

**Submission of the Korea Iron and Steel Association
regarding ‘Notice of Initiation concerning Reconsideration
of an original decision in Transition Review No. TF0006:
Safeguard measures on certain steel products’**

November 26th, 2021

Korea Iron and Steel Association

I. Introduction

1. Korea Iron and Steel Association (“KOSA”) takes this opportunity to convey the position of the Korean steelmakers about the UK’s Trade Remedies Authority (“TRA”) initiation concerning “Reconsideration of an original decision in Transition Review” of the safeguard measures on certain steel products.
2. As of January 2021, UK-South Korea FTA became effective which accelerates the liberalization of trade. Also, the UK has an obligation to comply with WTO Agreement on Safeguards as a member of the WTO.

II. Safeguard Requirements

3. Article 2.1 of the WTO Agreement on safeguards clearly states that the member of WTO, which the UK is, may apply a safeguard measure only in a certain condition.

“A Member may apply a safeguard measure to a product only if that Member has determined, pursuant to the provisions set out below, that such 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.”

4. As clearly defined in the WTO Agreement on Safeguards, the safeguard measures can only be applied when there is a solid ground to determine the following conditions; (1) the increased imports, (2) the serious injury, and (3) the existence of the causal link between increased imports of the product concerned and serious injury or threat thereof.
5. During the Most Recent Period (“MRP”, 2018~2020), the UK’s steel import decreased compared with the Period Of Investigation (“POI”, 2013~2017), and the import volume in 2020 marked the lowest level since 2010.

< UK Steel Imports (Unit: 1,000MT) >

	‘10	‘11	‘12	‘13	‘14	‘15	‘16	‘17	‘18	‘19	‘20
Total	Confidential										

6. As there was no increase in imports, it does not meet the requirements set out in the WTO Safeguards conditions. Therefore, KOSA respectfully requests the TRA to terminate the safeguard measure. If the TRA regards that the safeguard measures are necessary to be continued, we expect the TRA to review the below opinions of KOSA.

III. Specific product categories requested for review

A. Metallic Coated Sheets (Product Category 4)

7. It is necessary to increase the quota for Metallic Coated sheets(Product category 4) in order to meet the rising demand from steel-using-industries like automobiles in post-COVID-19 era. In addition, even both non-alloy EGI Sheets(7210.30) and alloy EGI Sheets(7210.30) are not produced in the UK, only non-alloy EGI Sheets(7210.30) are exempted from Safeguard measure while the latter are included. Therefore, excluding safeguard measures for the alloy EGI Sheets(7225.91) also needs to be considered.

< The number of newly registered cars in the UK (Unit: 1,000MT) >

2020	2021f	2022f
Confidential		

B. Large welded tubes B (Product Category 25B)

8. Large welded tubes B (Product category 25B) is used as a material for national offshore wind farm project and is in line with the UK's eco-friendly policy. Accordingly, Large welded tubes B (Product category 25B) need to be excluded from the safeguard measures.

C. Organic Coated Sheets (Product Category 5)

9. In the case of Organic Coated Sheets(Product category 5), it is necessary to recognize the exception for PVC-SOL products as its production is limited in the UK. PVC-SOL products have a thickness of 0.2mm or more and are suitable for the UK's geographical feature, the oceanic climate.
10. Since it is a product used for special purposes, there is a concern that supply shortages in the construction industry may occur if the implementation of safeguard measures continues. Thus, it is necessary to exclude this product category from safeguard measures.

IV. Others (Flexibility of the quota system)

11. According to Article 7.4 of the Agreement on Safeguards, a measure extended shall not be more restrictive than it was at the end of the initial period, and should continue to be liberalized. In this context, it is necessary to increase the quota for all items and to progressively liberalize the system; the abolition of the quarterly quota system to respond to strong steel demand in the UK.

< Steel demand increase rate in the UK >

2020	2021f	2022f
Confidential		

12. In specific, the transition from annual quota to quarterly quota was based on the voices of the EU steel industry due to the rapid decrease in demand and increase in imports in the third year of the initial safeguard period(Jul.2020~Jun.2021) due to the COVID-19 outbreak. However, the situation has changed in the opposite direction with strong steel demand and the quarterly quota system is not in line with the purpose of introducing the system.

V. Conclusion

13. If the TRA decides to continue the safeguard measures, it is necessary to take a flexible quota operation system such as increasing the quota in some products, excluding some items from the measures and abolishing the quarterly quota.
14. KOSA respectfully requests the TRA to make a reasonable decision based on a fair and transparent procedure.