

27th September 2022

CELSA Steel application for TRQ review for amendment of developing country status in category 13.

### **Background**

Following the review by the TRA of developing country status conducted under case SM0016, amendments were made across a number of product categories based on the imports of steel products in the period 01/07/2021 – 31/12/2021. These amendments came into force from 01/07/2022.

In addition, TRA made a specific review of certain steel products under SM0019 regarding the imports from Russia and Belarus during Q2 2022. The most significant impact of the review under SM0019 was for imports in category 13. This led to changes (increases) in the safeguard quotas for all import participants in category 13.

Developing countries will naturally seek to set up a steel industry to become self-sufficient for construction purposes. One of the first steel products to be manufactured is rebar (category 13) and some of the developing countries have rebar production significantly in excess of rebar production in the UK.

Steel safeguards are intended to prevent trade diversions and surges of deliveries. Whilst regular imports are controlled by country specific quotas and there is a residual quota for other imports, we have noted that in category 13 the safeguard measures have been circumvented by deliveries coming from new entrants to the market under the guise of developing country exemption. These deliveries do not fall under the safeguard regime and therefore add to the size of the overall market and put pressure on longer term stability and economic sustainability. Measures exist under the safeguard measures to prevent the impact of developing countries becoming excessive in terms of total imports within a category.

### **New information**

We now have the import figures for the first half of 2022 (provided via ISSB) which demonstrate a very rapid and significant change in import participants in the rebar

market (category 13) which necessitates a review of developing country status for this category.

In the Jan-June 2022 period, a total of 242,275 tonnes of rebar were imported into the UK. Of this total 94,785 tonnes came from EU suppliers, 97,203 came from non-EU countries with individual country quotas, 6,638 came from non-EU developed countries and 43,649 from countries with developing country status. These are 13,316 from UAE, 10,778 from Oman, 15,415 from India and 4,140 from Egypt.

This equates to 18.01% of all rebar imports coming from developing countries in H1 2022. Given that this exceeds the trigger of 9% the TRA should immediately review developing country status on cat 13 (rebar) and immediately **revoke developing country status for this product**. This would mean that all imports would then fall under the residual “other countries” quota.

Import percentages from developing countries are, on an individual basis, the following;

5.49% from UAE, 4.44% from Oman, 6.36% from India, 1.70% from Egypt.

Even if TRA considers that the developing country status of India has been changed due to their imports in H2 2021 (although the change in status is only effective from 01/07/22), the other developing countries came from zero in 2021 to nearly 12% of total imports in H1 2022. The huge volatility in import sources of this product means that the only credible move by the TRA would be to remove developing country status completely and for all imports to be covered by either country specific quotas or the “other countries” quota. There is a real danger that the controlling effect of safeguard measures to protect against surges of deliveries on this product are negated by multiple new origins being introduced every few months.

Given the above facts, we consider it appropriate that with immediate effect the TRA should revoke developing country status in category 13 and that all non-country specific imports should be allocated against the “other countries” quota for this product. We would ask for this specific amendment to be made quickly in view of the surge in these non-regular source and non-quota tonnes and the consequent distortion of normal trade patterns.