
NON-CONFIDENTIAL

APPLICATION FOR RECONSIDERATION

OF THE RECOMMENDATION TO THE SECRETARY OF STATE FOR
INTERNATIONAL TRADE

IN THE FRAMEWORK OF THE TRANSITION REVIEW OF SAFEGUARD
MEASURES ON CERTAIN STEEL PRODUCTS (TF0006)

APPLICANT: TATA STEEL UK LTD.

9 JULY 2021

1 INTRODUCTION

1.1 Background information

On 19 May 2021, the Trade Remedies Authority (TRA)¹ issued the Statement of Intended Preliminary Decision (SIPD) in the framework of TF0006. In the SIPD, the TRA preliminarily recommended not to extend safeguard measures on product category 6 (tin mill products). In response, Tata Steel UK Ltd. (TSUK or the Applicant) submitted written comments with legal and factual arguments calling for an extension of the safeguard measures for tin mill products.² Nevertheless, in its final recommendation (the Recommendation) to the Secretary of State for International Trade (SoS) dated from 3 June and published on 11 June, the TRA concluded that the measures on tin mill should be revoked. At the same time, the TRA recommended to extend the measures on 10 out of 19 product categories that were subject to the measures at that time.

On 30 June 2021, the SoS published a notice extending the safeguard measures on tin mill and 4 other product categories for a 1-year period.³ The SoS also accepted TRA's recommendation to extend the measures on the 10 product categories by a separate notice for a 3-year period.⁴

1.2 Eligibility of the Applicant

The Applicant is a major domestic steel producer and the sole producer of tin mill in the UK. TSUK registered as an interested party and duly cooperated with the TRA throughout the investigation. In particular, TSUK submitted a full questionnaire response, arranged a remote verification of the response and provided numerous additional explanations to TRA's questions.

The Applicant is directly impacted by TRA's recommendation not to extend the measures on tin mill products due to a likely surge in imports of this product from third countries when the measures expire. Such an increase in imports will inevitably have severe consequences for our company and thousands of our employees, not to mention an indirect effect on industries and communities supported by TSUK. Importantly, any negative impact on TSUK's production of tin mill will directly affect all other products and production facilities, as will be explained in more detail below.

In view of this, TSUK is eligible to apply for reconsideration according to Article 9 of the Trade Remedies (Reconsideration and Appeals) Regulations. This application for reconsideration supports and incorporates by reference an industry-wide application submitted by UK Steel.

2 GROUNDS FOR APPEAL

2.1 TRA's previous assessment of the increase in imports of product category 6 is incorrect

In the SIPD, the TRA concluded that there was no absolute increase in imports of product category 6 during the POI based on the HMRC data.⁵ This conclusion was based on the

¹ While the SIPD was published by the Trade Remedies Investigations Department before the launch of the TRA on 1 June 2021, in this application we will refer to the TRA as the only investigating authority in the UK.

² Please refer to TSUK's written comments on the SIPD dated from 26 May 2021.

³ Trade Remedies Notice (2021) No. 2 of 30 June 2021.

⁴ Trade Remedies Notice (2021) No. 1 of 30 June 2021.

⁵ SIPD, p. 18.

end-point-to-end-point-comparison, thus ignoring the developments in import trends during the POI. The Applicant challenged this approach as incompatible with WTO rules and case law.⁶ As a result, the TRA revised its approach to the analysis of import trends for product category 6 in the Recommendation. In particular, the TRA acknowledged that *“it is possible that, for category 6, there also was an absolute increase in imports during the POI”*.⁷

However, the TRA further concluded that *“these increases were not significant, and were followed by a decline in 2017”*. With respect to imports relative to UK production, the TRA noted that they followed similar trends and, although were higher in 2017 compared to 2013, the increase was negligible. As a result, the TRA recommended product category 6 for revocation.⁸

TSUK strongly disagrees with the above-described conclusions of the TRA. As will be explained below, the TRA made a number of critical mistakes in its analysis of import trends and interpretation of legal requirements established by UK legislation and WTO rules. TSUK strongly requests that the TRA review these mistakes and revised its analysis accordingly.

2.2 The TRA erroneously assessed imports of product category 6 on a stand-alone basis

In its analysis of imports trends, the TRA diverted from the approach taken by the European Commission (EC) in the original safeguard investigation. In particular, the EC assessed imports to the EU at two levels:

- 1) cumulative imports of all steel products as a single product; and
- 2) imports of three product families (flat products, long products, tubes and pipes).

Importantly, the EC identified all steel products as the single product concerned due to a high degree of interconnection and potential trade diversion resulting from Section 232 measures in the US applying horizontally to all steel products. The EC unambiguously explained this in its definitive regulation:

“...the provisional Regulation refers to the 28 product categories as the ‘product concerned’ or ‘the product categories concerned’ (see recital (11) of the provisional Regulation) and the analysis therein is made on the basis of the 28 product categories concerned taken all together (see recital (22) of the provisional Regulation). Thus, the reference to ‘products concerned’ should be understood as the product categories examined together as part of a single product concerned.”⁹ (emphasis added)

Further, the EC also carried out its analysis for the three above-mentioned product families to confirm that the findings for the single group are also confirmed at a more disaggregated level.¹⁰ While the EC did look at certain product categories individually, such analysis was required to determine whether an individual product category should be included into the single product group. The EC did not exclude individual product categories only because they did not show a significant increase in imports either in the period of 2013-2017 or in the most recent period (MRP). Indeed, imports of product categories 10, 19, 24 and 27 to the EU actually declined in the period of 2013-2017 and

⁶ TSUK’s written comments on the SIPD dated from 26 May 2021, p. 2.

⁷ Recommendation, para. 43.

⁸ Recommendation, para. 62.

⁹ Commission Implementing Regulation (EU) 2019/159 of 31 January 2019 imposing definitive safeguard measures against imports of certain steel products (“EU Safeguard Regulation”), recital 17.

¹⁰ EU Safeguard Regulation, recital 19.

moderately increased (with the exception of product category 19 which saw a spike in imports) in the MRP compared to 2013:

Table 1. Imports of certain product categories to the EU, MT

Product category	2013	2014	2015	2016	2017	MRP
10	26,799	34,700	31,586	25,995	27,704	28,677
19	14,587	25,532	23,202	12,494	18,232	23,013
24	440,696	509,052	448,761	448,333	410,822	480,600
27	446,086	514,066	479,271	454,924	454,921	501,232

Source: EU Safeguard Regulation. MRP consist of the periods Jul-Dec 2017 and Jan-Jun 2018.

Table 2. Change in imports of certain product categories to the EU, %

Product category	2013-2017	2013-MRP
10	-4	7
19	-2	58
24	-12	9
27	0	12

Source: EU Safeguard Regulation. MRP consist of the periods Jul-Dec 2017 and Jan-Jun 2018.

In its turn, the TRA decided to analyse imports of each product category on an individual basis. However, by doing so, the TRA failed to consider the following critical factors:

- Tin mill is highly interconnected with other flat steel products, especially HRC. Increasing imports of tin mill will have a direct adverse effect on other TSUK's products;
- Interconnection between tin mill and HRC will incentivize trade diversion to the UK;
- Product scope of product category 6 is not accurate as it was not designed for a stand-alone analysis.

2.2.1 Interconnection between flat steel products and its impact on competition and trade diversion

First, individual product categories were initially formed with a fundamental assumption that they will be treated as a single product for the purpose of injury analysis and increase in imports analysis. As explained above, this was necessary due to a very high degree of interconnection between all product categories. This explanation fully applies to product category 6. Tin mill products are produced using hot-rolled coil (HRC) that is further cold rolled, before undertaking final metallic coating, making it a final product used in the packaging market. Tin mill accounts for [Non-confidential summary: a large share of] production output and is intrinsically part of a breadth of products including hot-rolled, cold-rolled, metallic coated and organic coated flat steel products, all of which are subject to the safeguard measures. Importantly, it is possible to divert HRC to each of these "downstream" products, including tin mill.

The above-described interconnection between tin mill and other flat steel products means that any injury caused to TSUK through increasing imports of tin mill products will have a direct adverse impact on other product categories. In practical terms, if TSUK significantly reduced, let alone completely lost, domestic sales of tin mill due to growing

pressure from imports, our company would seek [Non-confidential summary: alternative routes for sales]. This could mean that TSUK would lose [Non-confidential summary: a large share of sales]. An impact of this scale would [Non-confidential summary: have a serious negative impact on TSUK].

Furthermore, interconnection between tin mill and other flat steel products must be also assessed from the competition perspective. A large number of producers in third countries are capable of producing a wide range of flat steel products starting from HRC and including tin mill. There is a clear strong competition between these products at different production stages as HRC (which is subject to the safeguard measures under product category 1) is used as the main input material to produce tin mill. Therefore, exporting producers from third countries would be able (and, in fact, incentivised) to either simply increase their output of HRC or divert the existing level of output and further process it into tin mill. This obvious, yet crucial, conclusion played a key role in the EC's decision to treat all product categories as a single product concerned:

“Furthermore, as a consequence, given this level of interrelation, competitive pressure can easily be shifted from one product to the other. For instance, if trade defence measures are imposed on one product, e.g. steel coils, that product may be further transformed in the same country and exported under a different form to avoid the additional measures and still compete with domestic products. It is also not excluded that third countries import some of these products at low cost and transform them before re-exporting them to the Union.”¹¹

The above-explained competition side of interconnection is particularly important given an unprecedentedly high level of trade protectionism globally. First, illegal and highly restrictive US “Section 232” measures remain in place in the US and cover a much wider range of steel products than the safeguard measures in the UK. Second, the EU has recently extended the duration of its safeguard measures, including on tin mill, for a 3-year period. Moreover, a large number of steel products is subject to anti-dumping and anti-subsidy measures in various jurisdictions, including the EU and US. In these circumstances, revocation of the safeguard measures on tin mill would expose the UK to the already established risk of trade diversion either of this product directly or through the transformation of other flat products.

In view of the above, it is absolutely clear that product categories were not designed for any individual assessment, including the increase in imports analysis. Therefore, TSUK respectfully submits that the TRA made a fundamental mistake by adopting a completely different approach without considering the context and purpose of individual product categories.

2.2.2 Product scope of product category 6 is not sufficiently accurate for any stand-alone analysis

The Applicant notes that the EC from the beginning focused on a global analysis of steel products as a single product group and, therefore, did not accurately determine the product scope of certain product categories. For instance, a number of Organic Coated Steel (OCS) products were erroneously included into product category 4.A (Metallic Coated Sheets – MSC) and still remain in that product category simply because they are made on an alloy substrate.

A similar issue occurred with a tin mill product on an alloy substrate, namely Electrolytic Chromium Coated Steel (ECCS). ECCS is a pure tin mill product used in packaging

¹¹ Commission Implementing Regulation (EU) 2019/159 of 31 January 2019 imposing definitive safeguard measures against imports of certain steel products (“EU Safeguard Regulation”), recital 17.

applications. It is produced at TSUK's Trostre plant, which produces only tin mill products for the packaging industries. Yet, ECCS is covered by product category 4.B and not product category 6. This and other inaccuracies in the definition of product categories did not affect EC's analysis of the increase in imports because the Commission treated all product categories as a single product and analysed imports accordingly. Moreover, the mere existence of such obvious inaccuracies indicates the secondary role of individual product categories.

However, when such imperfectly defined individual product categories become the main subject of analysis, it may provide the investigating authority with a highly distorted picture of import trends. Table 3 below provides an illustrative example of how import trends of product category 6 would change if it correctly included the single commodity code covering ECCS. TSUK notes that ECCS is classified under a 10-digit commodity code 7225 99 00 25. However, since HMRC data is available only at the 8-digit level, Table 3 shows imports of commodity code 7225 99 00 as best information available.

Table 3. Imports of ECCS and product category 6 to the UK, 2013-2017

Product	2013	2014	2015	2016	2017
PC 6, MT (1)	134 863	132 801	152 787	156 808	132 223
<i>Index</i>	<i>100</i>	<i>98</i>	<i>113</i>	<i>116</i>	<i>98</i>
7225 99 00, MT (2)	3 488	7 135	13 806	23 942	25 158
1+2, MT	138,351	139 936	166 593	180 750	157 381
<i>Index</i>	<i>100</i>	<i>101</i>	<i>120</i>	<i>131</i>	<i>114</i>

Source: HMRC.

The above example proves two different but equally important points. First, if individual product categories, including for tin mill, had been defined correctly, in some cases the TRA would have found very different import trends and significant increases in imports. Second, individual product categories were simply not designed for a rigorous stand-alone analysis, as their product scope is not always accurate, which is certainly the case for product category 6.

2.3 There was a significant increase in imports of product category 6 in absolute and relative terms

As noted in Section 2.1 above, while the TRA acknowledged that there was an increase in imports of product category 6, it did not consider the increase significant enough in either absolute or relative terms. At the same time, the TRA also completely ignored the rapidly increasing market share of imports.

Table 4. Imports of product category 6 in absolute and relative terms

	2013	2014	2015	2016	2017
Absolute increase in imports					
Imports, MT	134 863	132 801	152 787	156 808	132 223
<i>Index</i>	<i>100</i>	<i>98</i>	<i>113</i>	<i>116</i>	<i>98</i>
Relative increase in imports (imports as a % of UK production)					
Imports, %	34	32	38	41	35
<i>Index</i>	100	94	112	121	103

Market share of imports (imports as a % of UK consumption)					
Imports, %	37	37	43	46	43
Index	100	101	116	125	118

Source: HMRC and TSUK's production data. Market share of imports is calculated based on UK production, exports to third countries and imports to the UK.

Apart from referring to the return of imports to their initial level in 2017, the TRA surprisingly concluded that the increase in imports in 2015 and 2016 (by 13% and 16% compared to 2013) was not significant. In this respect, TSUK submits that pursuant to regulation 49(4) of the Safeguard Regulation, the significance of the increase imports is not a factor the TRA should rely upon and to the extent it does reference this as a factor, there has been a significant increase with respect to tin mill.¹²

Furthermore, even if the TRA were to assess the level of significance, its analysis is seriously flawed due to misunderstanding of import trends and failure to take into account relevant WTO case law.

2.3.1 The TRA failed to define 'significance' and contradicted its own approach to it

TSUK points out that the TRA did not provide any explanation on what it considers a significant increase in imports. As a result, the TRA made a number of conclusions on significance that clearly contradict each other. In addition, the TRA's conclusions diverge from the conclusions reached in the original investigation by the EC. Indeed, as demonstrated in Tables 1 and 2, the EC found that an increase in imports of 12%, 9% and even 7% was significant enough. Importantly, these increases were not even present during the period of 2013-2017 (when imports actually declined), but only occurred in the MRP. Moreover, even the TRA itself considers similar increases in imports significant enough, as shown in Table 5.

Table 5. Absolute increase in imports of certain product categories, index

Product	2013	2014	2015	2016	2017
PC 6	100	98	113	116	98
PC 7	100	97	95	119	111
PC 21	100	128	105	103	114

Source: HMRC.

It is unclear why the TRA considers increases in imports of product category 7 by 11% and 19% significant but not increases by 13% and 16% for product category 6. A similar pattern can be found for product category 21, where imports spiked only in 2014 and then showed smaller increases (of 3-14%) than product category 6.

In addition, where imports have increased absolutely from 2013 to 2016 (though dipping somewhat in 2017), increased dramatically from 2013 to 2016 (and still higher in 2017 than in 2013) relative to UK production, and grew relative to UK consumption is evidence in and of itself of the significance of the role these imports have had during the POI and will continue to have in the UK market going forward absent safeguard measures.

Moreover, while the TRA decided to analyse imports of each product category individually, it did not provide a product-specific definition of significance for each product

¹² For more detail, please refer to UK Steel's detailed application for reconsideration.

category. As a result, the TRA failed to substantiate its conclusion on significance of an increase in imports for each specific product category. This once again indicates that the TRA applied a different approach to imports without considering the context of each individual product category and without taking into account significant differences in market conditions for certain products.

2.3.2 TRA's analysis of significance does not meet the requirements of WTO case law

As will be explained in detail in UK Steel's application for reconsideration, significance of an increase in imports must be assessed entirely in the context of their ability to cause or threaten to cause serious injury to a specific industry. Indeed, TRA's assessment of significance is by no means a merely technical or mathematical determination that can be done in abstract for a range of individual product categories. This is a strict requirement confirmed by the WTO Appellate Body in, among others, *Argentina — Safeguard Measures on Imports of Footwear*¹³ and in *United States — Definitive Safeguard Measures on Imports of Certain Steel Products*.¹⁴

Therefore, the TRA's decision to analyse imports of each product category individually without establishing a standard of significance on a case-by-case basis is contrary to the well-settled requirement of WTO case law. In fact, if the TRA had assessed whether the increase in imports of tin mill products (which indeed took place as acknowledged by the TRA in the Recommendation) was such as to cause or threaten to cause serious injury to the domestic industry, it would have inevitably found such an increase 'significant'. Since the TRA failed to carry out the above-described analysis, TSUK will provide supporting evidence of the significance of the increase in imports below.

First, TSUK points out that import trends for product category 6 must be assessed by taking into account market conditions during (and especially at the end of) the POI. As explained in detail in TSUK's comments on the SIPD, the UK tin mill market suffered from several fundamental changes that had a direct adverse impact on UK consumption, namely:

- 1) Closure of Crown Neath factory. Crown acquired Mivisa in Spain and optimised their production configuration leading to the closure of the UK factory and moving the production of can ends to their European plants in France and Spain;
- 2) Ardagh (previously Ball) Rugby switched their Beer & Beverage plant from steel to aluminium.

The above-mentioned developments led to a rapid decline in domestic demand, which fell from approximately 400k MT in 2010 to 250k MT in 2017-2018. Nevertheless, imports continued to enter the UK market in increased quantities amid the dropping demand, which resulted into a substantial increase in the import market share during the POI. TSUK also emphasizes that the drop in demand coincides and fully explains what the TRA presents as a decline in imports in 2017, when imports merely returned to the already injurious base level of 2013.

Table 6. Increase in imports as a percentage of UK consumption

	2013	2014	2015	2016	2017
Imports, MT (1)	134,863	132,801	152,787	156,808	132,223

¹³ Appellate Body Report, *Argentina — Safeguard Measures on Imports of Footwear*, para. 131. For more detail, please refer to UK Steel's application for reconsideration.

¹⁴ Appellate Body Report, *United States — Definitive Safeguard Measures on Imports of Certain Steel Products*, para. 360. For more detail, please refer to UK Steel's application for reconsideration.

UK consumption, MT (2)	365,487	359,201	361,726	346,371	310,905
Import market share (3)	37%	37%	43%	46%	43%
Import market share, index	100	101	116	125	118

Source: (1) – HMRC data; (2) – own calculations (UK consumption = UK production¹⁵ – UK export to third countries¹⁶ + imports to the UK); (3) – own calculations (imports to the UK / UK consumption).

In these circumstances, a modest increase in imports or even their return to initial levels of 2013 is significant enough to cause or threaten to cause serious injury to the domestic industry. Importantly, in the original investigation, the EC also assessed relative increase in imports against EU consumption (i.e. import market share). Moreover, the EC substantiated its key conclusions on the increase in imports by the analysis of an increase in the market share of imports.¹⁷ However, the TRA conveniently decided to divert from the EC's approach, which would have been even more appropriate and indeed necessary in case of stand-alone analysis of individual products categories.

The above-explained developments in the UK tin mill market are also highly relevant for the assessment of an increase in imports relative to domestic production. Indeed, it is unclear why the TRA considers a relative increase of 9% in 2016 not significant enough amid a dropping domestic demand and increasing market share of imports. It is even more surprising given the TRA's conclusion with respect to product category 21, which followed a similar, yet weaker, trend. However, the TRA merely concluded that *“the 2017 import volume as a proportion of production was higher than 2013, but the increase was negligible”*. TSUK contends that the relative increase in imports of product category 6 was at least as significant as of product category 21, if not more significant.

Table 7. Increase in imports as a percentage of UK production

	2013	2014	2015	2016	2017
PC 6, %	34	32	38	41	35
<i>Index</i>	<i>100</i>	<i>94</i>	<i>112</i>	<i>121</i>	<i>103</i>
PC 21, %	56	64	52	54	58
<i>Index</i>	<i>100</i>	<i>114</i>	<i>93</i>	<i>96</i>	<i>104</i>

Source: Recommendation.

Furthermore, the TRA did not take into account the structure of imports during the POI, which provides additional evidence of the significance of the increase in imports. TSUK notes that during the POI, the UK was still a Member State of the EU. While this does not mean that the EU should be entirely excluded from the increase in imports analysis, it does warrant a high-level examination of the structure of imports during the POI. As demonstrated below, in case of product category 6 specifically, there was a fundamental long-term change in the structure of imports from the EU and non-EU third countries. During the POI, the EU accounted for a major share of tin mill imports to the UK, but its share increased only marginally in the period of 2013-2016 and then dropped in 2017. Moreover, imports from the EU continued to rapidly decline after 2017 with their import share dropping from 87% in 2013 to 50% in 2020 and 37% in 2021. On the other hand,

¹⁵ Available in TSUK's questionnaire response in the present investigation.

¹⁶ Available in TSUK's questionnaire response in the present investigation.

¹⁷ E.g., recitals 33, 35 and 43 of the EU Safeguard Regulation.

imports from third countries (non-EU) and most notably China were rapidly increasing up to 2016 and remained much higher in 2017 as compared to 2013. They also continued to grow and replace imports from the EU after 2017.

Table 7. Increase in imports from the EU and non-EU third countries

Import source	2013	2014	2015	2016	2017
EU	117,597	109,943	124,132	124,250	105,385
<i>Index</i>	100	93	106	106	90
Non-EU	17,266	22,858	28,655	32,558	26,838
<i>Index</i>	100	132	166	189	155
China	5,890	9,588	10,548	10,646	14,244
<i>Index</i>	100	163	179	181	242

Source: HMRC.

This development in the structure of imports is important and relevant in the context of the significance test for several reasons. First, it shows beyond any doubt that there was a very significant increase in imports from non-EU third countries during the POI. Second, replacement of imports from the EU by imports from non-EU third countries constitutes a very important change in the UK tin mill market. Third, the declining market share of EU imports and the spike in imports from non-EU third countries is a perfect example of the opportunistic behaviour of exporters from certain origins. The EC considered this particularly important in the context of the COVID-19 pandemic and concluded that such behaviour *“risks more than ever displacing other market participants and unduly occupy market shares that in normal circumstances would correspond to other traditional trade flows areas or domestic production”* (emphasis added).¹⁸ This fundamental change in the structure of imports confirms not only a significant increase in imports from non-EU third countries, but also provides the necessary context for the assessment of significance of a general increase in imports from all countries.

In light of the foregoing, TSUK submits that imports of product category 6 increased significantly during the POI.

2.4 Revocation of the safeguard measures on product category 6 would lead to trade diversion and serious injury caused to the domestic industry

As explained above, imports from non-EU third countries were rapidly increasing during the POI and started displacing imports from the EU. It must be noted that this trend only accelerated following the imposition of the safeguard measures.

Import source	2017	2018	2019	2020	2020 vs 2013
Non-EU	26,838	27 517	30 510	28 460	+11,194
<i>Index</i>	100	103	114	106	+64%
China	14,244	10,624	19,537	15,568	+9,678
<i>Index</i>	100	75	137	109	+164

¹⁸ Commission Implementing Regulation (EU) 2020/894 of 29 June 2020 amending Implementing Regulation (EU) 2019/159 imposing definitive safeguard measures against imports of certain steel products, recital 25.

Source: HMRC.

This indicates that trade diversion resulting from US's Section 232 measures may be already taking place even despite the safeguard measures. Moreover, the EU recently extended its safeguard measures (including on tin mill products) for another 3 years. Therefore, revocation of the safeguard measures on product category 6 would only make the UK an obvious destination for further trade diversion from the EU and US. This, in turn, would expose the domestic industry to a sudden surge of imports, including from traditionally low-priced sources.

The above-mentioned factors must be also assessed in conjunction with the persistent global steel overcapacity.¹⁹ First, there is a direct link between overcapacity and the increase in imports, as exporting producers have an interest in maximizing their capacity utilisation. In this respect, the EC states:

“In situations where spare capacity is available after supplying their domestic market, they [exporting producers] will seek other business opportunities on export markets and thus generate an increase in import volumes on such markets.”²⁰

Second, due to overcapacity, diverted imports are highly likely to be not only low-priced but also dumped and/or subsidised, which would undoubtedly cause serious injury to the domestic industry. Indeed, according to the EC's Communication 'Steel: Preserving Sustainable Jobs and Growth in Europe',²¹ overcapacity is “*inherently closely linked to dumped and subsidized imports*”.²²

In view of the above, TSUK submits that revocation of the safeguard measures on tin mill products would lead to a spike of low-priced and potentially dumped and/or subsidized imports due to the unprecedentedly high level of protectionism and steel overcapacity worldwide.

2.5 Economic interest calls for an extension of the safeguard measures for product category 6

TSUK notes that since the TRA concluded that there was no significant increase in imports of product category 6, it did not carry out any analysis for the purpose of the economic interest test. In view of the above evidence confirming that there was indeed a significant increase in tin mill imports, TSUK submits that the economic interest assessment must be carried out with respect to product category 6. This is particularly important since TSUK currently secures more than [Non-confidential range: 7,000-10,000] jobs and more than [Non-confidential range: 500-800] people are employed directly by Trostre plant producing exclusively tin mill products. Moreover, Trostre alone supports more than [Non-confidential range: 100-300] full-time contractors, not to mention thousands of jobs supported by TSUK generally. As explained above, any negative impact on Trostre will be passed to other TSUK's production facilities due to a high level of interconnection between products, and will further affect a large number of jobs directly and indirectly supported by TSUK and Trostre specifically.

TSUK also notes that domestic supply of tin mill products is of vital importance to a wide range of both large downstream manufacturers and SMEs in the UK. Indeed, TSUK has

¹⁹ A very high level of overcapacity in the steel sector is a well-known and widely discussed fact. For instance, please refer to the Global Trade Alert Report “Going Spare: Steel, Excess Capacity, and Protectionism” (available at <https://www.globaltradealert.org/reports/download/44.p.11>).

²⁰ EU Safeguard Regulation, recital 54.

²¹ Available at <https://eur-lex.europa.eu/legal-content/en/ALL/?uri=CELEX:52016DC0155>.

²² EU Safeguard Regulation, recital 53.

a strong position in the UK market due to its full product range, supply chain services and technical support. TSUK also has leading positions with all major can makers and brand owners in the UK, such as Crown, Trivium and Kraft Heinz. Finally, TSUK is the sole supplier in the bakeware niche market, with some UK companies being market leaders in the EU in this product segment.

In view of the above, a large number of downstream enterprises rely on stable domestic supply of high-quality tin mill products, which is ensured by TSUK. On the other hand, the imported material coming into the UK is primarily supplied to the General Line market (paint & coatings), which is far less dependent on the quality of the material and timely deliveries.

It must be also noted that the domestic market is the main priority of TSUK and its Trostre facility producing tin mill products. Indeed, TSUK's domestic sales of this product in 2020 amounted to [Non-confidential range: 150k-250k] MT, which accounts for [Non-confidential summary: a significant share of TSUK's total sales of tin mill]. Moreover, the UK market remains critical for Trostre's profitability and future in general due to the high level of protectionist measures in third country markets. In fact, Trostre is not able to maintain its historical level of sales, let alone to increase them, to its two main export markets, i.e. the EU and the US. Indeed, due to the current steel safeguard measures applied by the EU, UK imports of tin mill products into the EU are now capped at the level of less than 36k MT per year. Trostre has been also struggling with its exports to the US due to Section 232 measures applicable to a wide range of tin mill products, not all of which can be exempted from the measures. Given the current situation in these two key export markets, Trostre will not be able to reorientate its sales from the domestic market if imports are allowed to reoccur in increased quantities. We also note that Trostre's profitability has previously been significantly impacted by market changes with assets mothballed as a result. Removal of the safeguard will precipitate further such steps.

In light the foregoing, TSUK submits that it is in the wider economic interest of the UK to maintain the safeguard measures on imports of product category 6.

3 THE OUTCOME SOUGHT

In light of the above, TSUK respectfully requests the TRA to recommend a full extension of the safeguard measures on tin mill products for a 3-year period, i.e. until 30 June 2024.

The Applicant reserves its right to provide further comments and evidence either directly or through UK Steel at a later stage of the reconsideration process and welcomes any questions the TRA may have.

Yours faithfully,