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TRADE REMEDIES NOTICE

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**2021 No. 1**

**SAFEGUARD MEASURE**

**Tariff-rate quota on steel goods**

30<sup>th</sup> June 2021

with effect from 1<sup>st</sup> July 2021

This public notice is published by the Secretary of State under regulation 52(4)(a) of the Trade Remedies (Increase in Imports Causing Serious Injury to UK Producers) (EU Exit) Regulations 2019(a) and makes provision giving effect to the recommendation of the Trade Remedies Authority made in accordance with regulation 51 of those Regulations and entitled Transition review TF0006 – Safeguard measure on certain steel products(b).

**Tariff-rate quota on steel goods**

**Goods description**

The notice relates to the following goods (“steel goods”):

Goods category(c)	Goods category name	‘UK Global Tariff’ commodity code		
A [1]	Non-alloy and other alloy hot-rolled sheet and strip	72 08 10 00	72 08 52 99	72 25 30 30
		72 08 25 00	72 08 53 10	72 25 30 90
		72 08 26 00	72 08 53 90	72 25 40 15
		72 08 27 00	72 08 54 00	72 25 40 90
		72 08 36 00	72 11 13 00	72 26 19 10
		72 08 37 00	72 11 14 00	72 26 91 20
		72 08 38 00	72 11 19 00	72 26 91 91
		72 08 39 00	72 12 60 00	72 26 91 99
		72 08 40 00	72 25 19 10	-
		72 08 52 10	72 25 30 10	-
B [2]		72 09 15 00	72 09 28 90	72 11 90 20
		72 09 16 90	72 09 90 20	72 11 90 80

(a) S.I. 2019/449, amended by S.I. 2019/1076, S.I. 2019/1319, S.I. 2020/99, and S.I. 2020/730.

(b) Transition review TF0006 – Safeguard measure on certain steel products (dated 3<sup>rd</sup> June 2021) may be found online at <https://www.trade-remedies.service.gov.uk/public/case/TF0006/>.

(c) The number in square brackets indicates the corresponding category of steel products in Taxation Notice 2020/06: Safeguard measures on certain steel products – application of tariff rate quotas, which had effect from 11 p.m. on 31<sup>st</sup> December 2020 to 30<sup>th</sup> June 2021.

Goods category(c)	Goods category name	'UK Global Tariff' commodity code		
		72 09 17 90	72 09 90 80	72 25 50 20
	Non-alloy and other alloy cold-rolled sheet	72 09 18 91	72 11 23 20	72 25 50 80
		72 09 25 00	72 11 23 30	72 26 20 00
		72 09 26 90	72 11 23 80	72 26 92 00
		72 09 27 90	72 11 29 00	-
		72 10 20 00	72 12 20 00	72 12 50 90
		72 10 41 00	72 12 30 00	72 25 91 00
	Metallic coated sheet	72 10 49 00	72 12 50 20	72 25 92 00
C [4]		72 10 61 00	72 12 50 30	72 25 99 00
		72 10 69 00 20	72 12 50 40	72 26 99 10
		72 10 69 00 80	72 12 50 61	72 26 99 30
		72 10 90 80	72 12 50 69	72 26 99 70
D [5]	Organic coated sheet	72 10 70 80	72 12 40 80	-
E [13]	Rebar	72 14 20 00	72 14 99 10	-
F [19]	Railway material	73 02 10 22	73 02 10 28	73 02 10 50
	Gas pipe	73 06 30 41	73 06 30 72	-
G [20]		73 06 30 49	73 06 30 77	-
H [21]	Hollow section	73 06 61 10	73 06 61 92	73 06 61 99
I [25A]	Large welded tube (1)	73 05 11 00	73 05 12 00	-
	Large welded tube (2)	73 05 19 00	73 05 31 00	73 05 90 00
J [25B]		73 05 20 00	73 05 39 00	-
	Other welded tube	73 06 11 10	73 06 30 11	73 06 50 80
		73 06 11 90	73 06 30 19	73 06 69 10
		73 06 19 10	73 06 30 80	73 06 69 90
K [26]		73 06 19 90	73 06 40 20	73 06 90 00
		73 06 21 00	73 06 40 80	-
		73 06 29 00	73 06 50 20	-

## Duty amount

The additional amount of duty ("safeguard duty") applicable to steel goods imported outside of the quota is 25% ad valorem.

The safeguard duty is applicable to the net free-at-the-frontier price of the good (before any other amount of import duty).

## Duration

The tariff-rate quota set out in this notice has effect from 1<sup>st</sup> July 2021 to 30<sup>th</sup> June 2024.

The tariff-rate quota is an extension of the tariff-rate quota imposed by the European Union on behalf of the United Kingdom and other countries or territories that had effect in the United Kingdom from 19<sup>th</sup> July 2018 to 30<sup>th</sup> June 2021(a).

(a) The tariff-rate quota had effect in the United Kingdom from 19<sup>th</sup> July 2018 to 11 p.m. on 31<sup>st</sup> December 2020 by virtue of EUR 2018/1013 (OJ No. L 181, 18.07.2018, p. 39, amended by OJ No. L 286, 14.11.2018, p. 17) and EUR 2019/159 (OJ No. L 31, 01.02.2019, p. 27, amended by OJ No. L 248, 27.09.2019, p. 28, OJ No. L 12, 16.01.2020, p. 13, and OJ No. L 206, 30.06.2020, p. 27) and from 11 p.m. on 31<sup>st</sup> December 2020 to 30<sup>th</sup> June 2021 by virtue of Taxation Notice 2020/06: Safeguard measures on certain steel products – application of tariff rate quotas.

## Quota amount and allocation

The quota is divided into 12 Quarters over three years and specifies for each goods category the amount of steel goods that may be imported free of safeguard duty in any given Quarter.

### *Right to access quota*

The right to access the quota is granted by Her Majesty's Revenue and Customs to importers in the United Kingdom on a first-come, first-served basis.

Importers are asked to cite the relevant order number set out in the Annex when applying to Her Majesty's Revenue and Customs to access a particular quota.

### *Limited access to unused quota in next Quarter of same year*

Any unused quota allocated for steel goods originating in a country or territory remains available in the next Quarter for steel goods originating in that country or territory. Any unused balance may cumulate within the same year but any quota remaining at the end of each year is not available in the next year.

### *Open access to unused quota in Quarter 4 of each year*

Importers of steel goods originating in a country or territory with an exhausted quota allocation for the year may, only in Quarter 4 of that year, apply for the right to use any remaining quota allocated for steel goods originating in all other countries or territories.

## Quota amount and allocation for year 4

1<sup>st</sup> July 2021 to 30<sup>th</sup> June 2022, in tonnes (t), allocated quarterly:

- Quarter 1: 1<sup>st</sup> July 2021 to 30<sup>th</sup> September 2021;
- Quarter 2: 1<sup>st</sup> October 2021 to 31<sup>st</sup> December 2021;
- Quarter 3: 1<sup>st</sup> January 2022 to 31<sup>st</sup> March 2022;
- Quarter 4: 1<sup>st</sup> April 2022 to 30<sup>th</sup> June 2022.

Goods category	Origin country or territory	Year 4			
		Quarter 1	Quarter 2	Quarter 3	Quarter 4
A	European Union	165,052	165,052	161,464	163,258
	Turkey	22,982	22,982	22,482	22,732
	Taiwan	12,792	12,792	12,514	12,653
	Russia	11,782	11,782	11,526	11,654
	<i>All others</i>	15,621	15,621	15,282	15,452
B	European Union	74,206	74,206	72,593	73,400
	South Korea	11,146	11,146	10,904	11,025
	India	9,106	9,106	8,908	9,007
	Vietnam	6,240	6,240	6,104	6,172
	<i>All others</i>	16,673	16,673	16,310	16,491
C	European Union	302,951	302,951	296,365	299,658
	Taiwan	32,637	32,637	31,927	32,282
	China	31,933	31,933	31,238	31,586
	South Korea	24,610	24,610	24,075	24,343
	<i>All others</i>	71,359	71,359	69,807	70,583
D	European Union	33,537	33,537	32,808	33,172
	South Korea	10,884	10,884	10,647	10,765
	<i>All others</i>	2,170	2,170	2,123	2,147

Goods category	Origin country or territory	Year 4			
		Quarter 1	Quarter 2	Quarter 3	Quarter 4
E	European Union	50,362	50,362	49,267	49,814
	Turkey	29,015	29,015	28,384	28,699
	Belarus	21,051	21,051	20,594	20,822
	Ukraine	12,398	12,398	12,129	12,263
	Russia	6,122	6,122	5,989	6,056
	<i>All others</i>	3,433	3,433	3,359	3,396
F	European Union	9,186	9,186	8,986	9,086
	<i>All others</i>	129	129	126	128
G	Turkey	14,368	14,368	14,056	14,212
	European Union	6,472	6,472	6,331	6,402
	India	3,386	3,386	3,312	3,349
	United Arab Emirates	2,135	2,135	2,089	2,112
	<i>All others</i>	675	675	661	668
H	Turkey	34,133	34,133	33,391	33,762
	European Union	10,099	10,099	9,880	9,989
	<i>All others</i>	3,411	3,411	3,337	3,374
I	European Union	5,790	5,790	5,664	5,727
	Indonesia	4,584	4,584	4,485	4,535
	Malaysia	2,348	2,348	2,297	2,323
	South Korea	1,128	1,128	1,104	1,116
	Saudi Arabia	1,117	1,117	1,093	1,105
	<i>All others</i>	1,586	1,586	1,552	1,569
J	European Union	12,472	12,472	12,201	12,336
	South Korea	4,219	4,219	4,127	4,173
	Norway	3,623	3,623	3,544	3,583
	Turkey	1,682	1,682	1,645	1,663
	<i>All others</i>	3,568	3,568	3,491	3,529
K	European Union	20,298	20,298	19,857	20,078
	United Arab Emirates	14,000	14,000	13,695	13,848
	Turkey	10,238	10,238	10,015	10,127
	China	5,524	5,524	5,404	5,464
	Norway	2,985	2,985	2,920	2,952
	<i>All others</i>	6,609	6,609	6,466	6,537

#### Quota amount and allocation for year 5

1<sup>st</sup> July 2022 to 30<sup>th</sup> June 2023, in tonnes (t), allocated quarterly:

- Quarter 1: 1<sup>st</sup> July 2022 to 30<sup>th</sup> September 2022;
- Quarter 2: 1<sup>st</sup> October 2022 to 31<sup>st</sup> December 2022;
- Quarter 3: 1<sup>st</sup> January 2023 to 31<sup>st</sup> March 2023;
- Quarter 4: 1<sup>st</sup> April 2023 to 30<sup>th</sup> June 2023.

Goods category	Origin country or territory	Year 5			
		Quarter 1	Quarter 2	Quarter 3	Quarter 4
A	European Union	170,004	170,004	166,308	168,156
	Turkey	23,671	23,671	23,157	23,414
	Taiwan	13,176	13,176	12,890	13,033

Goods category	Origin country or territory	Year 5			
		Quarter 1	Quarter 2	Quarter 3	Quarter 4
	Russia	12,135	12,135	11,871	12,003
	<i>All others</i>	16,090	16,090	15,740	15,915
B	European Union	76,432	76,432	74,771	75,602
	South Korea	11,481	11,481	11,231	11,356
	India	9,379	9,379	9,175	9,277
	Vietnam	6,427	6,427	6,287	6,357
	<i>All others</i>	17,173	17,173	16,799	16,986
C	European Union	312,039	312,039	305,256	308,647
	Taiwan	33,616	33,616	32,885	33,250
	China	32,891	32,891	32,176	32,533
	South Korea	25,349	25,349	24,798	25,073
	<i>All others</i>	73,500	73,500	71,902	72,701
D	European Union	34,543	34,543	33,792	34,167
	South Korea	11,210	11,210	10,966	11,088
	<i>All others</i>	2,235	2,235	2,187	2,211
E	European Union	51,873	51,873	50,745	51,309
	Turkey	29,885	29,885	29,236	29,560
	Belarus	21,683	21,683	21,211	21,447
	Ukraine	12,770	12,770	12,493	12,631
	Russia	6,306	6,306	6,169	6,236
	<i>All others</i>	3,536	3,536	3,459	3,498
F	European Union	9,461	9,461	9,256	9,359
	<i>All others</i>	133	133	130	131
G	Turkey	14,799	14,799	14,478	14,638
	European Union	6,666	6,666	6,521	6,594
	India	3,487	3,487	3,412	3,449
	United Arab Emirates	2,199	2,199	2,151	2,175
	<i>All others</i>	696	696	680	688
	H	Turkey	35,157	35,157	34,393
European Union		10,402	10,402	10,176	10,289
<i>All others</i>		3,514	3,514	3,437	3,475
I	European Union	5,963	5,963	5,834	5,899
	Indonesia	4,722	4,722	4,619	4,671
	Malaysia	2,419	2,419	2,366	2,393
	South Korea	1,162	1,162	1,137	1,149
	Saudi Arabia	1,151	1,151	1,126	1,138
	<i>All others</i>	1,634	1,634	1,599	1,616
J	European Union	12,846	12,846	12,567	12,706
	South Korea	4,346	4,346	4,251	4,298
	Norway	3,731	3,731	3,650	3,691
	Turkey	1,732	1,732	1,694	1,713
	<i>All others</i>	3,675	3,675	3,595	3,635
K	European Union	20,907	20,907	20,453	20,680
	United Arab Emirates	14,420	14,420	14,106	14,263
	Turkey	10,545	10,545	10,316	10,430
	China	5,689	5,689	5,566	5,628
	Norway	3,074	3,074	3,007	3,041
	<i>All others</i>	6,808	6,808	6,660	6,734

## Quota amount and allocation for year 6

1<sup>st</sup> July 2023 to 30<sup>th</sup> June 2024, in tonnes (t), allocated quarterly:

- Quarter 1: 1<sup>st</sup> July 2023 to 30<sup>th</sup> September 2023;
- Quarter 2: 1<sup>st</sup> October 2023 to 31<sup>st</sup> December 2023;
- Quarter 3: 1<sup>st</sup> January 2024 to 31<sup>st</sup> March 2024;
- Quarter 4: 1<sup>st</sup> April 2024 to 30<sup>th</sup> June 2024.

Goods category	Origin country or territory	Year 6			
		Quarter 1	Quarter 2	Quarter 3	Quarter 4
A	European Union	174,625	174,625	172,727	172,727
	Turkey	24,315	24,315	24,050	24,050
	Taiwan	13,534	13,534	13,387	13,387
	Russia	12,465	12,465	12,330	12,330
	<i>All others</i>	16,527	16,527	16,348	16,348
B	European Union	78,510	78,510	77,657	77,657
	South Korea	11,793	11,793	11,665	11,665
	India	9,634	9,634	9,530	9,530
	Vietnam	6,602	6,602	6,530	6,530
	<i>All others</i>	17,640	17,640	17,448	17,448
C	European Union	320,522	320,522	317,038	317,038
	Taiwan	34,530	34,530	34,154	34,154
	China	33,785	33,785	33,418	33,418
	South Korea	26,038	26,038	25,755	25,755
	<i>All others</i>	75,498	75,498	74,677	74,677
D	European Union	35,482	35,482	35,096	35,096
	South Korea	11,515	11,515	11,390	11,390
	<i>All others</i>	2,296	2,296	2,271	2,271
E	European Union	53,283	53,283	52,704	52,704
	Turkey	30,698	30,698	30,364	30,364
	Belarus	22,272	22,272	22,030	22,030
	Ukraine	13,117	13,117	12,975	12,975
	Russia	6,477	6,477	6,407	6,407
	<i>All others</i>	3,632	3,632	3,593	3,593
F	European Union	9,719	9,719	9,613	9,613
	<i>All others</i>	137	137	135	135
G	Turkey	15,202	15,202	15,036	15,036
	European Union	6,848	6,848	6,773	6,773
	India	3,582	3,582	3,543	3,543
	United Arab Emirates	2,259	2,259	2,234	2,234
	<i>All others</i>	715	715	707	707
H	Turkey	36,113	36,113	35,721	35,721
	European Union	10,685	10,685	10,569	10,569
	<i>All others</i>	3,609	3,609	3,570	3,570
I	European Union	6,125	6,125	6,059	6,059
	Indonesia	4,850	4,850	4,798	4,798
	Malaysia	2,485	2,485	2,458	2,458
	South Korea	1,193	1,193	1,181	1,181
	Saudi Arabia	1,182	1,182	1,169	1,169

Goods category	Origin country or territory	Year 6			
		Quarter 1	Quarter 2	Quarter 3	Quarter 4
	<i>All others</i>	1,678	1,678	1,660	1,660
J	European Union	13,195	13,195	13,052	13,052
	South Korea	4,464	4,464	4,415	4,415
	Norway	3,833	3,833	3,791	3,791
	Turkey	1,779	1,779	1,760	1,760
	<i>All others</i>	3,775	3,775	3,734	3,734
K	European Union	21,476	21,476	21,242	21,242
	United Arab Emirates	14,812	14,812	14,651	14,651
	Turkey	10,832	10,832	10,714	10,714
	China	5,844	5,844	5,781	5,781
	Norway	3,158	3,158	3,123	3,123
	<i>All others</i>	6,993	6,993	6,917	6,917

## Goods excluded

### *Exclusion for steel goods originating in signatory countries or territories*

All steel goods originating in a signatory country or territory specified below are excluded from:

- (a) the quota amount allocated for all other countries or territories; and
- (b) the application of the safeguard duty.

<i>Signatory countries or territories</i>	
Antigua and Barbuda	Jamaica
Barbados	Kenya
Belize	Lesotho
Bahamas	Mozambique
Botswana	Namibia
Côte d'Ivoire	St Kitts and Nevis
Dominica	St Lucia
Dominican Republic	St Vincent and the Grenadines
Eswatini	South Africa
Grenada	Trinidad and Tobago
Guyana	

### *Limited exclusion for steel goods originating in developing countries or territories*

Except for steel goods in a goods category originating in a developing country or territory annotated with that goods category, any steel goods originating in a developing country or territory specified below are excluded from:

- (a) the quota amount allocated for all other countries or territories; and
- (b) the application of the safeguard duty.

Key: \* denotes a quota amount for the goods category is allocated for the country or territory;

^ denotes the quota amount for the goods category allocated to all other countries or territories is available for the country or territory.

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*Developing countries or territories*

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Afghanistan	Macao
Albania	Madagascar
Angola	Malawi
Antigua and Barbuda	Malaysia (Cat.: I*)
Argentina	Maldives
Armenia	Mali
Bahrain	Mauritania
Bangladesh	Mauritius
Barbados	Mexico
Belize	Moldova
Benin	Mongolia
Bolivia	Montenegro
Botswana	Morocco
Brazil (Cat. B^)	Mozambique
Brunei	Myanmar (Burma)
Burkina Faso	Namibia
Burundi	Nepal
Cape Verde	Nicaragua
Cambodia	Niger
Cameroon	Nigeria
Central African Republic	North Macedonia
Chad	Oman
Chile	Pakistan
China (Cats.: C*; K*)	Panama
Colombia	Papua New Guinea
Congo	Paraguay
Costa Rica	Peru
Côte d'Ivoire	Philippines
Cuba	Qatar
Democratic Republic of the Congo	Rwanda
Djibouti	St Kitts and Nevis
Dominica	St Lucia
Dominican Republic	St Vincent and the Grenadines
Ecuador	Samoa
Egypt	Saudi Arabia (Cats.: I*; J^)
El Salvador	Senegal
Eswatini	Seychelles
Fiji	Sierra Leone
Gabon	Solomon Islands
The Gambia	South Africa
Georgia	Sri Lanka
Ghana	Suriname
Grenada	Tajikistan
Guatemala	Tanzania
Guinea	Thailand
Guinea-Bissau	Togo
Guyana	Tonga
Haiti	Trinidad and Tobago
Honduras	Tunisia
Hong Kong	Turkey (Cats: A*; C^; E*; G*; H*; J*; K*)
India (Cats.: B*; C^; G*; K^)	Uganda
Indonesia (Cat.: I*)	Ukraine (Cats.: B^; E*)

<i>Developing countries or territories</i>	
Jamaica	United Arab Emirates (Cats.: G*; H <sup>^</sup> ; K*)
Jordan	Uruguay
Kazakhstan	Vanuatu
Kenya	Venezuela
Kuwait	Vietnam (Cat. B*)
Kyrgyzstan	Yemen
Laos	Zambia
Lesotho	Zimbabwe
Liberia	-

## Transition review TF0006 – Safeguard measure on certain steel products

### Summary of the review

In accordance with regulation 49(4) of the Trade Remedies (Increase in Imports Causing Serious Injury to UK Producers) (EU Exit) Regulations 2019 (“the Regulations”) the Trade Remedies Authority (“the TRA”) has conducted a transition review and considered whether goods belonging to each specified category of steel products were, during the same investigation period considered by the European Commission in connection with the EU tariff rate quotas, imported into the United Kingdom in increased quantities. Where the TRA determined that goods were imported in increased quantities, and where those increases were considered significant in accordance with regulation 5, a further consideration in accordance with regulation 49(4)(a)-(d) of the Regulations was made on whether;

- the importation of those goods in increased quantities would be likely to recur if they were no longer subject to a tariff rate quota;
- there would be serious injury to United Kingdom producers of the like goods and directly competitive goods if goods belonging to that category were no longer subject to a tariff rate quota;
- the continuation of a tariff rate quota is necessary to facilitate the adjustment of the United Kingdom producers of the like goods and directly competitive goods to the importation of goods belonging to that category; and
- whether alternative tariff rate quotas or the application of a safeguarding amount to goods belonging to that category would better meet the aim of preventing serious injury to the United Kingdom producers of the like goods and directly competitive goods.

In accordance with regulation 49(5) of the Regulations, the TRA review further considered whether it is appropriate to increase the amount of any of the tariff rate quotas; vary (or provide for) the allocation of any of the tariff rate quotas; reduce the additional amount of import duty; reduce or extend the period for which goods are subject to the tariff rate quotas; vary the pace of liberalisation; and vary (or provide for) the terms on which a part or the whole of any of the tariff rate quotas is allocated or may be utilised.

This review has also considered, in accordance with regulation 50(5) of the Regulations, whether the TRA is satisfied that the application of the measure meets the United Kingdom economic interest test. This consideration has been made where

the TRA's final determination is that the tariff rate quotas applied to goods should be varied.

The Statement of Intended Preliminary Decision ("the SIPD") was published on 19 May 2021 and, due to the very tight timeline to which this transition review is subject, was followed by a period of 7 days for the reception of submissions in relation to it. Again, due to the tight timeline, the TRA was unable to grant extensions for submissions. The determinations of the TRA were made following the consideration of comments received during this period, pursuant to regulation 29(2) of the Regulations.

The TRA reviewed 19 product categories, which contained 253 different product codes in total. The total number of product codes in the TRA's determinations reduced by 17 codes to 236 as a result of a scope change which combined two categories. The TRA is recommending that the measure is revoked on 130 product codes and extended on 106 product codes. This represents revocation of all codes in nine product categories and extension of the application of the measure on 10 product categories with two of those categories amended (i.e. some codes are revoked).

### **Recommendation of the Trade Remedies Authority**

In accordance with regulation 51 of the Regulations, and as a result of the determinations made pursuant to regulation 50 of the Regulations, the TRA made the following recommendations to the Secretary of State for International Trade.

The TRA recommended in accordance with regulations 51(1), (3)(c) and (8) of the Regulations that the application of the tariff rate quota be revoked, where goods belonging to a specified category of steel products were either not being produced by United Kingdom producers or not being imported into the United Kingdom in increased quantities during the period of investigation.

The TRA also recommended in accordance with regulations 51(1), (3)(c) and (8) of the Regulations that the application of the tariff rate quota be revoked, where goods belonging to a specified category of steel products were not being imported into the United Kingdom in increased quantities deemed to be significant, or are not causing serious injury to the United Kingdom domestic industry, as detailed in the table below.

The TRA recommended in accordance with regulations 51(1), (3)(c), (4) and (8) of the Regulations that the application of the tariff rate quota be revoked, where goods belonging to a specified category of steel products were determined not to meet the Economic Interest Test.

The TRA further recommended in accordance with regulations 51(1), (3)(a), (4), (6), (7) and (8) of the Regulations that the application of the tariff rate quota be varied, where goods belonging to a specified category of steel products were being imported into the United Kingdom in increased quantities deemed significant, as their application met the Economic Interest Test and they continue to be necessary to facilitate adjustment of United Kingdom producers to the importation of those goods and there is evidence that United Kingdom producers are adjusting to the importation of those goods. The variation of the measure was recommended to be on the following terms:

- goods belonging to each of these categories of steel products are subject to a tariff rate quota and an out-of-quota safeguarding duty of 25%;
- the measure is extended for a period of three years;
- the liberalisation rate for the measure is set at 3% for each year that the measure is in place, thereby ensuring that the pace of liberalisation is maintained; and

- goods originating from developing countries members of the WTO that are low volume exporters as defined in regulation 46(6)-(7) of the Regulations are excepted from the application of the tariff rate quotas pursuant to regulation 43 of the Regulations, and some FTA partners are excluded from the scope of this transition review pursuant to regulation 44 of the Regulations.

## **Reasons for the recommendation**

In the injury analysis conducted by the TRA as part of the transition review, a significant increase in imports was found for all product categories apart from product categories 6 and 28. The likelihood of a reoccurrence of imports in increased quantities was found for all product categories if the safeguard measure was revoked. For the assessment on the likelihood of recurrence of serious injury, the TRA found that there is a likelihood that serious injury would recur if the safeguard measure was revoked for all product categories, except 7. Therefore, product categories 6, 7 and 28 were removed from the recommended measure and were not assessed in the economic interest test.

In the significance assessment, the TRA found that the scrap metal industry, coal industry and importers of steel products are relatively small in terms of both numbers of employees and Gross Value Added (GVA). The TRA also found that the United Kingdom steel sector is economically significant with higher employment figures in comparison to the upstream industry and importers. Due to the prevalence of steel as an input, the downstream industries are an order of magnitude bigger than the steel industry by all metrics.

From assessing the impacts of the proposed extended safeguard measure, the TRA found that the measure would significantly benefit the United Kingdom steel and scrap metal industries. The TRA found that importers of steel into the United Kingdom could incur some costs. The size of these costs would depend on the extent to which imports exceed the quota amounts with the extension of the safeguard measure. While the impact on individual downstream businesses and consumers is expected to be fairly small, owing to the large numbers affected, total costs for downstream sectors and consumers may be significant overall but risks to employment as considered low. There is evidence to suggest that price increases might be greater for products like railway material, stainless wire rod and organic coated sheets than others. Additional evidence following the publication of the SIPD, raised concerns about the impact of the measure on category 15, due to the impact on the downstream industry.

The TRA found no evidence of major geographic effects for upstream industries because the significance of steel to the coal sector is fairly small, and because there was a lack of data for the scrap metal industry. For the United Kingdom steel industry, the TRA found evidence that there could be significant benefits of extending the safeguard measure in certain deprived areas such as Port Talbot, due to the presence of the steel industry as a major employer and the threats to employment in the industry if the measure was revoked. The TRA does not consider it likely that there would be any significant geographic impacts for importers due to low employee numbers. The downstream industries are concentrated in a variety of areas, however due to the low impact on individual companies, the TRA does not expect there to be significant regional impacts. There is no evidence to suggest any particular groups will be impacted.

The analysis of the competitive environment highlights variation in market shares across the product categories. On consequences for the competitive environment, there are likely to be positive and negative impacts from the proposed extended measure. The quotas are set at a level that maintains traditional trade flows, meaning most imports will be unconstrained and competition would not be affected up to the quota amounts. However, once the quota amounts are reached, the level of competition in the steel market will be inhibited.

On other factors, the TRA received evidence in response to the SIPD that extending the measure on category 15 would hinder the growth of downstream industries. The only known United Kingdom producer of this category is supportive of the measure being revoked on this category and also has a very high share of known consumption (over 80%) that the TRA considers to be relevant under the economic interest test.

The Secretary of State for International Trade guidance to the TRA on the economic interest test states that there is no starting presumption that a safeguard measure is in the economic interest of the United Kingdom, and that a measure is not in the economic interest of the United Kingdom, if the negative impacts are disproportionate to the positive impacts.

The key positive impacts of extending the measure, as compared to revoking the measure, that the TRA has identified as part of the review include:

- Benefits to the United Kingdom steel industry from removing the likelihood of serious injury, in light of global overcapacity and the risk of trade diversion due to continuation of the measure in other major markets. The steel industry is economically significant with a GVA of over £2.2 billion and employment of around 33,000, some of which is concentrated in economically deprived areas like Neath Port Talbot and North Lincolnshire.
- Benefits to upstream suppliers of scrap metal that rely on demand from the steel industry and would suffer if there were serious injury to the United Kingdom steel producers.
- Some positive impacts on the competitive environment arising from the United Kingdom producers being able to remain viable as suppliers to the United Kingdom market, preserving the ability and incentives to compete in the longer term and offering locally sourced steel preferred by some customers.

On the other hand, the key negative impacts include:

- Negative impact on importers, resulting from the application of tariff rate quotas on goods they import, which will likely reduce their ability to compete with United Kingdom producers. The evidence suggests that importers are a lot less economically significant than United Kingdom steel producers with a smaller GVA and turnover and employing relatively few people both overall and in any particular area.
- Increase in costs to downstream industries from the measure being extended as compared to them being revoked, resulting from the application of a 25% out-of-quota safeguarding tariff on import volumes above the quota amount. However, the TRA found that the impact is likely to be smaller (0-19% across categories) and that steel costs are likely to account for a small proportion (under 1%) of turnover, indicating that even a relatively large change in the price of steel products is unlikely to have a significant impact on average businesses in these groups. Taken together, these downstream industries are more economically significant than United Kingdom producers and the aggregate impact on them may be large.
- Some negative impacts on the competitive environment, particularly on the number or range of suppliers and their ability and incentives to compete beyond the quota amount. The market share of United Kingdom producers varies considerably across product categories.

Given the large number of countries and regions from which products under all categories are imported into the United Kingdom, the TRA did not consider that the relatively high market share of United Kingdom producers is likely to create significant negative consequences for the competitive environment.

In the SIPD, the TRA concluded that extending the measure for subcategory 25B would not be in the economic interest test of the United Kingdom, due to the small market share of United Kingdom producers, the possibility of increased costs to downstream users under strong demand conditions in the future and the lack of a presumption for safeguard measure being in the economic interest of the United Kingdom. Information submitted following the publication of the SIPD by trade body UK Steel confirms that there is additional production of large welded tubes under subcategory 25B, which significantly increases the market share estimates for United Kingdom producers. Assessing this alongside other available evidence, the TRA therefore considered extending the measure for subcategory 25B to be in the economic interest of the United Kingdom.

In light of the submission relating to category 15 received following the publication of the SIPD, the TRA concluded that, on the basis of the evidence available, extending the measures for category 15 would not be in the economic interest test of the United Kingdom.

For all product categories other than 15 (1, 2, 4, 5, 13, 19, 20, 21, 25A, 25B and 26), the TRA recognised that there are some potentially significant negative impacts as summarised above, but did not consider them to outweigh or be disproportionate to the more significant positive impacts. The main reasons for this were that the available evidence showed that:

- extending the measure would prevent the likelihood of serious injury to the economically significant steel sector facing a challenging global market;
- that injury could include potential adverse impacts on jobs in the steel sector resulting from the measure being revoked, which would be concentrated in economically deprived areas of the United Kingdom; and
- the ability to import within the quota amount without needing to pay the 25% out-of-quota safeguarding amount would limit the increased costs faced by downstream users and importers, and help maintain historical trade flows of steel products.

Having considered all of the evidence presented by interested parties, including submissions following publication of the SIPD, and all of the factors listed in the legislation, the TRA has concluded that the economic interest test is met for product categories 1, 2, 4, 5, 13, 19, 20, 21, 25A, 25B and 26, but not for product category 15. It is therefore recommended that this category is removed from the coverage of the extended steel safeguard measure.

## Annex

Order numbers for importers to access the tariff-rate quota on steel goods

<i>Goods category</i>	<i>Origin country or territory</i>	<i>Order number</i>
A	European Union	058001
	Turkey	058967
	Taiwan	058085
	Russia	058084
	<i>All others</i>	058002
B	European Union	058003
	South Korea	058802
	India	058801
	Vietnam	058086
	<i>All others</i>	058005
C	European Union	058006
	Taiwan	058088
	China	058087
	South Korea	058816
	<i>All others</i>	058007
D	European Union	058010
	South Korea	058827
	<i>All others</i>	058011
E	European Union	058018
	Turkey	058866
	Belarus	058019
	Ukraine	058868
	Russia	058089
	<i>All others</i>	058020
F	European Union	058030
	<i>All others</i>	058031
G	Turkey	058911
	European Union	058032
	India	058912
	United Arab Emirates	058090
	<i>All others</i>	058033
H	Turkey	058916
	European Union	058034
	<i>All others</i>	058035
I	European Union	058091
	Indonesia	058092
	Malaysia	058093
	South Korea	058095
	Saudi Arabia	058094
	<i>All others</i>	058036
J	European Union	058037
	South Korea	058974
	Norway	058096
	Turkey	058971
	<i>All others</i>	058038
K	European Union	058039
	United Arab Emirates	058948
	Turkey	058947

<i>Goods category</i>	<i>Origin country or territory</i>	<i>Order number</i>
	China	058949
	Norway	058040
	<i>All others</i>	058041