

**NON-CONFIDENTIAL****TF0006: Transition review of safeguard measures on certain steel products**  
**Submission of Tata Steel UK Ltd. concerning tariff-rate quotas for product category 5 (Organic Coated Sheets)**

Dear case team,

Our company, Tata Steel UK Ltd. (TSUK) would like to rebut certain allegations and misleading arguments put forward by several interested parties with respect to the tariff-rate quota for product category 5 (Organic Coated Sheets – OCS).

First, we note that TSUK has a total annual OCS production capacity of circa [200-500] KT. TSUK supplies approximately [200-500] KT per annum (that is around [CONFIDENTIAL] of its total capacity) to the domestic UK market. The remaining production output at the level of [CONFIDENTIAL] is exported to EU27 under UK's individual TRQ for product category 5 (OCS). TSUK believes the approximation of the UK market size [200-500] KT as referred to by several interested parties is overstated.<sup>1</sup> However, even based on these numbers, TSUK has sufficient production capacity to almost fully satisfy domestic demand and, in fact, already services about [CONFIDENTIAL] of UK market demand.

Furthermore, under the current TRQ allowances, EU27 producers are permitted to import around 130KT (annualised) of OCS into the UK without any additional tariffs or duties. Combined with the current level of TSUK's domestic sales, this equates to [200-500] KT which TSUK feels is more than reflective of overall UK market demand.

Under the current TRQ allowances for third countries, South Korea is permitted to import 16KT (annualised) of Cat 05 OCS into the UK tariff-free. Combined this now equates to [200-500] KT. Finally, under current allowances, 'Other Countries' are permitted to import 5KT (annualised) of OCS to the UK without the imposition of tariff. As a whole, this amounts to [200-500] KT of OCS which adequately services the total UK market requirement with further headroom for market growth. Importantly, this does not include TSUK's export sales volume to the EU which can be to some extent re-oriented to the domestic market following any potential increase in the UK demand for OCS.

It must be noted that TSUK produces the full range of colours and products required for the UK market. In addition, TSUK offers a class-leading colour-matching service ('Repertoire<sup>®</sup>') whereby we are able to produce very specific exacting shades, including matching to alternative OCS producers colour palettes.

[CONFIDENTIAL – information related to TSUK's sales channels. Not available in public source and not susceptible of summary]

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<sup>1</sup> Please refer to the questionnaire response of Duferco UK Ltd.

Before the introduction of steel safeguards, imports of OCS increased by 450% (35kt) between 2015-2017. During the same period TSUK's OCS output was [200-450] KT accounting for approx. [CONFIDENTIAL] of overall capacity. Production capacity and shift configuration were reduced to focus on differentiated products as commodity import pricing was not at sustainable levels. Historically imported price levels have tracked around 15-20% below UK market rates. Whilst some in the market currently point to the TRQs leading to significant price increases, it is notable that current steel prices are being driven by global steel demand, from China in particular. It is also notable that on 30 March 2021, that is at the very end of the quota period, the Q1 TRQ for OCS was only 94% consumed.

TSUK has never sought to exert any pressure on the UK OCS market, which is demonstrated on the basis that [CONFIDENTIAL] of its annual capacity is exported to EU27 [CONFIDENTIAL]. TSUK acknowledges the need of UK processors and users of OCS to have diversified sources of supply and, for this reason, TSUK does not request any further tightening of the safeguard measures and the TRQs for product category 5 specifically. However, TSUK submits that the current TRQs put in place are more than adequate and sufficient to allow access to a wide range of import sources and fully satisfy UK demand for OCS. Moreover, TSUK notes that the potential for increased volumes of historically unsustainably priced third country imports following the imposition of Section 232 measures in the US was and remains a significant threat to our foundation industry in the UK. This is also especially relevant in the view of a likely extension of the steel safeguard measures in the EU which is aimed at preventing any steel trade diversion from the US. Equally, it appears necessary to ensure and maintain an adequate level of protection from trade diversion into the UK.

We believe that it has been demonstrated that the current TRQs are sufficient to service the current peak market demand and therefore recommend that the current measures be maintained at the existing respective levels, including for product category 5.

We remain at your disposal in case you have any questions.

Yours faithfully,

Vlad Darahan  
International Trade Manager  
Tata Steel UK Ltd.