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OPEN FOR INSPECTION

Trade Remedies Authority
North Gate House
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Reading
Berkshire
United Kingdom

31 January 2022

Submission by TRS Portal

Dear Sirs,

Subject: TF0006 – Response to the reconsideration application for Product Category 14 filed by Liberty Steel UK ('Liberty Steel')

Client: Acciaierie Valbruna S.p.A. and Valbruna UK Limited ('Valbruna')

On 7 September 2021, the Trade Remedies Authority ('**TRA**') published the notice of initiation ('**NoI**') of a procedure for the reconsideration of its original decision adopted in the framework of Transition Review No. TF0006 ('**reconsideration procedure**').

As indicated in Appendix I to the NoI, the reconsideration procedure targets several product categories including, *inter alia*, product category 14 (**'PC 14'**) covering Stainless Steel Bars and Light Sections. Based on the information available in the public file, the reconsideration procedure for PC 14 was initiated upon request of the UK manufacturer Liberty Steel. Although Liberty Steel's application for reconsideration is dated 7 July 2021, the open version of the application was placed on the public file only on 20 December 2021, with considerable delay.

The present submission is aimed at illustrating Valbruna's observations on Liberty Steel's claims directed against the TRA's conclusions in the Recommendation to the Secretary of State (the **'Recommendation'**). More precisely, in this submission it will be demonstrated, first, that during the period of investigation (**'PoI'**) Stainless Steel Bars and Light Sections falling under PC 14 were not imported into the UK in increased quantities (Section 1.1); second, that there is manifestly no causal link between the alleged injury suffered by Liberty Steel (if any) and the imports of PC 14 (Section 1.2); third, that Liberty Steel's claim regarding the interdependency of different product categories lacks of any legal basis (Section 1.3); fourth, that the period of investigation cannot be modified (Section 1.4); and lastly, that the re-imposition of safeguard measures on PC 14 is in any event not in the UK interest (Section 1.5).

1. OBSERVATIONS ON LIBERTY STEEL'S GROUNDS FOR RECONSIDERATION

1.1 The requirement relating to the 'increase in imports in absolute or relative terms' is manifestly not met for PC 14

In this regard, it may be useful to recall that pursuant to Regulation 49(4) of the Trade Remedies (Increase in Imports Causing Serious Injury to UK Producers) (EU Exit) Regulations 2019, *'the transition review is a review to consider 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'* (emphasis added). According to Regulation 4(2), in order to determine whether the goods concerned are imported into the UK in increased volumes, *'the TRA must consider whether there has been (a) an absolute increase in the volume of the goods concerned imported into the United Kingdom; or (b) a relative increase in the volume of the goods concerned imported into the United Kingdom compared with the total domestic production in the United Kingdom of the like goods and directly competitive goods'* (emphasis added).

The above provisions are in line with the provisions of the WTO Agreement on Safeguards (**'SGA'**). According to Article 2 of the SGA, a safeguard measure can be adopted only if it has

been determined that a ‘product is being imported into its territory in such increased quantities, absolute or relative to domestic production, and under such conditions as to cause or threaten to cause serious injury to the domestic industry that produces like or directly competitive products’. In *Argentina – Footwear (EC)*, the WTO Appellate Body explained that ‘all of the relevant aspects of a safeguard investigation must be conducted by the Member that ultimately applies the safeguard measure, on the basis of increased imports entering its territory and causing or threatening to cause serious injury to the domestic industry within its territory’.¹

Against this background, there is no doubt that the safeguard measure targeting PC 14 was correctly revoked by the Secretary of State (as originally recommended by the TRA) given that **no increase in imports, either absolute or relative to domestic production, took place in the UK during the Pol.**

As regards the first criterion (absolute increase in imports), the official trade statistics published on *UK Trade Info* - the HM Revenue & Customs (*‘HMRC’*) portal for the publication and hosting of UK trade statistics data - clearly show that during the Pol imports of PC 14 did not increase, but rather decreased by around 18%, from 61,501 MT in 2013 to 50,847 MT in 2017.

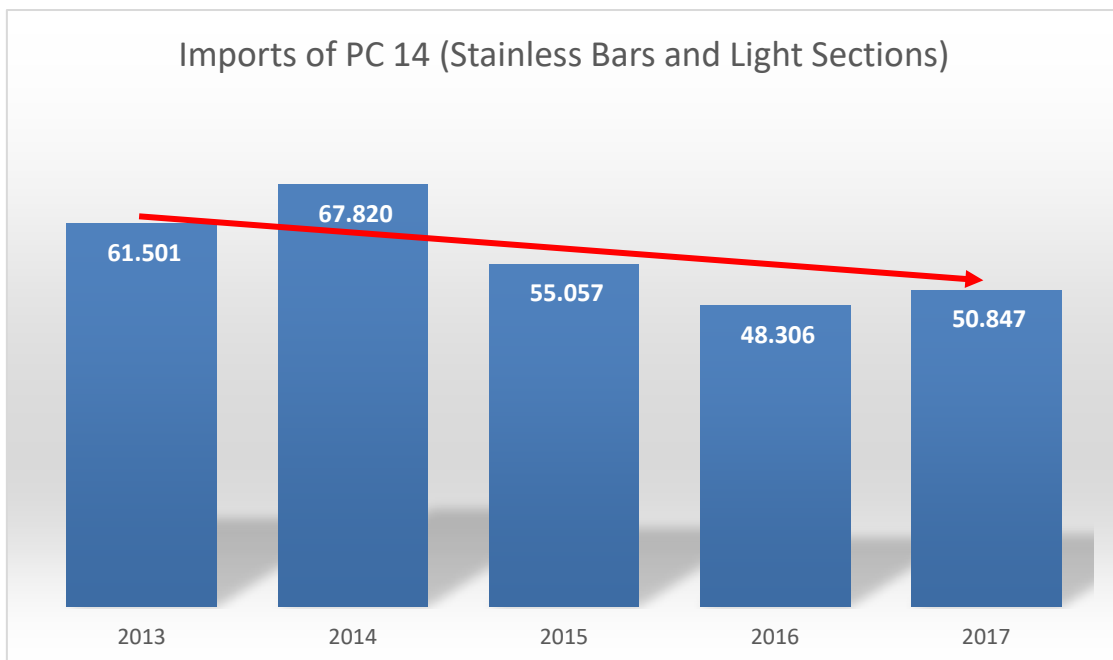


Chart 1 – Imports of Stainless Steel Bars and Light Sections into the UK (tonnes, exponential trendline).
Source: *UK Trade Info*

¹ WTO Appellate Body Report, *Argentina – Footwear (EC)*, para 111.

Moreover, it is worth nothing - *ad abundantiam* - that the same trend further continued during the Most Recent Period ('*MRP*'). As a matter of fact, in the last year covered by the MRP (2020) imports of PC 14 amounted to 46,075 MT, with a decrease of around 25% compared to the beginning of the PoI (2013).

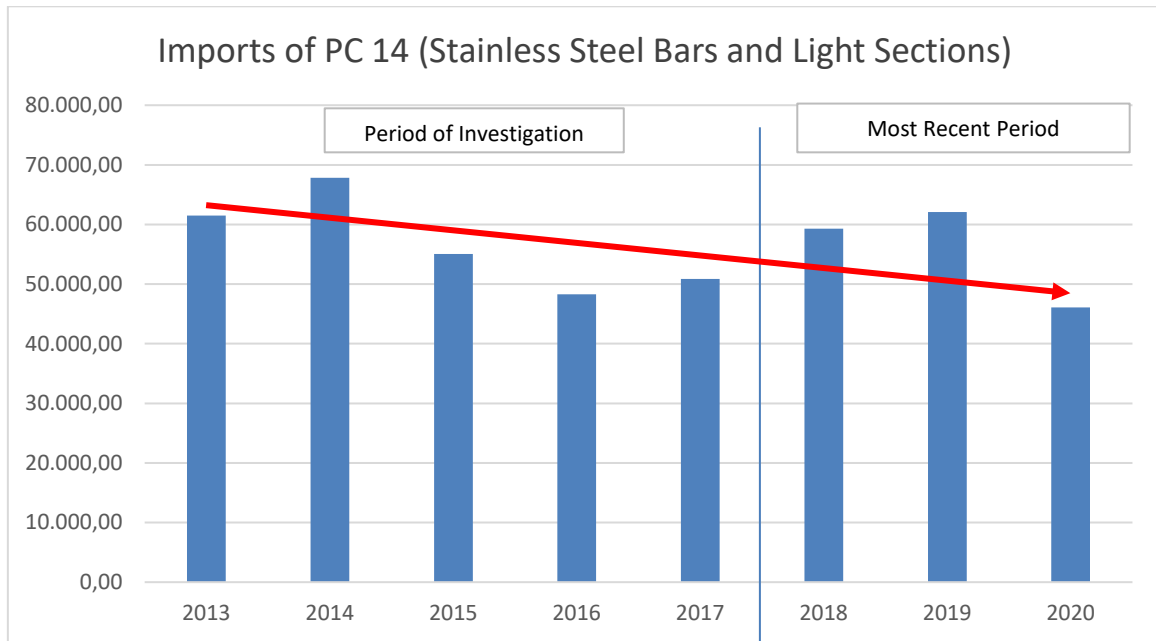


Chart 2 – Imports of Stainless Steel Bars and Light Sections into the UK (tonnes, exponential trendline).
Source: UK Trade Info

As regards the second criterion (relative increase in imports), the data made available by the TRA in Annex D to the Recommendation clearly demonstrate that during the PoI, import volumes as a proportion of the UK production also followed a decreasing trend, from 994% in 2013 to 718% in 2017.

PC 14 (Stainless Bars and Light Sections)	2013	2014	2015	2016	2017
Imports	61,501	67,820	55,057	48,306	50,847
UK production	6,187	6,321	6,097	5,737	7,082
Imports as a % of the UK production	994%	1073%	903%	842%	718%

Chart 3 – Imports vs UK production of Stainless Steel Bars and Light Sections (tonnes). Source: UK Trade Info; TRA’s Recommendation to the Secretary of State

It follows that the substantive requirement to impose safeguard measures pursuant to the WTO SGA and Trade Remedies Regulation (i.e., increase in imports, either in absolute or relative terms) is clearly not met in the present case.

This conclusion is not called into question by Liberty Steel's claim that the official import statistics relied upon by the TRA in the Recommendation would be incomplete - due to a threshold being applied before inclusion of the relevant data into the HMRC statistics (the '**exemption threshold**') - and would therefore not adequately reflect the full level of imports of the goods falling under PC 14. In this regard, the following should be noted.

As it is well known, during the Pol the UK was still a member of the European Union ('**EU**'). For this reason, the trade flows data between the UK and the rest of the EU in the period 2013-2017 were collected in accordance with the provisions of Regulation (EC) No 638/2004² (no longer in force³) governing the so-called Intrastat system.⁴

The Intrastat system is characterised by the fact that the relevant data are not collected by the relevant customs authorities (given the absence of customs formalities within the EU) but directly from traders, who are required to submit *ad hoc* declarations to that purpose; however, an exemption threshold is established to reduce the overall burden on traders, particularly small and medium ones. During the Pol, the exemption threshold had to be set by each Member State in such a way to cover at least 97% of the intra-EU exports by value and 93% of the intra-EU imports.⁵ In line with the above requirement, during the Pol the UK applied an exemption threshold of £ 1,500,000 for intra-EU imports and £ 250,000 for intra-EU exports respectively.⁶ In essence, this means that UK traders importing in a year less than £ 1,500,000 in goods (any kind of goods, and therefore not only the goods falling under PC 14) from other EU Member States were exempted from submitting the Intrastat declaration.

However, this does not mean that the goods imported by small UK importers (i.e., traders importing less than £ 1,500,000 in a year) were not accounted in the official HMRC statistics.

² Regulation (EC) No 638/2004 of the European Parliament and of the Council of 31 March 2004 on Community statistics relating to the trading of goods between Member States and repealing Council Regulation (EEC) No 3330/91, OJ L 102, 7.4.2004, p. 1–8.

³ Repealed by Regulation (EU) 2019/2152 of the European Parliament and of the Council of 27 November 2019 on European business statistics, repealing 10 legal acts in the field of business statistics, OJ L 327, 17.12.2019, p. 1–35.

⁴ The Intrastat system was introduced following the advent of the Single Market on 1 January 1993, which led to the removal of customs formalities between the EU Member States. Since then, the EU trade statistics are based on two data compilation systems: one for intra-EU and one for extra-EU trade. The extra-EU trade data are collected by customs administrations, whereas most of the intra-EU trade data are directly collected from traders, through the so-called Intrastat system.

⁵ Article 10(3) of Regulation (EC) No 638/2004.

⁶ See the report '*National requirements for the Intrastat system*', available [here](#) (last visited 25 January 2022).

The volume and value of the 'below threshold' intra-EU trade is determined through estimations based on the so-called 'Below Threshold Trade Average' ('**BTTA**') methodology.⁷ In the past, HMRC estimated the 'below threshold' trade with a high level of accuracy (i.e., at 8-digit commodity code level). However, these estimates are no longer available since they were found not fully representative of the actual trade flows; the BTTA estimations are currently available only at an aggregated level (2-digit HS commodity code).

Bearing the above in mind, even admitting that the trade statistics relied upon by the TRA for the purpose of the 'increased in imports' analysis are slightly incomplete due to the unavailability of BTTA estimations at 8-digit level, *quod non*, the fact remains that Liberty Steel's claim is manifestly groundless, for the reasons outlined below.

- First it is useful to recall that, according to Liberty Steel, *'deliveries [of goods falling within PC 14] from the EU would be more likely by lorry in smaller quantities, rather than by large vessel. As a consequence, more of the imports for this product would have been discounted if the smaller HMRC data set is used with a qualifying threshold applied, rather than the full HMRC data set'*. However, this claim is completely and manifestly unsubstantiated, being just based on assumptions and allegations. As a matter of fact, Liberty Steel has not provided any sort of evidence demonstrating that deliveries from the EU to the UK usually take place by lorry (in small quantities) rather than by vessels (in large quantities).
- Second, Liberty Steel has not even tried to estimate and/or to assess the impact of the 'below threshold' trade on the accuracy of the statistics used by the TRA. In other words, Liberty Steel has not provided any *prima facie* evidence of whether the 'below threshold' trade significantly affects the reliability of the official statistics and has not come forward with any alternative methodology to evaluate the (correct) volume of imports.
- Third, based on the explanations provided above, it is crystal clear that the means of transportation (lorry or vessel) and the size of each shipment (small quantities vs. large quantities) has no relationship whatsoever with the completeness and/or reliability of the HMRC official trade statistics. As a matter of fact, the size of each individual shipment (e.g., 1 MT of 1,000 MT) is absolutely irrelevant for the purpose of the application of the 'exemption threshold'. What matters is not the volume of each

⁷ The BTTA methodology is based on the assumption that the distribution of 'below threshold' trade by partner country and commodity is similar to the distribution of goods traded by businesses who are just above the Intrastat threshold.

shipment but the yearly value of imports from other EU member States for each particular importer. In other words, a UK trader receiving many small shipments from the EU may be well under the obligation to submit the Intrastat declaration if its overall value of imports exceeds £ 1,500,000 in a year; by contrast, a UK trader receiving just one big shipment worth £ 1,499,000 would be exempted. However, Liberty Steel has not claimed that the goods falling under PC 14 are mainly imported by small UK traders importing less than £ 1,500,000 in a year (and, by the way, this is not the case). Therefore, Liberty Steel’s claim is manifestly nonsensical. As a matter of fact, it appears that Liberty Steel has raised a ground for reconsideration without even understanding how the Intrastat system is conceived and works in practice.

- Fourth, even assuming that a certain number of deliveries from the EU was not accounted in the official HMRC statistics due to the ‘exemption threshold’, *quod non*, it is reasonable to assume that this occurred in each of the years included in the Pol. Therefore, the non-inclusion of the ‘below threshold’ trade would have in any case no impact whatsoever on the analysis of the import trends. In other words, Liberty Steel’s claim is irrelevant for the purpose of the ‘increase in imports’ analysis because the overall import trend would continue to show a decrease even including the imports ‘below threshold’, *a fortiori* considering the magnitude (-18%) of such decrease.
- Fifth, a simple calculation confirms that the impact of the ‘below threshold’ trade is in any case immaterial for the purpose of the ‘increase in imports’ analysis. In fact, even assuming that PC 14 would have the same ratio of ‘below threshold’ imports of the whole Chapter 72 (which Valbruna considers to be highly unlikely, since the goods falling under PC 14 are usually not traded by small importers), *quod non*, the adjusted figures would still reveal a strong decreasing trend in the overall level of imports of PC 14 during the Pol.

		2013	2014	2015	2016	2017
A	HS72 'below threshold' trade (MT)	182,319,219	335,620,621	369,766,095	504,912,736	483,778,339
B	HS72 total (MT)	4,460,833,914	4,763,044,254	4,663,131,801	4,871,167,260	4,793,592,770
C=A/B	Ratio	4%	7%	8%	10%	10%
D	PC 14 (MT)	61,501	67,820	55,057	48,306	50,847
E=D+(D*C)	PC 14 adjusted (MT)	64,014	72,599	59,423	53,314	55,979

Chart 4 – Imports of Stainless Steel Bars and Light Sections into the UK – Estimation of ‘below threshold’ trade impact. Source: UK Trade Info

- Finally, it must be recalled that the claim raised by Liberty Steel was already examined (and rejected) by the TRA in the context of the original investigation. More precisely, in the Recommendation the TRA explained that *‘given the concerns put forward about the impact of the Below Threshold Trade Allocations (BTTA) on the TRA’s increase in imports analysis for this review, the TRA has carefully considered the import data provided by parties and the underlying methodology to establish whether the TRA can verify its findings and use these in this transition review’* and concluded that *‘the BTTA bulk data should not be used in isolation and is not sufficiently representative for the TRA to use for its increase in imports calculations. As such, having considered all options, the TRA has used the official HMRC UK Trade Info data for its increase in imports analysis’*. Manifestly, in its application Liberty Steel has not provided any new element or information able to call into question the above findings of the TRA.

All the foregoing demonstrates that Liberty Steel’s claim is either factually incorrect and/or groundless. It follows that the reconsideration procedure must be immediately terminated as far as PC 14 is concerned, since the fundamental substantive requirement to impose safeguard measures pursuant to the WTO SGA as well as the UK legislation (i.e., increase in imports, either in absolute or relative terms) is not met in the present case.

1.2 Absence of causal link between the vulnerable situation of Liberty Steel and the imports of PC 14

Pursuant to Regulation 7 of the Trade Remedies (Increase in Imports Causing Serious Injury to UK Producers) (EU Exit) Regulations 2019, where it has determined that the that the goods belonging to a product category have been or are being imported into the UK in increased quantities – *quod non* – the TRA must consider whether those goods have caused or are causing serious injury to UK producers. According to Regulation 9, in the context of the injury assessment the TRA (i) must consider whether any known factors other than the importation of the goods concerned in increased quantities into the UK has caused or is causing serious injury to UK producers; and (ii) must not attribute to the goods concerned injury caused by known factors other than the importation of the goods concerned into the UK. Finally, Regulation 49 requires the TRA to determine whether *‘there would be serious injury to UK producers of the like goods and directly competitive goods if goods belonging to that category were no longer subject to a tariff rate quota’*.

Bearing the above in mind, it should be noted that while in its application Liberty Steel has claimed that the UK stainless steel and light sections industry is in a vulnerable position and under the risk of serious injury, several elements clearly indicate that that this (allegedly) vulnerable situation has been caused by factors other than imports of goods falling into PC 14.

At the outset, it is worth noting that Liberty Steel’s own production figures made available at page 1 of Liberty Steel’s application for reconsideration show that Liberty Steel’s production of goods falling within PC 14 closely followed the relevant import trends until 2017. More precisely, between 2013 and 2017 Liberty Steel’s production of goods falling within PC 14 decreased by 22%, while imports decreased by 18%. It follows that during the PoI Liberty Steel’s production volumes were in line with the predominant market trends, and Liberty Steel’s market share remained substantially stable.

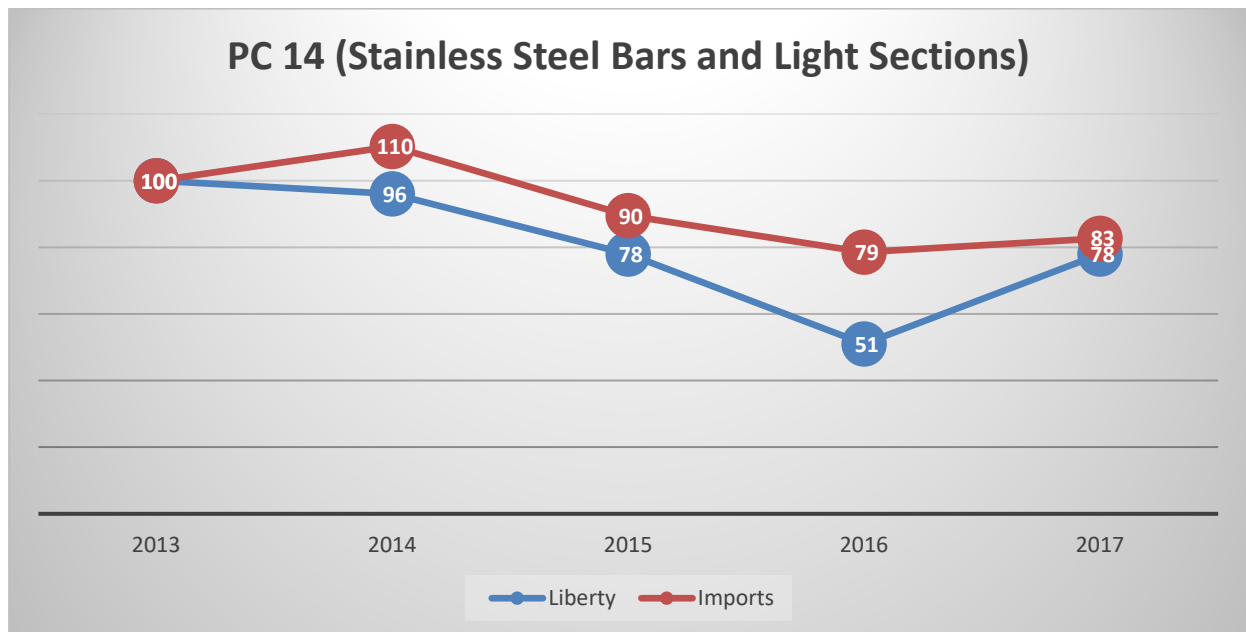


Chart 5 – Imports of Stainless Steel Bars and Light Sections into the UK vs Liberty Steel’s production (Index 2013 = 100). Source: UK Trade Info, Liberty Steel’s application for reconsideration

In light of the foregoing, it should be concluded that during the PoI the imports of PC 14 did not cause any “serious injury” to Liberty Steel, and there is therefore no reason to believe that a different conclusion should be reached for the future (namely, following the revocation of the safeguard measure applicable to PC 14 in July 2021).

As a matter of fact, the available information shows that Liberty Steel’s production collapsed only after the end of the PoI, and for reasons certainly not related to imports of goods falling within PC 14.

First, it must be recalled that Liberty Steel’s specialty steel business was acquired from Tata precisely in 2017 (i.e., at the end of the PoI). The figures made available in Liberty Steel’s applications (covering, in addition to PC 14, also PCs 7, 12, 16 and 27) and summarized in the chart below, clearly demonstrate that after that acquisition, Liberty Steel substantially reduced its involvement in the production and sale of the goods falling within PC 14, contrary to what happened for other product categories whose production remained substantially stable and/or increased. This indicates a substantial lack of interest for the products at stake.

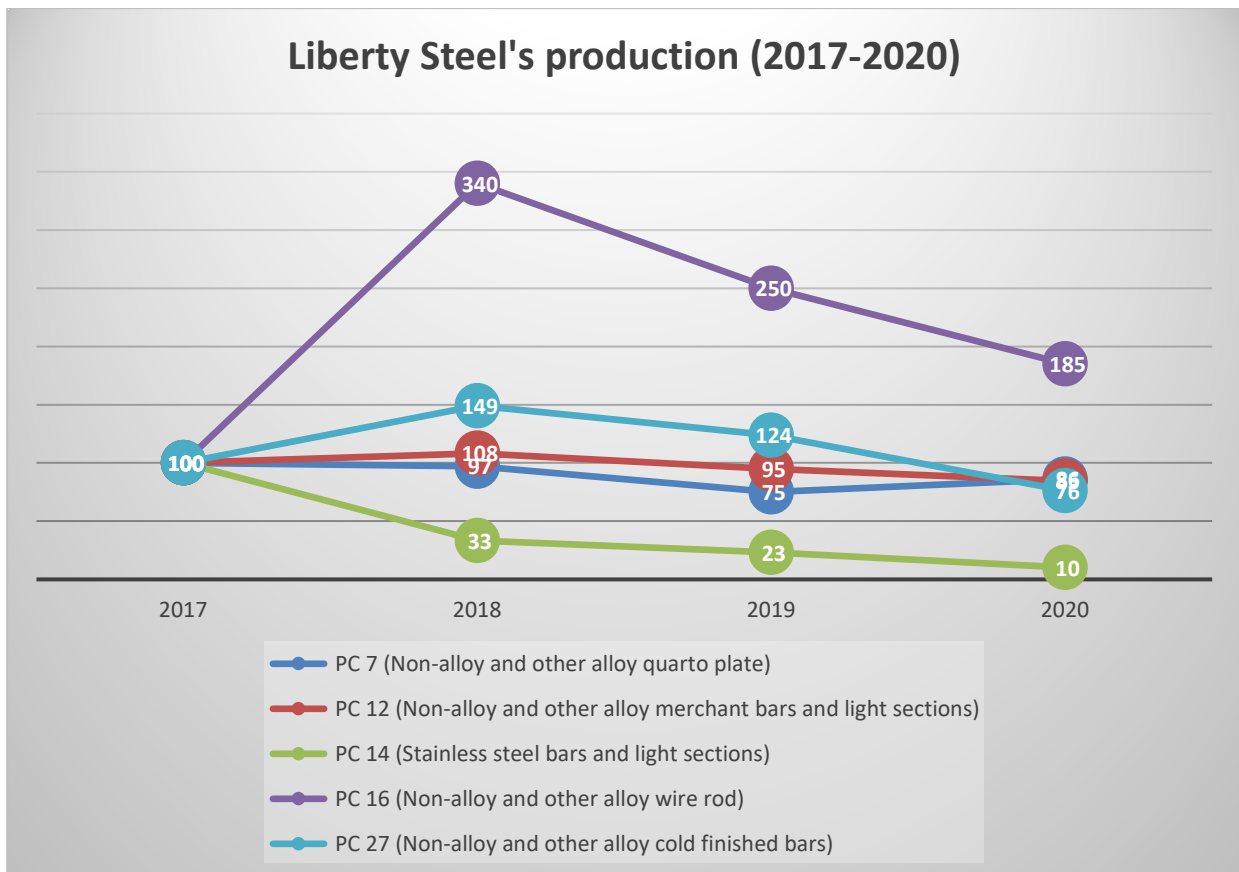


Chart 6 – Liberty Steel’s production (Index 2017 = 100). Source: Liberty Steel’s application for reconsideration

Second, publicly available information clearly and unequivocally indicates that the current vulnerable situation of Liberty Steel is due to the severe financial problems of Liberty Steel’s main lender, i.e., Greensill Capital.⁸ In particular, the collapse of Greensill Capital caused the closure of Liberty Steel’s plants in Stocksbridge and Rotherham from March to October 2021,⁹ with considerable consequences in terms of market performance. On 5 November 2021, a

⁸ ‘Liberty Steel cash injection to save 660 jobs’, available [here](#) (last visited on 25 January 2022).

⁹ ‘Liberty Steel restarts UK plant at night to save on energy costs’, available [here](#) (last visited on 25 January 2022).

report from the Business, Energy and Industrial Strategy Committee of the UK Parliament¹⁰ highlighted ‘*serious problems with high-risk financial practices, weaknesses in audit, and [...] inadequate accountability and corporate governance arrangements within GFG Alliance*’. The irregularities also concerned the £350m government-backed loans secured by Greensill Capital in April 2021 to the benefit of Liberty Steel. In this regard, the report concluded that ‘*Greensill Capital’s lending was £300 million above the lending limits applicable to it. An investigation by the British Business Bank is currently underway into the misuse of these loans and the guarantees have been suspended*’. In this context, it should also be noted that Liberty Steel has not filed any financial statements with UK Companies House after those relating to the financial year ended on 31 March 2019, meaning that the accounts relating to the following years are long overdue. This casts serious doubts about Liberty Steel’s internal organization and the company’s ability to effectively compete in the market. In light of the foregoing, it seems that Liberty Steel’s problems are attributable to the company’s poor management rather than to imports.

Third, it is worth noting that in its application Liberty Steel explicitly acknowledged that “*Liberty Steel UK has been severely impacted by the Covid pandemic*”. In particular, Liberty Steel declared that:

- Covid-19 ‘*impacted on the business both on the demand side and on the cost side*’. [...] *Costs have gone up and demand is down*’ (emphasis added);
- the specialty steel business has suffered due to the crisis of the aerospace sector, which ‘*has been impacted [by Covid-19] more than any other sector due to the lack of flights and subsequent halt in aircraft production. CBI data recognizes this, with aerospace as a sector being down to, on average, 40% of its normal levels through 2020, with a recovery to pre-covid level taking several years longer than for any other steel product in terms of demand in the UK and globally*’.

The above statements clearly indicate that the Covid pandemic has been a key factor for the bad performances of Liberty Steel in the past years.

Fourth, and more importantly, the TRA’s attention must be drawn to the fact that, as repeatedly explained throughout the original investigation, Liberty Steel’s production accounts for a

¹⁰ ‘*Government must act to support crisis-hit UK steel industry*’, available [here](#) (last visited on 25 January 2022).

marginal share of the overall UK production of Stainless Steel Bars and Light Sections, since the first UK manufacturer of these products is – by far – Outokumpu Sheffield Stainless Rod & Bar (*'Outokumpu'*). Therefore, the situation of Liberty Steel cannot – and must not – be deemed as representative of the situation of the whole UK industry.

All the above considerations lead to the conclusion that Liberty Steel's (alleged) vulnerable situation (i) was not caused by imports, and therefore (ii) is not likely to cease should the safeguard measures on PC 14 be reinstated and (iii), in any case, is not conclusive for the purpose of the TRA's injury and causality assessment, considering that Liberty Steel accounts for a marginal share of the UK production.

1.3 Liberty Steel's claim regarding the inter-dependency among Product Categories lacks any legal basis

In its application, Liberty Steel makes an argument regarding the inter-dependency among different product categories (namely, PCs 12, 13, 14, 15, 16 and 27). In essence, Liberty Steel claims that the TRA should carry out a comprehensive assessment of these categories due to the existence of 'spill-over' effects among them and, consequently, should reconsider the revocation of the measures targeting PC 14. However, this claim is legally flawed and factually unsubstantiated.

First, on a legal viewpoint, Liberty Steel's claim manifestly lacks any legal basis. As a matter of fact, Regulation 49(4) of the Trade Remedies (Increase in Imports Causing Serious Injury to UK Producers) (EU Exit) Regulations 2019 clearly and unequivocally requires an assessment on a product category basis. In line with Regulation 49, the Notice of Initiation of Transition Review No. TF0006 clearly states that the transition review will '*consider whether goods belonging to each specified category of steel products were, during the investigation period considered by the European Commission in connection with EU tariff rate quotas, imported into the United Kingdom in increased quantities*' and, if so, whether:

- *'there would be serious injury to UK producers of like goods and directly competitive goods if goods belonging to the specified category were no longer subject to a tariff rate quota;*
- *the continuation of a tariff rate quota is necessary to facilitate the adjustment of UK producers of the like goods and directly competitive goods to the importation of goods belonging to that category; and*

- *whether an alternative tariff rate quota or the application of a safeguarding amount to goods belonging to that category would better meet the aim of preventing serious injury to UK producers of the like goods and directly competitive goods' (emphasis added).*

Moreover, it should be recalled that in the Notice of Determination 2020/06, the Secretary of State excluded from the scope of the transition review seven product categories for which it had found no increase of imports over the period of investigation,¹¹ and transitioned the measures only for the remaining 19 product categories, for which an increase in imports was found. Once again, in this case the assessment was made on a product category basis.

Lastly, the approach suggested by Liberty Steel would also be at odds with WTO law. It is worth recalling, in this respect, that in *US – Steel Safeguards*, the Appellate Body ruled that:

'[W]hen an importing Member wishes to apply safeguard measures on imports of several products, it is not sufficient merely to demonstrate that 'unforeseen developments' resulted in increased imports of a broad category of products that included the specific products subject to the respective determinations by the competent authority. If that could be done, a Member could make a determination and apply a safeguard measure to a broad category of products even if imports of one or more of those products did not increase and did not result from the 'unforeseen developments' at issue'¹² (emphasis added)

It follows that, also under WTO law, the analysis of the import evolution must be carried out for each product category subject to a safeguard measure.

Second, on a factual viewpoint, the figures provided by Liberty Steel itself in its applications for reconsideration disprove the inter-dependency claim.

Product Category	2013	2014	2015	2016	2017	2018	2019	2020
27	100	100	100	59	59	88	73	45
12	100	100	109	115	97	105	92	82

¹¹ Notice of determination 2020/06: safeguard measures on certain steel products – application of tariff rate quotas. Updated 1 March 2021, available [here](#).

¹² Appellate Body Report, *US – Steel Safeguards*, para. 319.

7	100	98	99	55	36	35	27	31
14	100	96	78	51	78	26	18	8
16	100	132	85	25	20	68	50	37

Chart 7 – Liberty Steel’s production (Index 2013 = 100). Source: Liberty Steel’s applications for reconsideration

As previously indicated, the above chart shows that after 2017 Liberty Steel substantially reduced its involvement in the production and sale of the goods falling within PC 14, contrary to what happened for other product categories whose production remained substantially stable and/or increased. It follows that Liberty Steel failed to provide satisfactory evidence regarding its inter-dependency claim. Liberty Steel limited itself to mere assertions without any tangible evidence. In this regard, it is worth noting that Liberty Steel failed to cooperate in the original investigation and therefore, in the absence of authenticated information regarding Liberty Steel’s production processes and flows, it is clearly impossible to give any consideration to the claim under discussion.

For the reasons outlined above, Valbruna respectfully submits that Liberty Steel’s claim is legally flawed and factually unsubstantiated and, as such, should be disregarded.

1.4 The period of investigation cannot be modified

Liberty Steel further argued that the EU and – consequently – the UK safeguard investigations were initiated to address the distortion of trade flows caused by the US Section 232 tariffs and claimed that since *‘[t]he POI considers the time before the implementation of section 232, [it] cannot be relied of to assess product flows after 2017’*. However, Liberty Steel’s claim is once again manifestly groundless.

In that regard, suffices it to note that Liberty Steel appears to make this claim as if the reconsideration procedure was a new investigation. However, the reconsideration procedure is not a new investigation but rather a re-assessment of the findings reached in Transition Review No TF0006. It follows that it is impossible for the TRA to modify the Pol, since the Pol has already been established in the original investigation.

Ad abundantiam, it should be noted that, even selecting a different Pol, the overall assessment of the TRA would not significantly change as far as PC 14 is concerned. Section 232 tariffs have not affected the UK stainless steel market, either directly (by impacting UK exports to the US), or indirectly (by causing trade diversion from the EU and/or other countries). A careful

review of the imports data by country over the period 2013-2020 reveals that there were no significant fluctuations in terms of import volumes, as noted in other markets. Therefore, there is no evidence that an increase of imports occurred after the adoption of the US Section 232 measures.

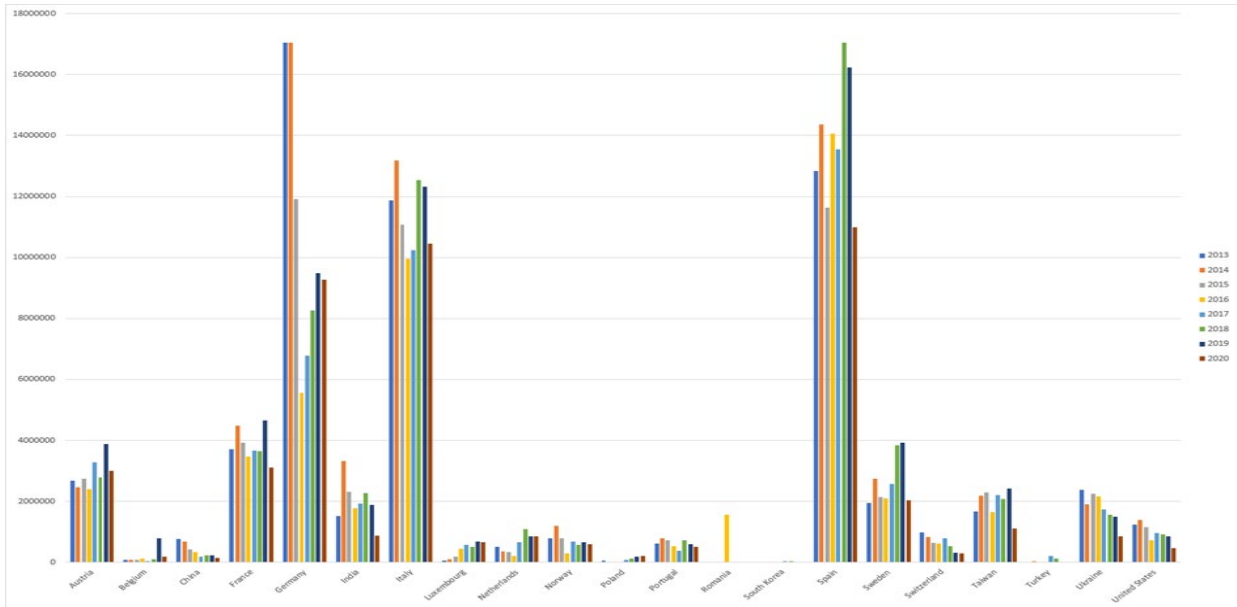


Chart 8 – Imports of Stainless Steel Bars and Light Sections by country. Source: UK Trade Info

For the above reasons, Liberty Steel’s claim is manifestly groundless and should be dismissed.

1.5 Imposition of Safeguard Measures is Against the UK Interest

Finally, it should also be reiterated that the imposition of safeguard measures on PC 14 would be against the economic interest of the UK. In this regard, reference is made to the arguments and evidence provided by Valbruna in the framework of Transition Review No.TF0006.

In that context, Valbruna repeatedly explained that the UK production of goods falling under PC 14 is limited and thus insufficient to meet the UK demand (see, *inter alia*, the Product Scope Submission of 17 November 2020 and its annexes, attached herewith under **Annex 1**). **[SENSITIVE – Confidential Information on Company’s Business and Production Strategy]**. Valbruna provided detailed information concerning the few commodity codes (i.e., small diameters) that can be manufactured by the only genuine UK producer of Stainless Steel Bars and Light Sections¹³ (namely, Outokumpu) and substantiated its claims with extensive evidence. Although Liberty Steel may occasionally manufacture Stainless Steel Bars and Light

¹³ Valbruna UK’s importer questionnaire, page 17, submitted on 11 December 2020.

Sections, its production is extremely limited since the company mainly focuses on the production of alloyed steel.

Based on the information made available by the TRA, the overall UK production of Stainless Steel Bars and Light Sections never exceeded 7,000 MT/year¹⁴ during the PoI (see Chart 3 above), while the UK consumption amounts, on average, to at least 50-60,000 MT/year. Accordingly, the UK industry is clearly not in a position to meet the demand of the users in the UK.

It follows that Valbruna already demonstrated – without being contradicted by other interested parties - that the UK production of the goods falling under PC 14 is limited to small diameters and therefore does not cover the full product range. Moreover, Valbruna also demonstrated – again, without being contradicted - that the UK production is insufficient to meet the UK demand. As a matter of fact, the imposition of safeguard measures on PC 14 would likely cause serious disruptions in the supply chain given the insufficient production volumes of Outokumpu, the only genuine UK manufacturer of Stainless Steel Bars and Light Sections.

Valbruna respectfully request TRA to acknowledge the above undisputed circumstances, which undoubtedly show that the reinstatement of the safeguard measures on PC 14 would not be in the economic interest of the UK.

2. CONCLUSION

In the light of the foregoing, Valbruna respectfully requests TRA to (i) dismiss the grounds for reconsideration raised by Liberty Steel and to (ii) confirm its original Recommendation to revoke the safeguard measures targeting PC 14 (which was then accepted by the Secretary of State).

Yours sincerely,

Gabriele Coppo

¹⁴ According to market intelligence and available data, Outokumpu's Stainless Steel Bars division in Sheffield has a production of no more than 5-6,000 tonnes/year.

Enclosures:

1. **Annex 1:** Valbruna UK's Product Scope Submission of 17 November 2020 and its annexes (Non-Confidential Version)