

**RE: RECONSIDERATION OF AN ORIGINAL DECISION IN TRANSITION REVIEW
NO. TF0006: SAFEGUARD MEASURES ON CERTAIN STEEL PRODUCTS**

COMMENTS BY POSCO

Trade Remedies Authority
North Gate House
21-23 Valpy Street
Reading
Berkshire
United Kingdom

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OPEN VERSION

Via e-mail

I. Introduction

1. POSCO CO LTD (“POSCO”) hereby presents its comments to the Notice of Initiation regarding the Reconsideration of an original decision in Transition Review No. TF0006 (the “Reconsideration”), published on 7 September 2021 by the Trade Remedies Authority (the “TRA”) pursuant to regulation 12(1) of the Trade Remedies (Reconsideration and Appeals) (EU Exit) Regulations 2019 .¹
2. The Reconsideration was initiated with the purpose of issuing a new Recommendation to the Secretary of State pursuant to regulation 51(1) of the Trade Remedies (Increase in Imports Causing Serious Injury to UK Producers) (EU Exit) Regulations 2019 (“Safeguards Regulations”). The TRA initiated the process following applications it received from the following interested parties:
 - British Steel Limited (Domestic Producer)
 - CELSA Steel UK (Domestic Producer)
 - UK Steel (Industry Body)
 - Liberty Steel UK (Domestic Producer)
 - Tata Steel UK (Domestic Producer)
 - Cooper Coated Coil Limited (Importer)

¹ Trade Remedies Authority, Notice of Initiation of a Reconsideration of an original decision in Transition Review No. TF0006: Safeguard measures on certain steel products (7 September 2021), available [here](#).

- Aircraft Materials (Importer)
 - FT Pipeline Services Ltd. (Importer)
3. POSCO respects the TRA’s recommendation to the Secretary of State, dated and published on 11 June 2021², as well as the final decision taken by the Secretary of State on 30 June 2021, published as Trade remedies notice 2021 No. 1 safeguard measure: Tariff-rate quota on steel goods.³
 4. However, POSCO is concerned that the TRA’s Reconsideration could result in varied measures that are more restrictive and would not serve the interests of downstream industries. POSCO therefore submits the comments set out in this submission pursuant to regulations 7(2) and 13(7)(d) of the Trade Remedies (Reconsideration and Appeals) (EU Exit) Regulations 2019, and respectfully asks the TRA to consider them in the course of its Reconsideration process.

II. An expansion of the tariff rate quota for product category 4 is necessary to support a growing demand from the UK auto industry as the economy reopens

5. First, POSCO respectfully submits that the TRA should increase the country specific TRQ for product category 4, because the safeguard measures applied at their current levels do not reflect the increased demand from certain growing industries in the UK, including the automotive sector.
6. In accordance with regulation 51(4) of the Safeguards Regulations, the TRA determined at paragraph 295 of its Statement of Intended Preliminary Decision that extending the TRQs for product category 4 would not run counter the economic interest of the UK, as defined in paragraph 23(3) of Schedule 5 to the Taxation (Cross-Border Trade) Act 2018. With regard to the automotive sector, the TRA considered that:
 - the impact on the automotive sector would be limited because, based on 2016 figures, the demand for steel products from the automotive industry represented 0.5% of the sector’s estimated turnover (paragraph 193);
 - because of the limited impact of steel prices for the automotive sector, a small change in prices of steel would have a negligible impact on the price of downstream products, including automotive products (paragraph 214); and

² Trade Remedies Authority, Recommendation to the Secretary of State Transition review TF0006 – Safeguard measure on certain steel products (11 June 2021), available [here](#).

³ Department of International Trade, Trade Remedies Notice 2021 No. 1 – Safeguard Measure (dated 30th of June 2021), pp.1-2, available [here](#).

- the production of downstream products was not expected to increase in the short term although some indications of a rebound in early 2021 were visible (paragraph 215).
7. POSCO respectfully submits that the circumstances have changed. Some domestic industries in the UK are having trouble procuring the necessary volumes of raw materials to support increasing demand. This especially affects the UK automotive industry, which relies on imports of metallic coated sheets falling under product category 4. Importantly, specialty steel products for the automotive industry are based on precise product specifications and are supplied under long-term contracts. POSCO has entered into such long-term contracts with major automotive manufacturing customers in the UK before the current safeguard measures were implemented. Yet, rigid TRQs now render it difficult to sustain the industry's growing demand for essential inputs driving the competitiveness of the UK automotive sector.
 8. Furthermore, as the COVID-19 pandemic is easing, the UK's Society of Motor Manufacturers and Traders (SMMT) expects that sales of domestic automotive constructors will surpass 86 million units in 2025 – more than 10 million up on 2019 levels.⁴ This post-COVID rebound is already driving demand, POSCO's customers in the automotive industries such as [confidential – sensitive business information] are already planning to scale up automobile production by 2022 using POSCO's high standard steels, which are difficult to produce and supply within the UK, forcing the UK industry to source these products abroad. As demand outstrips the TRQ amount at increasing rates, the negative impact on the downstream industry, which would have to pay the out-of-quota 25% amount, threatens to outweigh the benefits to the domestic producers.
 9. Consequently, POSCO requests the TRA to review the impact of the TRQ for product category 4 on the economic interest of the UK, and proposes adding a country-specific TRQ of 5,000 tons per annum to product category 4, reflecting increased demand for such products and limited domestic supply.

III. The TRQ on flat-rolled products of other alloy steel under Commodity Code 7225 91 00 should be revoked because the goods are not produced in the UK

10. Second, POSCO respectfully requests the TRA to exclude products falling within the Commodity Code 7225 91 00 from category 4 because those products are not produced in the UK.
11. At paragraph 330 and Table 39 of its Recommendation to the Secretary of State of 11 June 2021, the TRA recommended to revoke certain commodity codes, including 7210 30 00 from product category

⁴ SMMT, “Driving Global Britain” (third annual UK Automotive Trade Report, 2021), available [here](#).

4B (Metallic Coated Sheets) because those goods are not produced in the UK.⁵ This recommendation was confirmed in the final decision of the Secretary of State of 30 June 2021.⁶ Commodity Code 7210 30 00 is described in the UK integrated online tariff as “flat-rolled products of iron or non-alloy steel, of a width of 600 mm or more, clad, plated or coated; Electrolytically plated or coated with zinc”.⁷ At the same time, “flat-rolled products of other alloy steel, of a width of 600 mm or more; Electrolytically plated or coated with zinc”, falling within Commodity Code 7225 91 00,⁸ remain subject to the TRQ for product category 4.⁹

12. POSCO submits that if products falling within Commodity Code 7210 30 00 are excluded from the scope of the measures, products falling within Commodity Code 7225 91 00 should be excluded, too. Both commodity codes basically cover the same product, that is electrolytic galvanized or “EG” iron, the sole difference being that one code covers non-alloy steel, while another covers other alloy steel. Yet, alloy-steel is produced by adding specific elements such as aluminum, nickel or chromium to non-alloy steel during the production process. POSCO therefore considers that if the non-alloy EG iron is not produced in the UK, alloy EG iron similarly cannot be produced in the UK.
13. Therefore, POSCO respectfully submits that alloy steel (7225 91 00) should be revoked from the scope of the TRQ for product category 4.

IV. Conclusion

14. POSCO respectfully submits the comments set out in this submission, requests the TRA to consider them pursuant regulations 13(7)(d) of the Trade Remedies (Reconsideration and Appeals) (EU Exit) Regulations 2019, and invites the TRA to share any questions it has regarding the present submission.

⁵ Trade Remedies Authority, Recommendation to the Secretary of State Transition review TF0006 – Safeguard measure on certain steel products (11 June 2021), available [here](#).

⁶ Department of International Trade, Trade Remedies Notice 2021 No. 1 – Safeguard Measure (dated 30th of June 2021), pp.1-2, available [here](#).

⁷ <https://www.trade-tariff.service.gov.uk/headings/7210> (emphasis added).

⁸ <https://www.trade-tariff.service.gov.uk/headings/7225> (emphasis added).

⁹ Department of International Trade, Trade Remedies Notice 2021 No. 1 – Safeguard Measure (dated 30th of June 2021), pp. 1-2, available [here](#).