

Subject: Safeguard measures applicable to imports of certain steel products into the UK – Tata Steel UK (“TSUK”)’s requests for revocation of the safeguard measures concerning imports of cold-rolled flat steel (“CR”) (Product Category 2)

Non-confidential

21 October 2024

1. Introduction

TSUK respectfully requests that the Trade Remedies Authority (“TRA”) initiate a discontinuation review of the safeguard measures applicable to imports of cold-rolled flat steel products (“CRFS”) covered by product category (“PC”) 2. The present request is made pursuant to Regulation 35A of the Trade Remedies (Increase in Imports Causing Serious Injury to UK Producers) (EU Exit) Regulations 2019 (the “Safeguards Regulations”) in view of a lasting change of circumstances.

At the moment, TSUK is the only active producer of CRFS in the UK. As explained in more detail below, TSUK is planning to cease production of annealed CRFS products for sale (either domestic or export) in the first quarter of 2025. The discontinuation of annealed CRFS production by TSUK is expected to have a material impact on the UK market for this product category. TSUK will continue to produce unannealed CRFS products, which will not be sold to the market. Instead, such products will be consumed by TSUK internally for the manufacturing of downstream products, such as metallic coated steel (product category 4), organic coated steel (product category 5) and tin mill products (product category 6).

In light of this planned cessation of production, TSUK requests that the TRA makes a recommendation to the Secretary of State to revoke the safeguard measures with respect to imports of CRFS under PC 2 as of 1 January 2025. This request is made to ensure that the UK steel market can adequately adjust to the new conditions.

2. Legal Basis

Regulation 35A of the Safeguards Regulations provides the legal framework for the TRA to carry out a discontinuation review of a safeguard measure. Specifically, under Regulation 35A(1), the TRA may carry out a discontinuation review when there is sufficient information indicating the following:

- a) *“a lasting change of circumstances since the application of the relevant definitive safeguarding remedy; and*
- b) *as a result, UK producers may no longer be suffering serious injury, or may cease to suffer such injury if the relevant definitive safeguarding remedy is revoked.”*

As TSUK will demonstrate below, TSUK's planned discontinuation of CRFS production indeed constitutes a lasting change of circumstances in the meaning of Regulation 35A(1). Moreover, it will be shown that TSUK is unlikely to suffer serious injury if the safeguard measure for product category 2 is revoked.

2.1. A lasting change of circumstances: cessation of annealed CRFS production

Currently, TSUK is the only active domestic producer of CRFS products in the UK. Cold-rolled steel is a critical material used in a variety of downstream products, such as automotive steel, packaging steel, and construction materials. TSUK's cold-rolled steel production capacity is approximately [non-confidential range: 2.5-3.5mt] per annum.

CRFS products are manufactured by passing hot-rolled flat steel (which falls under product category 1) through a series of rollers under high pressure at temperatures below the metal's recrystallization point. These rollers progressively reduce the thickness of the steel to the desired gauge. This process is known as cold rolling. After that, the finished product can also be annealed, which involves heating the metal and then slowly cooling it to restore its malleability. Therefore, CRFS products can be generally split into two wide categories: annealed and unannealed. The former can be used in a wide variety of end-use applications, such as production of industrial packaging / drums, radiators, racking and shelving, office furniture, domestic appliances and enclosures. TSUK's domestic sales of annealed CRFS, on average, [non-confidential summary: a large share of TSUK's production is destined to the domestic market]. Unannealed CRFS products, on the other hand, are typically used for downstream processing into packaging steel (after coating), hot-dipped galvanised steel (after galvanising) or organic coated steel (after galvanising and coating).

Due to TSUK's transition to EAF-based steelmaking and a strategic shift in our production footprint, TSUK has decided to cease production of annealed CRFS products in the first quarter of 2025. Therefore, TSUK will no longer sell annealed CRFS products of its own production to the UK (or any other) market. TSUK will maintain production of unannealed CRFS products, which will be predominantly used for downstream processing in the above-mentioned products.

The cessation of production of annealed by TSUK will have a significant impact on the UK market for PC 2. With no domestic production after the first quarter of 2025, UK demand for annealed CRFS will need to be met by imports from third countries. In these new market conditions, the continuation of safeguard measures on CRFS imports would no longer be necessary.

The planned cessation of production will be irreversible at least for the duration of the safeguard measures, i.e. until 30 June 2026. Therefore, it indeed constitutes a lasting change of circumstances.

2.2. Impact of the revocation on the domestic industry

TSUK notes that revocation of the safeguard measure on PC 2 will not result in serious injury being caused to the domestic industry because TSUK will no longer be selling annealed CRFS of its own production. Therefore, imports will not compete with products manufactured by TSUK and will not be able to cause injury to the domestic industry. However, TSUK notes that the decision to cease production of annealed CRFS products

is in itself a result of long-term, serious injury that has been caused to the domestic industry by the low-priced imports from third countries despite the safeguard and anti-dumping measures in place.

As explained above, TSUK will continue to produce unannealed CRFS, which will be used mainly for downstream processing. Such products are not sold to the UK market in any meaningful quantities due to their limited applications and will not compete with imports from third countries.

3. Conclusion

In light of the above, TSUK respectfully requests that the TRA initiates a discontinuation review and recommends to the Secretary of State that these measures be revoked as of 1 January 2025.

TSUK emphasizes that the present request is limited to CRFS products as covered by PC 2 and that it does not include any other products or product categories that are currently subject to the safeguard measures.