

Case No. TQ0066: Tariff Rate Quota Review

Subject: Tata Steel UK's comments on the Statement of Intended Preliminary Decision

Non-confidential

23 May 2025

Dear case team,

Tata Steel UK ("TSUK") welcomes the Statement of Intended Final Determination ("SIFD") of the Trade Remedies Authority ("TRA") aimed at adjusting the safeguard measures, particularly those related to Metallic Coated Sheets ("MCS" – Category 4). TSUK supports efforts to ensure that trade remedies remain effective and proportionate in light of market conditions. However, there are several critical aspects of the proposals that we would like to address, as outlined below.

1. Category 4 – Country Cap

With reference to UK Steel's proposal to introduce a 15% country-specific cap for Category 4, we note the TRA's concern that *"it is not clear that sufficient supply would become available from other countries."* In this regard, we wish to reiterate and expand upon the detailed evidence already provided in our submission dated 1 May.

The current tariff rate quota (TRQ) volumes for Category 4 significantly exceed actual UK demand, rendering allegations of potential shortages unfounded:

- The total UK market for Category 4 is approximately 1.3 million tonnes (mt).
- Of this, around 0.4mt is used by the automotive sector, which relies on imports to a lesser extent – particularly those under the global quota.
- The remaining 0.9mt is used in construction, appliances, and white goods, where imports are more common ("industry demand").
- The total Category 4 quota stands at 1.9mt, i.e. approximately 150% of total UK demand and over 200% of industry demand.
- TRQs allocated to non-EU countries such as Turkey, Taiwan, India, and "Other countries" total 668kt, equivalent to roughly 75% of industry demand.
- Crucially, TRQs for the EU, Taiwan, Turkey, and – albeit to a lesser extent – India are consistently underutilised, showing ample unused capacity from alternative sources.
- For comparison, the EU's Category 4 TRQ only covers 18% of its total domestic demand, significantly lower than the UK's relative coverage.

These facts clearly undermine any assertion of insufficient supply. In reality, a limited group of importers seeks to preserve access to the cheapest sources, particularly Vietnam, at the expense of healthy competition and the viability of the UK market.

TSUK remains committed to supplying the UK market and is well-positioned to meet increased demand, as detailed in our earlier submission. Therefore, any assertions regarding insufficient UK production capacity are unsubstantiated.

Moreover, the TRA's proposed 40% country cap would still enable Vietnam and Korea to collectively retain an 80% share of the residual quota. Reducing Vietnam's allocation from 62% to 40% would amount to a reduction of only 9kt per quarter, which is a marginal change unlikely to influence market dynamics. By contrast, a 15% cap would encourage diversification, promote fairer competition, and improve TRQ utilisation across multiple supply sources.

We therefore respectfully urge the TRA to adopt a 15% country cap for Category 4. This measure is proportionate, grounded in clear evidence, and essential to restoring balance in the UK market and supporting domestic industry.

2. Country Cap – Timing of Implementation

In the SIFD, the TRA proposed implementing the country-specific cap as of 1 October 2025 since UK importers had made "*sourcing decisions without knowing of the possibility that country-specific caps would be imposed*". TSUK respectfully submits that the existence of prior import orders should not be considered the decisive factor in determining the effective date of the cap. There are several reasons supporting an earlier implementation date.

First, even in instances where shipments following the introduction of the cap exceed the designated threshold, only a portion of those imports would be affected (as at least 15% of the quota will be available for duty-free imports). The resulting impact would therefore be limited in scope and commercially manageable.

Second, importers of lower-priced material (such as Vietnam and Korea) may retain the ability to either absorb marginal cost increases or pass them on to customers without fundamentally disrupting their business models or competitive position in the market.

Most critically, the market was given adequate advance notice of the potential for change. Similar measures were already under active discussion in the EU, and proposals from the European Commission were publicly available before the commencement of the current review (while the EUROFER proposal was available since late December – early January). These developments afforded importers sufficient time to reassess and, where necessary, adjust their sourcing strategies accordingly.

In light of these considerations, TSUK respectfully proposes that the cap be brought into effect from 1 July 2025. This date reflects a balanced, proportionate approach that advances the objective of restoring fairness and stability to the UK steel market without imposing undue disruption or delay.

3. List of Developing Countries

We note the TRA's statement that *"the exception at Regulation 43 of the Safeguards Regulations does not give the TRA any discretion as to which countries should be considered to be developing country members of the WTO."*

However, Regulation 43 does not define what constitutes a "developing country member," nor does it refer to a fixed list of such countries. In practice, some degree of discretion appears inevitable and inherent in the TRA's responsibilities as the investigating authority.

If the TRA maintains that it has no discretion in this matter, we respectfully request clarification as to which UK public body holds the authority to determine the status of WTO members as 'developing countries' for the purposes of Regulation 43.