## Annex 2 – HMRC Guidance on GB to NI Exports 31.12.2020



HM Revenue  
& Customs

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**To:** Whom it may concern.

**Email:** aidan.reilly@hmrc.gov.uk

**Date:** 31 December 2020

We are writing to you with regard to the implementation of EU safeguard measures for UK steel moved directly from Great Britain to Northern Ireland from 1 January. In addition to securing agreement of a Zero Tariff Zero Quota agreement with the EU – the UK-EU Trade and Cooperation Agreement (TCA) - and of important FTAs for the UK steel sector with third countries, such as Turkey, the UK has also secured country specific quotas for eligible UK steel goods subject to EU safeguard measures.

As outlined in the meeting held with HM Government officials on 30 December, we continue to discuss with the European Commission the application and increase of the steel quotas to account for direct movements of steel from Great Britain to Northern Ireland. In the meantime, we have put in place an interim solution to ensure that UK steel products do not need to pay tariffs on such goods moving to Northern Ireland from Great Britain, when eligible to use the EU quotas.

In order to qualify for this interim solution, you need to be moving steel directly from GB to NI and it must meet the following requirements:

- the steel must be produced in the UK (and must meet the relevant rules of origin for the quota in question)
- the product must be subject to one of the EU's product specific quotas; and
- the EU's quota for the specific good must not have been filled.

If these requirements are met, we will apply the EU's steel quotas to these goods, and you will not have to pay customs duty on the steel.

To make this interim solution possible, you or the importers of your products in Northern Ireland, will need to take the steps set out in this letter, including the provision of specific data to BEIS to support the management of UK quotas.

Before you move the goods, you need to check that there is a quota available on those goods. You will be able to check the quota availability on the [EU TARIC database](#). This will tell you if the quota is open, closed or critical. If the quota is;

- open – you can use the interim solutions

- critical – you can use the interim solution; however, we may need to charge duty if we later found that the quota had closed at the time of the movement so you should ensure you are able to account for this if needed.
- closed – you may not use the interim solution.

If you wish to utilise this interim solution you should notify BEIS within 24 hours of each movement of goods that you want to claim the quota on. You can notify BEIS by supplying the information included in the annex to this letter to [steelndeclarations@beis.gov.uk](mailto:steelndeclarations@beis.gov.uk). BEIS will then acknowledge receipt of this notification. It is important for you to keep this receipt and any other documents related to the movement of these goods between GB and Northern Ireland, including a copy of the email you sent to BEIS.

In order to claim the quota, you will also need to follow the standard requirements for the movement of goods under the NI Protocol – you can find more information on these processes at: <https://www.gov.uk/guidance/trading-and-moving-goods-in-and-out-of-northern-ireland-from-1-january-2021#making-declarations>.

When completing your customs declaration, you will need to indicate that you are using this interim process. You do this by including the Additional Information code 'NIREM' in Data Element 2/2 of your import declaration. You do not need to complete these declarations yourself - you can sign up for the Trader Support Service, or get someone else to complete declarations for you. You should note that this is the same process as declaring your goods are not 'at risk', but you will not need to be authorised for the UK Trader Scheme or follow the other requirements for declaring your goods not 'at risk' to utilise the quota.

When you have submitted your declaration, you will get a reference number. You should keep a record of this reference number, alongside proof that the steel meets the relevant rules of origin and evidence of the movement of the goods into NI (for example, a sales invoice).

This is an interim solution, and we will provide further information in early 2021. Hopefully this provides clarity on the interim solution.

Yours sincerely

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Director, Customs and Border Design