

Tariff Rate Quota Review

Case TQ0066

POSCO submits these comments in response to the Trade Remedies Authority (**TRA**)'s Statement of Intended Final Determination (**SIFD**) in the Tariff Rate Quota (**TRQ**) review (TQ0066).

At the outset, POSCO appreciates the opportunity to provide further comments at this stage of the review process and commends the TRA for its consideration of both domestic market conditions and the desirability to maintain traditional trade flows. The TRA's willingness to collect and reflect a wide range of views, even under challenging circumstances, demonstrates its commitment to maintaining a stable and fair UK steel market. POSCO shares this commitment and continues to support constructive engagement with the TRA.

Overall, POSCO agrees with the TRA's SIFD, which it believes reflects a balanced compromise between the different interests at stake. In this connection, POSCO wishes to make the following comments.

I. Comments on the Introduction of 40% Country-Specific Caps on the Residual Quota for Categories 4 (Metallic Coated Steel) and 7 (Quarto Plates)

POSCO supports the TRA's decision to introduce country-specific caps of 40% on the residual quota for categories 4 (Metallic Coated Steel) and 7 (Quarto Plates), rather than the 15% cap initially proposed by UK Steel. For the reasons that will be detailed below, POSCO believes that country-specific caps of 15% would significantly disrupt the UK steel market.

While some interested parties have expressed concerns also about the 40% cap, POSCO believes that this cap is an adequate recommendation that balances the interests of various parties.

In support of maintaining the 40% cap, POSCO would like to present its views on the UK's category 4 and 7 quotas and import statistics, as well as the results of the recent EU steel safeguard review. POSCO kindly asks that the TRA review these points and take them into consideration for its final recommendation.

[Status of categories 4 (metallic coated steel) and 7 (quarto plates) quotas in the UK]

Table 1

| (Unit: Thousand tons) | | 8th SG Year ('25.7 – '26.6) | | | | |
|---------------------------------------|---------------------------|-----------------------------|-----|-----|-----|-------|
| | | 1Q | 2Q | 3Q | 4Q | Total |
| Category 4 (Metallic coated steel) | EU country-specific quota | 334 | 334 | 326 | 330 | 1,323 |
| | Residual quotas | 88 | 88 | 86 | 87 | 349 |
| Category 7 (Quarto Plates) | EU country-specific quota | 73 | 73 | 72 | 72 | 291 |
| | Residual quotas | 26 | 26 | 26 | 26 | 104 |

First, as shown in Table 1 above, a significant portion of the metallic coated steel and quarto plates quotas is allocated to the EU. These figures demonstrate the UK market’s continued reliance on EU suppliers, with the residual quota for non-EU exporters such as POSCO playing a complementary although still an important role.

[UK categories 4 (metallic coated steel) 3 7 (quarto plates) import statistics]

Table 2 (Source : HRMC)

| (thousand tons) | | 2022 | (%) | 2023 | (%) | 2024 | (%) |
|-----------------------|----------------------------------|------|------|------|------|------|------|
| Metallic coated steel | Import volume (EU member states) | 501 | 51% | 554 | 58% | 526 | 54% |
| | Import volume (Non-EU) | 490 | 49% | 399 | 42% | 448 | 46% |
| | Sub-Total | 991 | 100% | 954 | 100% | 975 | 100% |
| plates | Import volume (EU member states) | 199 | 79% | 213 | 80% | 202 | 81% |
| | Import volume (Non-EU) | 54 | 21% | 52 | 20% | 49 | 19% |
| | Sub-Total | 253 | 100% | 265 | 100% | 251 | 100% |

Second, as noted in our first submission of 08.04.2025, UK producers are not self-sufficient in supplying across all steel product categories covered by the present review. In the absence of reliable domestic production options, the UK market heavily relies on imports of steel. Specifically, a substantial share of categories 4 (metallic coated steel) and 7 (quarto plate imports) are imported from the EU, as shown in Table 2 above. For category 7 products, in particular, imports are virtually entirely dependent on the EU, with 81% of imports coming from EU Member States in 2024.

UK Steel proposed individual country-specific caps of 15% in the residual quotas for categories 4 and 7 to address the concern that an increase in import share from certain countries may result in crowding out of other countries. However, as will be detailed below, it is expected that EU producers of steel will shift their export sales to intra-EU sales. Considering the UK's reliance on the EU for its imports, this shift of sales by EU producers into the domestic markets of EU Member States would result in a shortage in the supply of these products, and the UK would then have to turn to other sources of supply. If a low country-specific cap on the residual quota were introduced (such as that of 15% as UK Steel advocates for), it would largely restrict supply from non-EU countries, such as Korea. Because the UK industry cannot respond to the downstream industries' demand alone, such downstream UK industries would be significantly harmed. It is therefore important to maintain a reasonable and sufficient market access for non-EU exporters through a more lenient cap, thereby ensuring both market stability and supply chain stability.

[Results of the EU steel safeguard review]

Through its recently completed safeguard review,¹ the European Commission reduced quotas for all steel products. In the 'Steel and Metal Action Plan' published in March 2025, the European Commission projected that as a result of this review, steel imports in the EU would decrease by 15%. In other words, it is clear that the EU steel producers will respond to the decrease in steel imports by reducing exports to non-EU countries and instead expanding sales within the EU itself. Such a development will inevitably lead to a decrease in EU exports of metallic coated steel and plates to the UK, which would in turn result in a shortage of supply in that market.

It is therefore crucial to enable the UK downstream industries and users to import these product categories from other countries.

¹ Commission Implementing Regulation (EU) 2025/612 of 24 March 2025 amending Commission Implementing Regulation (EU) 2019/159 imposing a definitive safeguard measure on imports of certain steel products.

[Distorted prices due to competition among exporters to exhaust the residual quota]

Finally, if the usage cap on the residual quota for metallic coated steel and plates is reduced to below 40%, there would be fierce competition among countries to exhaust the residual quotas first, leading to a surge in imports at the beginning of each quarter and a subsequent drop in prices in the UK. This would ultimately harm the UK steel market at large.

[Conclusion on the 40% country-specific cap]

The increased cap of 40% would adequately address UK Steel's concern about crowding out, while preventing the harm that would be caused by an excessively low country-specific cap, as described above.

In conclusion, POSCO respectfully requests that the 40% usage cap on the residual quota for metallic coated steel and plates, as determined in the SIFD, be maintained in the final recommendation.

II. Comments on the Timing of Introduction of 40% Usage Cap for Residual Quotas for Metallic Coated Steel and Quarto Plates

In its SIFD, the TRA determined that the 40% usage cap on the residual quota for coated steel and quarto plates should be introduced starting from October 2025. POSCO believes that this is a very reasonable and balanced recommendation.

If the final recommendation of this review is announced at the end of June 2025 and immediately implemented from July, it would cause significant disruption in the UK steel market. At the very least, interested parties should be given time to process existing orders and prepare for the new regime under the final recommendation.

The disruptive effect of an excessively early implementation of safeguard measure amendments was demonstrated in the recent EU safeguard review. In the EU, the amended safeguard measure entered into force only one day after its publication, which caused considerable confusion among market participants. For example, customers in the EU canceled orders, leading to supply disruptions and the need to find alternative sources, among other issues.

To ensure a smooth transition for all stakeholders, POSCO respectfully requests that the TRA's final recommendation also stipulates that the 40% usage cap on the residual quota for metallic coated steel and plates be applied from October 2025.

III. Comments on the Abolition of Intra-Period Carry-Over System for Unused Quotas

The TRA's SIFD recommended terminating the carry-over of unused quotas between periods. However, considering the distance and time required for steel products from overseas countries like Korea to reach the UK, as well as the possibility of customs clearance delays, POSCO respectfully asks that POSCO's position be reviewed once more and reflected in the final recommendation, for the following reasons

First, the use of ships is required when exporting steel from South Korea to the UK. These ships must travel around the Cape of Good Hope in South Africa to reach their destination. This journey can take up to two months but may be subject to various external factors such as changes in weather conditions. As a result of this and any other potential unforeseen circumstances, the scheduled arrival may have to change, leading to customs clearance delays.

Second, customs clearance delays also frequently occur due to congestion at UK ports – notably at Liverpool port. In such events, customs clearance is typically delayed by one to three weeks, which may result in customs clearance occurring later than scheduled. While it is necessary to supply steel to customers in the UK in a timely manner, delays in customs clearance can prevent such a timely supply. To avoid causing potential harm to the UK steel industry and its downstream industries, it is imperative that the quota carry-over system be maintained.

In light of the foregoing, POSCO is of the opinion that a termination of carry-over quotas between periods would ultimately harm the UK industry. Therefore, POSCO respectfully requests that the quota carry-over system be maintained.