



Trade Remedies
Authority

Suspension Review – Reassessment – Initial Findings

Case No. SS0051

Suspension review of the safeguard measure applying to Category 1 steel products

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SECTION A: Introduction

1. This is a reassessment of the [final recommendation](#) made by the Trade Remedies Authority (TRA) to suspend the definitive safeguarding remedy on Category 1 steel products. The recommendation was sent to the Secretary of State for Business and Trade (Secretary of State) on 28 March 2024.
2. The request to reassess the final recommendation was sent by the Secretary of State to the TRA on 30 September 2024. This request has been made pursuant to Regulation 39(9)(b) of the Trade Remedies (Increase in Imports Causing Serious Injury to UK Producers) (EU Exit) Regulations 2019 (as amended) (the Regulations). A copy of this request is available on our [public file](#).
3. This section summarises the legal framework for this reassessment, a summary of the original recommendation, and the specific matters that the Secretary of State has asked the TRA to reassess.

A1 Legal Framework

4. Pursuant to Regulation 39(9)(b) of the Regulations, the Secretary of State can request that the TRA reassess its original recommendation, by reference to any matters specified in the request, with a view to amending or replacing the recommendation.
5. Regulation 39(13) provides that the Secretary of State may only make a request to the TRA to reassess its recommendation where the Secretary of State considers that certain conditions exist. This includes, at Regulation 39(13)(a), where the Secretary of State considers that there is relevant information that the TRA did not take into account in its consideration of whether the circumstances in Regulation 39(4) exist.
6. The circumstances at Regulation 39(4) are (a) that market conditions have changed temporarily, and (b) as a consequence of the change in market conditions, the serious injury caused to UK producers is unlikely to recur if the application of a definitive safeguarding remedy were to be suspended.

A2 Summary of original recommendation

7. The TRA's original recommendation is available on the public file. In summary, the TRA concluded that:

- a. There had been a temporary change in market conditions; and
- b. As a consequence of the temporary change in market conditions, serious injury would be unlikely to recur to UK producers if the measure were to be suspended.

8. In determining that there had been a temporary change in market conditions, the TRA found that Tata Steel UK (TSUK), the only UK producer of Category 1 steel products, had significantly reduced its production of those goods. As a consequence of this, the TRA found that:

[t]he present TRQ on Category 1 steel products is not sufficient for the current demand, and importers and distributors of Category 1 steel products are struggling to import the necessary supply without incurring the safeguarding duty of 25%. TSUK has announced that it intends to close both blast furnaces this year, further constraining domestic supply, which the TRA finds [...] represents a change in market conditions.¹

9. The temporary nature of that change in market conditions was also explained in the TRA's recommendation, where it noted that:

[t]he TRA is also undertaking a TRQ review on Category 1 steel products. This review aims to address the Category 1 TRQ, to ensure that the TRQ balances the need for protection of the UK producer of the good with business's need to access steel products. When these issues have been resolved, it may be that the conditions resulting in our recommendation to suspend the safeguard measure for Category 1 steel products will no longer exist.²

10. The TRA also found that as a consequence of this temporary change in market conditions, serious injury to UK industry was unlikely to recur if the measure was suspended.

11. On this basis, the TRA made a recommendation to the Secretary of State that the safeguarding measure on Category 1 steel products be suspended for a period of nine months.

¹ Suspension Recommendation, paragraph 39

² Suspension Recommendation, paragraph 49

A3 Request by the Secretary of State

12. On 30 September 2024, the Secretary of State accepted the TRA's recommendation on the TRQ review (TQ0052). The notice of this decision was made by [Trade Remedies Notice 2024/08: safeguard measure: tariff-rate quota on steel goods](#).
13. The Secretary of State considered that this decision constituted information that the TRA did not take into account in its consideration of the grounds for suspension. On that basis, the Secretary of State made a formal request to the TRA to conduct a reassessment of its recommendation in relation to the suspension review of Category 1 of the steel safeguard measure.
14. Under Regulation 39(15), the TRA must comply with a request made by the Secretary of State and, in reassessing its recommendation, must have regard to any particular considerations which the Secretary of State may specify in the request.
15. The Secretary of State specifically requested that the TRA reassess the following points:
 - a. Whether, following implementation of the TRQ review, the temporary change in market conditions still exists;
 - b. If the TRA is satisfied that the temporary change in market conditions remains, then whether, as a consequence, UK producers would be seriously injured as a result of any suspension of the safeguard measure.

SECTION B: Interested parties and contributors

16. The following interested parties and contributors registered to the suspension review:

Name	Abbreviation	Country	Category
TATA Steel UK Limited	TSUK	UK	Producer of the goods subject to review
Kromat Trading Limited	Kromat	UK	Importer of the goods subject to review
Duferco UK Limited	Duferco	UK	Importer of the goods subject to review

OPR Services Ltd	OPR	UK	Importer of the goods subject to review
Salzgitter Mannesmann UK Limited	Salzgitter	UK	Importer of the goods subject to review
Sebden Steel Service Centres Limited	Sebden	UK	Importer of the goods subject to review
Stemcor Distribution Limited	Stemcor	UK	Importer of the goods subject to review
Thyssenkrupp Materials (UK) Limited	Thyssenkrupp	UK	Importer of the goods subject to review
Meridian Steel Limited (registered after notice of reassessment)	Meridian Steel	UK	Importer of the goods subject to review
Ministry of Trade of Republic of Turkey	Erdemir	Türkiye	Exporter of the goods subject to review
POSCO	POSCO	South Korea	Exporter of the goods subject to review
Ministry of Trade of Republic of Turkey	Government of Türkiye	Türkiye	Foreign Government
MOTIE	Government of South Korea	South Korea	Foreign Government
Embassy of Switzerland in the UK	Swiss Embassy	Switzerland	Foreign Government
EEF Limited	EEF	UK	Trade Association
International Steel Trade Association	ISTA	UK	Trade Association
National Association of Steel Stockholders/Service Centres	NASS	UK	Trade Association

SECTION C: Reassessment

C1 Temporary change in market conditions

17. In his request to the TRA, the Secretary of State noted that his acceptance of the TRA's recommendation on the TRQ review of Category 1 constituted, in

his view, “new information that had not been considered as part of the original suspension review.”

18. Following the Secretary of State’s decision to accept the TRA’s recommendation, the TRQ for Category 1 steel products has undergone the following changes:
 - a. Category 1 has been amended to form Categories 1A and 1B;
 - b. Category 1A will retain the country allocations and the quota amount established in [Trade remedies notice 2024/06: safeguard measure – tariff-rate quota on steel goods](#);
 - c. Category 1B is for use by businesses importing goods for downstream processing;
 - d. The quota amount for Category 1B has been increased to 132% above the previous Category 1 TRQ to around 2.3 million tonnes;
 - e. Category 1B is allocated on a global basis; however, there is a 40% cap on exports per quarter for an individual country or territory.
19. The TRA agrees that the Secretary of State’s decision to accept the TRQ review recommendation represents new information that was not available when the TRA made its original recommendation in the suspension review.
20. The TRA notes that the new TRQ amount for Category 1A and 1B combined is now more than three times as large as it was when it made its original recommendation in the suspension review.
21. From July 2023, the residual quota for Category 1 was exhausted early in each quarter. For the July to September 2024 quarter, the residual quota was exhausted within the first week.
22. The change made to the quota amount following the TRQ review directly addresses the temporary change in market conditions which formed the basis for the TRA’s suspension recommendation, namely that importers and distributors were struggling to access sufficient supply of Category 1 steel products without incurring the 25% safeguarding duty.
23. The new TRQ came into effect on 1 October 2024 and as of 4 November 2024, the residual quota for Category 1A is 48% filled.

C2 Comments from parties on the temporary change to market conditions

24. When the TRA published its notice of reassessment on 30 September 2024, it provided parties with the opportunity to comment on the reassessment, particularly in relation to the temporary change in market conditions which formed the basis of the TRA’s original recommendation. Non-confidential

versions of submissions received in response to the notice are available on the public file.

25. TSUK submitted that it no longer supported the measure being suspended, as it considered that the circumstances justifying a suspension to have been resolved. As a consequence of the creation of category 1B, TSUK noted that its “increased demand for HRFS imports to support [its] downstream assets has been addressed and no longer constitutes a temporary change in circumstances.”
26. The Government of Switzerland raised concerns around the risk of being crowded out in Category 1A, and that this was likely given that a significant part of the residual quota had already been filled when they made their submission on 11 October 2024. However, the rate at which the residual quota is being utilised is slower than recent quarters, and as at 4 November 2024, only 48% of the quota has been utilised. In two quarters (October - December 2023; July - September 2024) the residual quota was exhausted in the first week, and on one quarter (January - March 2024) it was exhausted within three weeks. This indicates that the decision on the TRQ allocation, and the duplication of Category 1, has already been effective in addressing concerns around access.
27. Meridian Steel submitted that Category 1 was not large enough for TSUK and other importers to utilise. However, the overall quota allocation for Category 1 steel products is now more than three times as large. The creation of Category 1B for companies who intend to use Category 1 steel as inputs for downstream processing guards against the concerns of insufficient supply that existed prior to the Secretary of State’s decision to amend the TRQ allocation and significantly increase the quota amount.
28. Meridian Steel also claimed that TSUK no longer produced Category 1 steel products. However, the TRA has determined that, whilst TSUK’s production has reduced significantly, it does continue to produce Category 1 steel products by rolling slab in its hot rolling mill. In its [submission](#) to the TRQ review, TSUK said that during the transition period to Electric Arc Furnace-based steelmaking, it would continue to produce Category 1 products. To do so, it would import a significant volume of slab which would be processed at TSUK’s hot strip mill in Port Talbot.
29. The TRA takes note of the submissions by Salzgitter and ISTA, particularly with regard to the implementation process of Category 1B. Salzgitter notes that there are likely to be delays of between 30 and 60 days for the system to be fully operational. ISTA noted an “operational gap in the implementation of the new TRQ categories” and the issue of “incorrect categorization” leading to “the inappropriate application of safeguard measures.” They submit that this in turn creates uncertainty over Category 1A and means that companies who

would have intended to import under Category 1B are having to import under Category 1A.

30. The TRA recognises the concerns about the administrative processes involved with the creation of Category 1B. These are necessary steps to ensure the integrity and proper functioning of Category 1B. These processes will ensure that Category 1A is better protected against importers using that allocation for imports destined for downstream processing. The TRA has engaged with HMRC and the Department for Business and Trade about this. On 25 October 2024, HMRC issued a [tariff stop press notice](#) with further guidance on the operation of Category 1B and how to access that quota.
31. The temporary change in market conditions that formed the basis for the TRA's original suspension recommendation was connected with the inadequacy of the Category 1 allocation (now replicated by Category 1A). Therefore, the concerns raised about the implementation of Category 1B are relevant to reassessing that determination only to the extent that they are having an impact on the proper functioning of Category 1A, particularly the residual quota.
32. The TRA notes that the residual quota for Category 1A has still not been exhausted. Between July 2023 and prior to the decision by the Secretary of State to amend the TRQ allocation, the residual quota for Category 1 was exhausted by the middle of the quarter and, as noted already, on two occasions it was exhausted within the first week.
33. For the reasons set out in Section C1, and having had due regard to comments provided about the temporary change in market conditions, the TRA finds that, as a consequence of the Secretary of State's decision to amend the TRQ allocation, there is no longer insufficient supply of Category 1 steel products. Therefore, the temporary conditions that formed the basis for the suspension recommendation no longer exist.

C3 Likelihood of injury recurring

34. If the TRA concluded that the temporary change in market conditions still existed, the Secretary of State also asked the TRA to consider whether as a consequence, UK producers would be seriously injured as a result of any suspension.
35. The request by the Secretary of State to reassess the likelihood of injury recurring to UK producers was therefore contingent on a finding by the TRA that the temporary change in market conditions still existed. The TRA has found that they do not. It is therefore not within the scope of the Secretary of State's request for the TRA to make a finding on serious injury.

36. Furthermore, in accordance with Regulation 39(4) of the Regulations, during a suspension review the TRA is only required to consider whether, as a consequence of the change in market conditions, the serious injury caused to UK producers is likely to recur if the application of a definitive safeguarding remedy were to be suspended. Having now determined that the temporary change in market conditions no longer remains, the circumstances in which an assessment of serious injury would be made pursuant to the Regulations, no longer exist.
37. It is therefore outside the scope of the request by the Secretary of State, and outside the scope of the regulatory framework to consider serious injury as part of this reassessment. The TRA is only able to consider serious injury recurring in cases where it has found a temporary change in market conditions, which it no longer does.

SECTION D: Intended outcome

38. Following its reassessment of the matters referred by the Secretary of State, the TRA finds that the temporary change in market conditions which formed the basis for the suspension recommendation no longer exist.
39. As a consequence of this finding, the TRA no longer recommends that the definitive safeguarding remedy on Category 1 steel products should be suspended.

SECTION E: Opportunity for comment

40. When the Secretary of State requested that the TRA reassess its suspension recommendation, the TRA published a notice and invited parties to provide comments, particularly in relation to the temporary change in market conditions which formed the basis of the recommendation. These have been addressed in the preceding sections.
41. Interested parties and contributors are invited to make submissions in response to these initial findings by 23:59 UK time on **17 November 2024**. Submissions must be made via the Trade Remedies Service and must be accompanied by a non-confidential version or summary for the public file.