

**Comments of the Russian side regarding a transitional review
of the safeguard measures on certain steel products**

Referring to the Statement of Intended Preliminary Decision (hereinafter referred to as ‘the Statement’)¹ of a transitional review of the safeguard measures on certain steel products (hereinafter referred to ‘the review’), the Ministry of Economic Development of the Russian Federation and the Ministry of Industry and Trade of the Russian Federation (hereinafter referred to as ‘the Russian side’) would like to draw attention of the Department for International Trade (hereinafter referred to as ‘the Department’) to the following considerations.

1. Excessive trade defense

We want to draw the Commission’s attention to the significant number of AD/CV measures on steel products (72 and 73 customs codes) applied by the UK simultaneously with the existing safeguard measure.

Such a situation shows that UK steel industry has significant level of trade defense.

As a result, the significant rise of prices took place in the UK on products to which both safeguard and anti-dumping measures are applied, i.e. on hot-rolled and cold-rolled flat steel products (please see [Annex 1](#) and [Annex 2](#)).

2. Efforts of the UK industry have no relevance to adjustment

The Russian side believes that the Department should disregard such arguments as staff reduction or asset closure in the context of analysis of its adjustment, as well as clearly distinguish the efforts of the UK industry aimed at adjustment and at addressing the climate goals.²

To begin with, climate agenda was not even mentioned when provisional and definitive measures were imposed. It cannot be qualified as any factor relevant for the safeguard measure at issue at the present stage.

¹ Statement of Intended Preliminary Decision: Transition review TF0006 – Safeguard measures on certain steel products, 19 May 2021.

² Statement of Intended Preliminary Decision: Transition review TF0006 – Safeguard measures on certain steel products, 19 May 2021.- p. 43.

Besides, the UK producers themselves refer to the climate targets as the goals for the future, not the efforts needed exactly at the present point of time.

It is worth recalling that safeguard measures are designed to offset the serious injury or threat thereof resulting from the increased imports. Safeguard instruments and support for national industry so that it can meet future regulatory requirements must not be conflated.

Therefore, the Russian side calls on the Department to carefully distinguish between the efforts of the EU industry to adjust and their efforts aimed at other purposes.

3. Difficulties of other UK industries brought about by the safeguard measure on steel industry

In our view, the Department should take into consideration problems that the UK downstream industries face (please see [Annex 3](#)) due to the safeguard measure in place. The relief for the UK steel industry is created by the measures at the expense of their clients.

Moreover, it should be recalled that Article 8.2 of the SG Agreement enables the WTO Members affected by the safeguard measures to suspend substantially equivalent concessions or other obligations under the General Agreement on Tariffs and Trade 1994 (GATT 1994) to the trade of the WTO Member applying the safeguard measure, in case no agreement on compensation has been reached. Should any WTO Members apply such suspensions, not only clients of the UK steel producers, but also other industries may be affected.

4. On the situation in 13th product category

Several countries that have country-specific quota for 13th product category stopped (Ukraine) or did not use in full their quotas (Turkey, Belarus). At the same time, Russia increased its export of 13th product category to the UK.

As a result, current quota volumes do not represent the actual situation, so the quotas in 13th product category should be recalculated with the increase of quota for the Russian Federation. However, in our view, the best solution amid rise of prices on 13th product category and increase of demand on it in the UK would be total exclusion category 13 from the measure. This view is without prejudice to general view of the Russian side that the

measure should be eliminated entirely, as explained in other sections of the present comments.

5. On problems with technical administration of the measure

Russian exporters have informed us that the website www.trade-tariff.service.gov.uk/, which is responsible for publication of data on quotas, is not updated on a daily basis. In some cases, it did not work for more than a week.

Such problems in administration of the measure create additional difficulties and restrain economic operators from exporting their products into the UK.

6. Unlikelihood of recurrence of importation of goods in increased quantities

The Russian side wants to draw the Department's attention to the fact that the situation around global overcapacity is not so dramatic to require extension of the measures by the UK. The situation appears to be relatively stable (see [Annex 4](#)). Besides, overcapacity cannot be fought effectively by restrictive measures. It would rather require cooperation between the countries and constructive involvement of producers to tackle it.

At the same time, according to the data provided in the Statement the UK industry has no import pressure from other countries. Only quotas on imports of 5 and 19 product categories are lower than average imports to the UK in 2017-2019.³

As a result, there is no need for maintenance of the measure.

³ Statement of Intended Preliminary Decision: Transition review TF0006 – Safeguard measures on certain steel products, 19 May 2021.- p. 29.

Conclusion

All the considerations described above illustrate that the arguments provided in the Statement cannot be deemed convincing, and that the Department has actually no reasonable grounds for extension of the measure. Hence, the Russian side calls on the Department to terminate the current procedure without extending the safeguard measure on certain steel products.