

HM Revenue & Customs
Trade Remedies Investigations Directorate
Department for International Trade
North Gate House
21-23 Valpy Street, Reading RG1 1AF
United Kingdom

Brussels, 16 November 2020

Dear Sirs,

Subject: Transition review of safeguard measures on certain steel products (TF0006). Submission by Valbruna UK Ltd

This submission is filed on behalf of Valbruna UK Ltd in the framework of the transition review of safeguard measures on certain steel products (TF0006).

The purpose of this submission is to request the Trade Remedies Investigations Directorate (the '**TRID**') to cease to apply the tariff rate quotas to imports into the United Kingdom (the '**UK**') of stainless steel bars and light sections falling under product category 14 as from 1 January 2021.

1. INTRODUCTION

On 30 September 2020, the Secretary of State for International Trade (the '**Secretary of State**') issued a determination under regulation 46(2) of the Trade Remedies (Increase in Imports Causing Serious Injury to UK Producers) (EU Exit) Regulations 2019 (the '**Trade Remedies Regulations**') with respect to 19 categories of steel products (the '**Notice of determination**'). In his determination, the Secretary of State

determined that a tariff rate quota will apply in relation to imports into the UK of certain steel products belonging to each of the 19 product categories concerned.

Annex 1 to the Notice of determination lists the product categories to which the tariff rate quota will apply. In particular, the Notice of determination identifies 19 product categories covered by the existing EU steel safeguard measures where UK production exists. These products would therefore need to be transitioned to provide continuity to UK producers. According to the TRID, the remaining associated steel product categories covered by the existing EU steel safeguard measures, for which no UK production exists, will not be transitioned and the tariff rate quotas will therefore cease to apply as from 1 January 2021.¹

On 1 October 2020, the Secretary of State issued a Notice to initiate a transition review of EU tariff rate quotas on the above-mentioned 19 categories of steel products under Regulation 49 of the Trade Remedies Regulations (the '**Notice of initiation**').

The Notice of initiation provides that the EU tariff rate quotas subject to review are set out in Commission Implementing Regulation (EU) 2019/159 of 31 January 2019 (the '**EU safeguard Regulation**').² Annex 1 to the Notice lists the product categories and the relevant commodity codes subject to review.

As regards product category 14, covering stainless steel bars and light sections,³ products classified under the following 20 commodity codes are covered by the transition review:

Commodity Code	Description
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7222 11 11	Bars and rods of stainless steel, not further worked than hot-rolled, hot-drawn or extruded, of circular cross-section of a diameter of ≥ 800 mm, containing by weight $\geq 2,5\%$ nickel
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¹ See the Guidance 'Trade remedies transition policy' available at <https://www.gov.uk/guidance/trade-remedies-transition-policy> (accessed on 30 October 2020).

² As amended by Commission Implementing Regulation (EU) 2019/1590 of 26 September 2019, Commission Implementing Regulation (EU) 2020/35 of 15 January 2020 and Commission Implementing Regulation (EU) 2020/894 of 29 June 2020.

³ Product category 14 includes all the commodity codes falling under HS heading 7222, covering bars and rods, angles, shapes and sections of stainless steel in straight length, while stainless steel bars and rods in wound coils are classified under HS heading 7221 (corresponding to product category 15).

Commodity Code	Description
7222 11 19	Bars and rods of stainless steel, not further worked than hot-rolled, hot-drawn or extruded, of circular cross-section of a diameter of ≥ 800 mm, containing by weight $< 2,5\%$ nickel
7222 11 81	Bars and rods of stainless steel, not further worked than hot-rolled, hot-drawn or extruded, of circular cross-section measuring < 80 mm and containing by weight $\geq 2,5\%$ nickel
7222 11 89	Bars and rods of stainless steel, not further worked than hot-rolled, hot-drawn or extruded, of circular cross-section measuring < 80 mm and containing by weight $< 2,5\%$ nickel
7222 19 10	Bars and rods of stainless steel, not further worked than hot-rolled, hot-drawn or extruded, containing by weight $\geq 2,5\%$ nickel (excl. such products of circular cross-section)
7222 19 90	Bars and rods of stainless steel, not further worked than hot-rolled, hot-drawn or extruded, containing by weight $< 2,5\%$ nickel (excl. such products of circular cross-section)
7222 20 11	Bars and rods of stainless steel, of circular cross-section of a diameter ≥ 80 mm, simply cold-formed or cold-finished, containing by weight $\geq 2,5\%$ nickel
7222 20 19	Bars and rods of stainless steel, of circular cross-section of a diameter ≥ 80 mm, simply cold-formed or cold-finished, containing by weight $< 2,5\%$ nickel
7222 20 21	Bars and rods of stainless steel, not further worked than cold-formed or cold-finished, of circular cross-section measuring ≥ 25 mm but < 80 mm and containing by weight $\geq 2,5\%$ nickel
7222 20 29	Bars and rods of stainless steel, not further worked than cold-formed or cold-finished, of circular cross-section measuring ≥ 25 mm but < 80 mm and containing by weight $< 2,5\%$ nickel

Commodity Code	Description
7222 20 31	Bars and rods of stainless steel, not further worked than cold-formed or cold-finished, of circular cross-section measuring < 25 mm and containing by weight \geq 2,5% nickel
7222 20 39	Bars and rods of stainless steel, not further worked than cold-formed or cold-finished, of circular cross-section measuring < 25 mm and containing by weight < 2,5% nickel
7222 20 81	Bars and rods of stainless steel, not further worked than cold-formed or cold-finished, containing by weight \geq 2,5% nickel (excl. such products of circular cross-section)
7222 20 89	Bars and rods of stainless steel, not further worked than cold-formed or cold-finished, containing by weight < 2,5% nickel (excl. such products of circular cross-section)
7222 30 51	Other bars and rods of stainless steel, containing by weight \geq 2,5% of nickel, forged
7222 30 91	Other bars and rods of stainless steel, containing by weight < 2,5% of nickel, forged
7222 30 97	Bars and rods of stainless steel, cold-formed or cold-finished and further worked, or hot-formed and further worked, n.e.s. (excl. forged products)
7222 40 10	Angles, shapes and sections of stainless steel, only hot-rolled, only hot-drawn or only extruded
7222 40 50	Angles, shapes and sections of stainless steel, not further worked than cold-formed or cold-finished
7222 40 90	Angles, shapes and sections of stainless steel, cold-formed or cold-finished and further worked, or not further worked than forged, or forged, or hot-formed by other means and further worked, n.e.s.

Valbruna UK Ltd submits that, for the reasons set out below, the legal requirements provided for in the Trade Remedies Regulations to continue to impose safeguard measures as from 1 January 2021 are not fulfilled with respect to product category 14.

As a result, the tariff rate quota applicable to imports of stainless steel bars and light sections falling under product category 14 should be terminated at the end of the transition period (i.e. 31 December 2020).

2. IMPORTS OF STAINLESS STEEL BARS AND LIGHT SECTIONS INTO THE UK WERE NOT INCREASING AND HAVE NOT CAUSED NOR ARE CAUSING ANY INJURY TO UK PRODUCERS

Regulation 49(4) of the Trade Remedies Regulations provides that “*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).

Only where the steel products at stake were imported into the UK in increased quantities, the review should consider whether: (a) the importation of those goods in increased quantities would be likely to recur if they were no longer subject to a tariff rate quota; (b) 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; (c) the continuation of a tariff rate quota is necessary to facilitate the adjustment of the UK producers of the like goods and directly competitive goods to the importation of goods belonging to that category; and (d) 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 the recurrence of serious injury to the UK producers of the like goods and directly competitive goods.

Moreover, pursuant to Regulation 50(5), the TRID must not make a determination that the application of a tariff rate quota to goods should continue unvaried unless it is demonstrated that application of the tariff rate quota is in the economic interest of the UK.

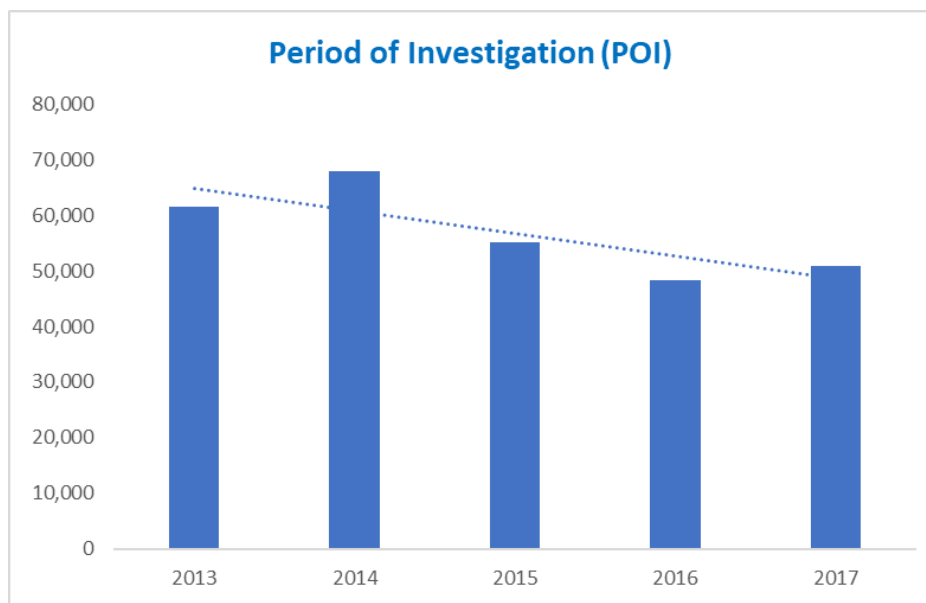
The sections below will demonstrate that, first, stainless steel bars and light sections falling under product category 14 were not imported into the UK in increased quantities (Section 2.1); second, that, in any event, imports of those products into the UK would not cause serious injury to UK producers (Section 2.2); and that the continuation of tariff rate quotas on imports of products falling under product category 14 would not be in the interest of UK importers and users (Section 2.3).

2.1 Stainless steel bars and light sections were not imported in the UK in increased quantities in the period of investigation

In the context of the transition review, the TRID must determine whether the goods concerned have been or are being imported into the UK in increased quantities in the Period of Investigation (the ‘**POI**’). Under paragraph 1(1) of Schedule 5 to the Taxation (Cross-border Trade) Act 2018 (the ‘**Act**’) and Part 2 of the Trade Remedies Regulations, goods are imported into the UK in ‘increased quantities’ if (a) the volume of imports of the goods increases, whether in absolute terms or relative to the total production in the UK of like goods and directly competitive goods, and (b) that increase is significant.

Under WTO law, the investigating authority is required, moreover, to consider the trends in imports over the entire period of investigation and to assess the most recent past in light of the longer-term trends.⁴ Thus, any increase in imports between any two points in time over the period of investigation would not be sufficient to meet the requirements under WTO law.⁵

Bearing the above in mind, it is submitted that the goods falling in product category 14 were not imported into the UK in ‘increased quantities’ during the POI. The chart below (based on Eurostat figures) depicts how imports into the UK of products falling under product category 14 developed during the POI:



⁴ WTO Appellate Body Reports, *Argentina – Footwear (EC)*, para. 129 and *US – Steel Safeguards*, para. 355; WTO Panel Report, *Argentina – Preserved Peaches*, para. 7.64, citing WTO Appellate Body Report, *US – Lamb*, para. 138.

⁵ WTO Appellate Body Report, *US – Steel Safeguards*, para. 355.

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

As can be seen, imports dropped throughout the POI, decreasing from 62,732 tonnes in 2013 to 50,847 tonnes in 2017 (-20%).

The above picture is confirmed by data extracted from UK Trade, which shows a drop of imports of product category 14 during the POI, from 61,500 tonnes in 2013 to 50,847 tonnes in 2017.

Moreover, the same data show that this trend further continued in the Most Recent Period (the ‘**MRP**’), during which the volume of imports further decreased to 23,184 tonnes in the first half of 2020 (which corresponds to 46,369 tonnes based on annualised figures).⁶

The full picture as regards the trend of imports in the POI and the MRP is depicted in the chart below.

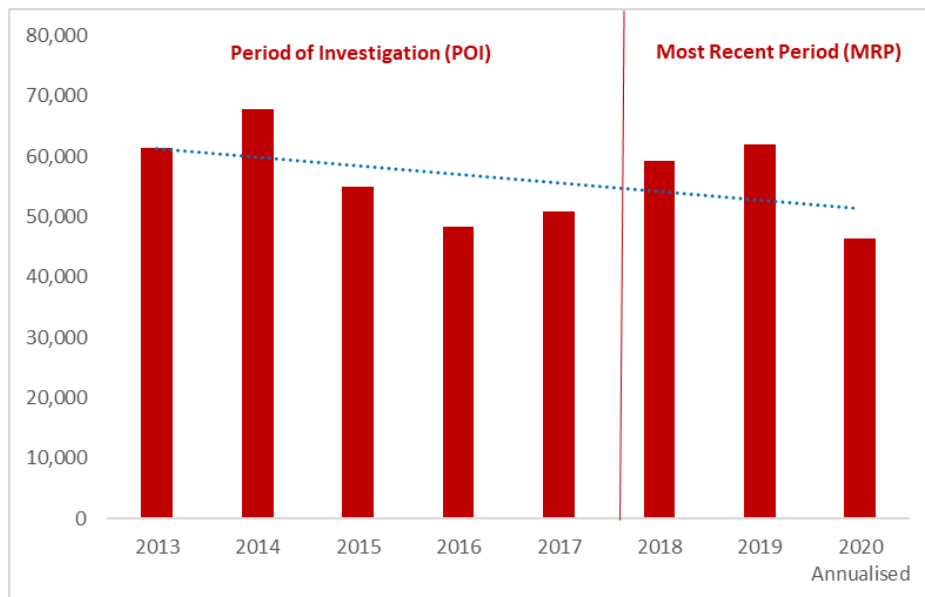


Chart 2 – Imports of Stainless Steel Bars and Light Sections into the UK (tonnes, exponential trendline). Source: UK Trade

In view of the above, it should be concluded that imports of stainless steel bars and light sections falling under product category 14 were not imported into the UK in increased quantities in the POI (and in the MRP), neither in absolute terms nor in relative terms.

⁶ The imports trend during the MRP have been analysed on the basis of UK trade figures only due to the fact that Eurostat figures are currently not available for the year 2020.

In this regard, it should be noted that according to paragraph 1(2)(b) of Schedule 5 to the Act and Part 2 of the Trade Remedies Regulations, the relative increase in the volume of the goods concerned imported into the UK must be assessed by reference to the 'total domestic production in the United Kingdom of the like goods and directly competitive goods'. As the UK domestic production of stainless bars and light sections – to Valbuna UK Ltd.'s best knowledge - has remained substantially stable over the POI, while the imports dropped, no relative increase in the volume of imports could possibly take place. In any event, even admitting that a relative increase in imports occurred during the POI, *quod non*, such an increase cannot certainly be considered as 'significant' within the meaning of the Act.

In the light of the foregoing, it is submitted that the conditions set out in Part 2 of the Trade Remedies Regulations, particularly Regulations 4 and 5, are not met with regard to imports of stainless steel bars and light sections falling under product category 14. Accordingly, the tariff rate quotas applicable to imports of those products should cease to apply as from 1 January 2021.

2.2 Imports of stainless steel bars and light sections have not caused nor are causing serious injury to UK producers

Part 3 of the Trade Remedies Regulations provides that where it has determined in accordance with paragraph 1(2) of Schedule 5 to the Act and Part 2 of the Trade Remedies Regulations that the goods concerned have been or are being imported into the UK in increased quantities – *quod non* –, it must consider whether those goods have caused or are causing serious injury to UK producers.

Without any prejudice to the arguments put forward *supra* in Section 2.1, showing that imports into the UK of the products at stake did not increase in the POI, Valbruna UK Ltd submits that those imports have not caused nor are causing any injury, let alone serious injury, to UK producers.

It should be noted at the outset that, as clarified by the Appellate Body in *US – Lamb*, 'serious injury' is a very high standard of injury.⁷ The word 'injury' is in fact qualified by the adjective 'serious', which, in the Appellate Body's view, underscores the extent and degree of 'significant overall impairment' that the domestic industry – in this case, UK producers – must be suffering, or must be about to suffer, for the standard to be met. The standard of serious injury is therefore higher than the standard of material injury to be met, for example, in antidumping or countervailing investigations.

⁷ WTO Appellate Body Report, *US – Lamb*, paras. 124 and 126.

The above is confirmed by the Act. Paragraph 2(1) of Schedule 5 to the Act provides that ‘serious injury’ to UK producers means (a) a significant overall impairment to their position, or (b) the threat of such impairment. The question is, therefore, whether the financial situation of UK producers of the products at stake deteriorated over the POI.

Although this does not seem to be the case,⁸ Valbruna UK Ltd notes that the public file of the investigation does not contain any information and evidence concerning the performance of the UK industry during the POI. Valbruna UK Ltd is therefore not in a position to submit detailed comments on the alleged ‘serious injury’ caused by imports of stainless steel bars and light sections into the UK. Thus, Valbruna UK Ltd reserves its right to submit further comments in this regard at a later stage of the investigation.

2.3 The transition of the tariff rate quotas on imports of stainless steel bars and light sections would not be in the economic interest of the UK

The UK stainless bar and light sections industry is characterized by the presence of just one major domestic producer, Outokumpu Sheffield Stainless Rod & Bar (*‘Outokumpu Sheffield’*). Although Liberty Specialties Steel occasionally manufactures stainless steel bars and light sections, it mainly focuses on alloyed steel, with a very limited stainless steel production. There might be then some other UK alloy steel manufacturers and/or forgers that occasionally produce limited quantities of stainless bars and light sections, but they certainly do not manufacture these products on a regular basis.

It follows that Outokumpu Sheffield is virtually the only genuine manufacturer of stainless steel bars and light sections in the UK, and therefore it is representative of the whole UK industry.

The above clarified, based on market intelligence it appears that the actual production of Outokumpu’s stainless steel bars division in Sheffield is very limited. This information is confirmed by the content of the presentation dated 7 August 2020 downloaded from Outokumpu’s website (and attached as **Annex 1**), according to which the overall production of stainless steel long products (including both product categories 14 and 15) of Outokumpu Sheffield amounts to around 25,000 tonnes/year (see page 33). Based on the information available on the market, it is fair to assume that the largest part of this production (i.e. around 19,000-20,000 tonnes/year) is stainless wire rod in coils (product category 15), while only a minor part (5,000-6,000

⁸ For instance, the carbon steel rebars manufacturer Celsa UK has recently requested and obtained a GBP 30 mio support loan from the UK Government (see <https://www.gov.uk/government/news/government-agrees-support-package-to-uk-steel-company>), while no UK stainless bars manufacturer has requested any such financial support from the UK Government.

tonnes/year) is represented by stainless steel bars and light sections in straight length (product category 14).

Moreover, it appears that only a small portion of this limited production of stainless bars and light sections (around 16% of 5,000-6,000, corresponding to 800-1,000 tons/year) is actually sold in the UK market, while the rest is exported to other markets (in this respect, see the excerpt from the 2018 financial statements of Outokumpu Stainless Ltd. provided under **Annex 2 [LIMITED – This document may contain confidential business information, therefore it is not susceptible for summary]**).

The low level of stainless bars production is in turn largely due to the limited theoretical capacity of the Sheffield facility (about 35,000 tonnes/year for long products, including both product categories 14 and 15; about 10.000 tonnes/year for product category 14 only),⁹ which would be clearly insufficient to meet the demand of the UK downstream industry in case the safeguard measures on products falling under product category 14 were transitioned. In this regard, it must be recalled that all over the POI imports alone were around (or close to, depending on the relevant year) 60,000 tonnes/year.

Finally, it is very important to point out that – as discussed more in detail in Section 3 below - Outokumpu Sheffield only produce a very limited range of products in terms of available sizes and shapes. This is due to technical limitations resulting from the organisational structure of Outokumpu group, which is as follows:

- Outokumpu Sheffield only manufactures cold drawn small diameters, namely, round bars with diameter 8-32 mm, square bars with diameter 8-23 mm and hexagon bars with diameter 8-24 mm. This is expressly confirmed by Outokumpu's company website (see **Annex 3**);
- round, square and hexagon stainless bars of bigger diameters (ranging from 70 to 175 mm) are manufactured by Outokumpu's production facility in Degerfors (Sweden);
- all rectangular bars, as well as the round, square and hexagon bars with medium diameters ranging from 25 to 70 mm are manufactured for Outokumpu by the company Boellinghaus, with whom Outokumpu group has concluded a commercial agreement (see press release attached under

⁹ Information obtained from market intelligence.

Annex 4). As indicated in the press release, Boellinghaus manufactures the relevant products in its mill located in Portugal.¹⁰

In light of the foregoing, it should be concluded that Outokumpu Sheffield (i) would be clearly unable to meet the demand by the relevant users established in the UK in the absence of imports, and (ii) in any event, is not capable of producing the vast majority of the product types included in category 14.

For this reason, it is respectfully submitted that the transition of the safeguard measures applicable to product category 14 is not in the economic interest of the UK pursuant to Regulation 50 of the Trade Remedies Regulations. The exclusion of product category 14 is fully in line with the rationale underlying the identification of the steel products subject to the transition review. It is important to recall, in this respect, that the product categories covered by the existing EU steel safeguard measures for which no UK production exists will not be transitioned and the tariff rate quotas will therefore cease to apply as from 1 January 2021.

2.4 Conclusion

In the light of the above considerations, it must be concluded that:

- stainless steel bars and light sections falling under product category 14 have not been imported into the UK in increased quantities during the POI, in accordance with Part 2 of the Trade Remedies Regulations;
- In any event, any alleged increase in imports of goods falling under product category 14 is not significant for the purpose of paragraph 1(1)(b) of Schedule 5 to the Act;
- Imports of stainless steel bars and light sections into the UK have not caused nor are causing serious injury to UK producers within the meaning of Part 3 of the Trade Remedies Regulations;
- The transition of the safeguard measures applicable to product category 14 would not be in the economic interest of the UK.

Based on the foregoing, the TRID is respectfully requested to cease to apply the tariff rate quotas applicable to imports of product category 14 as from 1 January 2021.

¹⁰ Additional information available at the link <https://boellinghaus.de/about-us-boellinghaus/production.html>

3. TARIFF RATE QUOTAS APPLICABLE TO PRODUCT CATEGORY 14 SHOULD IN ANY EVENT BE TERMINATED WITH REGARD TO CERTAIN COMMODITY CODES

At the outset it should be recalled that Outokumpu's Sheffield mill can only manufacture stainless steel round bar with diameter 6-32 mm, square bar with diameter 8-23 mm and hexagon bar with diameter 8-24¹¹, as expressly confirmed by the company website (see **Annex 3**).

It should be noted that the website under discussion does not mention neither flat (i.e. rectangular) bars nor angles, because:

- flat bars are not produced in Outokumpu's Sheffield facility but rather are supplied, when needed, by the company Boellinghaus (which manufactures them in Portugal, not in the UK) with whom Outokumpu's group has concluded a commercial agreement.¹² This is confirmed by the press release provided under **Annex 4** as well as by Outokumpu's product brochure (see **Annex 5**);
- angles are not manufactured and not even marketed by Outokumpu group in the UK, as it can be inferred from the above-mentioned product brochure (see **Annex 5**)

However, the product range of Outokumpu Sheffield is not only limited in terms of sizes and shapes, but also in terms of steel grades. In fact, it is apparent from the product brochure that Outokumpu's European stainless steel division (including the Sheffield and Degerfors facilities) offers a very limited range of ferritic and martensitic stainless grades (i.e. steel with less than 2.5% nickel content) focusing instead to the so-called 'nickel stainless grades' (in particular the most common grades 316 and 304). In this respect, suffice it to note that out of the 38 stainless steel grades listed in the product brochure, only 4 have a nickel content below 2,5% (see **Annex 5**, p. 8 and 9). To compare, please note that Valbruna group regularly manufactures about 50 stainless steel ferritic and martensitic grades, as it can be inferred from Valbruna's product brochure provided under **Annex 6**.

All the foregoing is confirmed by a careful reading of Outokumpu's stocklist recently sent to Outokumpu's Scandinavian clients, (see **Annex 7 [LIMITED – This document may contain confidential business information, therefore it is not susceptible for summary]**) which lists the products of small size manufactured in Sheffield (UK) together with the products of medium size

¹¹ As explained, larger bars (with diameter 70-175 mm) are manufactured outside the UK, in Outokumpu's Degerfors mill located in Sweden.

¹² Information obtained from market intelligence. For more information on Boellinghaus, see <https://boellinghaus.de/about-us-boellinghaus/production.html>

(and the flat bars) manufactured in Portugal by Boellinghaus and those of larger size manufactured in Degerfors (Sweden). As it can be seen, the stocklist includes (i) cold worked stainless bars (round, hexagon, square) ranging from 8 to 25 mm which are manufactured in Sheffield (please note that no diameters between 25 and 32 mm are listed in the stocklist; moreover, the press release provided under **Annex 4** indicates that the sizes manufactured in Sheffield range from 8 to 25 mm. This casts serious doubts as to whether the diameters from 25 to 32 mm are actually manufactured by Outokumpu Sheffield); (ii) hot rolled stainless steel bars (round and square) of diameter exceeding 70 mm, which are manufactured in Degefors, and (iii) stainless steel flat bars manufactured by Boellinghaus in Portugal. None of the products listed in the stocklist has a nickel content below 2.5%.

This demonstrates that Outokumpu manufactures in the UK just a very limited range of stainless steel bars and light sections, more precisely those classified under commodity codes

- commodity code 7222 20 31 (*Bars and rods of stainless steel, not further worked than cold-formed or cold-finished, of circular cross-section measuring < 25 mm and containing by weight >= 2,5% nickel*);
- commodity code 7222 20 21 (*Bars and rods of stainless steel, not further worked than cold-formed or cold-finished, of circular cross-section measuring >= 25 mm but < 80 mm and containing by weight >= 2,5% nickel*), but limited to diameters up to 32 mm (provided that Outokumpu Sheffield really manufactures stainless bars with diameters ranging from 25 to 32 mm, which is doubtful), and;
- commodity code 7222 20 81 (*Bars and rods of stainless steel, not further worked than cold-formed or cold-finished, containing by weight >= 2,5% nickel (excl. such products of circular cross-section)*) but limited to hexagon bars, square bars and rebars (i.e. with the exclusion of flat/rectangular bars).

For ease of reading the table below indicates, for each of the commodity codes included in product category 14, whether or not they can be manufactured by Outokumpu in the UK.

Commodity Code	Description	Comments
7222 11 11	Bars and rods of stainless steel, not further worked than hot-rolled, hot-drawn or extruded, of circular cross-	Large sized hot finished round bars. Outokumpu cannot manufacture these products in the UK.

	section of a diameter of ≥ 800 mm, containing by weight $\geq 2,5\%$ nickel	
7222 11 19	Bars and rods of stainless steel, not further worked than hot-rolled, hot-drawn or extruded, of circular cross-section of a diameter of ≥ 800 mm, containing by weight $< 2,5\%$ nickel	
7222 11 81	Bars and rods of stainless steel, not further worked than hot-rolled, hot-drawn or extruded, of circular cross-section measuring < 80 mm and containing by weight $\geq 2,5\%$ nickel	Medium-small sized hot finished round bars. Outokumpu cannot manufacture these products in the UK.
7222 11 89	Bars and rods of stainless steel, not further worked than hot-rolled, hot-drawn or extruded, of circular cross-section measuring < 80 mm and containing by weight $< 2,5\%$ nickel	
7222 19 10	Bars and rods of stainless steel, not further worked than hot-rolled, hot-drawn or extruded, containing by weight $\geq 2,5\%$ nickel (excl. such products of circular cross-section)	Hot finished non-round (square, flat, hexagon, etc.) bars. Outokumpu cannot manufacture these products in the UK.
7222 19 90	Bars and rods of stainless steel, not further worked than hot-rolled, hot-drawn or extruded, containing by weight $< 2,5\%$ nickel (excl. such products of circular cross-section)	
7222 20 11	Bars and rods of stainless steel, of circular cross-section of a diameter ≥ 80 mm, simply cold-formed or cold-finished, containing by weight $\geq 2,5\%$ nickel	Large sized cold formed round bars. Outokumpu cannot manufacture these products in the UK.
7222 20 19	Bars and rods of stainless steel, of circular cross-section of a diameter ≥ 80 mm, simply cold-formed or cold-finished, containing by weight $< 2,5\%$ nickel	
7222 20 21	Bars and rods of stainless steel, not further worked than cold-formed or cold-finished, of circular cross-section measuring ≥ 25 mm but < 80 mm and containing by weight $\geq 2,5\%$ nickel	Medium sized cold formed round bars of nickel grades. Outokumpu manufactures just a small subset of these products in the UK (up to 32 mm only, provided that the diameters 25-32 mm are actually manufactured in Sheffield)
7222 20 29	Bars and rods of stainless steel, not further worked than cold-formed or cold-finished, of circular cross-section	Medium sized cold formed round bars of ferritic/martensitic grades These products are in practice not

	measuring ≥ 25 mm but < 80 mm and containing by weight $< 2,5\%$ nickel	manufactured by Outokumpu in the UK.
7222 20 31	Bars and rods of stainless steel, not further worked than cold-formed or cold-finished, of circular cross-section measuring < 25 mm and containing by weight $\geq 2,5\%$ nickel	Small sized cold formed round bars of nickel grades. These products are manufactured by Outokumpu in the UK.
7222 20 39	Bars and rods of stainless steel, not further worked than cold-formed or cold-finished, of circular cross-section measuring < 25 mm and containing by weight $< 2,5\%$ nickel	Small sized cold formed round bars of ferritic/martensitic stainless grades. These products are in practice not manufactured by Outokumpu in the UK.
7222 20 81	Bars and rods of stainless steel, not further worked than cold-formed or cold-finished, containing by weight $\geq 2,5\%$ nickel (excl. such products of circular cross-section)	Cold formed non-round bars of nickel grades. Outokumpu manufactures in the UK only reinforcing bars, square bars and hexagon bars (no flat/rectangular shapes).
7222 20 89	Bars and rods of stainless steel, not further worked than cold-formed or cold-finished, containing by weight $< 2,5\%$ nickel (excl. such products of circular cross-section)	Cold formed non-round bars of ferritic/martensitic grades. These products are in practice not manufactured by Outokumpu in the UK.
7222 30 51	Other bars and rods of stainless steel, containing by weight $\geq 2,5\%$ of nickel, forged	Forged bars are normally larger than 150 mm. Outokumpu cannot manufacture such large bars in the UK.
7222 30 91	Other bars and rods of stainless steel, containing by weight $< 2,5\%$ of nickel, forged	
7222 30 97	Bars and rods of stainless steel, cold-formed or cold-finished and further worked, or hot-formed and further worked, n.e.s. (excl. forged products)	
7222 40 10	Angles, shapes and sections of stainless steel, only hot-rolled, only hot-drawn or only extruded	Outokumpu cannot manufacture these products in the UK.
7222 40 50	Angles, shapes and sections of stainless steel, not further worked than cold-formed or cold-finished	
7222 40 90	Angles, shapes and sections of stainless steel, cold-formed or cold-finished and further worked, or not further worked than forged, or forged, or hot-formed by other means and further worked, n.e.s.	

Table 1 – Range of products falling under product category 14 manufactured by Outokumpu in the UK. Sources: market intelligence, Outokumpu’s brochure, Outokumpu’s stocklist.

The above crucial circumstance cannot be disregarded by the TRID when assessing the need to continue to apply the tariff rate quotas on imports of products falling under product category 14.

As a matter of fact, of 20 commodity codes included in product category 14 only 2 (maybe 3) are manufactured by the largest UK producer of stainless steel bars and light sections, meaning that essentially no UK production exists for the vast majority of the products included in the above-mentioned product category.

Accordingly, all commodity codes for which there is basically no UK production should be excluded from product category 14 and the relevant tariff rate quota. In this respect, Valbruna UK Ltd notes that the requested exclusion would be fully in line with the rationale underlying the identification of the steel products subject to the transition review. It is important to recall, in this respect, that the product categories covered by the existing EU steel safeguard measures for which no UK production exists will not be transitioned and the tariff rate quotas will therefore cease to apply as from 1 January 2021.¹³ Valbruna UK Ltd respectfully requests the TRID to apply the same rationale to the commodity codes included in product category 14 for which there is no production in the UK.

In addition to the above, it should be noted that the absence of UK production for the majority of the commodity codes covered by product category 14 implies that there would not be serious injury to UK producers of the products belonging to that category should the above-mentioned commodity codes be excluded from the relevant tariff rate quota. As a matter of fact, if no domestic production or industry exists, no protection is necessary. Regardless of whether an investigation (or a review) is initiated following a complaint or – as in the present case – by the investigation authority on its own motion, domestic production must therefore necessarily exist.

4. CONCLUSIONS

In the light of the foregoing, Valbruna UK Ltd respectfully requests the TRID to:

- Terminate the tariff rate quotas applicable to imports of stainless steel bars and light sections falling under product category 14 as from 1 January 2021;
- As a subordinate ground, should the TRID decide to continue to apply the tariff rate quotas on imports of products falling under product category 14 as

¹³ See the Guidance ‘Trade remedies transition policy’ available at <https://www.gov.uk/guidance/trade-remedies-transition-policy> (accessed on 30 October 2020).

from 1 January 2021, exclude from the relevant tariff rate quotas the commodity codes 7222 11 11, 7222 11 19, 7222 11 81, 7222 11 89, 7222 19 10, 7222 19 90, 7222 20 11, 7222 20 19, 7222 20 29, 7222 20 39, 7222 20 89, 7222 30 51, 7222 30 91, 7222 30 97, 7222 40 10, 7222 40 50, and 7222 40 90 for which there is no UK production.

Valbruna UK Ltd is confident that the TRID will take into due account the above considerations and requests.