

TRADE REMEDIES AUTHORITY

United Kingdom

**COMMENTS OF THE GOVERNMENT OF THE REPUBLIC OF KOREA
ON THE STATEMENT OF INTENDED FINAL DETERMINATION
IN THE TARIFF RATE QUOTA REVIEW OF STEEL PRODUCTS**

Case TQ0077

NON-CONFIDENTIAL

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I. INTRODUCTION

1. The Government of the Republic of Korea (“Korean Government”) respectfully submits these comments on the Trade Remedies Authority’s (“TRA”) Statement of Intended Final Determination (“SIFD”) in Case TQ0077. While the SIFD appropriately identifies a “substantial change in circumstances” under Regulation 35B(9) of the Safeguard Regulations—including the repeated exhaustion of Korea’s country-specific caps and the significant disruption of established trade flows—the Korean Government considers that the TRA’s intention to retain the current TRQ structure for Categories 4 and 7 is neither consistent with these findings nor supported by a rigorous analysis of the available evidence.
2. The evidence presented in this submission demonstrates that:
 - (a) **The TRQs are no longer necessary or proportionate**, as reflected in persistently low overall quota utilisation and Korea’s emergence as a principal and stable supplier rather than a source of temporary import surges. The TRA’s own data confirm that the identified “change in circumstances” warrants substantive modification rather than mere acknowledgement.
 - (b) **The TRA’s conclusion that “alternative supply sources” are available is unsupported by the evidence.** The structural decline in imports from the very countries whose unused quotas the TRA relies upon renders the premise of supply substitutability factually untenable.
 - (c) **The TRA’s assessment insufficiently distinguishes between product-specific and category-level analysis.** In particular, the SIFD’s reliance on aggregate Category 4 import trends to justify maintaining restrictions on specific commodity codes (7210.61 and 7210.69) conflates structurally distinct product segments. Korean Aluzinc exports to the UK have remained stable at approximately 5,000–7,000 tonnes per annum since 2018, demonstrating niche supply rather than an import surge.
 - (d) **Material technical gaps exist in UK domestic production**, particularly for high-specification products such as S-grade flatness plates and ultra-wide quarto plates exceeding 2,500 mm—products confirmed as not domestically manufactured in the context of the anti-dumping investigation AD0071. The TRA’s assessment of “like or directly competitive goods” contains analytical shortcomings.

- (e) **The current allocation structure is market-distorting**, resulting in an asymmetrically restrictive allocation for principal suppliers and imposing unwarranted costs on UK downstream industries, contrary to the UK’s own public interest.
- (f) **The measures are inconsistent with the United Kingdom’s international obligations**, including the progressive liberalisation requirement under the WTO Agreement on Safeguards and the market access commitments under the UK–Korea Free Trade Agreement.
3. In light of these considerations, the Korean Government submits that the TRQs applicable to Categories 4 and 7 should be terminated. Alternatively, should the TRA determine that continuation of the measures is warranted, the Korean Government respectfully requests that the TRA: (i) fundamentally restructure the quota allocation, including by raising Korea’s country cap to at least 40% of the residual quota for Category 4 and 50% for Category 7; (ii) establish a dedicated sub-quota for Aluzinc (HS 7210.61) within Category 4 or grant a time-limited exclusion; (iii) provide exemptions for technically non-substitutable products, including ultra-wide plates exceeding 2,500 mm and S-grade flatness plates; and (iv) restore and expand carry-over allowances for unused quota balances. These modifications are necessary to align the measures with the TRA’s own findings, prevailing market conditions, and the United Kingdom’s broader public interest.

II. APPLICABLE RULES REQUIRE A SUBSTANTIVE REASSESSMENT

II.1 The Domestic Legal Framework

4. The TRA has appropriately identified a change in circumstances under Regulation 35B(9) of the Safeguard Regulations. The SIFD notes that: (i) the country-specific cap for Korea has been “routinely” exhausted since its introduction on 1 July 2025; and (ii) the TRQs have materially affected traditional trade flows, with imports from Korea and certain other suppliers increasing relative to the 2017-18 reference period.
5. Regulation 35B(7) calls for the TRA, once a change in circumstances has been identified, to determine whether the TRQ should be “maintained or varied” on the basis of a genuine and evidence-based assessment of the necessity, proportionality, and structure of the TRQs in the current market conditions. It is insufficient merely to acknowledge that circumstances have changed while maintaining the existing framework without meaningful modification.
6. This is particularly so where the SIFD itself records persistently low overall quota utilisation in Categories 4 and 7 (18-34% for Category 4 and 38-61% for Category 7 during the POI) and

acknowledges that certain high-specification products required by UK downstream users are not produced domestically. A decision to “maintain” the measure without any modification, in the face of these findings, raises the question of whether the TRA’s review has given adequate effect to the purpose of Regulation 35B

II.2 The WTO Agreement on Safeguards

7. The United Kingdom’s safeguard measures are also subject to the disciplines of the WTO Agreement on Safeguards (“SG Agreement”) and Article XIX of GATT 1994. These international obligations impose substantive constraints on the TRA’s exercise of discretion that must be taken into account in the present review.
8. First, Article 5.1 of the SG Agreement provides that “[a] Member shall apply safeguard measures only to the extent necessary to prevent or remedy serious injury and to facilitate adjustment.” Where the TRA’s own data demonstrate that the totality of the tariff rate quotas for Categories 4 and 7 are utilised at rates well below full capacity—as low as 18% for Category 4 and never exceeding 61% for Category 7 during the POI—maintaining the measures in their current form, without variation, raises serious questions as to whether the level of protection exceeds what is “necessary” within the meaning of this provision.
9. Second, Article 5.2(a) of the SG Agreement establishes the principle that, where a quota is allocated among supplying countries, the allocation must take account of the shares of those Members “having a substantial interest in supplying the product concerned.” Korea is demonstrably a Member with a “substantial interest” in Categories 4 and 7: its share of total imports increased by 197% and 307% respectively during the POI relative to the reference period. Yet Korea is currently allocated only 15% and 20% of the residual quota for Categories 4 and 7 respectively—caps that bear no reasonable relation to Korea’s demonstrated share of supply. This allocation methodology appears inconsistent with the requirements of Article 5.2(a).
10. Third, Article 7.4 of the SG Agreement requires that measures applied for more than one year be “progressively liberalized at regular intervals during the period of application.” The introduction of country-specific caps in July 2025, which effectively tightened the restriction on Korea’s access to the UK market, represents a movement in the opposite direction from progressive liberalisation. Maintaining these newly introduced restrictions without modification is difficult to reconcile with this obligation.

11. In view of the TRA’s own findings and the applicable international obligations, the Korean Government considers that the appropriate course of action is to reassess not only the allocation methodology but also whether the continued application of the TRQs can be justified at all, taking into account domestic production capabilities, prevailing import patterns, and the broader public interest of the United Kingdom.

III. THE TRQ’S RATIONALE FOR MAINTAINING THE TRQS IS NOT SUPPORTED BY THE EVIDENCE

III.1 The Premise of “Alternative Supply Sources” is Factually Untenable

12. The TRA’s intended final determination rests on a central proposition: that overall quota usage is “sufficiently liberal to allow downstream users ... to purchase imports from other countries than the Republic of Korea or Vietnam without a significant risk of incurring the out-of-quota safeguarding duty.” However, this conclusion conflates the theoretical availability of unused quota with the actual availability of supply from alternative sources. These are distinct propositions, and the TRA’s own data demonstrate that the latter does not follow from the former.

13. For Category 4, the SIFD’s own Table 2 shows that imports from the countries whose quota the TRA considers “available” have in fact declined sharply and structurally:

- Belgium: **-56.35%** (241,345 MT to 105,358 MT)
- France: **-28.18%** (229,111 MT to 164,543 MT)
- Germany: **-40.53%** (177,172 MT to 105,358 MT)
- Italy: **-98.03%** (91,883 MT to 1,809 MT)
- All other countries combined: **-60.00%**

14. For Category 7, the same structural pattern is evident:

- Ukraine: **-100.00%** (ceased entirely)
- Spain: **-61.27%**
- Denmark: **-27.96%**
- Finland: **-20.51%**
- All other countries combined: **-26.73%**

15. These declines are not cyclical fluctuations; they represent fundamental structural changes in global steel supply chains that have occurred over the seven years since the reference period. The proposition that UK importers can simply redirect procurement to these declining sources—merely because unused quota nominally exists—ignores the commercial reality that quota availability is meaningless without corresponding supply capacity and willingness. In several cases, the decline reflects the permanent exit of suppliers from the UK market (e.g., Ukraine at -100%, Italy at -98%).
16. The TRA’s reasoning effectively assumes that the identified “change in circumstances”—the very structural shift in trade flows that the SIFD recognises under Regulation 35B(9)(e)—can simultaneously serve as the basis for finding that circumstances have changed *and* as the justification for maintaining the status quo. This is an internal contradiction: the structural decline in alternative supply sources is part of the “change in circumstances,” not evidence that the current framework remains adequate.

III.2 Persistently Low Overall Quota Utilisation Undermines the Case for Continued Protection

17. The data presented in the SIFD show that overall utilisation of the TRQs remains low. In Category 4, total utilisation during the POI ranged from 18 to 34%, with substantial portions of the EU quota remaining unused in each quarter. In Category 7, overall utilisation ranges from 38 to 61%, with the EU quota again underutilised, even after changes to the measure in July 2025.
18. Such persistent underutilisation indicates that the TRQs are not narrowly tailored to address any genuine risk of serious injury and that the domestic industry does not require the full extent of the restrictions currently in place. Under Article 5.1 of the ASG, safeguard measures must be applied “only to the extent necessary to prevent or remedy serious injury.” Where the overall restriction substantially exceeds actual import demand, the measure cannot be said to be calibrated to the level of necessity.
19. The Korean Government notes that the low utilisation rates are not attributable to a lack of import demand. To the contrary, the TRA itself acknowledges that Korea’s country-specific caps have been “routinely” exhausted. The low overall rates are a function of *misallocation*—large quota shares reserved for countries that no longer supply the UK market in meaningful volumes—rather than any indication that the UK market is adequately served.

III.3 Structural Changes in Trade Flows Establish Korea as a Principal Supplier

20. The SIFD confirms that trade flows have changed significantly since the reference period of 2017-18:

- For Category 4, imports from Korea increased by 197.06%, rising from 49,973 metric tonnes to 148,449 metric tonnes, while imports from Belgium (-56%), Germany (-41%), Italy (-98%), and all other countries (-60%) declined sharply.
- For Category 7, imports from Korea increased by 306.88%, from 14,378 metric tonnes to 58,499 metric tonnes, while other traditional suppliers—including Ukraine (-100%), Spain (-61%), and Denmark (-28%)—experienced substantial declines.

21. These data indicate that Korea has become a principal and stable supplier in both categories. Korea's sustained expansion of supply reflects a structural reallocation of trade rather than a temporary surge. As the WTO Appellate Body has confirmed, safeguard measures are intended to address sudden and injurious import surges, not to reverse long-term structural adjustments in which foreign suppliers become an integral, traditional part of the market. Maintaining the TRQs in their current form, despite this structural shift, effectively seeks to suppress a stable and market-driven pattern of trade that has developed over a period of seven years.

IV. THE TRA'S LIKE AND DIRECTLY COMPETITIVE GOODS ASSESSMENT CONTAINS ANALYTICAL SHORTCOMINGS

IV.1 Category 4: The TRA's Category-Level Analysis Obscures Product-Specific Realities

22. The TRA has concluded that goods produced by TSUK under commodity code 7210 6100 20 are "like or directly competitive goods" with imported Aluzinc and aluminised steel (7210 6100 20 and 7210 6900 80). The Korean Government respectfully identifies several analytical shortcomings in this determination.

23. As a threshold matter, the Korean Government observes that this TRQ review was initiated with respect to specific commodity codes (7210.61 and 7210.69), yet the TRA's intended final determination appears to rely substantially on overall import trends for Category 4 as a whole in justifying the maintenance of the existing quota structure. This approach conflates structurally distinct product segments. The TRA's analysis does not adequately distinguish between the import

dynamics of Aluzinc—a niche product with limited but structurally necessary demand—and the broader Category 4 market.

24. In this regard, the Korean Government draws the TRA’s attention to Korean customs data, which demonstrates that Korean Aluzinc (HS 7210.61) exports to the UK have remained at a consistently stable and low level: approximately 2,804 tonnes in 2017, 5,582 tonnes in 2018, 5,515 tonnes in 2019, 5,090 tonnes in 2020, 6,323 tonnes in 2021, 6,219 tonnes in 2022, 4,365 tonnes in 2023, 6,675 tonnes in 2024, and 5,451 tonnes in 2025. Korean Aluzinc exports amounted to 5,582 tonnes in 2018 (pre-safeguard) and 5,451 tonnes in 2025—a level that has remained essentially unchanged over seven years. This stability demonstrates that Korean Aluzinc supply is structurally aligned with specific niche demand in the UK market (roofing, cladding, HVAC equipment, automotive components), rather than representing the kind of import surge that safeguard measures are designed to address. Against this background, it is analytically inappropriate to assess the request for a product-specific exclusion for Aluzinc solely by reference to aggregate increases in Category 4 imports, without distinguishing the stable pattern of Korean Aluzinc exports. Rejecting a product-specific exclusion on the basis of category-wide coated steel growth extends the scope of the analysis beyond the original focus of the review at issue.
25. Furthermore, the relatively high share of Korean Aluzinc within UK Aluzinc imports indicates the UK market’s structural reliance on this specific Korean product, rather than evidence of trade distortion. This is precisely the type of product-specific evidence that the TRA should consider in determining whether an exclusion would risk serious injury to UK producers.
26. The TRA’s reliance on shared British Standards as evidence of “significant physical similarities” represents an over-generalisation. Compliance with common standards establishes that products meet minimum baseline requirements; it does not demonstrate functional substitutability. The SIFD appears to treat Aluzinc as “directly competitive” with other Category 4 products such as galvanised iron (GI) or zinc-magnesium coated steel (ZM), without providing quantitative analysis or technical comparison of the specific properties that differentiate these products. Yet Aluzinc is used in applications requiring specific corrosion resistance design, coating composition, certification standards, and warranty structures. Products with materially different coating compositions—such as hot-dip galvanised steel versus aluminium-zinc alloy coated steel (Aluzinc)—may both comply with the same overarching standards while possessing fundamentally different corrosion resistance, heat reflectivity, and surface characteristics that determine their suitability for specific end uses. Substitutability therefore cannot be assumed solely from shared standards, HS code categorization or observed price differences.

27. Second, the TRA’s inference that the price premium of Aluzinc over other Category 4 products “would reduce if these products were no longer subject to the safeguard measure” is speculative and unsupported by evidence. The ISTA has confirmed that the premium of Aluzinc (£30–40/tonne) and aluminised steel (£110–130/tonne) over commercial grade Category 4 material reflects inherent differences in raw material inputs and manufacturing processes—specifically the ratio and composition of metallic coating alloys. These are intrinsic cost differentials that would persist regardless of the safeguard measure. The TRA has cited no evidence to support the proposition that removal of the safeguard would erode these differentials.
28. Third, the TRA acknowledges that TSUK does not produce goods under commodity code 7210 6900 80 (aluminised steel) but nonetheless concludes that TSUK’s products are “directly competitive.” The basis for this conclusion appears to rest primarily on the theoretical possibility of end-use overlap under hypothetical market conditions. However, a finding of “direct competition” must be grounded in actual market conditions, not speculation about what might occur under different circumstances.

IV.2 Category 7: Non-Alloy and Other Alloy Quarto Plates

29. With respect to Category 7, the TRA concludes that like and directly competitive goods are produced in the UK for all five commodity codes requested for review, and that products wider than 2,050 mm and thinner than 15 mm are produced in the UK. However, the TRA simultaneously acknowledges that “there is limited direct competition between UK produced plates under 2050mm wide and imported plate products over 2050mm wide.”
30. This finding of “limited direct competition” should logically lead to a variation of the measure—not its maintenance. The TRA’s own assessment, supported by ISTA’s evidence that cutting or welding wider plates to smaller dimensions costs approximately £100/MT and compromises material quality, confirms that wider-format plates serve distinct market segments. The TRA’s decision to maintain the TRQ despite this finding appears inconsistent with the regulatory framework, which contemplates variation as a response to changed circumstances.
31. Moreover, the Korean Government draws the TRA’s attention to the fact that, in the context of the Korean plate anti-dumping investigation (AD0071), it has already been confirmed that ultra-wide products exceeding 2,500 mm in width are not manufactured in the United Kingdom. This finding from a parallel TRA proceeding provides an established evidentiary basis for distinguishing specific product sizes that are not domestically produced. A more detailed assessment differentiating products by specific dimensional specifications—rather than treating all products within a

commodity code as a homogeneous category—would represent a more reasonable and proportionate approach to addressing the needs of downstream users.

32. Furthermore, the SIFD acknowledges Category 7 products meeting Babcock’s technical requirements are not produced in the United Kingdom, and no UK producer has claimed to supply plates of S-grade flatness falling within this specification. The TRA’s position that it “cannot exempt a specific company or technical requirement from the commodity code” does not, however, address the substantive issue that, within commodity code 7208 5120 10, a significant class of products (S-grade flatness plate) is not produced domestically; imposing a TRQ on these products provides no protective benefit to domestic industry while restricting access to critical inputs for UK downstream sectors.

V. TECHNICAL NON-SUBSTITUTABILITY, SUPPLY SECURITY, AND PUBLIC INTEREST

V.1 S-Grade Flatness Plate and Defence Supply Security

33. The Korean Government wishes to emphasise that the issue of S-grade flatness plate extends beyond the specific circumstances of Babcock to encompass the broader supply security of the United Kingdom’s defence and strategic industries. S-grade flatness is not a marginal product enhancement but a critical specification affecting weldability, geometric precision, and structural integrity in complex fabrications such as naval vessels, offshore platforms, and energy infrastructure.
34. From an engineering perspective, substituting non-S-grade products for applications requiring S-grade flatness may necessitate extensive additional processing—such as straightening, machining, or re-rolling—which is costly, time-consuming, and may still fail to achieve equivalent performance and safety margins. Classification society rules and project-specific requirements in sectors such as naval shipbuilding frequently mandate S-grade flatness tolerances, and these requirements cannot be waived or relaxed without fundamental re-engineering of designs.
35. As no UK producer manufactures S-grade flatness plate, the TRQs, as applied to this product segment, provide no protective benefit to domestic industry. Instead, the measure restricts access to a critical input for the UK’s defence shipbuilding capability—an outcome that is difficult to reconcile with the public interest.
36. The Korean Government respectfully submits that the TRA should consider the following practical approaches to address this gap:

- (a) **End-use exemption mechanism:** The EU’s own safeguard regime has, in certain instances, accommodated sector-specific exemptions for strategically sensitive applications. A similar mechanism could be adopted for shipbuilding and defence applications, ensuring that the safeguard measure does not compromise UK defence procurement while maintaining protection for segments where domestic competition actually exists.
- (b) **Commodity code-level exemption:** Given that the TRA has itself acknowledged the absence of domestic production of S-grade flatness plate, and given that S-grade products constitute a material share of imports under commodity code 7208 5120 10, exempting this commodity code would be the most straightforward means of removing an unnecessary restriction on a non-competing product segment.

V.2 Negative Impact on the UK’s Downstream Industries and Wider Public Interest

37. The assessment of public interest is a central component of the TRA’s decision-making framework. In the present case, maintaining TRQs and restrictive caps on high-specification steel products adversely affects key downstream sectors that are integral to the UK’s economic resilience and strategic objectives:

- (a) **Shipbuilding and defence:** Babcock’s reliance on complex, non-domestic steel grades means that supply constraints directly affect the competitiveness of UK shipbuilding. Higher input costs also increase the financial burden on defence procurement and strategic naval programmes. The UK Government’s own industrial strategy objectives require an efficient and competitive domestic shipbuilding sector.
- (b) **Infrastructure and energy:** Strategic projects requiring high-precision, high-strength plates face heightened risks of delay and cost escalation due to supply restrictions, undermining the timely delivery and economic viability of essential energy infrastructure.
- (c) **Construction and manufacturing:** Mandatory corrosion warranties in the roofing and cladding sector make Category 4 Aluzinc and aluminised steel technically indispensable for many applications. In the UK market, Aluzinc demand is limited in volume but structurally necessary, serving niche applications such as roofing and cladding materials, HVAC equipment, and automotive components. As noted above, Korean Aluzinc supply to the UK has been stable at approximately 5,000–7,000 tonnes per annum. Since the introduction of the residual country cap, these essential niche demands have become further constrained. Artificial TRQ constraints increase lifecycle costs and reduce competitiveness by forcing

reliance on products that, while nominally “directly competitive,” do not meet the specific warranty requirements applicable to the end use.

38. By maintaining TRQs on products that are either not available domestically or are available only in non-equivalent specifications, the measure imposes disproportionate costs on UK downstream industries and consumers without providing any meaningful protection to domestic producers. This outcome is inconsistent with the public interest.

VI. IF THE TRQS ARE MAINTAINED, THE CURRENT COUNTRY CAP MUST BE FUNDAMENTALLY RESTRUCTURED

VI.1 Country Caps Must Reflect Actual Supply Patterns

39. If, notwithstanding the above, the TRA decides to retain TRQs on Categories 4 and 7, the Korean Government submits that the country caps applied to the residual quotas require fundamental restructuring, both to avoid asymmetrically restrictive outcomes for principal suppliers and to ensure alignment with actual market demand.

40. The SIFD explains that, following Trade Remedies Notice 2025/12 and review TQ0066, the residual quotas for Categories 4 and 7 were made subject to country caps of 15% and 20%, respectively. During the final quarter of the POI (July-September 2025), both Korea’s caps were exhausted, while substantial portions of quota allocated to other countries remained unused.

41. This configuration produces two important consequences:

- (a) **Asymmetrically restrictive for a principal supplier:** In practice, the caps are functionally more restrictive for Korea than for other suppliers, as Korea repeatedly exhausts its cap while other quotas remain significantly underutilised. This disparity is inconsistent with the quota allocation principles of Article 5.2(a) of the SG Agreement, which require that the allocation reflect the shares of Members having a “substantial interest” in supply.
- (b) **Market distortion:** The persistent underutilisation of certain quotas, alongside Korea’s repeated exhaustion of its cap, indicates that the allocation bears little relation to actual demand. The current distribution is thus market-distorting: it suppresses imports from competitive sources and encourages recourse to less preferred or lower-grade sources solely to avoid safeguard duties.

42. The Korean Government submits that the present country caps—being fixed percentages unconnected to demonstrated utilisation or demand—should be removed or, at minimum, substantially increased. Specifically, the Korean Government proposes that:

- For Category 4, Korea’s country cap should be raised to **at least 40% of the residual quota**, reflecting the fact that Korea accounted for the largest share of residual quota utilisation prior to the introduction of caps (when the residual was 90-99% utilised).
- For Category 7, Korea’s country cap should be raised to **at least 50% of the residual quota**, reflecting Korea’s position as the primary user of the residual quota and the fact that other country caps remain at 0-14% utilisation.

VI.2 Dedicated Sub-Quota or Time-Limited Exclusion for Aluzinc

43. As an additional or alternative measure, the Korean Government supports the establishment of a dedicated sub-quota within Category 4 for Aluzinc (HS code 7210.61) to preserve overall market stability while safeguarding essential niche demand. Given that Korean Aluzinc exports to the UK have remained consistently at approximately 5,000–7,000 tonnes per annum, a sub-quota calibrated at this level would ensure supply continuity for essential downstream users without materially undermining the safeguard measure. Given the relatively small import volume of Aluzinc, a narrowly tailored sub-quota exclusion would be unlikely to alter the overall market structure, while significantly improving security of supply for essential users.

44. Alternatively, a time-limited exclusion—for example, for 12 to 24 months followed by a reassessment of market impact—would represent a balanced and pragmatic solution. Given the modest and historically stable volumes involved, such a temporary exclusion would minimise any immediate injury risk while ensuring downstream supply security for downstream users, and would provide the TRA with an empirical basis to evaluate the actual market impact of the exclusion before determining whether to extend it.

VI.3 Carry-Over Allowances for Unused Quota Should Be Restored

45. The Korean Government notes that the SIFD confirms that unused quota balances were no longer carried forward from June 2025 onwards.³¹ This discontinuation had a direct and material impact on quota dynamics in Q1 (July–September 2025): utilisation rates increased sharply in both categories (to 34% for Category 4 and 61% for Category 7), and the country caps for Korea were exhausted rapidly.

46. The carry-over mechanism serves an important function in accommodating the inherently cyclical and project-based nature of steel demand. Its discontinuation has exacerbated the supply constraints created by the country caps. The Korean Government respectfully requests that the TRA restore and, where appropriate, expand carry-over allowances as a practical measure to alleviate supply disruptions without undermining the protective function of the TRQ.

VII. CONSISTENCY WITH THE UK–KOREA FREE TRADE AGREEMENT

47. The Korean Government considers it appropriate to draw the TRA’s attention to the broader bilateral trade relationship between the United Kingdom and the Republic of Korea. On 15 December 2025, both countries concluded negotiations on a comprehensive, modernised Free Trade Agreement, following the continuity FTA that has been in force since 1 January 2021. The preamble to the existing UK–Korea FTA affirms the shared commitment to creating “an expanded and secure market for goods and services” and “a stable and predictable environment for investment.”

48. The safeguard measures in their current form and magnitude risk undermining the spirit and objectives of this bilateral relationship. The Korean Government notes that the SIFD’s Annex 1 lists certain FTA partners that benefit from a safeguard exception, yet Korea—despite being one of the UK’s most significant FTA partners and a principal supplier of the products concerned—is not among them. While the Korean Government recognises that the legal bases for these exceptions differ, the disparity merits consideration in the TRA’s overall assessment of the appropriateness and proportionality of the current measures.

49. In the context of a newly concluded comprehensive FTA, the continued application of restrictive country caps on Korea’s steel exports to the UK sends a signal that is inconsistent with the deepening of bilateral economic integration. The Korean Government respectfully requests that the TRA take full account of these bilateral commitments in determining whether the current TRQ structure is appropriate.

VIII. CONCLUSION AND REQUESTS

50. In light of the legal, factual, and technical considerations set out above, the Korean Government respectfully requests that the TRA:

- (a) Primarily, recommend the **termination of TRQs on Categories 4 and 7**, in view of persistently low quota utilisation, structural changes in trade patterns, the technical non-substitutability of key products, and the adverse implications for the UK’s public interest.

(b) Alternatively, should the TRA determine that the TRQ framework should be maintained, the Korean Government requests that the TRA:

- (i) **Restructure Quota Allocations:** Eliminate or substantially increase Korea's country caps and reallocate the residual quota in line with demonstrated utilisation. This would address current market distortions, whereby Korea consistently exhausts its cap while other allocations remain significantly underutilised.
- (ii) **Establish a Dedicated Sub-Quota or Time-Limited Exclusion for Aluzinc:** Create a sub-quota within Category 4 for Aluzinc (HS code 7210.61) at a level consistent with demonstrated annual demand (approximately 5,000–7,000 tonnes), or grant a time-limited exclusion of 12–24 months subject to reassessment.
- (iii) **Exempt Technically Non-Substitutable Products:** Ensure that the TRQ regime does not restrict imports of specialised products that are not manufactured in the United Kingdom, including S-grade flatness Category 7 plate, ultra-wide plates exceeding 2,500 mm, and specialised Category 4 coated steels, through commodity code exemptions or end-use exemption mechanisms.
- (iv) **Restore Carry-Over Allowances:** reinstate and expand the mechanism for carrying forward unused quota balances to subsequent quarters, to accommodate the cyclical nature of steel demand and prevent unnecessary supply disruptions.

51. These adjustments would align the TRQ regime more closely with the TRA's own findings on changed circumstances, reduce market distortions, support the legitimate interests of UK downstream industries, and reflect Korea's established position as a principal and reliable supplier to the UK steel market, and ensure consistency with the United Kingdom's international obligations.

52. The Korean Government expresses its appreciation to the TRA for its careful consideration of these representations and remains committed to engaging constructively with any further inquiries arising during the remainder of this review.