

TQ0052 Non confidential

STATEMENT OF INTENDED FINAL DETERMINATION

15th August 2024

Dear Sirs

Before commenting on the specifics of the SIFD, we would question the validity of **any** quota for Category 1.

TRA define Safeguard Measures as designed to 'prevent serious injury to the UK producers **of the like goods** and directly competitive goods' (TF006 summary).

TSUK are going to be an Importer rather than primary producer of the Cat 1 product during the construction of their EAF, which looks to be for most, if not all, the duration of the Safeguard Measures. As such, prevention of serious injury in this Product Category does not arise.

We do not know why TSUK are not covering all their HRC needs from slab instead of importing any coil - it would keep their rolling lines fully operational - but even if they were to do so, it is highly questionable whether a re-roller is entitled to be treated as a primary producer under the terms of Safeguard Measures.

Whether slab or coil, it raises the issue of the 'melted and poured' origin requirements, which are there to prevent dumping or sanctions circumvention as well as a condition for government procurement projects.

In respect of the SIFD itself, we request that the following points be taken into consideration when making any final recommendation to the Secretary of State :

1. The following tariff headings should be **excluded** from Category 1B as they are not appropriate to downstream producers as per your definition, either because they relate to products not in coils, or not manufactured by stripmill process, or they are coated, or in some form of alloy steel :

72084000 72085210 72085299 72085310 72085390 72085400

72111300 72111400 72111900

72126000

72251910 72253010 72253030 72253090 72254015 72254090

72261910 72269120 72269191 72269199



2. For the 1A / 1B split to work fairly for all, there must be controls and monitoring in place to ensure that downstream users do not access 1A and vice versa (paras 54 and 61 cover the principle but do not address or satisfy the control issue). Separate Quota Order Numbers for 1A and 1B would go some way to address monitoring.
3. The term 'downstream processing' is used frequently in the Determination, but requires clearer definition. For example, there is no mention of roll forming operations such as cold formed sections. The sector may not manufacture products covered by any of the Product Categories, but is surely a downstream process.
4. By defining Cat 1 products purely as 'raw material which TSUK use to produce nine of the 15 Product Categories under Safeguard Measures' the SIFD hands over to a single importer what could be called effectively a monopoly in the sector to the detriment of other importers and UK manufacturing as a whole.
5. As things stand in the SIFD, TSUK could supply HRC imported under 1B to their group companies involved in decoiling and processing, including dimensions which they do not make in Port Talbot, in direct competition to the rest of the market who will have to buy under 1A.
6. The assertions made in Paras 32 , 51 and 53 are not entirely accurate - downstream users may well be buying from importers and/or distributors. It is over-simplistic and flawed to maintain that there is a clear distinction between the activities of Importers, Stockists and Distributors and those of 'downstream processors'.
7. Para 68 - we believe that your preferred option of a global quota without individual country cap for Cat 1B is the right thing to do. However, this must be mirrored in Cat 1A if the Category split as a whole is to work fairly for ALL parties. You cannot have a free global quota for one if the other is to be fettered by specific quota allocations. In any case, the current Cat 1 TRQ allocations being based on 2017-2019 numbers, are not relevant to today's market.

All businesses, be they users, importers, stockists or distributors, prefer to have long term supplier partners, but this is extremely difficult, if not impossible, when those business plans are dictated by outside controls. This is not to call for abolishment of quotas but simply to permit businesses to have the freedom to run their operations as effectively as possible within the total quota volumes.

In conclusion, we agree with the TRA view in para 22 that the current TRQ for Cat 1 "is no longer fit for purpose". However, if the final determination does not address the points above, then that too will not be fit for purpose - at least not for all of the parties affected.

Yours sincerely,
For and on behalf of
Kromat Trading Limited