The British Constructional Steelwork Association Limited

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BREXIT READINESS – UK STRUCTURAL STEELWORK SECTOR

This paper outlines a risk analysis by the structural steelwork sector on issues that might arise from a no deal Brexit scenario.

The analysis has been carried out by BCSA and its steelwork contractor member companies, in partnership with BCSA member companies that manufacture steel, provide distribution and stockholding services, supply structural fasteners, and plant and machinery.

The risk of a no deal Brexit to the supply of structural steelwork in the UK is low.

A summary is provided below and a detailed risk analysis is attached.

Summary:

- 98% of the UK's structural steelwork is fabricated in the UK, which means a no deal Brexit poses no risk to structural steelwork supply.
- The risk to the availability and delivery of hot rolled structural sections is low. This is largely due to a joined up supply chain that includes a UK producer, European producers, and a well established network of distributors and stockholders who hold sufficient levels of stock to support just in time deliveries to steelwork contractors.
- There is very little risk to labour availability. An average of 7% of employees working for UK steelwork contractors are from the EU. These employees are full time, permanent employees working in factories.
- Plant and equipment are a high value, long term purchase. Machinery supplies are expected to be unaffected by a no deal Brexit.
- Structural fasteners and bolts used by steelwork contractors in the UK are sourced globally and UK suppliers already have to hold a sufficient stock of product in the UK warehouses. The risk to supply is low.
- Possible currency fluctuations would impact on both input and output pricing, but this is only one of many factors that has an impact on steel pricing models.

SARAH McCANN-BARTLETT
Director General

Product, Input or Service	Possible Issues, Industry Comment and Mitigation	Likelihood	Overall Risk
Availability and delivery of raw steel	***UK steel supply***: The sections used in the UK's steel buildings and structures are produced in the UK (~ 45%), Europe (~ 45%) and the rest of the world (~ 10%). ***Raw materials availability***: UK steelmakers currently source their raw materials outside the EU and purchase forward due to long shipping times. A no deal would have no effect on this trade and any customs delays could be easily absorbed. ***Steel production***: In 2017, World Steel estimated global crude steel production at 1.35 billion tonnes and steel use at 1.22 billion tonnes. Statistica is forecasting that world steel production will increase by 2.9% over 2018 and 2019 combined, and World Steel are forecasting global steel use will rise 0.7% over the same period. This indicates that global steel supply will continue to sit above demand. ***Trading flows***: Raw steel is a globally traded commodity. Those who trade and import steel are knowledgeable about steel availability, are well versed in changes to trading regimes. ***Steel availability***: Steel distributors and stockholders hold a sufficient range and volume of raw and semi processed steel. In order to mitigate against any delays at customs under a no deal scenario, UK distributors and stockholders have said they will monitor the situation carefully to ensure they continue to hold sufficient supplies to meet demand. ***Tariffs***: If UK – EU trade moved to WTO rules under a no deal scenario, import duties on raw steel would remain at 0%.	Low	Low
Constructional steelwork capacity	***Structural steelwork availability***: 98% of the UK's structural steelwork is fabricated in the UK. This supports a closer working relationship with main contractors and just in time deliveries to site. It also means Brexit poses no risk to structural steel production. ***UK structural steelwork capacity***: A study by KPMG showed that UK structural steelwork capacity in 2019 would be between 1.142 million tonnes and 1.343 million tonnes. Construction Markets is currently forecasting constructional steelwork demand of 0.93 million tonnes in 2019 so there is sufficient latent capacity in the sector to meet projected demand.	Low	Low

Product, Input or Service	Possible Issues, Industry Comment and Mitigation	Likelihood	Overall Risk
Labour availability	***EU nationals***: A BCSA survey of member companies showed that on average, 7% of steelwork contractors' employees were from the EU. In contrast to subcontractors that work mainly on-site, structural steelwork is fabricated off-site in manufacturing facilities that have a permanent, full-time workforce. EU nationals working for BCSA members in their factories are employed on the same terms and conditions as UK employees.	Low	Low
Plant and equipment availability	***Delays at ports***: For steelwork contractors and steel service centres, machinery is a long term, high value capital purchase. Orders for new plant and machinery are made many months in advance and will not be affected by any short-term customs delays. ***Import tariffs***: The vast majority of the machinery used by steelwork contractors in the UK comes from the EU and the US. If UK – EU trade moves to WTO tariffs under a no deal scenario, it is expected that any import duties applied would be 3% or less. ***Stocks of spare parts***: Machinery manufacturers provide service contracts for steelwork contractors. They already hold stocks of spare parts in the UK. In order to mitigate against any delays at the ports, machinery manufacturers have said they said they will monitor the situation carefully to ensure they continue to hold sufficient parts in their UK warehouses. ***Service engineers***: Most service engineers are already located in the UK. Occasionally, additional service engineers may be brought in from the EU or elsewhere, meaning that the machinery manufacturers are already familiar with UK visa processes.	Low	Low
Structural fasteners availability and delivery	***Availability***: Structural fasteners and bolts used by steelwork contractors in the UK are sourced globally. This means that already, manufacturers have efficient import processes in place, and are well versed in changes to trading regimes. ***Stocks***: The ordering of standard structural fasteners and bolts is often done just in time, which means that the UK suppliers have to hold a sufficient stock of product in the UK warehouses. In order to mitigate against any delays at the ports under a no deal scenario, UK suppliers have said they will monitor supply and demand to ensure they continue to hold sufficient stocks. ***Import tariffs***: If UK / EU trade moves to WTO tariffs under a no deal scenario, import duties would be 3.7%.	Low	Low

Product, Input or Service	Possible Issues, Industry Comment and Mitigation	Likelihood	Overall Risk
Currency fluctuations	***Steel prices***: Around 55% of the UK's structural steel supply is sourced outside the UK: Europe (~50%) and the rest of the world (~5%). Inputs into UK steelmaking are also imported, mainly from outside the EU. Currency fluctuations would impact on both input and output pricing, but this is one of many factors that has an impact on steel pricing models at any one point in time.	Medium	Low

Industry Members

Industry Members are those principal companies involved in the direct supply to all or some Steelwork Contractor Members of components, materials or products. Industry member companies must have a registered office within the United Kingdom or Republic of Ireland.

1 Structural components
2 Computer software
3 Design services
4 Steel producers
5 Manufacturing equipment
6 Protective systems
7 Safety systems
8 Steel stockholders
9 Structural fasteners

CE
CE Marking compliant, where relevant:
M manufacturer (products CE Marked)
D/I distributor/importer (systems comply with the CPR)
N/A CPR not applicable

SCM
Steel Construction Sustainability Charter
● = Gold,
● = Silver,
● = Member

Company name	Tel	1	2	3	4	5	6	7	8	9	CE	SCM	BIM
AJN Steelstock Ltd	01638 555500								●		M		
Albion Sections Ltd	0121 553 1877	●									M		
Arcelor Mittal Distribution - Scunthorpe	01724 810810								●		D/I		
AVEVA Solutions Ltd	01223 556655		●								N/A		
Ayrshire Metals Ltd	01327 300990	●									M		✓
BAPP Group Ltd	01226 383824									●	M		
Barrett Steel Services Limited	01274 682281								●		M		
Behringer Ltd	01296 668259					●					N/A		
British Steel Ltd	01724 404040				●						M		
British Steel Distribution	01642 405040								●		D/I		
BW Industries Ltd	01262 400088	●									M		
Cellbeam Ltd	01937 840600	●									M		
Cleveland Steel & Tubes Ltd	01845 577789								●		M		
Composite Metal Flooring Ltd	01495 761080	●									M		
Composite Profiles UK Ltd	01202 659237	●									D/I		
Cooper & Turner Ltd	0114 256 0057									●	M		
Cutmaster Machines (UK) Ltd	01226 707865					●					N/A		
Daver Steels Ltd	0114 261 1999	●									M		
Daver Steels (Bar & Cable Systems) Ltd	01709 880550	●									M		
Dent Steel Services (Yorkshire) Ltd	01274 607070								●		M		
Duggan Profiles & Steel Service Centre Ltd	00353 567722485	●							●		M		
easi-edge Ltd	01777 870901							●			N/A	Gold	
Fabsec Ltd	01937 840641	●									N/A		
Ficep (UK) Ltd	01924 223530					●					N/A		
FLI Structures	01452 722200	●									M	Gold	
Forward Protective Coatings Ltd	01623 748323						●				N/A		
Hadley Industries Plc	0121 555 1342	●									M	Silver	
Hempel UK Ltd	01633 874024						●				N/A		
Highland Metals Ltd	01343 548855						●				N/A		
Hi-Span Ltd	01953 603081	●									M	Member	
International Paint Ltd	0191 469 6111						●				N/A	Gold	
Jack Tighe Ltd	01302 880360						●				N/A		
Jamestown Manufacturing Ltd	00 353 45 434288	●									M		
John Parker & Son Ltd	01227 783200								●	●	D/I		
Joseph Ash Galvanizing	01246 854650						●				N/A		
Jotun Paints (Europe) Ltd	01724 400000						●				N/A		
Kaltenbach Ltd	01234 213201					●					N/A		
Kingspan Structural Products	01944 712000	●									M	Gold	
Kloeckner Metals UK	0113 254 0711								●		D/I		
Lincoln Electric (UK) Ltd	0114 287 2401					●					N/A		
Lindapter International	01274 521444									●	M		
MSW UK Ltd	0115 946 2316	●									D/I		
Murray Plate Group Ltd	0161 866 0266								●		D/I		
National Tube Stockholders Ltd	01845 577440								●		D/I		
Peddinghaus Corporation UK Ltd	01952 200377					●					N/A		
Pipe and Piling Supplies Ltd	01592 770312	●									M		
PPG Architectural Coatings UK & Ireland	01924 354233						●				N/A		
Prodeck-Fixing Ltd	01278 780586	●									D/I		
Rainham Steel Co Ltd	01708 522311								●		D/I		
SDS/2 Ltd	07734 293573		●								N/A		
Sherwin-Williams Protective & Marine Coatings	01204 521771						●				N/A	Silver	
Structural Metal Decks Ltd	01202 718898	●									M		
StruMIS Ltd	01332 545800		●								N/A		
Stud-Deck Services Ltd	01335 390069	●									D/I		
Tata Steel – Tubes	01536 402121				●						M		
Tata Steel – ComFlor	01244 892199	●									M		
Tension Control Bolts Ltd	01948 667700						●			●	M		
Trimble Solutions (UK) Ltd	0113 887 9790		●								N/A		
voestalpine Metsec plc	0121 601 6000	●									M	Gold	
Wedge Group Galvanizing Ltd	01909 486384						●				N/A		
Yamazaki Mazak UK Ltd	01905 755755					●					N/A		