



Final Recommendation

Review No. TS0055

Transition review of countervailing duties applying to organic coated steel
originating in the People's Republic of China (PRC)

16 July 2025



Contents

| | |
|---|----|
| SECTION A: Introduction | 3 |
| SECTION B: Summary and findings | 5 |
| SECTION C: Background | 7 |
| SECTION D: The goods subject to review and the like goods | 10 |
| SECTION E: The UK industry and market | 11 |
| SECTION F: Likelihood of importation of subsidised goods assessment | 13 |
| SECTION G: Likelihood of injury assessment | 39 |
| SECTION H: Economic Interest Test (EIT) | 53 |
| SECTION I: Findings and Final Recommendation | 77 |
| Appendix 1: Iron Ore price index | 79 |
| Annex 1: Duty amount and additional TAP codes | 80 |
| Annex 2: Overseas exporters subject to 26.8% duty amount | 81 |
| Annex 3: Interested Parties | 82 |



SECTION A: Introduction

1. This section briefly summarises the legal framework for this recommendation to the Secretary of State for Business and Trade (Secretary of State) and the Trade Remedies Authority's (TRA) main findings. The background to the review (see also [Section C: Background](#)) and further detail on all aspects are set out in the remaining sections.
2. This document sets out our recommendation and the facts on which we have based our recommendation. It should be read in conjunction with other public documents for this case, which are available on the [public file](#).
3. For further information regarding transition reviews, please see our [public guidance](#).

A1. Legal framework

4. This recommendation is made pursuant to regulations 100(1), 100(2)(a)(i) and 100A of the Trade Remedies (Dumping and Subsidisation) (EU Exit) Regulations (the Regulations). In accordance with regulation 100(2)(b) of the Regulations, this recommendation includes:
 - a description of the goods to which the recommendation relates
 - the names of overseas exporters
 - a summary of the review; and
 - the reasons for the recommendation
5. In addition, in accordance with regulation 100A(2) of the Regulations, when making a recommendation to vary the measure we must:
 - have had regard to the current and prospective impact of the countervailing amount
 - include the following information:
 - o the countervailing amount applicable to the goods subject to review;
 - o the goods to which the countervailing amounts apply; and
 - o the period for which the countervailing amounts are to apply.



A2. About this review

6. This recommendation is in respect of a transition review of a United Kingdom (UK) trade remedies measure under regulation 97 of the Regulations, specified in the [Notice of Determination 2020/29](#). This UK measure gives effect to European Union (EU) [Commission Implementing Regulation \(EU\) 2019/688](#) of 2 May 2019. The EU measure transitioned into UK law, and as set out in the [Taxation Notice 2020/29](#), took effect as a UK measure on replacement of EU trade duty.
7. This review concerns a countervailing measure applying to organic coated steel (OCS) originating in the People's Republic of China (PRC). This review was initiated on 15 April 2024 and the [Notice of Initiation](#) (NOI) was published on this date.
8. The period of investigation (POI) is 1 April 2023 to 31 March 2024. To assess injury, the TRA examined the period 1 April 2020 to 31 March 2024 (the injury period, or IP).
9. On 25 February 2025, pursuant to regulation 62 of the Regulations, we published our [Statement of Essential Facts](#) (SEF). We did not receive any submissions in response to the SEF.



SECTION B: Summary and findings

B1. Likelihood of subsidised imports assessment

10. In accordance with regulation 99A(1)(a) of the Regulations, we assessed whether the importation of the subsidised goods subject to review would be likely to continue or recur if the countervailing amounts were no longer applied to those goods (the likelihood of subsidised imports assessment).
11. We determined that it is likely, on the balance of probabilities, that importation of the subsidised goods subject to review from the PRC would recur if the measure were no longer applied to those goods. For further detail, see [Section F: Likelihood of subsidised imports](#).

B2. Likelihood of injury assessment

12. In accordance with regulation 99A(1)(b) of the Regulations, we considered whether injury to the UK industry in the like goods would be likely to continue or recur if the measure were no longer applied to the goods subject to review (the likelihood of injury assessment).
13. We determined that it is likely, on the balance of probabilities, that injury to the UK industry in the like goods would recur if the measure were no longer applied to the goods subject to review. For further detail, see [Section G: Likelihood of injury assessment](#).

B3. Economic interest test (EIT)

14. Having considered all evidence gathered, including that presented by interested parties and contributors, and all factors listed in the legislation (see paragraph 25 of Schedule 4 to the Taxation (Cross-border Trade) Act 2018 (the Taxation Act)), we have concluded that varying the measure meets the EIT. Therefore, we advise the Secretary of State that we consider that the variation of the measure in accordance with our final recommendation meets the Economic Interest Test, in accordance with



regulation 100(1E) of the Regulations. For further detail, see [Section H: Economic Interest Test \(EIT\)](#).

B4. Recommendation to the Secretary of State

15. In accordance with regulation 100(1) of the Regulations, the TRA must make a recommendation to the Secretary of State following a transition review to vary or revoke the application of the countervailing amount to the goods subject to review.
16. Our recommendation is to vary the application of the countervailing amount applicable to the goods subject to review pursuant to regulations 100 (2)(a)(i) and 100A of the Regulations, so that it applies to those goods originating in the PRC and imported into the UK until 04 May 2029 – that is, five years subsequent to the date when the measure would have otherwise expired (04 May 2024) had no transition review been initiated. As we did not receive any compelling evidence to cause us to consider whether recalculation was appropriate, and it has not been possible to recalculate the countervailing amounts, we recommend that the countervailing amounts remain unchanged, pursuant to regulation 100A(4)(b) of the Regulations.
17. The description of the goods to which the measure applies (that is, the goods subject to review) is set out in Section D: The goods and like goods. We have not considered it necessary to vary the goods subject to review, nor have we received any comments or indications that we should consider doing so. We recommend that the duties specified in [Annex 1](#) and [Annex 2](#), shall be maintained and applied to the goods subject to review imported under the UK tariff codes listed.
18. We make this recommendation to the Secretary of State on the grounds that we have assessed that it is likely that importation of the subsidised goods subject to review would recur if the measure were no longer applied to those goods; that is also likely that injury would recur to the UK industry in the like goods if the measure were no longer applied to the goods subject to review; and that we consider that the variation of the measure in accordance with our recommendation meets the EIT.



19. In reaching this recommendation, we also considered the current and prospective impact of the measure, pursuant to regulation 100A(2)(b) of the Regulations.

SECTION C: Background

C1. Initiation of the transition review

20. The UK chose to maintain certain trade remedy measures once it was outside the EU's common external tariff. The Department for International Trade (DIT) (now the Department for Business and Trade (DBT)) identified which measures were of interest to the UK following a call for evidence.
21. For each of these measures, the Secretary of State for International Trade (now the Secretary of State for Business and Trade) published a Notice of Determination, under regulation 96(1) of the Regulations, setting out the decision to transition the corresponding EU trade remedies measure, and a Taxation Notice, pursuant to regulation 96A(1) of the Regulations, on replacement of EU trade duty. We conduct transition reviews to determine if these measures should be varied or revoked in the UK.
22. As mentioned in section A2, on 31 December 2020 the Secretary of State published [Notice of determination 2020/29](#) regarding the countervailing duty on organic coated steel originating in the PRC, noting the decision to transition the EU countervailing measure so it continued to apply in the UK once the UK ceased to apply the EU's Common External Tariff.
23. Under regulation 97C of the Regulations, this measure will continue to apply to the goods subject to review until the Secretary of State publishes a notice accepting or rejecting a TRA recommendation to vary or revoke the application of the countervailing amount following the conclusion of a transition review.
24. The current rates of the countervailing duty which apply to the relevant goods exported from the PRC can be seen in Annex 1 and Annex 2.



C2. Participation in the review

25. The TRA invited interested parties and contributors to register in order to participate in the review. [Annex 3: Interested Parties](#) contains a summary of information received from all interested parties and contributors. Non-confidential summaries of confidential information received can be accessed on our [public file](#).

C2.1. Interested parties & contributors

26. Three interested parties registered an interest in the case:

- Tata Steel UK (TSUK) – UK producer
- UK Steel – Trade Body
- Ministry of Commerce (MOFCOM) - The Government of the PRC (GoC)

C2.2. Submissions

27. Both TSUK and UK Steel submitted a full questionnaire response. MOFCOM did not submit a complete questionnaire response.

C3. Verification of data

28. In compliance with our statutory obligations and following our public guidance, we have had regard to the information supplied by interested parties provided that this information:

- was verifiable;
- could be used without undue difficulty; and
- was supplied within an applicable time limit and in a form that the TRA requested.

29. We undertook verification activities in relation to the information provided by the cooperating interested parties, during which the completeness, relevance and accuracy of that information was assessed.

30. The TRA conducted remote verification activities with TSUK from 05 to 07 August 2024.

31. A non-confidential version of the verification report in respect of TSUK is available on the [public file](#).



32. Secondary source information was used in accordance with the Regulations. This secondary source information was treated with special circumspection and, where practicable, verified using independent sources. This included, but was not limited to, official import statistics and data pertaining to relevant markets.

C3.1 Analysis of trade data

33. In this review, OCS is identified by reference to commodity codes at the 10-digit level. However, raw HMRC Customs declaration data with 10-digit commodity code is not publicly available, and what is available (at 8- or 6-digit level) will contain products outside the scope of this review. Where practicable, we have used 8-digit data, as this will contain a greater proportion of OCS products in-scope, compared to 6-digit data.
34. Trade data has been obtained using both Cost, Insurance and Freight (CIF) import data, and Free on Board (FOB) export data. Use of these International Commercial terms (Incoterms) means the import/export values are not directly comparable to an Ex-works (EXW) price.
35. Our trade data considers country of dispatch. Where possible, we have compared country of dispatch to country of origin data.
36. We acknowledge there may be limitations in our analysis, but assess these are not significant enough to undermine our overall conclusions.



SECTION D: The goods subject to review and the like goods

D1. Goods subject to review

37. The goods subject to review are identified as certain organic coated steel products originating in the PRC and exported to the UK, described in the [NOI](#) as:
- Organic coated steel products, such as flat-rolled products of non-alloy and alloy steel (not including stainless steel) which are painted, varnished or coated with plastics on at least one side, excluding so-called ‘sandwich panels’ of a kind used for building applications and consisting of two outer metal sheets with a stabilising core of insulation material sandwiched between them, excluding those products with a final coating of zinc-dust (a zinc-rich paint, containing by weight 70% or more zinc), and excluding those products with a substrate with a metallic coating of chromium or tin.
38. The commodity codes under which these goods are classified are listed below. To note, commodity code 7212408091 was replaced by commodity code 7212408082 in May 2024, as part of HMRC updates to the UK Trade Tariff structure to ensure alignment with the EU’s Common Nomenclature. The change does not alter the description of the goods subject to review, nor does it affect the analyses conducted by the TRA, which have been based on data at the 6- and 8-digit levels:
- 72 10 70 80 11
 - 72 10 70 80 91
 - 72 12 40 80 01
 - 72 12 40 80 21
 - 72 12 40 80 82
 - 72 25 99 00 11
 - 72 25 99 00 91
 - 72 26 99 70 11
 - 72 26 99 70 91

D2. Like goods

39. In accordance with paragraph 7 of Schedule 4 to the Taxation Act, ‘like goods’ are those goods which are like the goods subject to review in all respects or, if there are no such goods, goods that have characteristics which closely resemble those of the goods subject to review.



D3. Assessment of the goods

40. We did not receive any submissions suggesting that the goods manufactured in the UK are not like the goods subject to review. Our own analysis of questionnaire responses and sales data also demonstrated that the like goods have physical and commercial characteristics like the goods subject to review in all respects.
41. We are satisfied that the goods manufactured in the UK are like the goods subject to review for the purpose of this transition review.

SECTION E: The UK industry and market

E1. UK industry

42. TSUK is the sole producer of the like goods in the UK. For the purpose of this review, TSUK is defined as the UK industry. As identified below in [Section H4.3, 'Importers of OCS'](#) there were 247 known businesses that imported OCS during the POI.
43. During the POI, we estimated that imports had a larger share of the UK market than the UK industry. Imports of OCS from the PRC were negligible during the same period.

E2. Production process

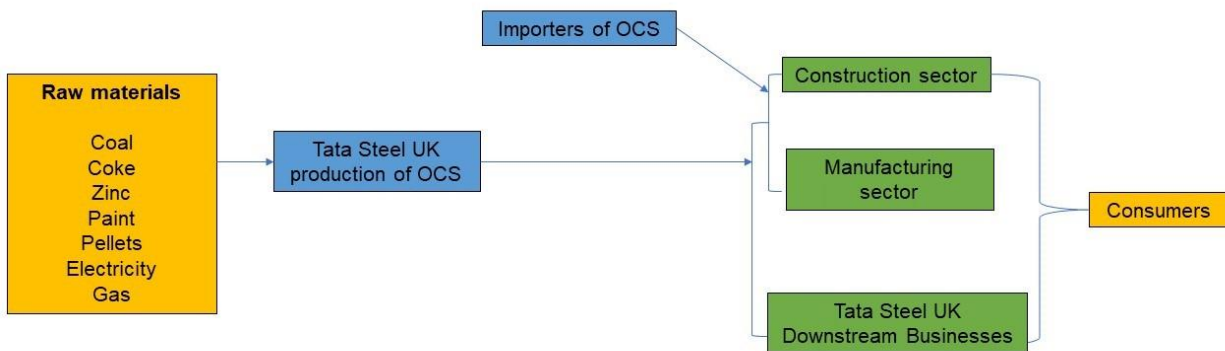
44. TSUK's production process for the like goods is as follows:
 - Heavy End: Basic raw materials are transformed into a liquid iron product.
 - Steel Plant: Iron is transformed into liquid steel, which is cast into slabs of varying chemical properties and dimensions.
 - Rolling/finishing mills: Slabs are reheated and further shaped through hot mills, then further processed through galvanising lines, and then onto organic coated lines (resulting in the like good).



E3. Market size and structure of the UK industry

45. We estimated that TSUK contributes approximately £222 million to the UK economy annually¹, which includes its sales of the like goods in the UK. Over the same period, total TSUK employment figures averaged approximately 8,100, which also includes employees who produce the like goods.
46. [Figure 1](#) shows the structure of the supply chain for the like goods. The majority of the like goods are used in the construction sector. TSUK indicated the like goods are used globally for building envelope, roof, and wall cladding systems in a wide range of industrial and commercial buildings. A smaller proportion of the like goods are used in manufactured goods and domestic appliances.² Additionally, OCS is used as a substrate for downstream products (Building Systems).³

Figure 1: Supply chain for the like goods



47. TSUK submitted the total investment to produce a fully processed OCS product would range between £1-2bn. This amount would also include investment into production facilities required to produce upstream products that are used as a substrate for OCS, and can be sold separately (e.g., slab, hot-rolled steel, cold-rolled steel, etc.). Both the galvanising line and paint facilities (both required to produce the like goods from the steel substrate) would each cost between £100m and £250m depending upon capacity – TSUK noted these galvanising and paint lines are not viable stand-alone investments without upstream supply.⁴

¹ TSUK's financial metrics are derived by taking annual averages of available financial data for TSUK for the most recent years (2019 to 2023) from D & B. Published financial data for TSUK was unavailable during the POI.

² [TSUK Questionnaire Non-Confidential - B1.1](#)

³ *ibid* - D4.2

⁴ *ibid* – C3.2



E3.1 Downstream trends and preferences of the like goods

48. TSUK stated demand for the like goods is influenced by several factors, including macro-economic (e.g., domestic appliances) and government spending on infrastructure projects (e.g., construction).⁵ Additionally, seasonality will impact short-term demand for OCS.⁶
49. TSUK assessed price as a key factor for the purchase of OCS, across both the construction and manufacturing industries.⁷

SECTION F: Likelihood of importation of subsidised goods assessment

F1. Introduction

50. In accordance with regulation 99A(1)(a) of the Regulations, we have considered whether the importation of the subsidised goods subject to review would be likely to continue or recur if the countervailing amounts were no longer applied to those goods.
51. We have considered the likelihood assessment on a countrywide basis rather than an exporter-by-exporter basis because there are no cooperating PRC exporters registered in this transition review. This means that no suitable data was available to the TRA on individual exporters.
52. Our likelihood assessment considered the following factors:
 - Continuation of imports whilst the measure has been in place
 - Subsidy programmes in the exporting country
 - Exports to third countries
 - Attractiveness of the UK market to exporters
 - Whether exporters have previously or habitually circumvented trade remedy measures

⁵ [ibid - B1.5](#)

⁶ [ibid - B1.11](#)

⁷ [TSUK Questionnaire Non-Confidential - B1.2, B1.3](#)

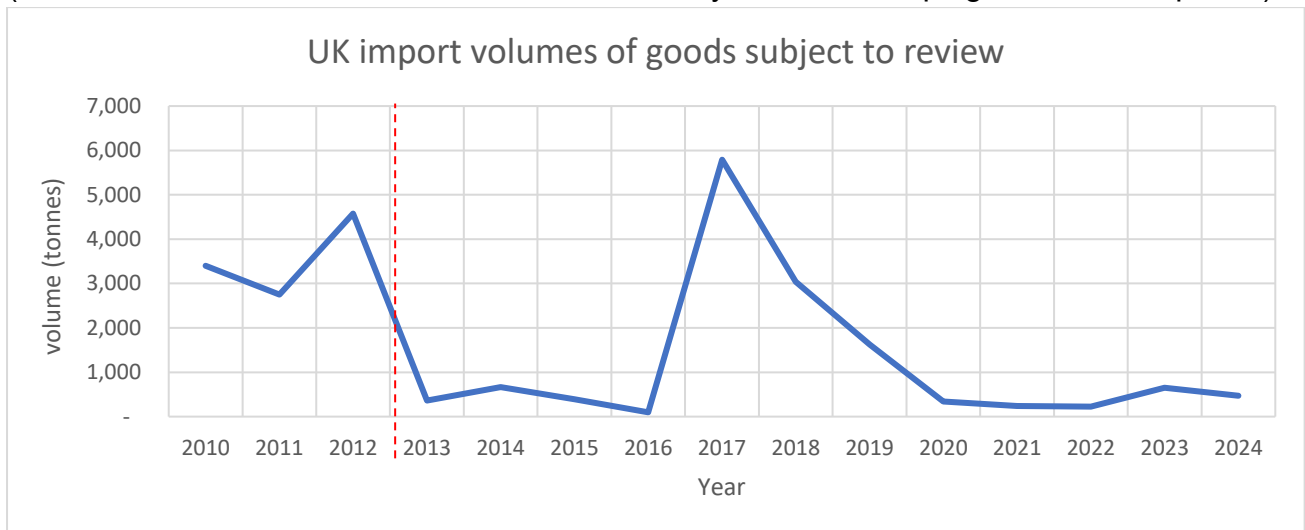


F2. Continuation of imports whilst the measure has been in place

53. We assessed whether there has been a continuation of imports of OCS from the PRC using HMRC data. The IP in this transition review is April 2020 to March 2024. Since the European countervailing (and parallel anti-dumping) duties came into effect in March 2013, we examined imports of the goods subject to review before the measures were in place, which enables us to compare these against imports during the IP.

Graph 1: Import volumes of the goods subject to review

(red vertical dotted line = EC definitive anti-subsidy and anti-dumping measures imposed)



Source: HMRC Overseas Trade in Goods Statistics (OTS)

54. Since the measure was imposed in 2013, with the exception of the 2017 and 2018 periods, imports from the PRC have remained below 1,000 tonnes, suggesting the measure has been effective.

F3. Subsidy programmes in the PRC

55. In its 2019 review, the European Commission (EC) found that the PRC OCS industry was continuing to benefit from three types of subsidies:

Table 1: Subsidy programmes in the PRC

| Subsidy type found in EC review | Subsidy name |
|---------------------------------|---|
| | Provision of hot-rolled and cold-rolled steel for inadequate remuneration |



| | |
|--|--|
| The Provision of goods and services for Inadequate Remuneration ⁸ | Provision of land use rights for inadequate remuneration |
| | Programme consisting of provision of electricity for inadequate remuneration |
| Direct transfer of funds | Preferential lending and interest rates |
| | Debt for equity swaps |
| | Grants and ad-hoc subsidies |
| | Export subsidies |
| Government revenue forgone or not collected that is otherwise due | Income and other direct tax programmes and policies |
| | Indirect tax and import tariff programs and policies |

56. We assessed whether the subsidy schemes outlined in [table 1](#) above are still in place or likely to be in place in the PRC.

F3.1 Remarks on the steel sector in the PRC

57. The Government of China (GoC) has a number of central planning documents and policies that show the importance of the steel industry to the country. These were relevant during the EC review, and, for the purposes of our IP, are/were either still in place or have been updated. The policies are outlined below to provide a brief summary of how they relate to the steel industry in the PRC. These summaries are provided as they relate either directly or indirectly to the subsidy programmes in the PRC.

58. The central planning documents reviewed⁹ include:

- The 13th Five-Year plan for the steel sector – covering the period 2016 – 2020, this plan favoured the steel sector with a plan to ‘*build China into a manufacturing power*’.¹⁰
- The 14th Five-Year plan for the steel sector – covering the period 2021 – 2025 and discussed in more detail below.¹¹

⁸ Note: The EC refers to this as Less Than Adequate Remuneration (LTAR)

⁹ Some of the references for the discussed policies lead to websites that have been automatically translated into English from foreign languages

¹⁰ [13th five year plan](#)

¹¹ [CSET Original Translation: China's 14th Five-Year Plan](#)



- Order no 35 of the National Development and Reform Commission – Policies for the development of Iron and Steel Industry (2005) – a policy document that governs the Chinese steel sector by covering GoC’s control over the industry¹².
- Decision no 40– a State Council Order¹³ that classifies industrial sectors into different categories for investment purposes, and that classified the steel industry as ‘encouraged’ to invest in. An implementing measure of this decision is the ‘Guidance Catalogue for the Industrial Structure Adjustment’.¹⁴ This catalogue has had updates over the years, most recently in 2023.
- The Blueprint for the Adjustment and Revitalisation of the Steel Industry (2009) – deals with the international financial crisis and addresses the policy requirement of the GoC to maintain growth; guarantee the stable operation of the industry.¹⁵
- National Outline for the Medium and Long-term Science and Technology Development – Supports the development of key fields and priority themes, encourages financial and fiscal support to key fields.¹⁶

F3.1.1 14th Five-Year Plan for National Economic and Social Development

59. The 13th Five-Year Plan referenced above expired in 2020, at which time a new plan was drafted to cover the next five years. The 14th Five-Year Plan for Economic and Social Development (2021 – 2025),¹⁷ like its predecessor, focuses the government work and clarifies national strategic intentions in China’s development.
60. The goals focus on green production, economic development including supporting research and development in industry. Part Three of the plan outlines how the PRC will focus on economic development by accelerating “*the construction of a manufacturing powerhouse...promote the deep integration of advanced manufacturing and modern service industries, strengthen the supporting and leading role of infrastructure, and build a modern industrial system.*”¹⁸
61. In previous plans, as with other policy documents, the steel industry is classified as an important industry, particularly as the steel industry is a key component to many other

¹² [POLICIES FOR DEVELOPMENT OF IRON AND STEEL INDUSTRY](#)

¹³ The State Council is the highest administrative body in the PRC and therefore Decision no 40 is legally binding.

¹⁴ [The National Development and Reform Commission Published the Latest Guidance Catalogue for Industrial Structure Adjustment \(2023 Edition, Draft for Comments\) - Focusing on New Energy Materials \(Lithium-ion Battery\) Industry - Newsletter - AllBright Law Offices](#)

¹⁵ [Blueprint for the Adjustment and Revitalization of the Steel Industry](#)

¹⁶ https://www.itu.int/en/ITU-D/Cybersecurity/Documents/National_Strategies_Repository/China_2006.pdf

¹⁷ [CSET Original Translation: China's 14th Five-Year Plan](#)

¹⁸ *ibid* p.24



industries (construction and infrastructure (Article XI Build a modern infrastructure system)). As such, this plan provides favour and support to the steel industry.

62. This plan specifically states: “*We will transform and upgrade traditional industries, promote the optimization and structural adjustment of raw material industries such as petrochemicals, steel, nonferrous metals and building materials...*”¹⁹.
63. Article VIII in the 14th Five-Year Plan²⁰ aims at deepening the implementation of the manufacturing powerhouse strategy by promoting the “*optimization and upgrading of the manufacturing industry*”. This will be done by deepening the implementation of green manufacturing projects and increasing green manufacturing. To increase manufacturing core competitiveness, there is an aim to “*promote breakthroughs in advanced metals and inorganic non-metallic materials such as...high-quality special steels, high-performance alloys, high-temperature alloys, high-purity rare metal materials*”²¹ among other goods.

F3.1.2 Importance of the steel industry to the GoC

64. In addition to the policies and plans already covered, we found further evidence showing the importance of the steel industry to the PRC. The classification of the industry as such is relevant to our assessment of whether subsidies are still being granted to manufacturers of the goods subject to review in the PRC.
65. Laws in the PRC allow the government to exercise strict control over the steel industry by classifying it as a “*basic and pillar industry*” where the State must “*maintain relatively strong controlling power*”²². In addition to this, as mentioned, the steel industry continues to be classified as an ‘encouraged’ industry in the 14th Five-Year-Plan²³, allowing it to benefit from advantages in loans, tax-preferential policies, investment, etc. Majority foreign ownership is also prohibited in the steel sector.

¹⁹ *ibid* p.26

²⁰ [CSET Original Translation: China's 14th Five-Year Plan](#) p.19

²¹ *ibid*, p.22

²² [Commission Implementing Regulation \(EU\) 2019/688](#), para 67.

²³ [CSET Original Translation: China's 14th Five-Year Plan](#)



66. A publication from 2022 originating from the Ministry of Industry and Information Technology, 'Guiding Opinions on Promoting the High-quality Development of the Iron and Steel Industry',²⁴ states that the '*iron and steel industry is an important basic industry of the national economy, and important support for the construction of a modern and powerful country, and an important field for achieving green and low-carbon development*'. The document's purpose is to implement the policy and planning documents created by the government to develop the steel industry, and the basic principles contain references to optimising regulations and policies in place and following the 'development law of the iron and steel industry'.
67. Finally, published in 2023, 'Work plan on the stable growth of the steel industry' refers to the steel sector as '*a fundamental pillar industry of the national economy*'²⁵ in the PRC.

F3.2 Subsidy programmes still in place or likely to be put in place in the exporting country

68. To understand whether the subsidy programmes identified in the EC anti-subsidy expiry review (2019) continue to be in place, we reviewed the GoC policy documents, and other open-source information. For additional data, we issued questionnaires to interested parties requesting any information regarding PRC subsidies they considered pertinent to the investigation. We received submissions from a UK producer and a UK trade body, however we did not receive any submissions from PRC producers or exporters.
69. We also considered whether any other relevant countervailable subsidy programmes affecting the goods subject to review are in place or likely to be implemented soon, but without cooperation from the PRC our ability to assess this element was limited.
70. We have assessed whether the subsidy schemes listed in [table 1](#) are likely to still be in place in the PRC.

²⁴ [Guiding Opinions of the Three Ministries and Commissions on Promoting the High-quality Development of the Iron and Steel Industry](#) Departmental Documents of the State Council Chinese Government Network (www.gov.cn)

²⁵ [Notice of the seven departments on the issuance of the "Work Plan for the Steady Growth of the Iron and Steel Industry"](#). (miit.gov.cn), p.399

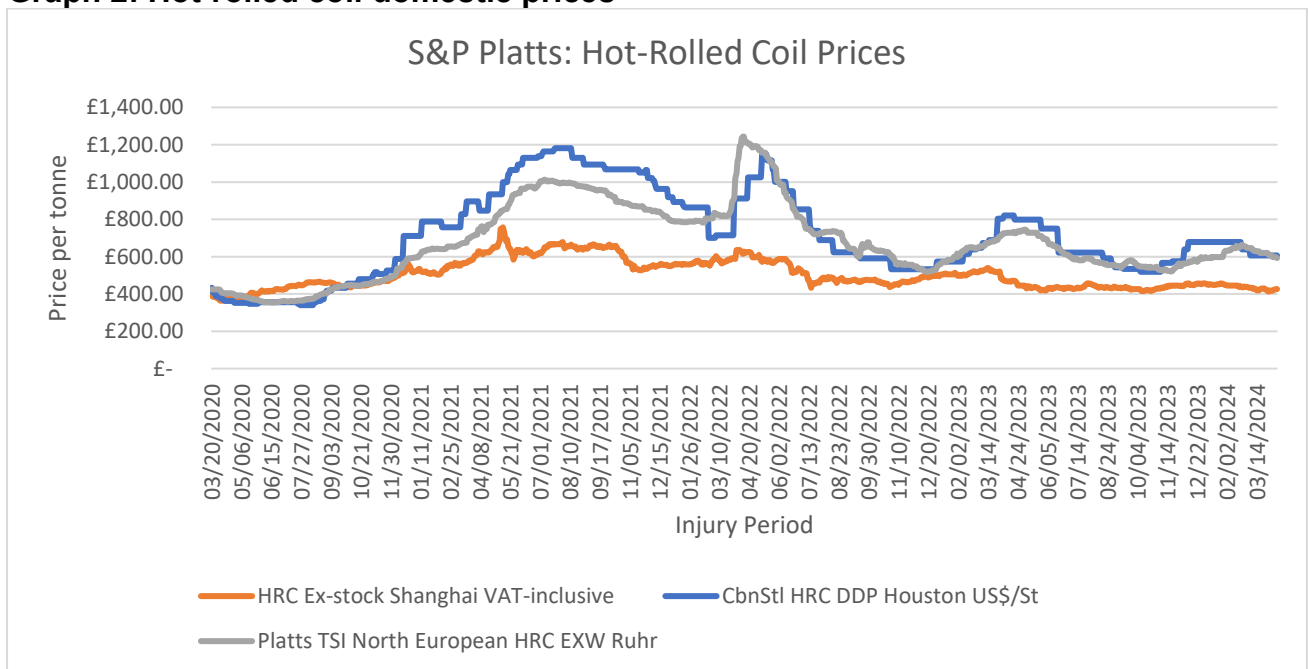


F3.2.1 Government Provision of Goods and Services for Inadequate Remuneration

F3.2.2 The provision of Hot Rolled and Cold Rolled steel for inadequate remuneration

- 71. Both Hot-Rolled Coil (HRC) and Cold-Rolled Coil (CRC) steel are used in the manufacturing of OCS.
- 72. In the EC review, it was established that State Owned Enterprises (SOEs) were providing HRC and CRC steel to OCS producers in the PRC where remuneration was inadequate. The SOE’s were determined to be acting as public bodies or private HRC and CRC producers entrusted and directed by the GoC.
- 73. Graph 2 (below) shows the daily price of HRC during the IP across three markets: the PRC, the US, and the EU.

Graph 2: Hot-rolled coil domestic prices



Sources: © 2024 S&P Global Commodity Insights, a division of S&P Global Inc. All rights reserved

- 74. For the majority of the IP the price of HRC in the PRC has consistently been below the price observed in other markets. On average, the price of HRC in the PRC has been 39% cheaper compared to the US, and 31% cheaper compared to the EU throughout the IP. Additional analysis was conducted by comparing a Brazil HRC market price



(weekly) to the PRC price, which indicated PRC HRC was 37% cheaper on average across the IP. This may be an indication of market distortion in the PRC.

75. However, due to a lack of information from PRC producers and exporters, we are unable to establish whether PRC producers are, or are no longer purchasing HRC for inadequate remuneration.
76. The EC found the existence of a benefit for PRC exporting producers of OCS, resulting from the provision of raw materials for inadequate remuneration. The benefit was incurred by OCS producers who were not vertically integrated steel producers and purchased flat steel inputs to produce OCS. The continuation of the subsidy was evidenced in three ways:
- 1) Showing that suppliers of HRC and CRC steel continue to be public bodies;
 - 2) Evidence of the significant presence and continued domination of SOEs in the steel sector in general and in OCS and HRC steel sectors in particular;
 - 3) Evidence that private companies in the CRC and HRC steel sectors continue to be entrusted and directed by the GoC to provide goods at a similar pricing to that of SOEs
77. The EC also referred to evidence that shows that non-SOE producers were still induced to follow national and local five-year plans, and were subject to strong interference from the GoC on the market and also on corporate structures. The government policies and plans discussed in [Section F3.1](#) of this document, for example Order no 35, show that mechanisms continue to be in place that require non-SOE producers to align with the SOEs, giving the GoC the same level of control.

Evidence that suppliers of HRC and CRC steel continue to be public bodies and evidence of the significant presence and continued domination of SOEs in the steel sector in general and in OCS and HRC sectors in particular

78. In its submission,²⁶ the UK producer provided documents and summaries of text derived from the EC review detailing how the institutional framework allows the GoC to have tight control over SOEs through various bodies. These include the State-owned

²⁶ [TSUK non-confidential submission](#)



Assets Supervision and Administration Commission of the State Council ('SASAC') and the National Development and Reform Commission ('NDRC').

79. The SASAC²⁷ is an ad-hoc ministerial-level organisation directly subordinate to the State Council, and the ultimate owner of all SOEs in the PRC. The leaders are appointed by the Communist Party of China. The SASAC, among other things, ensures that SOEs follow the objectives set by the GoC.
80. The NDRC²⁸ is a ministerial-level department of the State Council. It ensures that government policies and industrial development strategies are properly implemented by industry, and must approve all investments by steel producers, among other things.
81. The NDRC also works closely with the Chinese Iron and Steel Association (CISA)²⁹ who represents the steel industry, guided by the GoC's lines, rules and policies.
82. The Commission Staff Working Document on Significant Distortions in the Economy of the People's Republic of China for the Purposes of Trade Defence Investigations (CSWD), written by the EC and updated in 2024, identified that the split between SOEs and private companies in the Chinese steel sector is almost even, with 60% private and 40% SOEs. Of the top 10 world's largest steel producers, six are Chinese and four of those are SOEs.³⁰
83. The TRA conducted research into some of the largest steel manufacturers in the PRC³¹ including Baowu Steel Group Corp³², Shougang Group Co³³, Tangshan Iron and Steel Group (part of HBIS Group Co Ltd)³⁴, and Ansteel (formerly Anshan Iron and Steel Group)³⁵. Through open-source research, we found that all four companies are SOEs and all produce HR and CR steel.

Evidence that private companies in the CRC and HRC sector continue to be entrusted and directed by the GoC to provide goods at a similar pricing to that of SOEs

²⁷ [What We Do](#)

²⁸ [Main Functions-National Development and Reform Commission \(NDRC\) People's Republic of China](#)

²⁹ [CISA](#)

³⁰ [Register of Commission Documents - SWD\(2024\)91](#), section 14.2, p.399

³¹ See [Top 10 Chinese Steel Manufacturing Companies - CAMAL Group](#), accessed on 14/01/2025

³² [China Baowu Group](#)

³³ [Shougang Group-Company Profile](#)

³⁴ [AboutUs-TANGSTEEL-TANGSTEEL](#); [About Us](#); [HBIS Group Co., Ltd.](#)

³⁵ [Ansteel Company Profile](#)



84. The high level of government intervention in the steel industry and the large share of SOEs in the sector mean that privately-owned steel producers are not able to operate under market conditions. In the EC 2013 investigation, the EC stated that *'private producers have no choice but to align their prices with the SOEs'*,³⁶ and when doing a price analysis, found that private producers of HRC and CRC steel consistently had very close prices to those of SOEs. The EC review subsequently concluded that the evidence showed continued behaviour of the SOEs in the CRC and HRC sectors as public bodies and the entrustment and direction of the non-SOE producers.³⁷
85. The CSWD also stated, with regards to the EC 2013 OCS investigation, *'With the high level of government intervention in the steel industry and a high share of SOEs in the sector, even privately-owned steel producers are prevented from operating under market conditions.'*³⁸
86. Evidence to support this can be found in the various policy and plan documents outlined at the beginning of this section, for example, the Blueprint for the Adjustment and Revitalisation of the Steel Industry, which provides guidelines for steel industry layout and development, and control of output, as well as the Steel Industry Adjustment Policy³⁹ of which one of the themes and objectives is Government supervision and administration.
87. The TRA has not found any information that detracts from the previous EC findings relating to the HRC and CRC steel suppliers continuing to be public bodies. The dominance of SOEs in the HRC/CRC industry and OCS market, and the policies and conditions in place (such as strong government oversight and interference) have shown no indication of discontinuing. As a result, private companies in the HRC and CRC steel sectors continue to operate under market conditions that have shown little has changed since the EC's 2019 expiry review. Therefore, it is likely that producers of the goods subject to review are continuing to benefit from HRC and CRC goods where remuneration is inadequate.

³⁶ [Implementing regulation - 215/2013 - EN - EUR-Lex](#), paragraph 77

³⁷ [EC expiry review 2019](#)

³⁸ [Register of Commission Documents - SWD\(2024\)91](#), p.400-401

³⁹ [analysis steel aluminium report - august 2016.pdf](#)



F3.2.3 Land use rights for inadequate remuneration

88. The EC expiry review concluded that the rates PRC manufacturers paid for land use were subsidised and did not adhere to market principles. Therefore, they were obtaining land for inadequate remuneration.
89. Research shows that the still active Property Law of the PRC⁴⁰, in Chapter 5, Article 47, states that *'urban lands shall be owned by the state. Lands in the rural areas and suburban areas that shall be owned by the state as prescribed by law belong to the state'*.
90. The Land Administration Law of the People's Republic of China⁴¹, in Chapter 2, Articles 8 and 11 also shows the same laws around ownership, and how the land should be registered and used. *'Land owned by peasant collectives to be lawfully used for non-agricultural construction shall be registered with and recorded by people's governments at the county level, which shall, upon verification, issue certificates to confirm the right to the use of the land for such construction. State-owned land to be lawfully used by units or individuals shall be registered with and recorded by people's governments at or above the county level, which shall, upon verification, issue certificates to confirm their right to the use of such land. The specific organs for registration and issue of certificates for State-owned land to be used by central or State organs shall be determined by the State Council.'*
91. We have not found any evidence that this subsidy is no longer active. As far as research has shown, laws in respect of land use are the same as they were at the time of the EC's 2019 expiry review.

F3.2.4 Programme consisting of provision of electricity for inadequate remuneration

92. In the EC's review, it was established that:
- the NDRC set the prices of electricity applicable in the various provinces, and the local price bureaus act as an executive arm of the decision taken at the central level by the NDRC. The NDRC also issued notices in which it sets the actual prices set for each province;

⁴⁰ [Property Law of the People's Republic of China](#)

⁴¹ [laws \(npc.gov.cn\)](#)



- different electricity rates were applicable for certain sectors and factors, including *‘the pursuit of the industrial policy goals set by the central and local governments in their 5-year plans as well as in the sectoral plans.’*⁴²
 - Some producers of the goods subject to review were benefitting from a lower electricity rate than that generally applicable for large industrial users due to the specific area they operate in.⁴³
93. The CSWD referenced several findings by investigating authorities that showed *“Chinese steel producers achieve significant reductions in their costs of production for....electricity....[and] energy is a key input for steel producers...[and] has led to market distortions...impacting on the cost and prices of steel products”*.⁴⁴
94. The CSWD also referenced a supplement to the 14th Five-Year-Plan, the 14th Five-Year-Plan for Industrial Green Development, which contains plans for accelerating green industrial development in the steel sector: *‘measures are to be taken to strictly implement tiered pricing for electricity in key sectors, such as steel...’*⁴⁵
95. Further research shows that, in 2020, the NDRC issued a circular on extending the policy of the provisional reduction of electricity costs for enterprises. The scope of implementation for this policy was *‘electricity users currently paying tariff at rates for general industry and commerce, other rates and rates for big industries except users in the high-energy consumption industries’*⁴⁶, show that different prices are available for users depending on different factors.
96. The TRA recently commissioned a report from LSE Consulting, assessing market distortions in major steel-producing countries. In respect of the PRC, the report stated, *‘the PRC’s steel manufacturers relying on coal and electricity may benefit from rates at a cost advantage over commercial rates that may be higher under normal market conditions.’*⁴⁷

⁴² [L_2019116EN.01003901.xml](#), paragraph 92

⁴³ [L_2019116EN.01003901.xml \(europa.eu\)](#)

⁴⁴ [Register of Commission Documents - SWD\(2024\)91](#) p.406

⁴⁵ Ibid p,394, original policy document not in English but can be accessed here [Notice of the Ministry of Industry and Information Technology on Printing and Distributing the "14th Five-Year Plan for Industrial Green Development" Documents of the State Council Chinese Government Network](#)

⁴⁶ [NDRC Continues Policy of Reducing Electricity Costs for Enterprises | HKTDC Research](#)

⁴⁷ [Market distortions in major steel producing countries - GOV.UK](#) – pg. 128



97. The benefit of electricity for inadequate remuneration provided to the PRC steel sector would include producers of the goods subject to review. The evidence outlined above shows that policies and plans in place over the IP still allow or direct the provision of electricity at preferential rates for key sectors, which includes steel. Therefore, we conclude that it is likely that producers of the goods subject to review are continuing to benefit from electricity where remuneration is inadequate.

F3.2.5 Conclusion on Government provision of goods and services for inadequate remuneration

98. We have determined it is likely the producers of OCS in the PRC continue to benefit from subsidy programmes that allow them to obtain OCS steel inputs for inadequate remuneration, through the purchases of subsidised HRC and CRC steel from SOE's. Additionally, the GoC's influence over the allocation process of land in the PRC and the control the GoC exercises in the energy industry, are further examples of the continuation of government programmes that support the overall PRC steel sector, which is identified as a fundamental pillar industry of the PRC's national economy.

F.3.3 Direct transfer of funds

F3.3.1 Grants

99. In the expiry review, the EC concluded that there was sufficient evidence to show that the exporting producers in the PRC continued to benefit from grants as countervailable subsidies during the investigation period.⁴⁸

100. In TS0018, the TRA's transition anti-subsidy review into certain hot-rolled products of iron, non-alloy or other alloy steel⁴⁹, the TRA found there were grant programs in place to support the steel industry, such as energy saving and conservation grants, technological upgrading and transformation grants, and other ad hoc grants provided by municipal and regional authorities.

101. The CSWD states, '*SOEs are the most important players in the Chinese steel market and a considerable part of the steel industrial structure, often receiving important*

⁴⁸ [COMMISSION IMPLEMENTING REGULATION \(EU\) 2019/ 688](#) – para 159

⁴⁹ [Hot-rolled Flat and Coil Products from China - Trade Remedies Service - GOV.UK](#)



preferential treatment from the State...According to an OECD study, a considerable amount of financial support to Chinese SOEs is provided via instruments deemed to be potentially amongst the most market distortive (for example cash grants).'⁵⁰

102. The UK producer provided a confidential examination of the published financial accounts of 23 OCS producers, that identified details of recurring benefits through subsidies and grants that are still continuing.
103. To assess whether PRC OCS producers are continuing to benefit from grants, we analysed the financial reports of some producers in the PRC who were either listed in the annex of the EC's investigative report, or who we identified through our own research. For example, the annual reports of the companies Chongqing Iron and Steel Company Ltd⁵¹, Angang Steel Company Ltd⁵², and Maanshan Iron & Steel Company Ltd⁵³, show these companies receiving government grants within the IP.
104. Based on the evidence provided by the UK producer and the information analysed by the TRA, we conclude that government grant programmes are still available to the OCS industry in the PRC, and PRC manufacturers of the goods subject to review are continuing to benefit from countervailable government grants.

F3.3.2 Preferential lending and interest rates

105. In its 2013 investigation, the EC established that State-owned banks (SOB) were public bodies who exercised government authority, and the five largest SOBs represented over half of the PRC banking sector⁵⁴. The major SOBs, in their capacity as public bodies, were offering lending at below-market interest rates, including those who were providing loans to the cooperating OCS producers.
106. The EC also established in its original investigation that, *"on the basis of, inter alia, Articles 34 and 38 of the Commercial Banking Law and Articles 24 and 25 of Order No 35 — Policies for the development of Iron and Steel Industry, that privately owned*

⁵⁰ [Register of Commission Documents - SWD\(2024\)91](#) – page 387

⁵¹ [Chongqing Iron & Steel company limited 2023 Annual Report](#)

⁵² [Angang Steel company limited annual report 2023](#)

⁵³ [Maanshan Iron and Steel company ltd annual report 2023](#)

⁵⁴ [COMMISSION IMPLEMENTING REGULATION \(EU\) 2019/ 688](#) – Para 101 referencing [Implementing regulation - 215/2013 - EN - EUR-Lex](#) (paragraph 165-180)



*commercial banks in China were entrusted and directed by the GoC to provide preferential loans to the OCS producers in line with Article 3(1)(a)(iv) of the basic Regulation". The EC then concluded that "there was a financial contribution to the OCS producers in the form of a direct transfer of funds from the government".*⁵⁵

107. In the EC expiry review, it concluded that there was sufficient evidence showing that the preferential lending as a countervailable subsidy had continued during the review period.⁵⁶
108. In its confidential submission, TSUK provided multiple press releases from OCS producers and SOBs in the PRC that announced past and current arrangements between banks and producers. This shows funding is provided in the PRC for OCS producers in order to comply with state policy to support steel manufacturing in the PRC.
109. The CSWD outlines the findings of the anti-subsidy investigation into Hot-Rolled Flat products from China, that certain policies and notices around banking are specifically targeting steel companies, and that *"in so far as the steel industry is concerned, all financial institutions (including private financial institutions) operating in China under the supervision of the CBRC [China Banking Regulatory Commission] have been entrusted or directed by the State to pursue governmental policies and provide loans at preferential rates to the steel industry"*^{57 58}
110. Articles 34 and 38 (Ch 4) of the Law of the People's Republic of China on Commercial Banks respectively state *"a commercial bank shall conduct its loan business in accordance with the need for the development of the national economy and social progress and under the guidance of the state industrial policy", and "a commercial bank shall fix its interest rates for loans in accordance with the ceiling and floor for the rates of interest for loans fixed by the People's Bank of China."*⁵⁹

⁵⁵ *ibid* p103-104

⁵⁶ [COMMISSION IMPLEMENTING REGULATION \(EU\) 2019/ 688](#), paragraph 118

⁵⁷ [Implementing regulation - 2017/969 - EN - EUR-Lex](#) (recital 146)

⁵⁸ [Register of Commission Documents - SWD\(2024\)91](#)

⁵⁹ [Law of the People's Republic of China on Commercial Banks](#)



111. Articles 24 and 25 of Order No 35 state that for projects that do not conform to industrial development policies or have not been approved according to law, should not be provided with loans or credit support from financial institutions. Additionally, financial institutions that are granting long- and medium-term loans for “*fixed asset investment in puddling, steel rolling, and steel making projects should conform with the industrial development policy of the iron and steel sector...*”.⁶⁰
112. The evidence presented above shows that, with the continuation of the GoC’s policies, it is likely that preferential lending is still providing a benefit to manufacturers of the goods subject to review. We have not received any submissions or found evidence to suggest that these policies are no longer in place.

F3.3.3 Debt for Equity Swaps

113. The EC concluded in the 2013 investigation that producers of the goods subject to review were involved in debt for equity swaps, constituting a financial contribution in the form of equity infusion and/or loan. This was orchestrated through the involvement of four Chinese Asset Management Companies (AMCs), which were demonstrated to be public bodies.⁶¹
114. The EC further concluded in the 2019 review that this programme was still in force, but its use had evolved and was now mainly used to reduce corporate debt of heavily indebted companies.⁶² These transactions were found to not be based on market conditions and therefore conferred a benefit.
115. In the CSWD, it describes that in market economies, debt-for-equity swaps are normally market driven, however the process in the PRC is largely state driven and ‘*pricing is not market determined*’.⁶³
116. The debt-to-equity swap program in China has been mainly implemented by the five largest financial asset investment companies (FAICs) that were set up by the five

⁶⁰ [Development Policies of the Iron and Steel Industry – from the Hong Kong Economic Herald](#)

⁶¹ [Implementing regulation - 215/2013 - EN - EUR-Lex](#) – paragraph 199

⁶² [L_2019116EN.01003901.xml](#) – paragraph 124

⁶³ [Register of Commission Documents - SWD\(2024\)91](#), p.312



largest SOBs, who (FAICS), as of April 2019, *'had executed nearly 70% of the signed swap projects...representing 44% of the signed swap value'*.⁶⁴

117. A news article from September 2022, published in National Business Daily, reported that, by the end of August of that year, *"the person in charge of the relevant department of the China Banking and Insurance Regulatory Commission introduced the progress of the prevention and resolution of related risks required by the Fifth National Financial Work Conference, saying that the debt risk of some large and medium-sized enterprises was resolved smoothly, and a number of large enterprises such as Bohai Iron and Steel, HNA Group, Northeast Special Steel, and Peking University Founder had been smoothly disposed of, and as of the end of August this year, the amount of market-oriented and law-based debt-to-equity swap was about 2 trillion yuan."*⁶⁵

118. Based on the evidence found, it is likely that the debt-for-equity swap programmes are still conferring a benefit to steel companies, including producers of the goods subject to review.

F3.3.4 Export Subsidies

119. In the EC expiry review, the applicant provided evidence of the existence of certain export subsidy programmes, and the analysis conducted focused on Sinosure export credit programme.⁶⁶

120. The China Export & Credit Insurance Corporation⁶⁷ (commonly known as Sinosure), describes itself as a state-funded and policy-oriented insurance company established and supported by the state to promote China's foreign economic and trade development and cooperation. The profile also shows it was still operational up to at least 2023, by outlining statistics of the amount of support and financing allocated by the end of 2023. The website also shows that export credit insurance is one of the products on offer by Sinosure.⁶⁸

⁶⁴ [Tracking China's Debt-to-Equity Swap Program: "Great Cry and Little Wool" | PIIE](#)

⁶⁵ [China Banking and Insurance Regulatory Commission: As of the end of August, the amount of market-oriented and law-based debt-to-equity swaps was about 2 trillion yuan Per warp net](#)

⁶⁶ [COMMISSION IMPLEMENTING REGULATION \(EU\) 2019/ 688](#) (para 160)

⁶⁷ sinosure.com.cn/en/Sinosure/Profile/index.shtml

⁶⁸ sinosure.com.cn/en/Sinosure/Profile/index.shtml, accessed on 14/01/2025



121. The EC expiry review found the following in relation to Sinosure⁶⁹:
- The government exercises full ownership and financial control
 - The government has the power to appoint and dismiss the senior managers and supervisors
 - The registered capital comes from the venture fund of export credit insurance in line with the state fund budget
122. Without cooperation from the GoC, the EC did not receive arguments that challenged the evidence presented by the applicant with regard to the producers of the goods subject to review benefiting from export subsidies under the Sinosure scheme. The conclusion was that the export credit subsidy was countervailable.
123. Sinosure's website states that it "*effectively serves for national strategies*"⁷⁰, which we have seen classify the steel industry in the PRC as an important industry.
124. The CSWD outlines that the supervisors on '*Sinosure's Board of Supervisors are appointed by the State Council and execute their duties according to the Interim Regulation on the Board of Supervisors of Important State-owned Financial Institution*'⁷¹, while the report also highlights continued Sinosure support for GoC policies throughout the IP, shown by '*a joint 2022 call by MOFCOM and Sinosure to support enterprises...with a focus on providing credit insurance for exports...*'⁷².
125. The report concludes that "*export credit insurance in China is...offered on more favourable terms to Chinese companies and at the same time distorted towards State policy goals*".⁷³
126. As seen in the previous discussion on plans and policies implemented by the government, the steel industry is a favoured industry with several policies relating to its development. In addition to this, the website of Sinosure confirms that it was established (and funded) by the state, and that it is still actively allocating support and funding to serve national strategies, suggesting a degree of government control over

⁶⁹ [COMMISSION IMPLEMENTING REGULATION \(EU\) 2019/ 688](#) (para 163, 164, 165)

⁷⁰ sinasure.com.cn/en/Sinasure/Profile/index.shtml accessed on 14/01/2025

⁷¹ [Register of Commission Documents - SWD\(2024\)91](#) – pg. 170

⁷² *ibid* – pg. 170 - 171

⁷³ *ibid* – pg. 171



the organisation. In the absence of any information that indicates otherwise, we conclude that it is likely that export credit is still being provided to producers of the goods subject to review, in the same manner as was found in the EC's investigation.

F3.3.5 Conclusion on continuation of transfer of funds

127. We have determined it is likely that the GoC has continued to offer subsidies in the form of various grants, in addition to preferential lending rates from SOBs, or banks directed by the GoC in order to comply with national industrial policies. We have additionally identified evidence of debt for equity swaps and export subsidies whereby state owned, or state influenced institutions and organisations act as a conduit to further the GoC's national policies. Therefore, the producers of the goods subject to review are likely continuing to benefit from these subsidy programmes.

F3.4 Government revenue forgone or not collected that is otherwise due

F3.4.1 Income and other direct tax programmes and policies

128. The EC established that producers of the goods subject to review were continuing to receive countervailable subsidies related to preferential treatment under at least two of the direct tax subsidy programmes countervailed in the original investigation: Preferential Tax Policies for the Companies that are Encouraged as High and New Technology Enterprises, and Tax Policies for the Deduction of Research and Development Expenses.⁷⁴

129. We have verified the continuation of these subsidies through research, which indicates these policies are still active: 'High and New Technology Enterprises' (HNTEs) *'is one of China's core tax incentives that encourage innovation. The reduced CIT (Corporate Income Tax) rate for qualified tax payers is 15%'*⁷⁵. In addition, the 'R&D pre-tax super deduction' allows companies a *'200% pre-tax deduction of the expenses incurred in conducting R&D activities'*.⁷⁶

⁷⁴ [L_2019116EN.01003901.xml](#)

⁷⁵ [Tax Incentives for Foreign Invested Enterprises - China Guide | Doing Business in China](#)

⁷⁶ [Manufacturing Tax Incentives in China in 2024](#)



F4. Conclusion on subsidy programmes in the exporting country

130. In its expiry review, the EC found that three types of subsidies had continued since the original investigation. Through the course of this review, we have taken into consideration information provided by the UK producer of the like goods, research and findings from the EC, GoC policy and plan documents that continue to be in place, as well as further research conducted by the TRA.

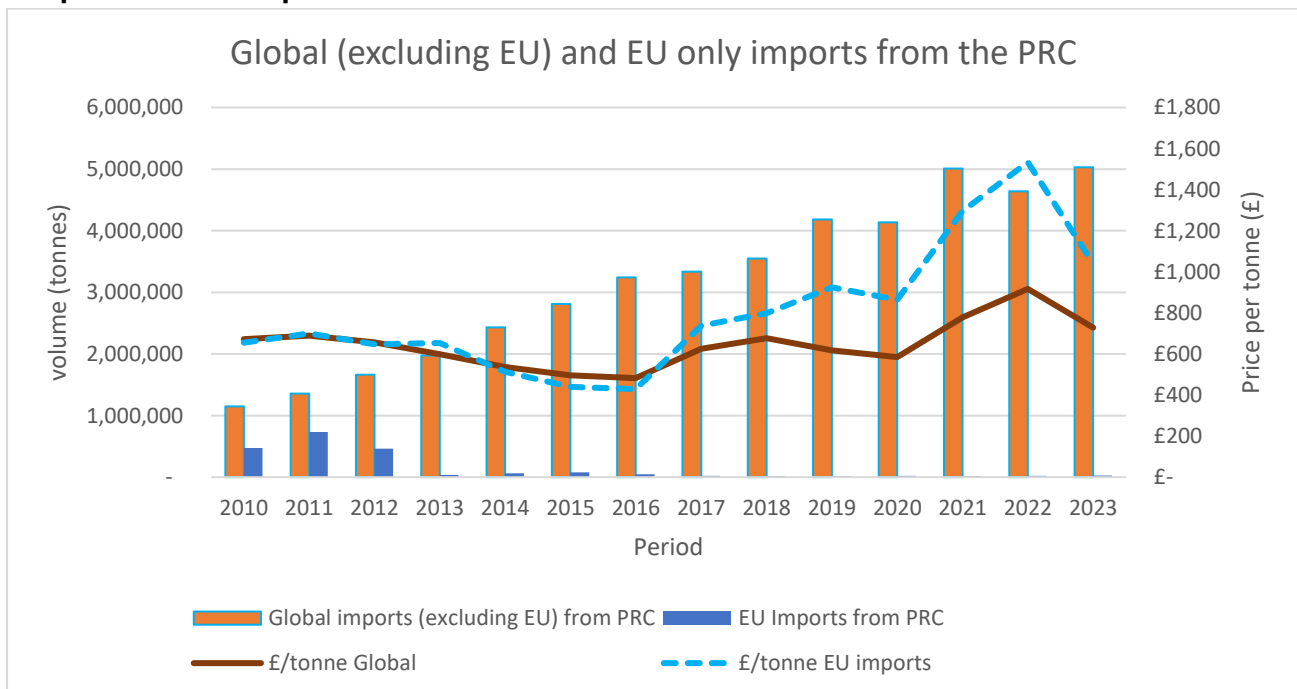
131. We conclude that all of the subsidy programmes determined to be continuing by the EC in 2019 were still active during the IP and were likely to be providing a benefit to producers of the goods subject to review in the PRC.

F5. Exports to third countries

132. Graph 3 (below) identifies imports of OCS from the PRC by the following:

- EU imports (Countervailing duties imposed in 2013)
- Global imports excluding EU imports

Graph 3: Global imports of OCS from the PRC



Source: Zen Global Trade Tracker



133. Trade data shows global OCS imports from the PRC have increased from 1.5 million tonnes, to 5 million tonnes between 2010 to 2023. Since the EC's countervailing (and parallel anti-dumping) measures were applied in 2013, imports decreased from approximately 450,000 tonnes (2012) to 32,000 tonnes on average per year (2013 to 2023).
134. It should be noted that other countries have also had trade remedy measures against OCS originating in the PRC in place during various periods (see [Section F6.3 'Barriers to entry: measures in place'](#) below); however, the majority of imports from the PRC (95% during 2023) have been made by countries without measures in place.
135. The ability for PRC exporters to increase the volume of OCS exports indicates that, should the UK measure be revoked, it is likely that UK imports from the PRC would mirror those trends observed globally: increased volumes at lower prices. Furthermore, in the absence of UK measures on the goods subject to review, should the EU anti-dumping and countervailing measures applied to OCS from the PRC continue, there is a likelihood that PRC exporters who export to the EU, could divert volumes of OCS to the UK market.

F6. Attractiveness of the UK market to exporters

136. In assessing the likelihood that subsidised imports would continue or recur if the measure were revoked, we considered whether the UK market would be an attractive export destination for exporters from the PRC over other markets. In doing so, we analysed the following:
- Market size and growth
 - Intensity of the competition and pricing trends
 - Barriers to entry: measures in place
 - Business environment, economic conditions, trends in the industry and opportunity to differentiate products and services

F6.1 Market size and growth



137. The UK’s consumption, identified in [section G2.2.1](#), in addition to growth trends explored in [section G2.3.1](#), indicate it would not be an obstacle for PRC exporters to fulfil current and future UK market demand.

F6.2 Intensity of the competition

138. There is a single UK producer (TSUK) of the like goods in the UK. Throughout the IP, we estimated imports had a larger market share in the UK than TSUK. The volume of UK demand being met by imports means the UK is in direct competition with imported like goods and the goods subject to review.

139. Table 2 (below) shows the import prices from the top 10 exporting countries into the UK (by volume) over the IP.

Table 2: Import prices into the UK (£/tonne)

| Country | 20/21 | 21/22 | 22/23 | 23/24 (POI) |
|---------------|--------|--------|--------|-------------|
| Belgium | £919 | £1,299 | £1,629 | £1,351 |
| Rep. of Korea | £863 | £1,300 | £1,581 | £1,136 |
| France | £920 | £1,167 | £1,491 | £1,412 |
| Italy | £835 | £1,110 | £1,636 | £1,384 |
| Netherlands | £722 | £1,121 | £1,516 | £1,289 |
| India | £674 | £1,335 | £1,252 | £978 |
| Viet-Nam | £701 | £1,151 | £1,178 | £1,091 |
| Finland | £979 | £1,072 | £1,571 | £1,488 |
| Sweden | £902 | £1,181 | £1,598 | £1,462 |
| Germany | £1,200 | £1,804 | £2,467 | £2,066 |

Source: HMRC Overseas Trade in Goods Statistics (OTS)

140. To assess whether the PRC could compete with these import prices, we compared the above UK import prices of OCS to the global import price of OCS from the PRC, in table 3 below.

Table 3: Global Import price of OCS from the PRC (£/tonne)

| | 20/21 | 21/22 | 22/23 | 23/24 (POI) |
|--|-------|-------|-------|-------------|
| Global import price of OCS from the PRC (£ sterling) | £593 | £850 | £893 | £702 |

Source: Zen Global Trade Tracker



141. The average global import price of OCS from the PRC was below the lowest UK import prices throughout the IP. This means OCS from the PRC would be likely to undercut the price of imports from other countries that export to the UK.

142. Based on the above assessment, we conclude that the PRC may be able to export the goods subject to review at prices that are more competitive than those of the top exporting countries of OCS to the UK.

F6.3 Barriers to entry: measures in place

143. There are multiple countries that currently apply trade remedies measures on like goods originating in the PRC. These include:

- Viet-Nam⁷⁷
- Pakistan⁷⁸
- Mexico⁷⁹
- Malaysia⁸⁰
- Canada⁸¹
- EU⁸²
- USA⁸³

144. Should the UK measure be revoked, PRC exporters may view the UK market as an attractive option, due to the measures presently in place in markets of similar economic development (the EU and USA).

145. Graph 4 (below) shows the imports of OCS from the PRC to both the EU and USA, prior to and subsequent to their respective application of trade remedy measures:

- EU imports (solid green line)
- EU measure (solid red vertical line) – 2013 (dual measures: subsidy and dumping)
- USA imports (blue dash line)
- USA measure (red square dot vertical line) – 2016 (anti-dumping measure)

⁷⁷ [AD04-CHN - Investigation details - Trade Remedies Data Portal \(wto.org\)](#)

⁷⁸ [51/2017/NTC/CCC/CHI - Investigation details - Trade Remedies Data Portal \(wto.org\)](#)

⁷⁹ [20/15-CHN - Investigation details - Trade Remedies Data Portal \(wto.org\)](#)

⁸⁰ [AD02/15/CHN - Investigation details - Trade Remedies Data Portal \(wto.org\)](#)

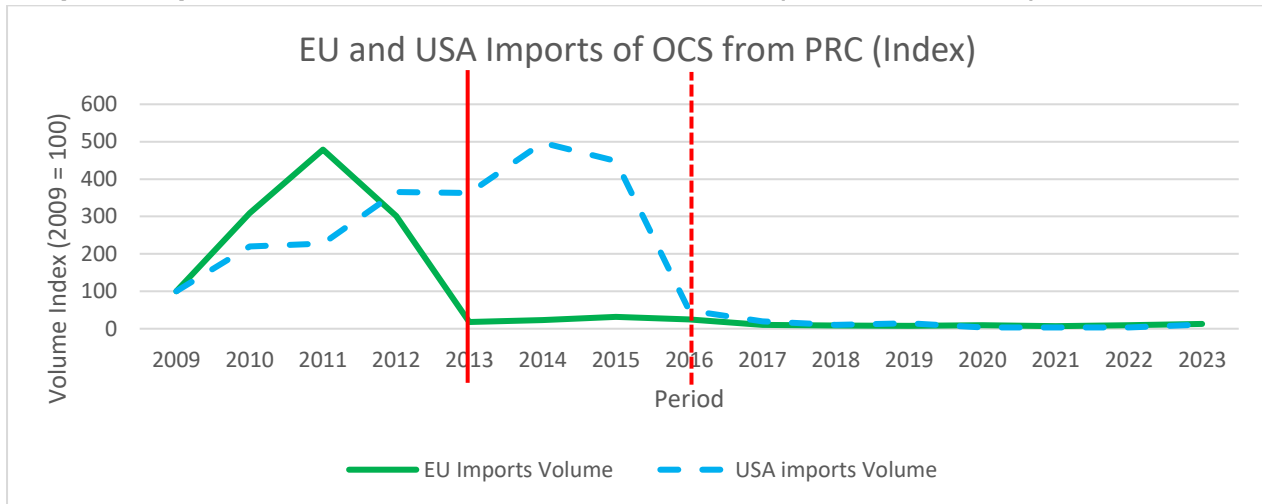
⁸¹ [COR 2018 IN/CN - Investigation details - Trade Remedies Data Portal \(wto.org\)](#)

⁸² [AD584 CN - Investigation details - Trade Remedies Data Portal \(wto.org\)](#)

⁸³ [A-570-026 - Investigation details - Trade Remedies Data Portal \(wto.org\)](#)



Graph 4: Imports of OCS from the PRC: EU and USA (Index 2009 = 100)



Source: Zen Global Trade Tracker

146. Prior to the application of measures, the volume of imports from the PRC into the EU peaked at 720,635 tonnes, and 115,736 tonnes into the USA. Our analysis of [global OCS import volumes](#) originating in the PRC shows that global export volumes consistently increased since both the EU and US measures have been in place. Due to the existing measures in place, volumes of OCS that could have been directed to the USA and EU markets may be directed to the UK market if the UK countervailing measure no longer applied to the goods subject to review.

F6.4 Business environment, economic conditions, trends in the industry and opportunity to differentiate products and services

147. TSUK's submission stated, '*The like goods and the goods subject to review are used globally for building envelope, roof, and wall cladding systems in a wide range of industrial and commercial buildings...*'⁸⁴ TSUK went on to state, '*Price remains a key factor...Currently building costs are at an all time high. Due to elevated levels of inflation, contractors, developers and building owners want to reduce the cost of construction, including the costs associated with steel purchases.*'

148. We have not received any submissions in relation to a differentiation of the goods subject to review and the like goods, and assess that the PRC have the ability to produce OCS for global markets based on the current volume of exports observed, in

⁸⁴ [Questionnaire response \(Non-Confidential\)](#) – B1.1



addition to historic exports to the US and EU markets (before respective measures were applied and enforced). In reference to TSUK's statement on the cost of construction, ONS data⁸⁵ confirms increases to the UK construction costs.

149. The increase in UK construction costs may create incentives for PRC exporters, on the basis that goods subject to review of the required specifications of UK construction may undercut the more expensive UK industry (TSUK) price for like goods. With no clear differentiation in the specification and production of OCS products, and price playing a key role in purchasing decisions, the differential of price may make the UK market attractive for PRC exporters.

F6.5 Whether exporters have previously or habitually circumvented trade remedy measures

150. We have not received or identified any submissions and/or evidence that indicates PRC exporters have circumvented trade remedy measures in respect of OCS. As identified in [F6.3 'Barriers to entry: measures in place'](#), a number of countries currently have trade remedies measures, however we have not identified any previous or current anti-circumvention measures that have been, or are currently in place.

F7. Conclusion of whether the importation of subsidised goods subject to review would be likely to continue or recur

151. In the above sections, we assessed whether the importation of subsidised goods subject to review from the PRC would be likely to continue or recur if the countervailing measure was revoked.

152. We conclude that there have generally been low imports of the goods subject to review into the UK since the original countervailing measure was imposed in 2013, suggesting the measure has been effective.

153. We conclude that all of the subsidy programmes determined to be continuing by the EC in 2019 were still active during the IP and were likely to be providing a benefit to producers of the goods subject to review in the PRC. These programmes include the

⁸⁵ [Construction output price indices - Office for National Statistics](#)



provision of goods and services for inadequate remuneration, direct transfer of funds, and government revenue forgone or not collected that is otherwise due.

154. Based on an analysis of export data relating to OCS originating in the PRC exported to countries with and without trade remedy measures, we conclude it is likely exports of the goods subject to the review from the PRC into the UK would, in mirroring this behaviour, increase in volumes and decrease in prices, should the countervailing measure be revoked.
155. We conclude that the UK is an attractive market to PRC exporters due to their ability to export the goods subject to review at competitive prices, existing measures in markets of similar economic development (such as the EU and the USA), and the current conditions in the UK like goods market (e.g., increase in construction costs in the UK).
156. Our holistic assessment on the likelihood of subsidised imports concludes that, on the balance of probabilities, it is likely that the importation of subsidised goods subject to review would recur if the current anti-subsidy measure was no longer applied to those goods.



SECTION G: Likelihood of injury assessment

G1. Introduction

157. In accordance with regulation 99A(1)(b) of the Regulations, we have considered whether injury to the UK industry in the like goods would be likely to continue or recur if the countervailing amounts were no longer applied to imports of goods subject to review from the PRC.

158. Where primary data was not available, information obtained from secondary sources was used in accordance with the Regulations.

159. To conduct the injury likelihood assessment, we considered:

- Domestic and International market conditions
- Current state of the UK industry
- Other causes of injury
- Undercutting of the UK industry
- Historic injury data

160. We conducted this assessment to inform our determination as to whether the measure should be varied or revoked. The assessment of the likelihood of injury was concluded on the balance of probabilities.

161. There were low levels of imports of goods subject to review from the PRC during the IP. The following analysis has been conducted in the context of a UK market that was being protected by the measure across the IP. We have analysed the injury factors during this time and consider what would happen if the measure were revoked.

G1.1 Domestic and international market conditions

G1.1.1 The impact of Covid-19 pandemic on the steel industry

162. The Covid-19 Pandemic (“the Pandemic”) impacted the world from February 2020, and as such we have considered its influence on the data in the majority of the IP.



163. The impact of the Pandemic on crude steel production and apparent steel use showed a decline across most countries and regions between 2019 and 2020, as per the ‘World Steel in Figures 2024’⁸⁶ report. Table 4 below shows the impact on the UK. Please note that, although outside of our investigation period, 2019 has been included in the below table to show the volumes in the year prior to the pandemic:

Table 4: UK Apparent Steel use, and use per capita per calendar year

| | 2019 | 2020 | 2021 | 2022 | 2023 |
|--|-------|-------|-------|-------|------|
| Apparent steel use – million tonnes, finished steel products | 10.2 | 8.4 | 11.0 | 9.4 | 9.1 |
| Apparent steel use per capita – kilograms, finished steel products | 152.1 | 125.1 | 163.8 | 139.4 | 135 |

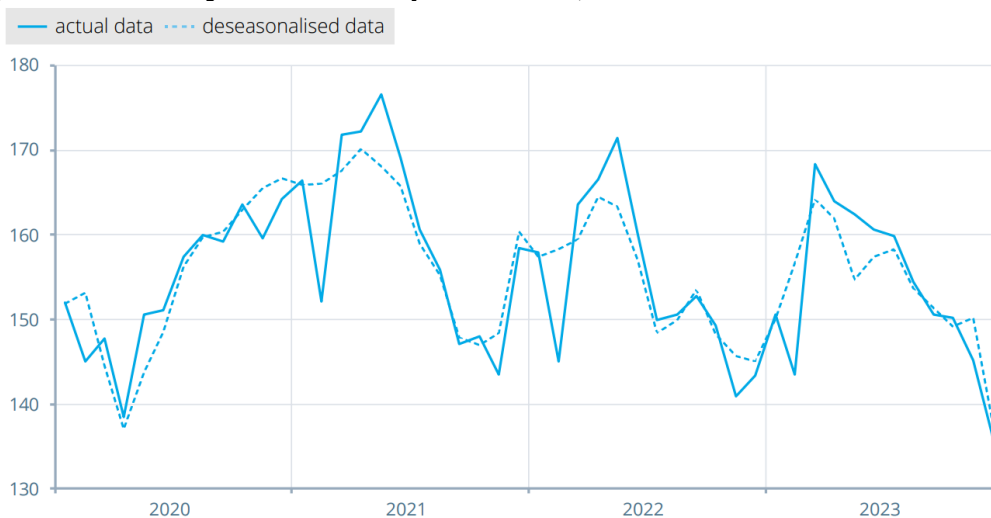
Source: [World Steel in Figures 2024 - worldsteel.org](https://www.worldsteel.org/en/don%E2%80%99t-panic-what%E2%80%99s-ahead-for-steel-in-2023/)

164. The impact of the Pandemic on the UK, as in many other countries, resulted in the following:

- 2020: A decrease in steel output (compared to 2019)
- 2021: An increase in steel output (post-pandemic resurgence)
- 2022 and 2023: A decrease from 2021 levels, but with volumes above 2020 levels

165. Figure 2 (below) from the ‘World Steel in Figures 2024’ shows crude steel production reported by 71 countries, which again shows the decrease in production during 2020, followed by an increase in 2021, and subsequent decreases across 2022 and 2023.

Figure 2: Monthly crude steel production, 2020 - 2023



Source: [World Steel in Figures 2024 - worldsteel.org](https://www.worldsteel.org/en/don%E2%80%99t-panic-what%E2%80%99s-ahead-for-steel-in-2023/)

⁸⁶ [World Steel in Figures 2024 - worldsteel.org](https://www.worldsteel.org/en/don%E2%80%99t-panic-what%E2%80%99s-ahead-for-steel-in-2023/)



166. This means at the start of the IP (the 2020/21 period), output-related values may be lower than in the normal level of trade. In contrast, the 2021/22 period may be higher than the normal level of trade.

167. Following the decrease in output during 2020, the 2021 and 2022 periods (post-pandemic resurgence) saw global steel prices rise (in addition to freight costs⁸⁷) due to an increased demand and short-term supply imbalance. As the global demand and supply stabilised during mid-2023, prices decreased. Table 5 below and subsequent summary provide an indication of the price effects on OCS (and steel in general) over the IP.

Table 5: Price trends of OCS: UK domestic, UK imports and Global imports: Index 2021 = 100

| | 20/21 | 21/22 | 22/23 | 23/24 (POI) |
|---|-------|-------|-------|-------------|
| UK domestic price | 100 | 147 | 162 | 149 |
| UK import price of OCS (from all countries) | 100 | 140 | 175 | 150 |
| Global import price of OCS (from all countries) | 100 | 137 | 157 | 129 |

Source: TSUK non-Confidential Annex, Zen Global Trade Tracker

- The price of steel and raw materials during 2020 were at a lower value compared to 2021. Raw materials purchased in 2020 and used in the production of steel sold in 2021 resulted in greater profit margins.
- Throughout the 2021 and 2022 periods, raw material prices rose in line with steel prices.
- Steel prices remained high at the start of 2022 but began to decrease towards mid-2023.
- The price of steel continued to decrease during 2023 and into 2024. These steel products were manufactured from raw materials that were purchased at higher prices prior to 23/24, which may result in lower, and even negative profit margins toward the end of the IP.

168. The effects of the Pandemic on the steel industry (which includes OCS) have been a significant driver in respect of international and domestic market trends. As a result, these trends do not necessarily reflect normal market conditions, which is important to consider in relation to the remaining factors within this review.

⁸⁷ [Containerized Freight Index - Price - Chart - Historical Data - News](#)



G2. Current state of the UK industry

169. We considered changes to the following injury indicators:

- **Factors affecting domestic prices of the like goods**
- **Actual and potential decline in:**
 - Sales volumes, market share and consumption
 - Output, sales values and profits
 - Utilisation of capacity
- **Actual and potential negative effects on:**
 - Growth
 - Productivity, employment and wages; and
 - Inventories

We were unable to consider changes to the following indicators, due to a lack of domestic like goods verifiable evidence:

- Return on Investments
- Ability to raise capital and investments
- Cashflow

170. We have considered each factor individually, in addition to their impact upon each other. Our overall conclusion is based on a holistic assessment of all factors to determine whether the UK industry is vulnerable to injury should the measure be revoked.

G2.1.1 Factors affecting domestic prices of the like goods

171. TSUK's submission stated, '*Steel is typically priced using a basis price for a standard product and then adding extras for more expensive grades/alloys, dimensions, quality, packaging, transport, certification, etc*⁸⁸.' It went on to explain that, '*One of the main factors of profitability for the domestic industry is its ability to reflect cost increases in the prices, or to avoid reflecting cost decreases on the selling price to maintain or increase the profitability.*'⁸⁹

⁸⁸ [TSUK Questionnaire non-confidential submission](#) – E9

⁸⁹ Ibid - E8



172. The majority of TSUK's like goods sales are made in the construction sector, while a smaller share are destined for manufactured goods.⁹⁰ In respect of both construction and manufacturing, TSUK have stated that *'price remains a key factor in the purchase of the like goods.'*
173. The price trends of OCS observed in [table 5](#) show a peak in 22/23, before decreasing during the POI. The peak in OCS prices is indicative of an increase in the raw material prices over the same period (see [Appendix 1](#)), which reflects TSUK's statement on the domestic industry's *'ability to reflect cost increases'*. However, the purchasing of raw materials months in advance of OCS production (before the POI), and the subsequent price decrease of OCS during the POI (as identified in [table 5](#)), may indicate the OCS market conditions have a greater impact on the price of the UK produced like goods, as opposed to the *'ability to reflect cost increases in prices'* in respect of profitability.

G2.1.2 Energy costs

174. UK Steel's submission stated, *"Exorbitant energy costs have reduced production and demand in the UK and across Europe...In this challenging environment UK producers continue to face high costs, both energy and raw materials, and high market volatility."*⁹¹
175. Data from the Department for Energy Security and Net Zero shows energy prices have increased during the IP. The energy-intensive nature of steel production would increase costs of production; TSUK have stated *'It would be very difficult to pass any cost increases (onto final customers)...because of the high level of competition in the market'*.⁹² This statement indicates an inability for TSUK to increase prices of the like goods when costs increase (due to competition from imports), which would negatively impact on profits.

⁹⁰ Ibid - B1.1

⁹¹ [UK Steel Non-Confidential Appendix to response](#) – para. 1.3 Situation of the UK industry

⁹² [TSUK Questionnaire non-confidential submission](#) – G3.9



G2.2 Actual and potential decline in:

G2.2.1 UK industry’s domestic sales volumes, market share, and consumption

Table 6: Sales (volume): Index 20/21 = 100

| | 20/21 | 21/22 | 22/23 | 23/24 (POI) |
|-----------------------|-------|-------|-------|-------------|
| Domestic sales volume | 100 | 153 | 121 | 108 |

Source: TSUK Non-Confidential Annex

176. The volume of domestic sales of domestically produced like goods has shown an overall increase across the IP. The 21/22 period saw a 53% increase in output – a result of low output during the Pandemic (2020) followed by the post-pandemic resurgence of 2021.

177. While the overall increase in output from the start of the IP to the POI shows a positive trend (8% increase), it should be considered that the start of the IP was during the peak of the Pandemic. Following the resurgence period (21/22), domestic output decreased 32 percentage points during the 22/23 period. Between 22/23 and the POI, which may be considered more representative of a period of stability that was less impacted by the Pandemic, domestic sales output decreased a further 13 percentage points.

Table 7: UK consumption and market share: Index 20/21 = 100

| | 20/21 | 21/22 | 22/23 | 23/24 (POI) |
|----------------------|-------|-------|-------|-------------|
| UK Consumption Index | 100 | 137 | 105 | 88 |
| Market Share Index | 100 | 112 | 116 | 124 |

Source: TSUK Non-confidential Annex

178. The UK’s consumption of domestically produced like goods increased in line with the post pandemic resurgence in the first half of the IP, however it showed an overall decrease of 12% by the end of the POI.

179. The UK industry’s market share has increased overall throughout the IP, despite consumption of UK-produced like goods decreasing. This means a greater proportion of domestic demand was met by the UK industry, compared to declining imports.



G2.2.2 Output, sales values and profits

Table 8: Output, sales values and profits: Index 20/21 = 100

| | 20/21 | 21/22 | 22/23 | 23/24 (POI) |
|---|-------|-------|-------|-------------|
| Output* (volume) | 100 | 133 | 101 | 107 |
| Domestic sales total value | 100 | 225 | 197 | 162 |
| Domestic sales Profit margin (before tax) | 100 | 288 | 119 | (118) |

Source: TSUK Non-Confidential Annex

*Output = total output of OCS that includes OCS used as a substrate for out of scope goods, and exports of OCS.

180. Domestic sales value, total production output and profit margin percentage reached their highest points during 21/22 (post-pandemic resurgence). Following 21/22, the respective values decreased.

181. Both domestic sales value and total output showed an overall increase throughout the IP. Yet, despite these increases, the profit margin was negative by the end of the POI.

G2.2.3 Utilisation of capacity

Table 9: Utilisation of capacity: Index 20/21 = 100

| | 20/21 | 21/22 | 22/23 | 23/24 (POI) |
|--------------------------|-------|-------|-------|-------------|
| Capacity | 100 | 100 | 100 | 100 |
| Utilisation of capacity* | 100 | 132 | 100 | 108 |

Source: TSUK Non-Confidential Annex

*Utilisation of capacity = output/capacity

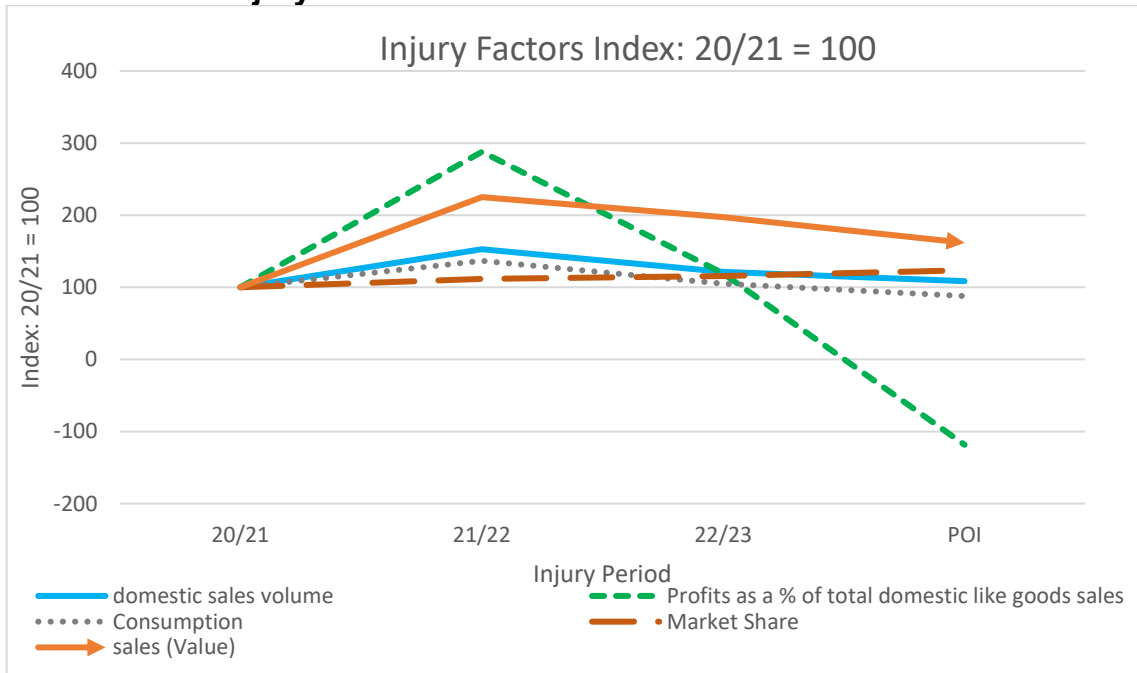
182. The UK industry's total capacity has not changed during the IP. The utilisation of this capacity has shown an overall increase of 8%, indicating a positive trend for the UK industry.

183. An increase in output and, as a result, utilisation of capacity, is a positive industry trend; however, when assessed in conjunction with the decreasing trends of domestic sales volumes and profitability, a larger volume of output does not alone result in an indication of a healthy industry.



184. Graph 5 (below) plots five of the injury factors that exclusively assess UK industry domestic trends⁹³. With the exception of market share, these show a downward trend not only since the pandemic resurgence period of 21/22, but continuing the downward trend from 22/23 to the POI.

Graph 5: Domestic Injury factors Index



Source: TSUK Non-Confidential Annex

185. If the measure were revoked, it is likely these downward trends would continue; a likely recurrence of subsidised imports of the goods subject to review originating in the PRC may result in decreased domestic sales and loss of market share, while increased competition may further negatively impact upon sales values and profit.

G2.3 Actual and potential negative effects on:

G2.3.1 Growth

186. Since the period 21/22, UK consumption of OCS has decreased. The majority of the UK industry's domestic sales of UK-produced like goods were to the construction industry, of which future demand is difficult to predict; ONS data⁹⁴ has shown a growth

⁹³ Output and capacity utilisation are total production figures that include goods exported from the UK

⁹⁴ [Output in the construction industry - Office for National Statistics](#)



during the IP, but does not provide a future forecast. Further sources^{95 96 97} indicate decreases for 2024 and increases for 2025.

187. There has been no evidence presented of growth or investments specific to OCS during the IP.

G2.3.2 Productivity, employment and wages

Table 10: Employee productivity and employment: Index 20/21 = 100

| | 20/21 | 21/22 | 22/23 | 23/24 (POI) |
|---|-------|-------|-------|-------------|
| Productivity (output per employee for like goods) | 100 | 118 | 92 | 75 |
| Employment of like goods | 100 | 112 | 109 | 141 |
| Total number of TSUK employees | 100 | 99 | 99 | 98 |

Source: TSUK Non-Confidential Annex

188. TSUK’s method for calculating productivity and employment was based on an allocation of workers attributable to the production of the like goods – this included production of steel from raw materials, through to the production of the substrate for OCS, and finally the like goods. This means that the total employment figures of TSUK did not increase; instead, what increased is the number of employees allocated against the proportion of like goods manufactured. With little fluctuation in output over the IP, and more employees working in the like goods, this would suggest a decrease in productivity.

189. This demonstrates how changes to outputs within an integrated steel producer will carry a wider impact upon production lines. However, due to the allocation methodology including production of steel that is out of scope, we are unable to assess the actual impact on productivity and employment specific to the like goods.

Table 11: Wages: Index 20/21 = 100

| | 20/21 | 21/22 | 22/23 | 23/24 (POI) |
|-------|-------|-------|-------|-------------|
| Wages | 100 | 109 | 106 | 108 |

Source: TSUK Non-Confidential Annex

⁹⁵ [Construction Industry Forecasts - Summer 2024 \(constructionproducts.org.uk\)](https://www.constructionproducts.org.uk)

⁹⁶ [Construction Industry Forecast | BCIS](https://www.bcis.org.uk)

⁹⁷ [Bounceback for UK Construction as sector poised for post-2024 recovery despite economic and geopolitical challenges \(pwc.co.uk\)](https://www.pwc.co.uk)



190. Table 11 demonstrates the fluctuation in the indexed mean wage for all TSUK employees. After the resurgence coming out of the pandemic, wages have remained relatively stable throughout the remainder of the injury period.

G2.3.3 Inventories

Table 12: Inventories: Index 20/21 = 100

| | 20/21 | 21/22 | 22/23 | 23/24 (POI) |
|----------------------------------|-------|-------|-------|-------------|
| Inventory of like goods (volume) | 100 | 129 | 121 | 122 |

Source: TSUK Non-Confidential Annex

191. Based on the ratio between the two factors, TSUK’s inventory volumes remained proportionate to output throughout the IP. Since the start of the IP, inventory volumes increased and have remained relatively stable. The trend observed correlates with the like goods total output; an increase in output would lead to an increase in inventory, including work in progress (WIP), while a decrease in output would likely lead to a decrease in inventory.

192. Should the measure be revoked, increased unfair competition from subsidised imports of the goods subject to review would negatively impact domestic sales.

G2.4 Conclusion on state of the UK industry

193. We have assessed the injury indicators outlined above, while also taking into consideration the impact of the Pandemic on the steel industry. This is important, as conclusions based on trends comparing the start of the IP (peak-pandemic, 20/21), or the subsequent 21/22 period (post-pandemic resurgence) directly against the end of the POI do not allow a reasonable assessment of normal market conditions within the UK industry.

194. Taking the above into consideration, none of the trends are indicative of an industry that is thriving or expanding.

195. Despite the initial 21/22 post-pandemic resurgence, between the start of 22/23 to the end of the POI, domestic sales volumes, value, and profits have all displayed negative trends. This indicates vulnerability of the UK industry in the like goods.



196. There was no overall trending increases or decreases in respect of output and capacity utilisation. Inventory volumes trended with overall output, resulting in a neutral assessment.
197. Employee wages remained relatively stable during the IP. In contrast, employee productivity decreased as employee numbers increased; however, this was largely the result of the allocation methodology, and did not allow an assessment specific to the like goods.
198. Although UK market share has shown an overall increase, UK consumption of OCS has shown an overall decrease; lower at the end of the POI than during the start of the IP (peak pandemic period). Construction industry outlook (of which OCS is a component of) is mixed, while there is no evidence of growth or investments specific to the UK like goods domestic industry. The downward trend and lack of growth could be indicative of current vulnerability.

G3. Other causes of injury

199. The below table shows the price trends of the UK industry like goods domestic price, and the price trends of OCS imports into the UK.

Table 13: Price trends of OCS: UK domestic, UK imports and Global imports
Index 2021 = 100

| | 20/21 | 21/22 | 22/23 | 23/24 (POI) |
|--|-------|-------|-------|-------------|
| UK domestic price | 100 | 147 | 162 | 149 |
| UK import price of OCS (all countries) | 100 | 140 | 175 | 150 |

Source: Zen Global Trade Tracker

200. Between the period 22/23 and the POI, the UK industry's domestic price of like goods decreased by 13 percentage points. Over the same period, the import price of OCS into the UK decreased by 25 percentage points. This shows import prices over this two-year period have decreased at a greater rate relative to UK industry's domestic prices. To remain competitive, TSUK must contend with lower import prices from third countries.



201. TSUK's questionnaire response⁹⁸ stated the majority of its like goods sales are made in the construction sector, while a smaller share are destined for manufactured goods.
202. We are unable to assess the proportion of OCS imports into the UK that are destined for the construction, or manufacturing sectors – nor are we able to establish whether the OCS imported is of a more generic, basic specification. However, TSUK's questionnaire response does state, *'imports of the goods subject to review...may take the market share of both TSUK and other suppliers from third countries...this is especially the case for the more basic products.'*⁹⁹
203. This may indicate that imports into the UK of OCS may make up a greater proportion of more basic OCS products, which could explain the greater decrease in price compared to the UK-produced like goods. However, this also indicates UK-produced like goods (which may comprise of a greater proportion of higher spec OCS) are not immune to the price decreases observed.

G4. Undercutting of the UK industry

204. According to regulation 2 of the Regulations, price undercutting occurs when the price of the goods subject to review is lower than the price of the like goods in the UK. In the event of undercutting, the UK industry may be forced to reduce its prices to compete against lower priced imports, or risk losing market share. This may also prevent prices of like goods in the UK from rising to a level that the UK industry would otherwise achieve.
205. Due to the low volume of UK imports from the PRC during the IP, we have conducted our analysis using best facts available to us, by:
- Comparing the UK sales price with the global average import price of OCS from the PRC (at CIF level)
 - Comparing the UK sales price with the global average export price of OCS from the PRC (at FOB level).

⁹⁸ [TSUK Non-Confidential Questionnaire](#) – B1.1

⁹⁹ Ibid – G3.7



206. We acknowledge the potential limitations of the trade data, as previously referred to in [C3.1 'Analysis of trade data'](#), in addition to the inability to compare OCS products of similar grades and specifications.

207. We further acknowledge that, as identified in the parallel anti-dumping transition review, case TD0054, the existence of a PMS in the PRC would mean that OCS prices from the PRC may be lower due to non-commercial factors, preventing a proper comparison with the UK industry's sales price.¹⁰⁰

208. Our comparison of the confidential UK like goods sales data against both the PRC global average CIF import price, and FOB export price, indicates a high probability that the PRC imports would have undercut the UK industry's domestic price throughout the IP.

G5. Historic injury data

209. The TRA has considered whether the UK industry suffered injury in the past as a result of subsidised imports of OCS originating in the PRC, but we were not provided historic injury data prior to the IP.

210. In the absence of historic injury data prior to the IP, we consider this to be a neutral factor in our assessment.

G6. Conclusion on injury

211. To determine whether injury would be likely to continue or recur if the countervailing measures no longer applied to the goods subject to review, we have conducted a holistic assessment of:

- Domestic and international market conditions
- Current state of the UK industry
- Other causes of injury
- Undercutting of the UK industry
- Historic injury data

¹⁰⁰ [Organic Coated Steel from China - Trade Remedies Service - GOV.UK](#) – Statement of Essential Facts – F3.1 'Market prices in the UK and exporters market'



212. Domestic conditions have mirrored international market conditions, primarily as a result of the Pandemic which had significant impacts on supply and demand; the demand-supply imbalance caused prices to increase during the IP, before decreasing during the POI.
213. With the exception of the increases observed during the immediate post-pandemic resurgence, the various aspects of UK industry examined do not indicate a thriving or expanding industry; rather, the negative trends following the post-pandemic resurgence indicate it is vulnerable to injury.
214. The UK industry is further vulnerable to injury through other factors, specifically pressure from other imports into the UK. The price of imports into the UK have decreased at a greater rate compared to UK industry like goods sales; while this may be due to a higher rate of decrease in the price of a more generic composition OCS, the ability for PRC exporters to undercut the UK domestic price would likely place further pressure on an already vulnerable UK industry.
215. We have been unable to assess the historic impact of injury specifically to the UK prior to the application of the measure.
216. Having assessed the evidence currently available to us, we have determined that, on the balance of probabilities (more likely than not), injury to the UK industry in the like goods would be likely to recur if the countervailing measure were no longer applied to the goods subject to review.



SECTION H: Economic Interest Test (EIT)

H1. Introduction

217. The aim of the EIT is to determine whether our recommendation to vary the measure and extend the application of the countervailing measure on the goods subject to review imported from the PRC is in the economic interest of the UK.
218. In accordance with paragraph 25(2) of Schedule 4 to the Taxation Act, the EIT is met in relation to the application of an anti-subsidy remedy if the application of the remedy is in the economic interest of the UK. The test is presumed to be met (see paragraph 25(3) of Schedule 4 to the Taxation Act).
219. In line with paragraph 25(4) of Schedule 4 to the Taxation Act, we have taken account of the following factors in conducting the EIT:
- the injury caused to the UK industry by the subsidised imports of goods subject to review and the benefits to that UK industry in removing that injury;
 - the economic significance of affected industries and consumers in the UK;
 - the likely impact on affected industries and consumers in the UK;
 - the likely impact on particular geographic areas, or particular groups, in the UK;
 - the likely consequences for the competitive environment, and for the structure of markets for goods, in the UK; and
 - such other matters as the TRA considers relevant.

H2. Evidence base

220. Two UK parties submitted questionnaire responses which are relevant to the EIT:
- one producer of the like goods in the UK: TSUK; and
 - one trade body representing the UK steel industry: UK Steel.
221. We have supplemented these submissions with background research and collated additional data and information from sources such as Companies House, Dun & Bradstreet (D&B), Office for National Statistics (ONS) and HMRC.



H3. Injury likely to be caused by subsidised imports and benefits to UK industry in removing injury

222. The injury likelihood assessment concluded that if the existing countervailing measure were to be revoked, injury to the UK industry would be likely to recur because of unfair competition from subsidised imports of goods subject to review from the PRC.

223. It is expected that the proposed variation of the measure will prevent the recurrence of injury to the UK industry.

H4. Economic significance of affected industries and consumers in the UK

224. The following groups have been identified as potentially being affected by the extension or the revocation of the measure:

- **Upstream industries:** These are the industries which produce raw materials needed to produce the like goods.
- **UK producer of the like goods:** Tata Steel UK (TSUK) is the sole producer of the like goods in the UK.
- **Importers of OCS:** These are the companies that import OCS into the UK. All the importers are companies that are registered in the UK. For the purposes of the EIT, the term 'importers' includes businesses who import both the like goods and goods subject to review.
- **Downstream industries:** These are the industries who use OCS to produce other goods or infrastructure such as the construction and manufacturing industries.
- **Consumers:** individuals who purchase final products made using OCS.

225. For each affected group we selected businesses and analysed data from Companies House and D&B to calculate employment, Gross Value Added (GVA), Turnover, Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA), and the EBITDA margin.

226. Using available evidence, we assessed the financial vulnerability of each industry group, as well as the importance of OCS to these groups.



H4.1 Upstream industries

227. We identified 11 upstream businesses that supply raw materials to TSUK. These raw materials include coal, coke, zinc, paint, pellets, electricity, and gas. We selected six UK upstream businesses which accounted for 90% of the value of inputs purchased by TSUK during the POI.
228. The most recent published accounts from D&B show that on average, the selected upstream businesses employed approximately 1,600 workers, had a total GVA of £151m, turnover of approximately £2.8bn, and an EBITDA margin of 2%.
229. On average, 32% of selected upstream businesses' turnover is linked to their sales of OCS raw materials to the UK producer (TSUK). On this basis, we conclude that the like goods are very important to upstream businesses.
230. Overall, we estimate that upstream businesses have a high level of vulnerability to negative economic impacts. We observe low EBITDA margins on average (2%), with some businesses experiencing declining sales and declining employee numbers. The UK producer is an important customer to upstream businesses, thus any change in the existing measure is likely to have a material impact on this group.

H4.2 UK producer of OCS

231. TSUK is the sole producer of the like goods in the UK, and the UK's largest integrated iron and steel manufacturer. Its most recent accounts show TSUK employed around 8,100 employees on average¹⁰¹, with a total GVA of £222m¹⁰², turnover of £2.6bn, and an average EBITDA margin of -7%.¹⁰³ We have concluded that TSUK is highly vulnerable to negative economic impacts due to its negative EBITDA margin.

¹⁰¹ TSUK's potential closure of their two blast furnaces could affect the employment figures.

¹⁰² TSUK's GVA estimate of £222m is the average of the GVA figures for the years 2019-2023, calculated using EBITDA and the total employee remuneration for each year. Prior to 2024, EBITDA was calculated by the TRA as: operating profit + depreciation + amortisation. The D&B methodology for calculating EBITDA figures was updated in 2024. D&B now provide us with the EBITDA figures, based on which we calculate the GVA. The EBITDA figures were obtained from the latest financial accounts published on D&B.

¹⁰³ The significance metrics are used to assess the vulnerability of businesses to negative economic shocks. They are derived by taking annual averages of available financial data for TSUK for the most recent years (2019 to 2023) from D & B. Financial data for TSUK was unavailable during the POI.



232. We found that the like goods are important products to TSUK, accounting for a material portion of TSUK's turnover during the POI.

233. TSUK have argued that it is not financially viable to run its galvanising lines if it does not produce the like goods. Therefore, changes in the existing measure could put at risk the entire galvanising operation at both Llanwern and Shotton, where the like goods are produced.¹⁰⁴ This suggests that the like goods may be more important to TSUK than its share of turnover suggests.

H4.3 Importers of OCS

234. Due to a lack of participation from importers, we used HMRC trader data to identify businesses in this group.¹⁰⁵ We sampled 15 of the 247 known businesses that imported during the POI under the 8-digit commodity codes under which the OCS products fall. Raw HMRC Customs declarations data with 10-digit commodity code HMRC trader data is not publicly available and it is therefore likely that some of the importers may import out-of-scope goods.

235. We selected the above 15 businesses which had the highest frequency of import transactions and had full financial accounts available on D&B. These 15 businesses accounted for approximately 22% of import transactions involving the 8-digit level commodity codes during the POI.

236. The selected importers have a total average employment of 5,300, a GVA of £294m, turnover of £1.7bn, and an average EBITDA margin of 4%. Around 16% of their import transactions are related to OCS products on average, meaning that OCS products could be important to these businesses.

237. As some selected businesses have seen declining employment, sales and GVA figures in recent years, we conclude that importers of OCS are likely to be highly vulnerable to negative economic impacts.

¹⁰⁴ [TSUK Non-confidential questionnaire](#) - G2.5

¹⁰⁵ Note that the [HMRC Find UK Traders](#) tool does not report country of origin, nor do they report volume or value of transactions.



H4.4 Downstream industries

238. The construction and manufacturing industries are the major downstream users of OCS in the UK, with a material proportion of like goods produced by TSUK sold to the construction industry, and a smaller proportion sold to the manufacturing industry. OCS is also used by TSUK as a substrate for further downstream products which are out of scope.
239. Using TSUK's transaction data, we identified over 150 independent downstream businesses that purchased the like goods from TSUK during the POI. The total number of downstream businesses that use the like goods is likely to be much higher because we could only identify those who bought directly from TSUK.
240. For our downstream sample, we selected the 10 downstream businesses with the highest value of purchases of the like goods from TSUK, which had full financial accounts available on D&B. These businesses accounted for 70% of TSUK's domestic sales value to independent businesses during the POI. Data from the most recent published accounts on D&B show that selected downstream businesses had a total average employment of 2,000, a GVA of £182m, turnover of £811m, and an average EBITDA margin of 11%.
241. On average, more than 20% of selected downstream businesses' turnover is related to the like goods. This suggests that the like goods are very important to downstream businesses.
242. The selected downstream businesses generally have good profitability and growth, however a few of them have experienced declining sales and profit margins in recent years. We have thus concluded that this group have medium level vulnerability to negative economic impacts.

H4.5 Consumers

243. OCS products are used as inputs in the production of a variety of goods and infrastructure, and are not considered a direct consumer product. We have no evidence on the importance of the goods to the final products bought by consumers.



H4.6 Summary table

244. [Table 14](#) presents data on the economic significance of the different supply chain groups, which could be impacted by the measure. We find that OCS is an important product for the UK producer and importers, and a very important product for upstream and downstream businesses. Upstream businesses and the UK producer have the highest turnover, and importers and the UK producer have the largest GVA and employment figures, respectively.



Table 14: Significance metrics for the UK businesses potentially affected by the proposed measure.

| | Upstream Industries | UK producer | Importers | Downstream Industries |
|---|--|--|--|---|
| Total known businesses | 11 | 1 | 247 | Over 150 |
| Total selected businesses for analysis | 6 | 1 | 15 | 10 |
| Estimated importance of the goods to this group | Very important (sales to TSUK vs turnover) | Important (Like goods sales vs turnover) | Very Important (% of import transactions from relevant commodity codes) | Important (Like goods purchases from TSUK vs turnover) |
| Total employment of selected businesses | 1,619 | 8,133 | 5,285 | 2,026 |
| Total GVA of selected businesses (£m) | 151 | 222 | 294 | 182 |
| Total turnover of selected businesses (£m) | 2,772 | 2,555 | 1668 | 811 |
| Total average EBITDA margin for selected businesses (%) | 2% | -7% | 4% | 11% |
| Assessment of vulnerability to negative economic impacts | High vulnerability Low EBITDA margins. | High vulnerability Negative EBITDA margin. | High vulnerability Low EBITDA margins. Some businesses with negative trends in employment, sales and GVA | Medium vulnerability Some businesses with declining sales and profit margins in recent years. |

Sources: Questionnaire responses submitted by interested parties to TRA; Companies House; Dun & Bradstreet; HMRC, trader data.

Methodology: The importance of OCS to each of the groups was estimated using the comparison metrics set out in brackets for each group. The significance metrics were derived by taking annual averages of available financial data for the selected businesses for the most recent years (time periods range from 2018 to 2023) from Dun & Bradstreet. GVA was estimated by adding EBITDA and total employee remuneration for each year. EBITDA margin was estimated by dividing EBITDA by company turnover. The assessment of vulnerability to negative economic impacts was made by looking at published accounts during the same period.



H5. Likely impact on affected industries and consumers

245. In this section, we assess the overall impact that the proposed variation of the measure might have on the affected groups identified. We do this by looking at how prices and quantities of goods in the UK OCS supply chain might change (i) if the measure were to be varied, including extended, and (ii) if the measure were to be revoked. The likely impact of the measure is the difference between these two states. We assess a range of scenarios due to the uncertainty around the effects of the measure.

H5.1 Inputs and assumptions in quantification of economic impacts

246. There is a parallel transition review¹⁰⁶ of the anti-dumping duty applied on the goods subject to review imported from the PRC into the UK. The TRA must not consolidate dumping and subsidy transition reviews.¹⁰⁷ Therefore, for the purpose of this EIT, where we aim to assess the impact of the countervailing measure to remove injury in isolation, we have not included the anti-dumping duties from the parallel anti-dumping transition review. This means that prices and quantities for OCS have been estimated with no anti-dumping duty in place.

247. Our analysis uses the countervailing duties set out in Annex 1. These duties range from 13.7% to 44.7%, equating to an average duty of 26%.¹⁰⁸

248. We look at the OCS market as a single segment which consists of three groups selling to the UK market. These are the UK producer, PRC producers and third-country producers.

249. In the absence of detailed price data, we utilise HMRC 8-digit import data to estimate the sales volumes and prices of OCS sold by PRC producers (goods subject to review) and third country producers (like goods). We also utilise

¹⁰⁶ [Organic Coated Steel from China - Trade Remedies Service - GOV.UK](#)

¹⁰⁷ Pursuant to regulation 42(2) of the Regulations, as applicable to transition reviews (see regulation 99C of the Regulations).

¹⁰⁸ The average duty of 26% is calculated as the simple average of all duties for all named exporters (27 exporters) indicated in Annex 1.



HMRC 8-digit import data and the UK producer's sales data to estimate the market shares for each group.

250. In our assessment, we have assumed that the aggregate demand of OCS would not change in response to a decline in prices. As OCS produced by the UK industry is used mainly in the construction industry, which can require particular specifications, the TRA assumes that it is unlikely that the total UK consumption and demand of OCS will change in response to small changes in prices.
251. When we refer to tariff pass-through (PT), our assumption of the PT to downstream businesses is based on internal research by the Department for Business and Trade (DBT) which found that the proportion of tariff costs passed on to downstream businesses for most goods sold in the UK typically range between 75% and 100%.
252. We assume TSUK's marginal cost (MC) is equal to the sum of average variable costs that are incurred in the production and sale of the like goods. We assume the MC for downstream businesses is equal to the average price per tonne of OCS that they purchase. We assume the MC for importers is equal to the average price of imported OCS from PRC (goods subject to review) and third countries (the like goods).
253. In our analysis, we assume that UK importers will maintain an average mark up of 4%, which is the average mark-up for selected importers considered in [section H4.3](#).
254. We assume that businesses will not sell OCS if the price falls below their MC. This is because selling additional units below marginal costs will lead to businesses incurring more loss in the long term, which is unsustainable.

H5.2 Economic Impacts

255. Table 15 (below) summarises all possible scenarios used in the quantification of economic impacts for the countervailing measure.



Table 15: Scenarios used in quantification of economic impact

| Scenario with the existing countervailing measure | |
|---|--|
| Scenario A | If the anti-dumping measure is revoked and the countervailing measure is varied, we assume prices of all OCS decrease by level of the anti-dumping measure, UK producer does not exit the market, and the market shares remain unchanged. |
| Scenario without the existing countervailing measure | |
| Scenario B | If the countervailing measure is revoked (with the anti-dumping measure also revoked), prices of goods subject to review originating in the PRC decrease by the level of the countervailing measure, and the UK producer exits the market. |

5.2.1 Expected impacts if the measure is extended

Scenario A

256. For scenario A, where the anti-dumping measure is revoked and the countervailing measure is varied (extended), we assume that the prices of all OCS sold in the UK market will fall by the level of the anti-dumping measure - between 9% (low PT of 75%) and 12% (high PT of 100%), with the UK producer not exiting the market and the market shares remaining unchanged. The UK producer is likely to remain in the market given that its new price resulting from the revocation of the anti-dumping duty remains higher than its marginal cost.

H5.2.2 Expected impacts if the measure is revoked

Scenario B

257. If the countervailing measure were to be revoked (in addition to the anti-dumping measure), it is likely that the prices of goods subject to review originating in the PRC will fall by the level of the countervailing measure - by between 20% (low PT of 75%) and 26% (high PT of 100%). The UK producer would be unable to match these prices because they are below its marginal costs, and would be forced to exit the market.



258. We assume that prices of like goods from third countries would remain similar to current levels. This assumption is consistent with the price trends observed in [Tables 2](#) and [3](#) as PRC producers are likely to undercut prices of third country imports coming into the UK.

H5.3 Likely impacts on affected industries and consumers

259. We estimated the welfare impacts for each scenario by looking at the change in producer and consumer surplus. Consumer surplus is the welfare a consumer gets from buying a product. Producer surplus is the welfare a producer gets from selling a product.

260. As OCS is not a consumer product, our analysis assumes that the consumers of OCS products are downstream businesses.

261. Surplus was estimated using the following formulas:

$$\text{Producer Surplus} = (\text{Price per unit} - \text{Marginal cost}) * \text{Quantity sold}$$

$$\Delta \text{Consumer Surplus} = -\left(\frac{1}{2}\right) * (\text{Quantity}_{\text{tariff}} + \text{Quantity}_{\text{no_tariff}}) * (\text{Price}_{\text{tariff}} - \text{Price}_{\text{no_tariff}})$$

262. Where:

$\text{Quantity}_{\text{tariff}}$ is the quantity of OCS consumed in the UK with a countervailing duty;

$\text{Quantity}_{\text{no_tariff}}$ is the quantity of OCS consumed in the UK without a countervailing duty;

$\text{Price}_{\text{tariff}}$ is the average price of OCS sold in the UK market with a countervailing duty;

$\text{Price}_{\text{no_tariff}}$ is the average price of OCS sold in the UK market without a countervailing duty.

263. [Table 16](#) (below) shows the welfare impacts for the different affected supply chain groups for each of the modelled scenarios. The impacts on different groups are explained in the following sections.



Table 16: Estimated welfare impact of extending the countervailing measure (as compared to revoking it) on affected UK industries and consumers.

| Scenario | Change in UK producer surplus (£m) | Change in Importer surplus (£m) | Change in consumer surplus (£m) | Total change in surplus (£m) |
|-----------------------------|------------------------------------|---------------------------------|---------------------------------|------------------------------|
| Scenario B (High PT) | £7.6 | -£5.6 | -£38.4 | -£36.4 |
| Scenario B (low PT) | £12.4 | -£6.0 | -£31.5 | -£25.2 |
| Max | £12.4 | -£5.6 | -£31.5 | -£25.2 |
| Min | £7.6 | -£6.0 | -£38.4 | -£36.4 |
| Average | £10.0 | -£5.8 | -£35.0 | -£30.8 |

Notes: Total change in welfare is the sum of the change in surplus for the UK producer, UK importers and UK consumers (where consumers are defined as downstream businesses and not as consumers that are private individuals). We could not quantify change in welfare for UK upstream businesses. Total change in welfare does not account for change in tariff revenue because we cannot directly attribute as a benefit or a cost to any affected industries and consumers. ΔPS = Change in Producer Surplus. ΔCS = Change in Consumer Surplus. PED = Price Elasticity of Demand. PT = Tariff to Price Pass Through.

H5.3.1 Upstream industries

264. In our assessment, we could not quantify the change in welfare for upstream industries due to limited participation and data availability. Our analysis in [section H4.1](#) suggested like goods products are very important for selected upstream businesses. Also, one upstream business mentioned in a survey response that revocation of the existing measure could affect the viability of its business which could result in a number of jobs being at risk.

265. As the UK producer will likely remain in the market if the countervailing measure is varied, we conclude that there will be a positive impact of extending the countervailing measure on UK upstream industries who supply raw materials to TSUK.

266. TSUK itself is an upstream producer of the main inputs for the manufacturing of the like goods. Therefore, extending the countervailing measure will have a direct positive impact on TSUK as an upstream producer. This is due to a likely decrease in the cost of production of upstream products resulting from an increase in the demand and production of the raw materials being produced for the like goods (upstream products).



H5.3.2 UK producer of the like goods

267. We estimate that the UK producer will benefit from extending the countervailing measure. The welfare gain from having the countervailing measure in place, compared to revoking it, is estimated to be approximately £7.6m to £12.4m, depending on the degree of tariff PT. This welfare gain is due to an increase in the average prices of OCS sold in the UK with the measure in place.

H5.3.3 UK importers of OCS

268. From the available evidence, we estimate that extending the countervailing measure compared to revoking it is likely to result in annual costs for UK importers of OCS of approximately £5.6m and £6m, depending on the degree of tariff PT. The lowest impact is seen when UK importers pass on all changes in costs resulting from an extension of the measure to consumers (high PT of 100%). Although UK importers will benefit from their ability to sell OCS to downstream businesses at higher prices, they will see a reduction in sales volume and value leading to an overall reduction in welfare.

H5.3.4 UK downstream industries

269. Downstream businesses are subject to the greatest range in estimated welfare impacts. Our analysis suggests that extending the countervailing measure could decrease the surplus that would otherwise be received by downstream businesses, if the measure were to be revoked, by between £25.2m to £36.4m. The exact figure will depend on the degree to which OCS producers and importers choose to pass on changes in costs to consumers, with a high tariff pass through rate (high PT of 100%) leading to a larger decline in welfare for OCS consumers. The negative welfare impact on downstream businesses is due to an increase in the average price of OCS in the UK market, if the countervailing measure is extended compared to if the measure is revoked.

H5.4.4 Overall welfare impacts

270. Varying the countervailing measure by extension compared to revoking it is likely to lead to an overall welfare loss of between £25.2m to £36.4m per year.



The exact figure will depend on the degree to which OCS producers and importers choose to pass on changes in costs to consumers, with a high tariff pass through rate (high PT of 100%) leading to a higher loss in welfare. It is important to note that our analysis does not take into account the estimated welfare gain to upstream industries as well as the estimated change in tariff revenue from the measure being extended compared to it being revoked.

271. The average welfare impact (across all scenarios) of extending the countervailing measure (compared to revoking it) would be a loss of £30.8m per year.

H6. Likely impact on particular geographic areas or particular groups in the UK

272. This section explores how impacts of the proposed measure are likely to be geographically distributed and whether any particular groups might be disproportionately impacted.

H6.1 Likely impact on particular areas

273. We have assessed geographical significance of affected groups, using employment, at the level of Travel to Work Areas (TTWAs).

274. For each affected group, we estimated the percentage of local employment from affected businesses to identify any areas where employment accounted for a material percentage of local employment (more than 1% of the working age population of a TTWA).

275. We used three sources of evidence for our employment analysis:

- Questionnaire responses: these included data on total employment by site for the UK producer TSUK;
- D & B business directory: this provides the location of known sites and estimates of employment by site for listed companies; and



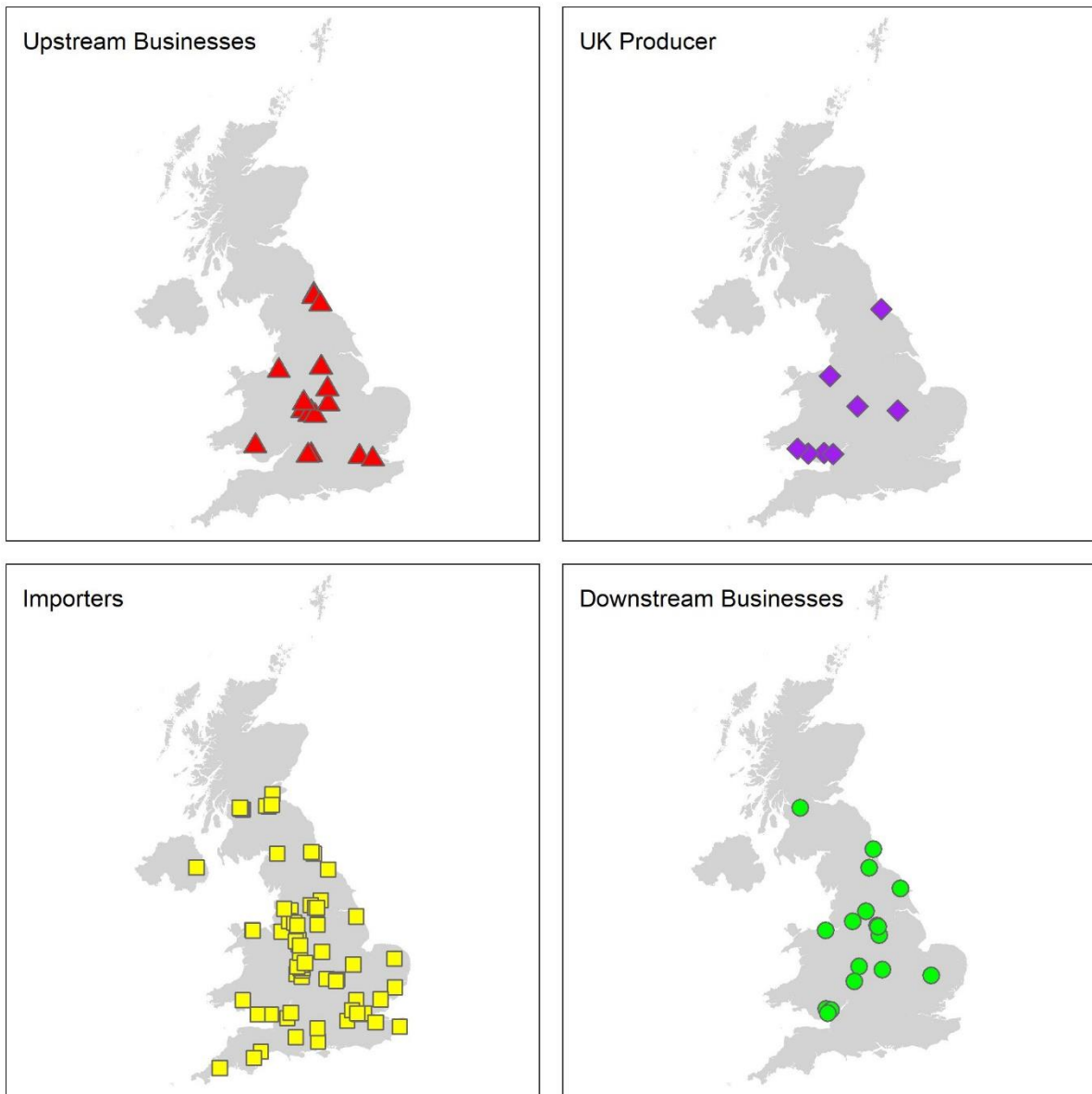
- ONS estimates of working age population across the indicators: median earnings, job density, economic inactivity, and level of education by TTWAs.

276. We used D & B to estimate employment by site, but scaled down these estimates wherever the sum of employment from all sites exceeded the total employment in the most recent published accounts. Where sites were listed without employment figures, we assumed employees were distributed equally between all sites.

277. [Figure 3](#) (below) shows the geographic distribution of business locations that are part of the OCS supply chain in the UK.



Figure 3: Known locations of selected UK businesses for the OCS supply chain



Sources: Questionnaires, Dun and Bradstreet Business Directory. Note: Contains National Statistics data © Crown copyright and database right 2023, contains OS data © Crown copyright and database right 2023.

Like goods producer

278. The map shows the UK producer has a number of sites in South Wales. We found one TTWA (Newport) where known employment constituted a significant proportion of the working age population.

279. Socio-economic data for Newport (set out in [Table 17](#)) shows that this area is likely to be relatively economically deprived as all the socio-economic indicators



(job density, claimant count, education qualifications and mean annual pay) considered are worse than the UK average. Additionally, UK Steel stated that the steel industry, particularly TSUK, provides employment opportunities in this area in addition to supporting skilled jobs that offer wages higher than local median wages.

280. UK Steel and TSUK have mentioned that while TSUK's like goods production is centred in their Shotton site, the like goods are a core product line for TSUK. As such, any injury suffered would impact operations in other sites. This implies that jobs in other production sites are directly linked to the health of the like goods operations.

281. Overall, given the evidence of deprivation in the Newport TTWA and the significance of employment attributable to steel production, varying the countervailing measure by extending its application to the goods subject to review compared to revoking it, is likely to confer greater benefits to the Newport TTWA.

Importers

282. The selected importers are geographically spread across the UK. One TTWA (Peterborough) has a significant¹⁰⁹ proportion of working-age population employed by the selected businesses. Peterborough TTWA provides a mixed picture in terms of socio-economic data as it scores well for average income and job density, but poorly for unemployment and education.

283. Whirlpool UK is the only selected importer located in the Peterborough TTWA. The like goods/OCS products represent around 1% of Whirlpool's imports transactions during the POI, so it is unlikely that a material number of jobs would be at risk as a result of the measure. This business has also performed relatively well in terms of its EBITDA margins and GVA in recent years.

¹⁰⁹ 'Significant' is used in regards to EIT geographical analysis methodology



Therefore, we conclude that Peterborough is unlikely to be affected if there are any changes to the existing countervailing measure.

Upstream and downstream businesses

284. We did not find any areas where the estimated employment from UK upstream or downstream businesses constituted a material proportion of the working-age population of any TTWA.

Table 17: Socio-economic data for parts of the UK where the OCS supply chain is an important employer

| Travel to Work Area (TTWA) | Job density (2019) | Claimant Count (2020) | NVQ Level 4 qualifications or above (2021) | Mean annual pay (full time earnings) (£) (2022) |
|----------------------------|--------------------|-----------------------|--|---|
| Newport | 0.79 | 5.6% | 38.1% | 28,114 |
| Decile of UK TTWAs | 4 | 3 | 5 | 5 |
| Peterborough | 0.88 | 5.4% | 35.8% | 29,471 |
| Decile of UK TTWAs | 7 | 3 | 4 | 7 |
| UK | 0.87 | 5.3% | 43.5% | £33,402 |

Sources: ONS, [LI03 Regional labour market: Local indicators for travel-to-work areas](#); ONS, Annual Survey of Hours and Earnings, [Earnings and hours worked, work-based travel to work area: ASHE Table 11](#); and ONS, [Annual Population Survey](#). Notes: Deciles are calculated by ranking the TTWA from most deprived to least deprived and dividing them into 10 equal groups. These range from the most deprived 10% (Decile 1) of TTWAs nationally, to the least deprived 10% (Decile 10) of TTWAs nationally.

H6.2 Likely impact on particular groups

285. We considered the likely impact on particular groups including those with protected characteristics as defined by the Equality Act 2010.

286. No party provided any evidence with respect to potential impacts on any particular groups, either as workers or consumers. OCS products have a broad range of applications and are generally not sold directly to final consumers, which makes it less likely that they might be affected by the countervailing measure.



287. Therefore, there are no obvious impacts on groups with protected characteristics or other groups, which might result from changes to the existing countervailing measure.

H7. Likely consequences for the competitive environment and for the structure of markets for goods in the UK

288. The assessment of likely consequences for the competitive environment and structure of the UK market considers four areas:

- The impact on the number or range of suppliers;
- The impact on the ability of suppliers to compete;
- The impact on incentives to compete vigorously; and
- The impact on the choices and information available to consumers.

H7.1 Background

289. We estimated that importers (PRC and third country producers) had a larger share of the UK market during the POI than the UK producer. The largest volumes of imports came from South Korea, France, Belgium and the Netherlands.¹¹⁰ Imports of the good subject to review from the PRC were negligible during the POI.

290. We estimated a Herfindahl Hirschman Index (HHI) score which suggested that the market is currently highly concentrated, with a HHI value of well over 2,000.¹¹¹ Nevertheless, the market remains competitive, even with the measure in place, given the continued imports of OCS from up to 34 countries (PRC and third countries) as well as the supply of the like goods from the UK producer. Data on OCS imports show that the top importing countries to the UK change year on year. This further suggests that there is a sufficient level of competition in the UK market.

¹¹⁰ The imports data are gotten at the 8-digit country of dispatch level from the [UK Trade Info](#).

¹¹¹ The HHI is a measure of market concentration which is used to determine the level of competition in the market for a product. It is calculated as the sum of the squares of all the market shares of producers in the market, and thus it gives proportionately greater weight to the larger market shares.



H7.2 Impact on the number and range of suppliers

291. If the countervailing measure is varied by extension, TSUK would likely continue producing the like goods and supplying the UK market. TSUK stated that the range of suppliers is unlikely to change from the current UK market condition, if the countervailing measure remains in place.

292. If the measure is revoked, it is likely that TSUK would exit the market. The number of overseas suppliers from the PRC could increase so the net impact on the number and range of suppliers is unclear.

H7.3 Impact on the ability of suppliers to compete

293. If the countervailing measure is revoked, this will likely push the UK producer out of the market and increase the ability of PRC producers to compete in the UK market. However, if the measure is varied by extension, we do not expect there to be any impact on the ability of suppliers to compete, as the conditions of competition between different OCS suppliers in the UK market is unlikely to change from the current UK market condition.

H7.4 Impact on incentives to compete vigorously

294. There is no evidence to suggest that the variation or the revocation of the existing countervailing measure would have an impact on the incentives for suppliers to compete.

H7.5 Impact on the choices and information available to consumers

295. TSUK stated that there are no major physical, commercial or functional differences between the products supplied by TSUK and those of PRC producers. Therefore, we conclude that there is likely to be no impact on the availability of choices to consumers due to a variation or revocation of the countervailing measure.



296. We have no evidence to suggest that there would be any impact on the information available to consumers if the measure were varied or revoked.

H8. Such other matters as the TRA considers relevant

297. As part of the EIT, we consider any other factors which may have implications for concluding whether a trade remedy measure is in the economic interest of the UK.

298. In January 2024, TSUK announced a decision to close its two blast furnaces in Port Talbot, which would impact 2,800 jobs and the production of hot-rolled coil steel used to produce the like goods.¹¹² TSUK mentioned that the closure of the blast furnace operations will be conducted in phases, which has now commenced.¹¹³ The majority of the job losses resulting from this decision are expected to be based in Port Talbot, where the furnaces are located, however a few of the job losses are likely to be in TSUK's other sites.

299. TSUK mentioned that the site involved with the production of the like goods is Shotton (Chester TTWA). However, as production in this site is linked to their galvanising operations at Llanwern (Newport), the closure of TSUK's blast furnace is likely to affect the conclusions of our geographic assessment for the Newport TTWA.

300. At this stage, we have no evidence to suggest that the planned blast furnace closure will have any impact on the production of the like goods in the UK as the production of hot-rolled coil steel will be replaced by imported semi-finished steel from TSUK's steel plants in the Netherlands and India, as well as from other select strategic suppliers.¹¹⁴

301. TSUK mentioned that if the existing countervailing measure was no longer applied, it would have a direct impact on its ability to proceed with

¹¹² [Tata Steel announces next steps towards its ambitious transformation from blast furnaces to green steelmaking in the UK and initiates statutory consultation](#) (Accessed: 17 September 2024)

¹¹³ [Behind the scenes of decommissioning | Tata Steel UK](#) (Accessed: 06 February 2025)

¹¹⁴ [Tata Steel announces next steps towards its ambitious transformation from blast furnaces to green steelmaking in the UK and initiates statutory consultation](#) (Accessed: 17 September 2024)



decarbonisation projects and its contribution to various net zero initiatives in the UK, which rely on a stable supply of steel products from TSUK.

H9. Forms of Measure

302. In the EIT we consider the most appropriate form of measure to recommend; in particular, whether any changes to the length or coverage of the measure would minimise the negative impacts of the measure on some parties while retaining the overall benefits.

303. The measure applicable to the imports of the goods subject to review from the PRC is an ad valorem duty that ranges from 13.7% to 44.7%.¹¹⁵

304. We have neither received nor found evidence suggesting that a change to the form of the measure would benefit the UK economy.

H10. Conclusion on Economic Interest Test

305. In accordance with paragraph 25 of Schedule 4 to the Taxation Act, the EIT is met in relation to the application of a remedy, if the application of the remedy is in the economic interest of the UK. This test is presumed to be met unless we are satisfied that the application of the remedy is not in the economic interest of the UK.

306. Following the subsidy and injury likelihood assessments, in sections F and G respectively, we have considered whether variation of the existing countervailing measure would be in the economic interest of the UK.

307. In the likelihood of injury section we concluded, following the injury likelihood assessment, that the revocation of the countervailing measure will likely lead to the recurrence of injury to the UK industry in the like goods because of increased competition from subsidised imports of goods subject to review

¹¹⁵ These ad valorem duty rates are detailed in Annex 1.



originating in the PRC. The countervailing measure is necessary to prevent this injury.

308. In the economic significance section, we assessed the financial metrics of the different groups that make up the supply chain for the like goods in the UK. We found that the like goods are important for the UK producer and importers, and very important for upstream and downstream businesses. We also found these groups have medium to high level vulnerability to negative economic shocks.
309. Our impacts analysis showed that varying the countervailing measure is likely to lead to an overall welfare loss of between £25.2m to £36.4m per year. We found that the UK producer will gain approximately £7.6m to £12.4m from varying the application of the countervailing measure. We could not quantify the change in welfare for upstream industries, however, as the like goods are very important for them, we concluded that varying the application of the countervailing measure will have a positive impact for this group. Our analysis also showed that variation of the countervailing measure will lead to a reduction in welfare £5.6m to £6m per year for importers and £31.5m to £38.4m per year for downstream businesses.
310. In our geographical analysis, we find that varying the countervailing measure is likely to have positive impacts on Newport which is a relatively deprived area. There is also no evidence to suggest that any particular groups will be impacted.
311. In the competition section, we conclude that varying the application of the existing countervailing measure would likely help the UK producer to remain in the market and limit the ability for PRC exporters to compete unfairly. The countervailing measure is likely to help maintain a domestic source of supply of the like goods in the UK.
312. In terms of other relevant matters, we considered the decarbonisation plans of TSUK. We concluded that TSUK decarbonisation plans could impact 2,800 jobs in the UK with the majority of the job loss likely to be based in Port Talbot,



however revoking the countervailing measure could lead to further job losses if TSUK chooses to stop production of the like goods and exit the UK OCS market.

313. We have identified the following key positive impacts of varying the countervailing measure as proposed:

- Benefits to the UK producer, TSUK, who is likely to continue its UK operations as the measure will help to prevent the recurrence of injury to the domestic industry.
- Benefits for the Newport TTWA, a relatively deprived area.
- Benefits to UK upstream industries that rely on the demand of raw materials from the UK producer.

314. The contrasting key negative impact of varying the countervailing measure as proposed include:

- Prices of the goods subject to review originating from the PRC as well as average prices of all OCS in the UK will be higher if the measure is varied compared to if it is revoked. This will have negative impacts on importers of the goods subject to review and downstream businesses.

315. Based on our consideration of the evidence submitted by interested parties and all the factors listed in the legislation, we conclude that varying the countervailing measure on the goods subject to review as proposed is unlikely to cause disproportionate negative effects to the UK economy as compared to the benefits of removing injury. Therefore, in accordance with regulation 100(1E) of the Regulations, we advise the Secretary of State that we consider that the variation of the measure in accordance with our final recommendation meets the Economic Interest Test.



SECTION I: Findings and Final Recommendation

I1. Findings

316. The TRA has found that it is likely, on the balance of probabilities, that the importation of subsidised goods subject to review would recur if the countervailing measure were no longer applied to those goods.
317. The TRA has also found that it is likely, on the balance of probabilities, that injury to the UK industry in the like goods would recur if the countervailing measure were no longer applied to the goods subject to review.
318. The TRA considers that the variation of the measure in accordance with our final recommendation meets the Economic Interest Test (see regulation 100(1E) of the Regulations).

I2. Final Recommendation

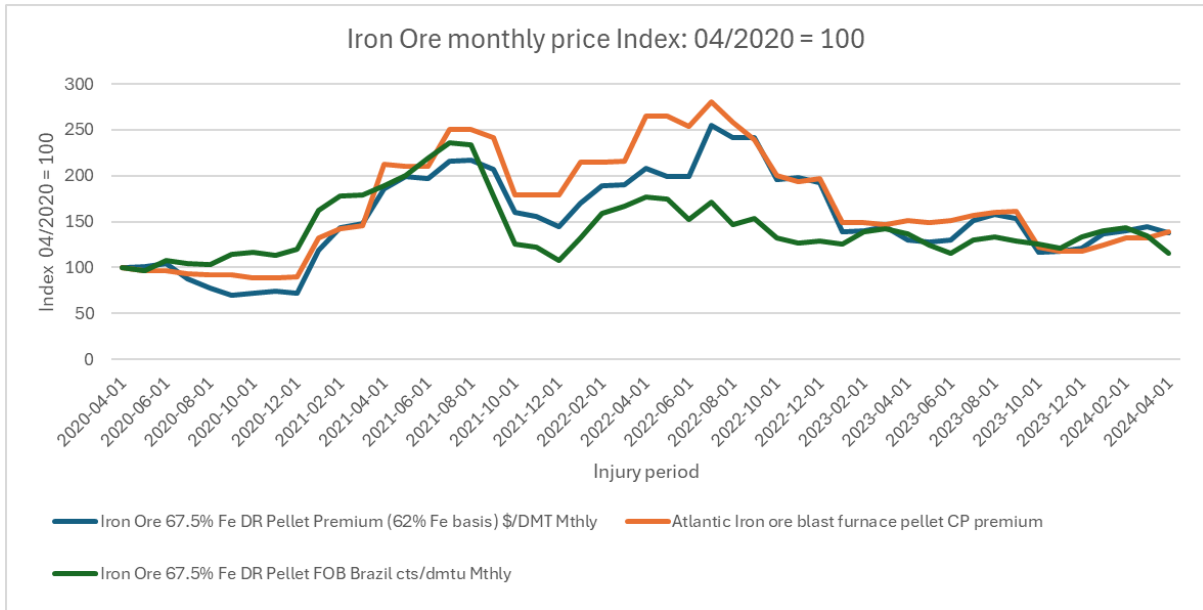
319. Our final recommendation is to vary the application of the countervailing amounts by extension under regulations 100(1), (2)(a)(i) and 100A of the Regulations. As we did not receive any compelling evidence providing reasons for us to consider recalculation as appropriate, and as it has not been possible to recalculate the countervailing amounts, we recommend maintaining the countervailing amounts pursuant to regulation 100A(4)(b) of the Regulations for a period of five years from 4 May 2024, that is, the date when the measure would have otherwise expired had no transition review been initiated (see [Taxation Notice 2020/29](#); see also regulation 97C of the Regulations).
320. We make this final recommendation on the grounds that we have assessed that it is likely that imports of subsidised goods subject to review would recur if the countervailing measure were no longer applied to those goods; that injury is likely to recur to the UK industry in the like goods if the measure were no longer applied to the goods subject to review; and that we consider that the variation of the measure in accordance with our final recommendation meets the EIT.



321. Annexes 1 and 2 specify the duties to be maintained and applied to the goods described or imported under the UK customs codes detailed therein. We recommend maintaining the form and levels of the transitioned UK measure.



Appendix 1: Iron Ore price index



Source: S&P Platts Dimensions



Annex 1: Duty amount and additional TAP codes

| Foreign country | Overseas exporter | Duty amount | Additional TAP code |
|-----------------|--|-------------|---------------------|
| The PRC | Chongqing Wanda Steel Strip Co., Ltd | 29.7% | B312 |
| The PRC | Hangzhou P.R.P.T. Metal Material Company, Ltd | 23.8% | B313 |
| The PRC | Union Steel China | 13.7% | B311 |
| The PRC | Zhangjiagang Free Trade Zone Jiaxinda International Trade Co., Ltd | 29.7% | B312 |
| The PRC | Zhangjiagang Panhua Steel Strip Co., Ltd | 29.7% | B312 |
| The PRC | Zhejiang Huadong Light Steel Building Material Co. Ltd | 23.8% | B313 |
| The PRC | Overseas exporter specified in Annex 2 | 26.8% | (per annex 2) |
| The PRC | All other overseas exporters (residual amount) | 44.7% | B999 |



Annex 2: Overseas exporters subject to 26.8% duty amount

| Foreign country | Overseas exporter | Additional TAP code |
|-----------------|--|---------------------|
| The PRC | Angang Steel Company Limited | B314 |
| The PRC | Anyang Iron Steel Co., Ltd | B315 |
| The PRC | Baoshan Iron & Steel Co., Ltd | B316 |
| The PRC | Baoutou City Jialong Metal Works Co., Ltd. | B317 |
| The PRC | Changshu Everbright Material Technology Co., Ltd. | B318 |
| The PRC | Changzhou Changsong Metal Composite Material Co., Ltd. | B319 |
| The PRC | Cibao Modern Steel Sheet Jiangsu Co., Ltd | B320 |
| The PRC | Inner Mongolia Baotou Steel Union Co., Ltd | B321 |
| The PRC | Jiangyin Ninesky Technology Co., Ltd | B322 |
| The PRC | Jiangyin Zhongjiang Prepainted Steel Mfg Co., Ltd | B323 |
| The PRC | Jigang Group Co., Ltd | B324 |
| The PRC | Maanshan Iron & Steel Company Limited | B325 |
| The PRC | Qingdao Hangang Color Coated Sheet Co., Ltd | B326 |
| The PRC | Shandong Guanzhou Co., Ltd | B327 |
| The PRC | Shenzen Sino Master Steel Sheet Co., Ltd. | B328 |
| The PRC | Tangshan Iron And Steel Group Co., Ltd | B329 |
| The PRC | Tianjin Xinyu Color Plate Co., Ltd | B330 |
| The PRC | Wuhan Iron And Steel Company Limited | B331 |
| The PRC | Wuxi Zhongcai New Materials Co., Ltd | B332 |
| The PRC | Xinyu Iron And Steel Co., Ltd | B333 |
| The PRC | Zhejiang Tiannu Color Steel Co., Ltd | B334 |



Annex 3: Interested Parties

| | Name | Information received | Status |
|---|-------------------------------------|---|-------------------------------|
| 1 | Tata Steel UK | Registration of Interest TD0054 - Questionnaire (Producer) - TSUK Final Non-confidential TD0054 - Questionnaire Annex - TSUK Final Non-confidential Appendices | UK Producer |
| 2 | Ministry of Commerce (MOFCOM) | Registration of Interest | Foreign Government |
| 3 | UK Steel | Registration of Interest TD0054 – Questionnaire (Other Interested Party Contributor) 20240607130255 Non Confidential | Trade Body |