Trade Remedies Authority

Final Recommendation

Certain Corrosion Resistant Steels imported into the United Kingdom from the People's Republic of China

Case TD0031

20 February 2025

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Abbreviations & Terms

Abbrev	Stands for
CIF	Cost, Insurance, and Freight Charges paid by a seller to cover the costs, insurance, and freight of a buyer's order.
CITT	Canadian International Trade Tribunal
CRS	Certain Corrosion Resistant Steels
CRU	Commodities Research Unit
DBT	Department for Business and Trade (Previously DIT – Department for International Trade)
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization
EIT	Economic Interest Test
Eurofer	European Steel Association
EXW	Ex-Works Cost of goods at the gate of a specific location. Buyer pays transport costs.
FOB	Free on Board Buyer accepts the title of the goods at the shipment point
GVA	Gross Value Added The value generated by any unit engaged in production of goods and services
HMRC	His Majesty's Revenue and Customs
HRC	Hot Rolled Coil
Incoterms	Set of 11 internationally recognized rules defining the responsibilities of sellers & buyers Ref: https://www.trade.gov/know-your-incoterms
IP	Injury Period (1 Jan 2019 to 31 Dec 2022)
Llanwern	Llanwern Works is located to the East of Newport in South Wales and produces strip steel for UK and European markets
MOFCOM	Ministry of Commerce of the People's Republic of China
mt	Metric tonnes (1,000kg)
NETP	Non-Established Taxable Persons
NoI	Notice of Initiation
NOPAT	Net Operating Profit After Tax
ONS	The Office for National Statistics
PF	Permanent File (permanent record of important documentation and explanations obtained during verification visits).
POI	Period of Investigation (1 Jan 2022 to 31 Dec 2022)
Port Talbot	TSUK Site in South Wales housing steelmaking and processing mills as well as administration
PRC	People's Republic of China
OECD	The Organisation for Economic Co-operation and Development
S&P	Standard & Poor Global, company specialising in financial information and analytics. S&P data is © 2023 by S&P Global Commodity Insights, a division of S&P Global Inc. All rights reserved.
SEF	Statement of Essential Facts
Shotton	Site in North Wales producing galvanised metallic and pre-finished (organic coated) steel
SSC	Steel Service Centre
TRS	Trade Remedies Service
TSUK	Tata Steel UK Limited, company number 02280000 Companies House
TTWA	Travel to Work Areas

SECTION A: Introduction

1. This section summarises the legal framework for this recommendation and the Trade Remedies Authority (TRA)'s findings. The background to the review along with further details regarding our transition review process can be found in Section C: Background.

2. This document sets out our recommendation and the essential facts on which we have based our recommendation. It should be read in conjunction with other public documents available for this case on the public file. Its purpose is to set out our recommendation to the Secretary of State for Business and Trade (Secretary of State).

3. For further guidance and 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 2019[1] (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:

   - show that we are satisfied that the Economic Interest Test (EIT) is met;
   - have had regard to the current and prospective impact of the anti-dumping amount;
   - include the following information:

[1] Statutory Instrument 2019/450, as amended.

- the anti-dumping amount;
- the goods to which the anti-dumping amount applies; and
- the period for which the anti-dumping amount is 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(1) and (2)(b) of the Regulations. This UK measure gives effect to European Union (EU) Commission Implementing Regulation (EU) 2018/186 published on 8 February 2018.

7. This review concerns an anti-dumping measure applying to certain corrosion resistant steels (CRS) originating in the People's Republic of China (PRC). This review was initiated on 2 February 2023 and the Notice of Initiation (NoI) was published on that date.

8. The Period of Investigation (POI) for the review is 1 January 2022 to 31 December 2022. To assess injury, we examined the period 1 January 2019 until 31 December 2022 (the injury period (IP)).

9. On 7 February 2024 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 Interested parties and contributors

10. The following interested parties registered to the transition review:

- Tata Steel UK Ltd (TSUK) - domestic producer
- Ministry of Commerce of the PRC (MOFCOM) - foreign government
- EEF Ltd. (UK Steel) - UK Trade body

11. Relevant non-confidential submissions made to this review are published and available on the Public File.

B2 Scope

12. Regulation 99A(2)(a)(ii) of the Regulations makes provision for the TRA to consider, within the conduct of a transition review, whether the goods or the description of the goods to which an anti-dumping amount applies should be varied.

13. The NoI describes the goods subject to review and sets out the scope of the measure under review as:

Flat-rolled products of iron or alloy steel or non-alloy steel; plated or coated by hot dip galvanisation with zinc and/or aluminium and/or magnesium, whether or not alloyed with silicon; chemically passivated; with or without any additional surface treatment such as oiling or sealing; containing by weight: not more than 0.5 % of carbon, not more than 1.1 % of aluminium, not more than 0.12 % of niobium, not more than 0.17 % of titanium and not more than 0.15 % of vanadium; presented in coils, cut-to-length sheets and narrow strips.

Products excluded are those:

- of stainless steel, of silicon-electrical steel, and of high-speed steel,
- not further worked than hot-rolled or cold-rolled (cold-reduced).

CRS are classifiable within the following commodity codes, as set out in the UK Trade Tariff:

72 10 41 00 20	72 12 30 00 30	72 25 99 00 23
72 10 41 00 30	72 12 50 61 20	72 25 99 00 41
72 10 49 00 20	72 12 50 61 30	72 25 99 00 92
72 10 49 00 30	72 12 50 69 20	72 25 99 00 93
72 10 61 00 20	72 12 50 69 30	72 26 99 30 10
72 10 61 00 30	72 12 50 90 14	72 26 99 30 30
72 10 69 00 20	72 12 50 90 92	72 26 99 70 13
72 10 69 00 30	72 25 92 00 20	72 26 99 70 93
72 10 90 80 92	72 25 92 00 30	72 26 99 70 94
72 12 30 00 20	72 25 99 00 22	

14. We have not received any application for a review of the description of the goods or the scope of the measure. However, the TRA assessed the scope to ensure that it remained appropriate for the UK-specific context. Having conducted that assessment, we decided not to vary the description of the Goods Subject to Review or the scope of this transition review.

B3 Applicability

15. The transitioned UK measure applies to all PRC exports of the goods subject to review, but the rate of duty is not constant across exporters. The applicable rates for each exporter are detailed in Annex I and Annex 2.

B4 Likelihood of dumping assessment

16. In accordance with regulation 99A(1)(a) of the Regulations, we assessed whether dumping of the goods subject to review would be likely to continue or recur if the anti-dumping amount were no longer applied to those goods (the likelihood of dumping assessment). We determined that it is likely, on the balance of probabilities, that dumping of the goods subject to review from the PRC would recur if the measure were revoked. Our assessment is based on the information available at the time of the TRA submitting its final recommendation to the Secretary of State. For further detail, see Section F: Likelihood of dumping assessment.

B5 Likelihood of injury assessment

17. In accordance with regulations 99A(1)(b) of the Regulations, we considered whether injury to a UK industry in the goods would be likely to continue or recur if the anti-dumping amount were no longer applied to those goods (the likelihood of injury assessment). We determined that it is likely, on the balance of probabilities, that injury would recur if the measure were revoked. Our assessment is based on the information available at the time of the TRA submitting its final recommendation to the Secretary of State. For further detail, see Section G: Likelihood of injury assessment.

B6 Economic Interest Test (EIT)

18. 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 are satisfied that the application of the recommended measure meets the EIT (see regulation 100A(2)(a) of the Regulations). Our assessment is based on the information available at the time of the TRA submitting its final recommendation to the Secretary of State. For further detail, see Section H: Economic Interest Test (EIT).

B7 Recommendation to the Secretary of State

19. 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 anti-dumping amount to the relevant goods.

20. Our recommendation is to vary the application of the anti-dumping amounts under regulations 100(2)(a)(i) and 100A of the Regulations, so that they apply to the goods subject to review imported into the UK until 9 February 2028 – that is, five years subsequent to the date when the measure would have otherwise expired (09 February 2023) had no transition review been initiated. As it has not been possible to recalculate the anti-dumping amounts, we

recommend maintaining the current anti-dumping amounts pursuant to regulation 100A(4)(b) of the Regulations.

21. The description of the goods to which the measure applies is set out in Section D: The goods and like goods. We have not varied the description of goods to which the measure applies. We recommend that the duties specified in Annex 1 shall be maintained and applied to the goods imported and classified under the UK tariff codes listed.

22. We make this recommendation on the grounds that we have assessed that it is likely that dumping of the goods subject to review would recur if the measure were no longer applied; that injury would recur to UK industry in the like goods if the measure were no longer applied to the goods subject to review; and that we are satisfied that the application of the varied measure meets the EIT.

23. 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

24. The UK chose to maintain some trade remedy measures once it was outside 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.

25. For each of these measures, the Secretary of State for International Trade (now the Secretary of State for Business and Trade) (the Secretary of State) published a Notice of Determination, under regulation 96(1) of the Regulations. The Notice of Determination set out the decision to transition the corresponding EU trade remedies measure, and a Taxation Notice, on replacement of the EU trade duty. The TRA conducts transition reviews to determine if the measure should be varied or revoked in the UK.

26. On 31 December 2020, the Secretary of State published a Notice of Determination regarding the anti-dumping duty on CRS originating in the PRC, noting the decision to transition the EU anti-dumping measure so it continued to apply in the UK once the UK ceased to apply the EU's Common External Tariff. Taxation Notice 2020/20 gave effect to the transition of the EU anti-dumping duty on CRS originating in the PRC to become an additional amount of UK import duty.

27. On 2 February 2023, the TRA published an NoI to initiate a transition review of the UK measure relating to certain CRS originating in the PRC.

C2 Previous measure in place

28. Commission Implementing Regulation (EU) 2018/186 of 7 February 2018 imposed anti-dumping duties on imports into the EU of CRS originating in the PRC. Annex 1 lists the duty rates that were applied. This measure as applied in the UK is subject to this transition review. Following an expire review, the EC published their findings in Commission Implementing Regulation (EU)

2024/819 of 11 March 2024, to maintain the measure for a further five years, until 12 March 2029, at the same level of anti-dumping amounts.

C3 Our transition review process

C3.1 The transitioned measure

29. Under regulation 97C of the Regulations, the transitioned measure as applied in the UK, mentioned above, will continue until the Secretary of State publishes a notice accepting or rejecting a recommendation following a transition review.

30. The rate of anti-dumping duty which applies to the goods subject to review exported by the relevant companies is detailed in Annex 1.

C3.2 Information from participants in the review

31. Non-confidential versions of information received can be accessed on our Public File.

UK producers

32. We received submissions from one UK producer, Tata Steel UK (TSUK). The information submitted by TSUK is listed in Annex 3.

Foreign governments

33. We received a submission from The Ministry of Commerce of the People's Republic of China (MOFCOM). The information submitted is listed in Annex 3. MOFCOM were invited to complete a full questionnaire, but did not submit a completed questionnaire response.

Trade Associations

34. We received submissions from UK Steel, a trade association and interested party. The information submitted is listed in Annex 3.

C3.3 How we have used submitted data

35. Throughout this transition review, we have used submitted data as part of our evidence base upon which we have made our assessments and formed our conclusions. We have compared submitted evidence against the totality of relevant evidence available to us – whether this is evidence submitted by other interested parties, evidence taken from TRA data subscriptions, or publicly available data from government, industry and other sources.

36. We have also used submitted data or other evidence to corroborate or gain a level of assurance of submitted data.

37. Secondary source information, including but not limited to, official import statistics and data pertaining to relevant markets, was also used in accordance with regulation 47(5) of the Regulations. This secondary source information was treated with special circumspection and, where practicable, verified using independent sources.

3.4 Verification of data

38. We checked TSUK's questionnaire submissions and annexes for consistency and completeness. During these checks, deficiencies relating to responses and non-confidential submissions were resolved before verification work commenced. As such, we deemed that the information provided was verifiable. The TRA conducted on-site verification during this review.

39. We did not conduct a full walkthrough of TSUK's accounting system. Instead, we referred to the TRA's Permanent File (PF) records on TSUK to assist with the planning and performance of the verification visit. Our PF contains information about interested parties previously verified, that we have received permission to use in future cases.

40. We visited TSUK's manufacturing facility in Port Talbot on 24-25 January 2023 to carry out an initial in-person walkthrough of processes. On-site verification took place on 10-12 July 2023. Details of the verification work completed can be found in our verification report on the Public File. From verification activity undertaken in relation to the data submitted by TSUK, we have obtained

sufficient assurance to conclude that the information provided by TSUK is verifiable and that it is reasonable for us to treat the information as complete, relevant, and accurate for the purpose of this review.

SECTION D: The Goods and Like Goods

D1 Description of the goods

41. ‘Goods subject to review’ are defined in regulation 2 of the Regulations as “the goods described in the notice of initiation of a review under paragraph 1 of Schedule 3”.

42. The goods subject to review in this transition review are defined in the NoI and set out in section B2, above.

D2 Like goods

43. Pursuant to paragraph 7(1) of Schedule 4 to the Taxation Act, ‘Like goods’ are defined in this transition review as (a) goods which are like the goods subject to review in all respects, or (b) if there are no such goods, goods which, although not alike in all respects, have characteristics closely resembling those of the goods subject to review.

D3 Assessment of the goods

44. We did not receive any submissions that the goods manufactured in the UK were 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 closely resembling or identical to the goods subject to review.

45. We are satisfied that the goods manufactured in the UK are like goods for the purpose of this transition review.

D4 Product specific considerations

46. In this review, CRS is identified by reference to commodity codes at the 10-digit level. However, trade data is not publicly available at the 10-digit level and what is available (at 8 or 6-digit level) contains products outside the scope of this review. We acknowledge that some of the best available data we used could include goods not subject to this review, and therefore, there may

be limitations to our analyses, but not sufficient to undermine our overall conclusions.

47. For the purposes of this review, where we were unable to identify CRS from any description of goods in the available information, we will refer to the goods as ‘galvanised steel’. In some of our analyses we used galvanised steel data to make our assessments.

SECTION E: The Current UK Industry and Market

E1 Overview

48. TSUK is the major producer of the like goods in the UK. As identified below in Section H4.3, there were 352 known businesses that imported CRS during the POI.

49. During the POI, we estimated that imports had a larger share of the UK market than the UK producer. CRS was mainly imported from Viet-nam, France, India, Belgium and the Netherlands. Imports of CRS from the PRC were negligible during the same period.

E2 Production process

50. TSUK's production process for the like goods is as follows:

1. **Heavy End**: Iron-making (raw materials including Coke, Iron-ore and Limestone are transformed into a liquid iron product)
2. **Steel Plant**: Casting into steel slab (addition of scrap, driving out of carbon, then addition of finishes and fluxes made up of alloys and elements to chemically change the qualities of the steel, before casting into slabs)
3. **Rolling/Finishing Mills**: Galvanising. The slab is reheated and shaped in a hot mill, and is then galvanised which includes cleaning, annealing, coating (bathed in a liquid metal to form the anti-corrosion layer), temper rolling and application of surface treatment.

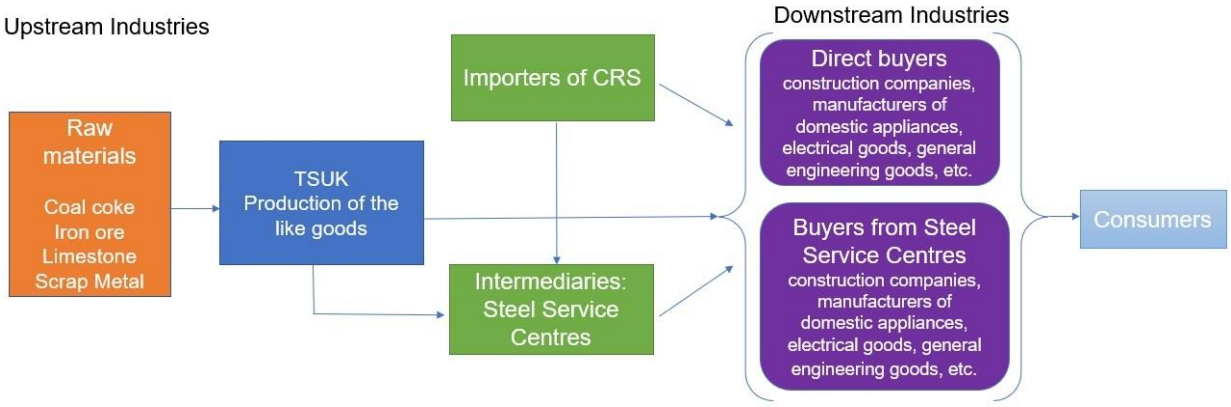
E3 Market size and structure

51. We estimate that the UK producer contributes approximately £63 million to the UK economy annually, which includes their sales of the like goods. This is taken from the most recent years of publicly available data; in this case, it was an average of the 2020-2022 financial years, as described in Table 18.

52. Figure 1 shows the structure of the supply chain for the like goods. As mentioned above, the like goods are produced using coke, iron ore, limestone

and scrap metal. The like goods are an intermediate product used as an input in the production of other goods rather than a consumer product.

Figure 1: Supply chain for the like goods



53. More than 50% of TSUK's output of the like goods is sold to intermediary facilities called Steel Service Centres (SSCs) that further process the goods to meet customer requirements. This mainly involves cutting and slitting, before being sold on to downstream industries.

54. Less than 20% of TSUK's like goods output is sold directly to downstream industries in the UK, mainly construction companies and manufacturers of domestic appliances, electrical goods, and general engineering goods.

55. TSUK also manufactures both upstream products used in the manufacturing of the like goods (hot-rolled coil steel), and downstream products that use the like goods as input (organic coated steel). Less than 30% of TSUK's like goods output is converted into organic coated steel.

E4 Trends

56. TSUK's production of the like goods in the POI was 12% higher than in 2019 (start of the IP). Production capacity and production capacity utilisation have remained fairly constant throughout the IP.

57. TSUK's domestic sales volume of the like goods was at its peak in 2021. However, domestic sales volume was 5% lower in 2022 than in 2019. Export sales volume decreased between 2019 and 2021, before increasing in 2022.

Overall, both the value and unit price of domestic and export sales of the like goods increased over the IP.

E5 Downstream preferences of the like goods

58. TSUK indicated that price is a key factor for downstream industries that purchase CRS.

SECTION F: Likelihood of Dumping Assessment

F1 Introduction

59. In accordance with regulation 99A(1)(a) of the Regulations, we have assessed the likelihood that the dumping of the goods subject to review will continue or recur if the anti-dumping amount were no longer applied to those goods.

60. We have considered the likelihood of dumping on a PRC countrywide basis rather than an exporter-by-exporter basis because there are no cooperating PRC exporters. This means that no suitable data was available to the TRA on individual companies.

61. We used secondary sources of information in accordance with regulation 47(5), treated them with special circumspection and, where practicable, verified them using independent sources. This includes, but is not limited to, official import statistics and data pertaining to relevant markets.

62. Our likelihood assessment considered:

- whether dumped imports to the UK have continued whilst the measure has been in place;
- whether the conditions for dumping exist; and
- whether the incentives for dumping exist.

63. In assessing whether dumping has continued whilst the measure has been in place, we examined import statistics from His Majesty's Revenue and Customs (HMRC).

64. In assessing whether the conditions for dumping exist, we considered:

- production levels;
- inventory levels;
- ability to shift production to the goods subject to review; and

65. production capacity (current and future).

66. In assessing whether incentives to dump exist, we considered:

- market prices in the UK and the overseas exporters domestic market;
- exports to third countries;
- conditions in the exporters domestic market
- how attractive the UK is to exporters; and
- whether exporters have previously circumvented or absorbed measures.

67. We conducted this assessment on the balance of probabilities to inform our recommendation as to whether the measure should be varied or revoked.

F2 Continued dumping

68. The EC imposed anti-dumping duties on imports of certain CRS originating in the PRC for five years, published on 8 February 2018. A subsequent circumvention investigation was also concluded by the EC, with definitive measures published on 4 August 2020, taking effect on 6 August 2020.

69. The table below shows UK imports in metric tonnes (mt) of CRS, from the PRC, over the IP.

Table 1: UK CRS imports from the PRC between 2019 and the POI

	2019	2020	2021	POI
UK imports of CRS from PRC (mt)	24,960	1,209	1,711	814
UK total imports of CRS (mt)	1,346,891	966,121	1,413,314	994,521
PRC proportion of UK imports of CRS	1.8%	0.1%	0.1%	0.1%

Sources: HMRC, Overseas Trade in Goods Statistics

70. As will be shown further down in Table 8, prior to the EC's measure in 2018, the volume of PRC imports into the UK peaked in 2016/2017, making up 21% and 16% respectively of all CRS imports. This figure dropped to 1% in 2018. Following the circumvention review, imports of CRS from the PRC dropped to 814 mt during the POI, corresponding to 0.1% of total UK imports of CRS.[2]

[2] HMRC, Overseas Trade in Goods Statistics.

71. The decrease in UK imports of CRS from the PRC, shown in Table 1, suggests the anti-dumping measure imposed by the EC in 2018, and the subsequent anti-circumvention measure imposed in 2020, have been effective.

F3 Conditions for dumping

F3.1 Production levels

72. We assessed the production levels of galvanised steel in the PRC using data from the World Steel Association. Table 2 shows production over annual periods.

Table 2: PRC production of galvanised steel

	2019	2020	2021	POI
Production volume, PRC (kilotonnes)	57,389	61,384	65,887	No available data
Production volume Index (2019 = 100)	100	107	115	
PRC production as a proportion of global production	42%	46%	44%	

Source: World Steel Association.

*World Steel Association description of data 'other metallic coated sheet and strip'

73. The PRC production of galvanised steel, as a proportion of global production, has remained relatively consistent. The volumes significantly exceed both UK production (100,000 – 200,000 mt) and total UK consumption (1,000,000 – 1,300,000 mt).[3]

74. A submission from UK Steel, citing the same World Steel data, acknowledged that while the production data is '*wider than the source of this review*', the *'Chinese and UK production relevant to this case will still be proportional to these figures and therefore a good indication of the relative sizes of the CRS industry in China.'*[4]

75. As we are unable to assess production levels for CRS only, we analysed commodity codes and their respective descriptions of exports of galvanised steel from the PRC to gain a better understanding of CRS production capacity

[3] TRA Investigations - Trade Remedies Service - GOV.UK (trade-remedies.service.gov.uk) – PSQ Non-Confidential, Section B

[4] Paragraph 2.3

in the PRC. Over the IP, the PRC exported approximately 45 million mt of CRS globally. This figure would only demonstrate CRS produced and exported in the PRC, and would not include CRS produced and sold domestically in the PRC. However, the export volumes significantly exceed both UK production and consumption.

76. We conclude that evidence on PRC production supports a positive assessment that the conditions for dumping currently exist.

F3.2 Inventory levels

77. We have not been provided with, or identified sufficient information relating to stock levels of CRS, or galvanised steel in general, that would provide a reasonable assessment of PRC inventory levels.

78. We are therefore unable to make an assessment that this factor impacts the existence of dumping conditions.

F3.3 Ability to shift production to the goods subject to review

79. We have assessed the submission provided to us by TSUK. We did not receive any other submission with information pertaining to the ability to shift production.

80. TSUK stated, '*If a producer of CRS has any spare capacity for the like goods or goods subject to review, there are no obstacles to change the level of production in response to the changing market conditions and it can be done very quickly. The same applies to producers that can shift capacity from another product to like goods, which can be the case for automotive and non-automotive steel grades manufactured at the same facility.*'[5]

81. We have not received submissions from interested parties that indicate the production process for CRS differs significantly from that of other galvanised steel, nor have we identified any evidence to suggest the same from further web-sourced research.

[5] TSUK Questionnaire Non-Confidential - Trade Remedies Service , section A4.6

82. We therefore conclude that there are no significant barriers to shifting production between out of scope galvanised steel and CRS, and therefore this would be achievable in the PRC industry.

F3.4 Production Capacity

83. We assessed submissions provided to us by all parties that have made reference to PRC production capacity. TSUK submitted evidence of both PRC capacity and spare capacity, sourcing data from the Commodities Research Unit (CRU) that suggests spare capacity within the PRC exceeds UK consumption of CRS. UK Steel, unable to access capacity level data for CRS in the PRC itself, referenced the Canadian International Trade Tribunal (CITT), who also sourced CRU data suggesting that significant capacity exists for galvanised steel within the PRC.

84. We have been unable to verify the above submissions referencing the CRU's data on capacity volumes, however we have conducted open-sourced research to gain further understanding of PRC capacity for CRS. Our research identified multiple PRC producers of galvanised steel with combined capacities well exceeding UK consumption.[6]

85. The information found in relation to the PRC's significant levels of galvanised steel production capacity, coupled with the ability to shift production to CRS, supports a positive assessment that the conditions for dumping currently exist.

F3.5 Conclusion on whether the conditions for dumping exist

86. We have identified that PRC producers manufacture high volumes of galvanised steel. We have also identified that the amount of CRS that the PRC exports exceeds UK consumption. The production capacity in the PRC, and minimal barriers to shifting production to CRS, indicates a positive likelihood that the conditions for dumping exist in the PRC.

[6] Open source research identified the following PRC producers capacity for galvanised steel: Hengze Steel, Honge Steel (honge-steel.com), JFE-Baowu JV, Yieh Phiu Enterprise, Yumisteel, Panhua Group Co.,Ltd, Shougang Jingtang, Rizhao Steel

F4 Incentives for dumping

F4.1 Market prices in the UK and the overseas exporters' market

87. In the absence of sufficient information being provided by any PRC producer and/or exporter, we have been unable to identify a representative PRC domestic price that can be compared with UK prices of the like goods to indicate whether the incentive exists for the PRC producers and exporters to dump if the measure were removed.

88. However, we sourced data from S&P Global commodity insights and compared it against publicly available galvanised sheet prices to establish an Ex-Works (EXW) PRC indicative domestic sales price of galvanised steel ("indicative price"). [7] We then compared the indicative price with the EXW weighted average sales price of the sole verified UK producer, to understand whether dumping is likely.

89. We note the following limitations to the analysis:

- we have been unable to verify the indicative price;

90. we have been unable to make adjustments so that product types within the CRS scope are comparable. For example, a CRS product that is directly comparable in terms of (including, but not limited to) dimensions, specifications and coating type and thickness; and

- we do not have information on the product composition of the indicative price, or how representative it is of CRS produced throughout the PRC.

Table 3: Indicative PRC domestic sales price of galvanised steel

	2019	2020	2021	POI
Value (£/mt)	515	515	754	614

Sources: © 2023 S&P Global Commodity Insights, a division of S&P Global Inc. All rights reserved.– Ex stock Shanghai, PRC Chinese Yuan ¥ conversion to £ based on HMRC yearly average and spot rates - HMRC yearly average and spot rates - GOV.UK (www.gov.uk)

7 My steel network price index query

91. Throughout the IP, the indicative price of galvanised steel has been consistently below the UK like goods domestic price, with the difference increasing over 2021 and the POI. We cannot reveal UK like goods domestic price due to confidentiality.

92. As the indicative price is EXW, it does not include additional costs such as insurance, or freight. The added cost of exporting the goods from the PRC to the UK, in International Commerce Terms (Incoterms), would include, but not be limited to:

- Transport from producer to exporting countries port;
- Freight costs; and
- Insurance costs.

93. The additional costs could impact whether or not the PRC is likely to dump, depending on the difference in the domestic prices. If the price gap is wider, it is less likely that the PRC would need to dump to compete in the UK market. However, when the gap is narrow or shipping costs are high, it is more likely that the PRC would need to dump to export goods competitively priced to the UK.

94. The trends observed over the IP indicate that the UK domestic price is higher than that in the PRC, and the difference is increasing. Between 2019 and 2020, the difference between domestic prices was smaller. With an even smaller gap that factors in other intervening costs (see paragraph 91 above) the PRC may have had to dump in order to be price competitive in the UK market.

95. During 2021, the difference in domestic prices between the UK and the PRC grew, with PRC prices remaining lower than UK prices. However, 2021 also saw a significant increase in freight costs, and shipping costs increased by up

to 600%.[8] With the added export costs, it is likely that the PRC would have to dump in order to compete on price in the UK during this period.

96. In the POI, the difference between the PRC and UK domestic price increased further, while shipping costs decreased.[9] In these circumstances, the PRC prices were even lower than the UK prices, meaning that the PRC could price its goods higher, and therefore would be less likely to need to dump to be competitively priced in the UK market.

97. The indicative price we calculated, using best facts available, resulted in both positive and negative assessments that the PRC would be incentivised to dump in the UK market to be competitive. We are therefore unable to make a positive or negative determination as to whether market prices in the PRC producers' market are indicative of an incentive to dump in the UK, and determine this factor as neutral.

F4.2 Exports to third countries

98. We compared the indicative price (see section F4.1) to the weighted average import price of CRS from the PRC to multiple countries. These countries represent the 10 highest by volume to which the PRC has exported over the IP. The 10 countries receive 58% of all exports from the PRC.

99. We note the following limitations:

- the indicative price in the PRC has not been verified; and,

100. we have been unable to make adjustments to directly compare the two values (e.g. to bring both to an EXW level and to account for different product mixes).

[8] How Soaring Shipping Costs Raise Prices Around the World (imf.org)

[9] TSUK Written Response (Non-Confidential) – para 74, Graph 8

Table 4: PRC Indicative domestic price and PRC CRS export price (£/mt)

	2019	2020	2021	POI
PRC indicative value	515	515	754	614
PRC Exports (Free On Board (FOB)) top 10 countries (descending order by volume of exports during the IP)				
Thailand	494	465	697	788
Korea (Rep. of)	477	462	691	751
Philippines	567	623	1,354*	2,099*
Brazil	504	488	677	783
Indonesia	556	538	717	877
Viet-Nam	493	515	670	964
Chile	533	516	737	832
Italy	513	491	702	856
Peru	518	500	646	785
Japan	527	489	750	812

Sources: S&P Global Commodity Insights, a division of S&P Global Inc is one of the sources of the data embedded in the Zen Global Trade Tracker.

*CIF import data identified values as the following: 2021 £509, POI £526. Zen GTT advised differences may be due to 'Special Economic Zones' which are not part of regular customs procedures.

101. Throughout 2019 to 2021, the majority of the PRC export prices were below or within 1% of the indicative price (cells shaded grey). This may be an indication dumping has occurred in these instances. However, between 2021 and the POI, the indicative price decreased, while export prices increased. This fluctuation in the market could make dumping less likely.

102. Four of the countries in the table above are a similar geographical distance (by sea) from the PRC to the UK (Brazil, Chile, Italy, Peru). The inclusion of these countries as the top 10 importers of PRC CRS indicates that, despite the increased costs associated with transport (particularly in 2021), the PRC are still able to export CRS at prices attractive to countries farther away.

103. Two of the 10 countries in Table 4 have existing anti-dumping measures in place for CRS imported from the PRC (Viet-Nam[10], Italy[11]). Their imports over the IP totalled 1.9 million, and 1.1 million mt respectively. Although not included in the table above, import data from the same source showed

[10] Decision No. 1105/QD-BCT

[11] Trade defence investigations (europa.eu)

Malaysia and Pakistan, who also have anti-dumping measures in place against the PRC, imported 663 thousand mt and 450 thousand mt respectively over the IP. The conclusion is that, in some instances, despite the presence of anti-dumping measures, the PRC are still able to export to countries at attractive prices to those countries. There is the potential that PRC exporters would be willing and able to absorb the existing measures.

104. Other countries with galvanised steel anti-dumping measures in place against the PRC have seen a different impact as a result. This includes the USA, Australia, and the European Union (EU). Following the imposition of respective anti-dumping measures, imports from the PRC decreased by over 90% to the USA and Australia, and 37% to the EU.[12] There has been no indication over the POI that absorption has taken place by the PRC in relation to the current UK measure.

105. The evidence demonstrates that the PRC has likely exported CRS at dumped prices to third country markets, pricing the goods as such that it has allowed the PRC to absorb shipping costs and, in some instances, anti-dumping duties.

106. Although PRC imports to the UK were very low during the IP, as PRC exporters have reduced access to some large third country markets due to trade defence measures in place by the EU member states, USA, Canada and Australia, it is likely that the UK would be identified as a target market for PRC exporters were the measure removed. This supports a positive assessment that the incentive for dumping exists.

[12] USA: 2015 volume of imports: 605,014 tonnes. 2016 (anti-dumping measure determined) volume of imports: 10,341 = 98% decrease.

Australia: 2012 imports: 135,321 tonnes. 2013 (anti-dumping measure determined) volume of imports: 13,567 tonnes (90% decrease).

EU: 2017 volume of imports: 2.4 million tonnes. 2018 (anti-dumping measure determined) volume of imports: 1.5 million tonnes (37% decrease).

F4.3 Conditions in the exporters' domestic market

107. To assess global price trends in comparison with those observed in the PRC's domestic market, we identified domestic prices of galvanised steel across multiple countries or regions during the IP. This is shown in the table below.

Table 5: Global price trends vs PRC domestic market

Indices (2019=100)	2019	2020	2021	POI
PRC	100	100	139	113
Northern European Ruhr	100	100	198	183
Türkiye	100	103	188	154
Brazil	100	117	222	214
USA	100	94	197	159

Source: © 2023 by S&P Global Commodity Insights, a division of S&P Global Inc. All rights reserved.

108. The data across all countries indicate similar price trend increases and decreases through the IP. UK domestic prices for the like goods followed a similar trend, the exception being between 2021 and the POI, where UK prices increased.

109. The PRC's 39% increase in price between 2019 and 2021 is considerably lower than those observed across the remaining countries, which range from 88% to 122%. Additionally, the overall price change from the start of the IP to the POI shows a 13% increase for PRC and a range of 54% to 114% for the remaining countries. This analysis indicates that market conditions observed globally may have carried a lesser impact on the PRC domestic market conditions, allowing the PRC to price its goods lower than other countries.

110. We have submissions from UK Steel that allege a particular market situation (PMS) exists in the PRC CRS industry.[13] MOFCOM objected to this allegation and outlined in a submission why it believes no PMS exists in the PRC's CRS market. As we are not recalculating dumping margins, we have not conducted a full PMS assessment.

[13] section B2, page 8

111. Table 4 identified that, although PRC domestic prices decreased between 2021 and the POI, export prices of CRS from the PRC increased in the same period.

112. Through researching multiple open sources, we have identified that, despite infrastructure investment, there has been a decrease in demand for CRS in the PRC due to subdued construction and property growth during 2022, carrying forward to 2023.[14]

113. In its submission, UK Steel stated, *'Weak domestic demand would further increase the incentive for Chinese producers to seek export markets to direct excess volumes even at dumped prices…when domestic demand weakens, rather than further cut production, producers will look for foreign markets to maintain as high-capacity utilisation as they can.'*[15]

114. Throughout the IP, 2021 saw the highest volume of CRS exports globally from the PRC. During the second half of the POI, exports increased and continued throughout 2023, exceeding the 2021 volumes.

115. The increase in exports could be attributed to the PRC turning to exports to counteract weak domestic demand. However, it may also be that the PRC export price is attractive to third countries because domestic prices of galvanised steel in other countries (as identified in Table 5) increased at a greater rate than those in the PRC.

116. The ability of the PRC to domestically price CRS lower than other countries, including the UK, demonstrates a greater ability to be competitive in international domestic markets. The lower domestic prices in the PRC could also relate to lower domestic demand for CRS, also leading to more exports.

[14] SMM Review and Forecast of China Steel Market Supply and Demand 2022-2023_SMM | Shanghai Non ferrous Metals
China's Dominance and Challenges In Construction Material Market | EqualOcean
6 key drivers shaping China's steel sector in 2022 | S&P Global Commodity Insights (spglobal.com)
SMM Review and Forecast of China Steel Market Supply and Demand 2022-2023_SMM | Shanghai Non ferrous Metals
China's construction steel demand expected to be subdued for rest of 2023 | S&P Global Commodity Insights (spglobal.com)

[15] TD0031 UK Steel Appendix to response, para 2.4

117. Conflicting reports within the PRC construction industry, of which CRS is a component, in addition to the above uncertainty, means that although there may be an increased incentive to export, we are unable to draw a conclusion on this factor. We determine that the information we have on conditions in the PRC neither support a positive or negative assessment that there are incentives for the PRC to dump CRS into the UK were the measure revoked.

F4.4 Attractiveness of the UK market to exporters

118. To assess whether PRC exporters would be likely to choose to export to the UK over other markets, we analysed:

- intensity of the competition;
- prices in third countries and measures in place;
- overall business environment and economic conditions;
- specific environment and trends in the industry and opportunity to differentiate products and services; and
- historic imports of CRS by PRC exporters to the UK market.

Intensity of the competition

119. Within the UK, there is a single major producer of CRS (TSUK). Throughout the IP, we estimated imports had a larger market share in the UK than TSUK. This means that, although there is limited competition amongst domestically produced goods, the majority of UK demand is being met by imports.

120. Throughout the IP, the largest volumes of CRS into the UK came from the countries shown in Table 6. These countries accounted for 93% of all CRS imports into the UK.

Table 6: Origin of imports of CRS into the UK by volume

Countries	% of imports into the UK during the entire IP	% of imports into the UK during only the POI
Belgium	16%	11%
France	14%	14%
Viet-Nam	10%	16%
Netherlands	10%	10%
Germany	9%	8%
India	8%	12%
Türkiye	7%	6%
South Korea	7%	8%
Taiwan	7%	7%
Italy	5%	2%

Source: HMRC, Overseas Trade in Goods Statistics

121. Five of the top 10 exporting countries are from the EU. Of the remaining countries, Viet-Nam, South Korea (Republic of Korea) and Taiwan are of a similar geographical distance from the UK as the PRC, and accounted for 24% of CRS imports into the UK during the IP.

122. We conducted a comparison to observe whether PRC exporters could compete with exports from the same region (Republic of Korea, Viet-Nam, and Taiwan). Table 7 below compares the weighted average £/mt of global FOB exports from the PRC, Rep. of Korea, Viet-Nam and Taiwan throughout the IP.

Table 7: Weighted average £/mt of FOB exports to all countries

	2019	2020	2021	POI
PRC	£ 528	£ 523	£ 766	£ 981
Korea (Rep. of)	£ 556	£ 504	£ 825	£ 850
Viet-Nam	£ 720	£ 582	£ 772	£ 914
Taiwan	£ 715	£ 545	£ 803	£ 900

Source: Zen Global Trade Tracker

123. Throughout the IP, with the exception of the POI, the PRC have exported CRS at values that were on average below the other three countries. To note, across the IP, the average import prices from South Korea and Taiwan to the

UK were consistently amongst the lowest import prices of all the countries in Table 6.

124. Based on the above assessment, we conclude that, in the absence of the current measure, the PRC may be able to export at values that would compete with the top importing countries of CRS into the UK. Therefore, if the measure were revoked, PRC exporters may consider the UK as an attractive market.

Prices in third countries and measures in place

125. We identified indicative domestic prices for five third country markets within Europe, North America and South America, to assess whether the UK market would appear attractive to PRC exporters. We are unable to publish the data due to confidentiality issues, however the UK like goods domestic price is within the ranges of the other markets' galvanised steel prices.

126. Of the above domestic markets observed, two are among the top 10 importers of CRS from the PRC. This could suggest that the PRC have identified markets with similar prices to the UK domestic price of the like goods, as attractive export markets.

127. As previously mentioned, PRC exporters may also view the UK market as an attractive option because markets of similar economic development (the USA, Canada, Australia, and the EU) currently have anti-dumping measures in place on CRS from the PRC. In Europe, however, despite the presence of anti-dumping measures, imports from the PRC continue to enter the market (with Italy being among the top 10 importers).

128. We therefore assess that, on the basis the PRC have exported in large volumes to third countries whose respective domestic values are within a similar range as those of the UK industry, including to countries with existing anti-dumping measures, that the revocation of the UK measure may make it an attractive export market for PRC producers/exporters.

Overall business environment and economic conditions

129. We have identified (within section G) that continual growth is expected in the UK construction and infrastructure sectors, of which CRS is a component.

130. We have also identified (within section G) that during the IP, UK energy prices for industrial consumers increased by 40% and 200% for electricity and gas respectively.

131. Further analysis of global energy prices indicate the EU has also experienced energy price increases,[16] in contrast to the PRC, whose energy costs have remained relatively stable across the IP.[17] Increases in costs would lead either to reduced profitability, or increased consumer prices.

132. If growth and subsequent demand is expected within the UK business environment of which CRS is a component, also considering the increased energy prices for both UK and EU producers of CRS (50% of all CRS imports into the UK come from the EU), we determine the UK may be an attractive market for PRC exporters.

Specific environment and trends in the industry and opportunity to differentiate products and services

133. We have not received any submissions in relation to a differentiation of CRS products and the like goods. We conclude that there are no considerable differences in the production or specifications of CRS produced by exporters in the PRC and the like goods produced by the UK industry. Therefore, the UK will likely be attractive to PRC exporters of CRS.

Historic imports of CRS by PRC exporters to the UK market

134. Table 8 below demonstrates historic volumes of imports from the PRC. An analysis of past trends allows us to identify whether the UK was an attractive market for PRC exporters prior to the EC's measure.

[16] International industrial energy prices - GOV.UK (www.gov.uk)

[17] China: business electricity prices 2023 | Statista

Table 8: Historic Injury Data

Year	2013	2014	2015	2016	2017	2018
Volume of UK imports of CRS from all countries (thousand mt)	1,128	1,273	1,233	1,727	1,678	1,505
% of UK imports of CRS from the PRC	11%	15%	13%	21%	16%	1%
Unit price of UK imports of CRS (excluding PRC) (£/mt)	614	569	488	502	632	672
Unit price of UK imports of CRS from the PRC only (£/mt)	474	474	444	373	525	666

Source: HMRC, Overseas Trade in Goods Statistics.

135. Prior to the EC's definitive measure (2018/186), the volume of PRC imports into the UK continuously increased, reaching its peak over the 2016 and 2017 periods. Since the provisional measure was imposed in August 2017, and subsequent definitive measure in February 2018, PRC imports of CRS reduced to 1%.

136. The average value of the goods subject to review from the PRC were, prior to the imposition of the measure, undercutting the average import price from all other countries by 9% to 26%.

137. The above data indicates, historically, the PRC have found the UK an attractive market to export to.

F5 Whether exporters have previously or habitually circumvented or absorbed the effects of trade remedy measures

138. The EU[18], USA[19] and Australia[20] have all conducted anti-circumvention investigations, resulting in additional goods being added to the existing measures placed against the PRC. The imposition of such measures reveals that PRC exporters have previously circumvented other countries', and this current, trade remedy measures.

[18] eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32020R1156&from=ENf

[19] U.S. Department of Commerce Announces Preliminary Rulings in Self-Initiated Circumvention Inquiries Regarding Corrosion-Resistant Steel Products (trade.gov)

[20] 027-sef-_anti_circ_-_case290.pdf (industry.gov.au)

139. Our analysis identified that following the imposition of the 2018 measure, imports into the UK from the PRC decreased 96%; from 363,000 mt in 2016, to 16,000 mt in 2018. Imports from the PRC then increased to 24,500 mt in 2019. The EC's circumvention determination was published in August 2020, and from 2020 to the POI, imports have averaged 1,200 tonnes annually. This suggests that PRC exporters circumvented the original measure in order to sell to the UK.

140. We showed in section F4.2 that the PRC have continued to export large volumes of CRS into countries that have anti-dumping measures in place. However, limitations in our data do not allow us to assess whether PRC exporters have been absorbing those measures and continuing to dump.

141. With the lack of data, we are unable to conclude whether previous circumvention or absorption happened in the UK. There is evidence that other countries have conducted investigations and concluded that circumvention was taking place. We also found that absorption was occurring in third countries with imports of CRS from the PRC. We conclude that these findings lead to a positive assessment of previous circumvention and absorption by the PRC, indicating a likelihood that dumping would recur if the goods subject to review were no longer subject to the measure.

F6 Conclusion on whether the incentives for dumping exist

142. During the IP, we identified that the PRC have exported CRS globally at values below an indicative PRC domestic market price, including to countries of a similar geographical distance as the PRC is from the UK.

143. We have determined that the UK would be an attractive market to PRC exporters, should the measure be revoked. The overall business environment and economic conditions indicate that sectors, of which CRS is a component, will continue to grow. The lack of differentiation between CRS products and the like goods reduce any barriers into the UK market.

144. Further factors identified include the lack of competition domestically within the UK, and the ability of PRC exporters to compete with countries who are already amongst the largest exporters of CRS into the UK.

145. Arguments for whether there are incentives to dump have been strengthened by considering historically, prior to the measure, the PRC continuously increased its proportion of total UK imports, at weighted average prices below the average UK import price.

146. On the balance of the available evidence, we conclude that incentives exist for PRC exporters to dump CRS into the UK.

F7 Conclusions

147. We have identified through an analysis of several factors relating to the ability for the PRC to dump into the UK, that a positive assessment of the existence of conditions for dumping can be concluded in relation to PRC production levels, the ability for the PRC to shift production to the goods subject to review from similar goods, and the PRC production capacity for CRS.

148. We have also identified, through an analysis of several factors, that a positive assessment of the existence of an incentive to dump can be concluded by examining exports of CRS from the PRC to third countries during the IP, and attractiveness to the UK market. All five factors assessed to determine attractiveness to the UK market concluded positively.

149. In addition to the above, we identified previous evidence of the PRC circumventing and absorbing trade remedy measures in other countries while exporting CRS, indicating a likelihood that dumping would recur if the goods subject to review were no longer subject to the measure.

150. In relation to whether market prices in the producers' market and conditions in the exporters market are indicative of an incentive to dump in the UK, we determine these facts as neutral, however this was due to a lack of available information of market conditions in the PRC with no participating PRC exporters.

151. Considering the evidence available, we conclude, on the balance of probabilities, that there is a likelihood that dumping would recur were the current anti-dumping measure revoked.

SECTION G: Likelihood of Injury Assessment

G1 Introduction

152. We are required under regulation 99A(1)(b) of the Regulations to consider whether injury to a UK industry in the like goods would be likely to continue or recur if the anti-dumping measure were no longer applied to the goods subject to review.

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

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

- domestic and international market conditions;
- the current state of the UK industry and non-attribution;
- undercutting of the UK industry; and
- historic injury.

155. 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.

156. It is important to note that there were low levels of imports during the IP, while the measure was in place. We will therefore conduct the following analysis in the context of a UK market that was being protected by the measure across the IP. We will analyse what has happened with the injury factors during this time and consider what would happen if the measure were to be revoked.

G1.1 The impact of the COVID-19 pandemic and the rise and fall of steel prices

157. 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 our IP.

158. In 2020, the effects of the pandemic on steel demand and production led to a drop in apparent finished steel use of around 12.5% in the UK, down to just under nine million metric tons.[21]

159. The impact of the pandemic on 2020 consumption within the EU is summarised within an OECD report, with Eurofer quoted as citing an 11.1% reduction, the decline due to the lockdowns in the second quarter of 2020, with a predicted '*rebound (11.7%) in 2021*'.

160. This 'rebound' stated by Eurofer has been observed within TSUK's submission, where a number of factors showed figures for 2021 that were clear outliers. Due to confidentiality, these figures cannot be disclosed.

161. On the basis of this contextual evidence regarding the effect of the pandemic on the UK steel industry, we have, in some areas of our injury analysis, noted figures that we consider may have been negatively or positively impacted by the pandemic or post-pandemic recovery.

G2 Current state of UK Industry

162. In assessing the current state of the UK industry, we considered changes to the following injury indicators:

- Factors affecting domestic prices.
- Actual and potential decline in:
    - sales volumes;
    - market share and consumption;
    - sales values and profits;
    - output;

163. utilisation of capacity; and

[21] UK: apparent steel product use 2021 | Statista

164. productivity, employment and wages.

- Actual and potential negative effects on:
  - growth;
  - return on investment, cashflow, inventories; and
  - ability to raise capital or investments.

165. We have considered each factor individually to get an understanding of the current UK industry but our overall conclusion is based on a holistic assessment of all relevant economic factors.

G2.1 Factors affecting domestic prices and non-attribution

166. We have examined factors that influence the domestic pricing of the like goods, such as costs, customers, and economic outlook, and if/how they have affected domestic prices over the IP. Several of these factors are non-attribution, which may be causing injury to the UK industry, but are not attributed to dumped CRS from the PRC. We considered how these factors interact with the likelihood of injury to the UK industry, should the measure be revoked.

G2.2 International market conditions

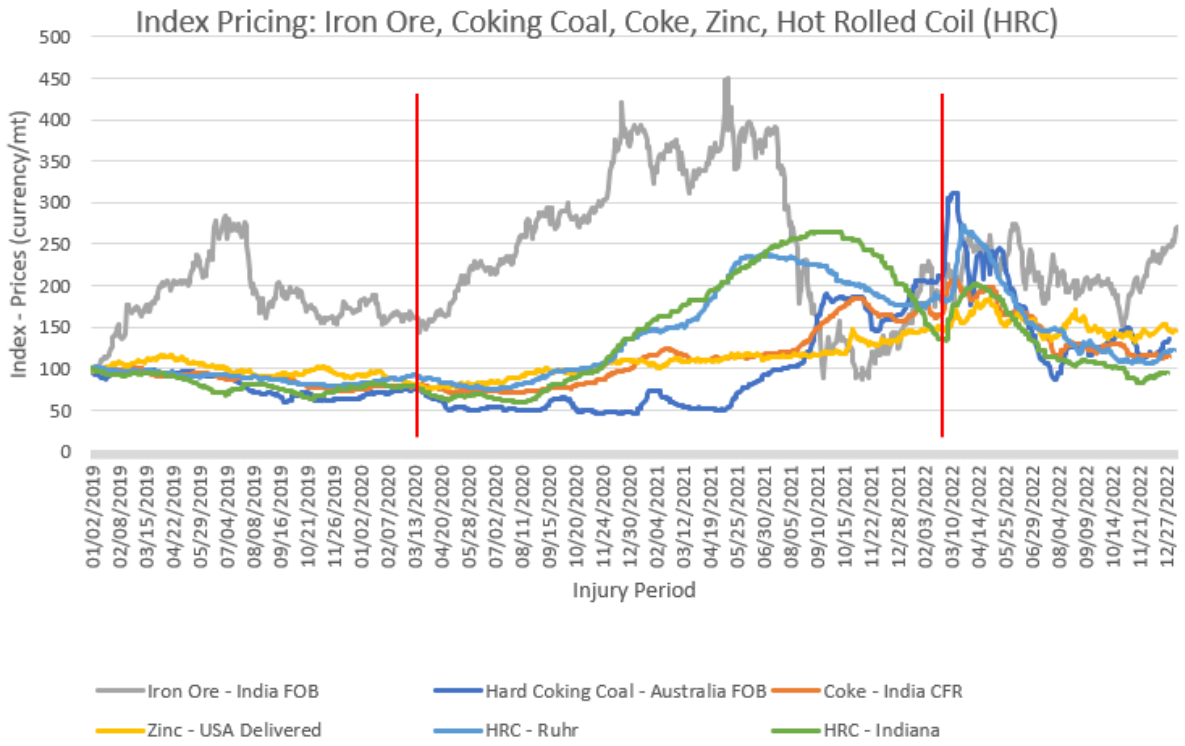
167. The IP saw key global events that impacted trade patterns, availability of goods, and prices. As mentioned above, early 2020 marked the beginning of the pandemic, and lockdowns around the world restricted global trade and employment in many different industries. Effects of the pandemic continued throughout the IP, with varying degrees of restrictions continuing, including those across the UK. In addition, the POI marked the beginning of the Russian invasion of Ukraine, which resulted in sanctions against the former, preventing Russia from exporting goods to the UK.

168. We observed in section F4 Table 6, that galvanised steel prices from multiple countries were relatively stable during 2019 and 2020. Prices increased, peaking in 2021, and then decreased again during the POI. These price

trends were not restricted to galvanised steel, and can be observed across global steel markets.

169. The below graph shows indexed price changes of key raw materials (iron ore, coke and coking coal) from a selection of major producing countries in their reported currencies. It also shows hot rolled coil (HRC), a semi-finished steel product that enters the galvanising process to become CRS.[22] The graph demonstrates fluctuations in the global market, with the first red line indicating the start of the UK lockdown in early 2020 due to the pandemic, and the second red line representing the Russian invasion of Ukraine.

Graph 1: Raw materials & Hot Rolled Coil pricing



Source: © 2023 by S&P Global Commodity Insights, a division of S&P Global Inc. All rights reserved.

170. Supply and demand are the significant drivers of both the price volatility of steel and the raw materials associated with its production. Limited supply and increased demand leads to an increase in prices. During 2019, the price of iron-ore was significantly affected by events in Brazil and Australia, two of its

[22] Source: © 2023 S&P Global Commodity Insights, a division of S&P Global Inc. All rights reserved
Dates along x-axis are presented as month/day/year.

largest producing and exporting countries.[23] However, in 2021, steel prices significantly increased as a result of increased demand and limited supply following the easing of global lockdowns. During the start of the POI, the Russian invasion of Ukraine caused further price rises, due to the global uncertainty of raw material supply (Russia is a large producer of coking coal). The markets adjusted, and a downward price trend was observed for the remainder of the POI.

171. The impact of these global events on raw material prices had the following effects on the UK industry. To note, the purchasing of raw materials for the like goods, and steel production in general, can take place months in advance:

172. raw materials purchased when prices were relatively low (2020, early 2021), were, as finished goods, sold when global steel prices were at their highest (2021, early 2022). Therefore, the profit margin was greater.

173. Raw materials purchased when prices were relatively high (2021, early 2022), were, as finished goods, sold when global steel prices were decreasing (latter half of 2022). Therefore, the profit margin was lower.

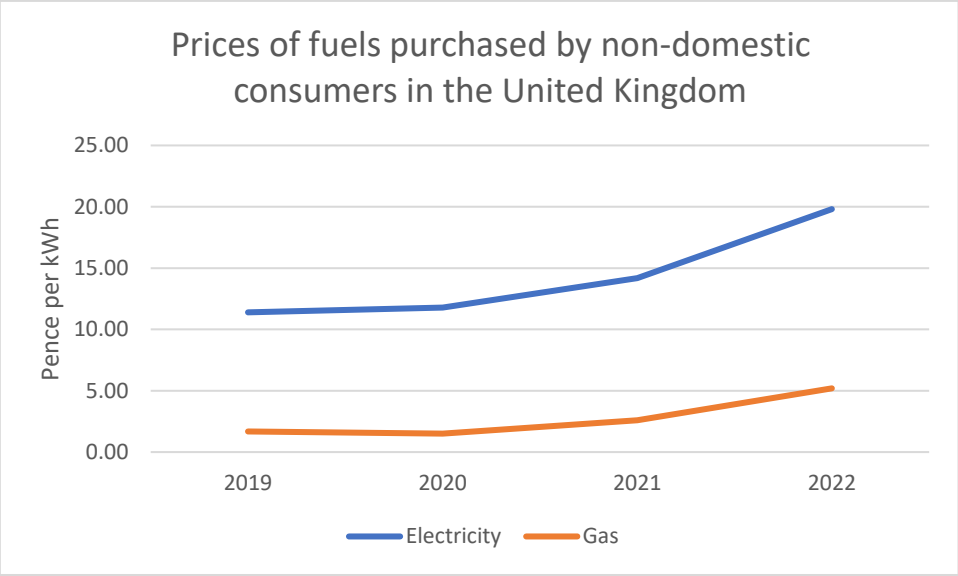
174. These impacts are observed in section G4.2, which shows a positive profit margin for 2021 followed by a negative profit margin for the POI. The cost to make the like goods exceeded the selling price during the POI. This puts the UK industry in a position where it is vulnerable to injury.

G2.3 Energy prices

175. The previously mentioned global events have additionally had an impact on energy prices. The graph below identifies, since the start of the IP, price rises of 74% for electricity and 210% for gas, with the highest rate of increase observed between 2021 and the POI.

[23] Iron-Ore Prices Hit Five-Year Highs: What's Behind the Rally? (internationalbanker.com)

Graph 2: Fuel prices during the IP



Source: Department for Energy Security and Net Zero

176. In its submission, UK Steel stated that *'…recent years have been a challenging environment for the UK Steel industry...with the energy crisis as a result of the war in Ukraine...Exorbitant energy costs have reduced production and demand in the UK and across Europe...'*[24]

177. The increase of energy costs observed over the POI have had a negative impact on UK production costs, leaving the UK industry in a vulnerable position.

G2.4 Customer Type

178. TSUK's non-confidential questionnaire response showed over 50% of the like goods are sold into the construction sector.[25] Analysis of data from the Office for National Statistics (ONS) has shown that, with the exception of a drop in 2020 (attributed to the pandemic), construction output has generally been increasing. With CRS a key product in construction, this indicates a positive outlook for the industry.

[24] Page 7

[25] CRS from China – TSUK's comments before the TRA [non confidential], page 4

G2.5 Imports of CRS from third countries

179. Although an increase in construction would indicate an increased need for CRS in the UK, the majority of the requirements of UK consumers are being met by imports. The below table shows the top 10 countries by volume from which CRS was imported into the UK throughout the IP.[26] Our analysis identified both the average price of imports of CRS as £/mt, and the percentage (in brackets) of volume of total CRS imports into the UK during each period. These countries' volumes made up 93% of all CRS imports into the UK over the IP.

Table 9: CIF Import price £ per mt, and percentage of total CRS imports

	2019	2020	2021	POI
Belgium	£658 (23%)	£598 (18%)	£759 (13%)	£1,044 (11%)
France	£693 (14%)	£637 (15%)	£792 (12%)	£1,038 (14%)
Viet-Nam	£604 (1%)	£537 (5%)	£816 (19%)	£1,039 (16%)
Netherlands	£641 (10%)	£577 (11%)	£721 (10%)	£1,065 (10%)
Germany	£694 (11%)	£659 (11%)	£781 (7%)	£978 (8%)
India	£589 (5%)	£508 (5%)	£906 (9%)	£943 (12%)
Türkiye	£578 (7%)	£517 (5%)	£857 (8%)	£971 (6%)
South Korea	£593 (7%)	£551 (8%)	£774 (5%)	£991 (8%)
Taiwan	£589 (5%)	£520 (5%)	£757 (8%)	£1,029 (7%)
Italy	£593 (8%)	£583 (7%)	£819 (3%)	£1,486 (2%)

Sources: HMRC, Overseas Trade in Goods Statistics

180. Within its non-confidential submission, TSUK stated, '*...the UK CRS industry is in a vulnerable state is also shown by the development of TSUK's market share…TSUK's market share dropped somewhat due to pressure by imports.*'[27]

181. Although the UK industry is not currently competing with dumping from the PRC, our analysis has indicated the UK industry is vulnerable due to the competition with other imports. Should the current measure be revoked,

[26] Imports of the goods under the commodity codes subject to this review, at the 8-digit level.

27 Para 39

competition is likely to increase with dumped PRC imports and to cause a recurrence of injury.

G2.6 Conclusion

182. The UK industry was affected by global events through the IP, with the pandemic causing a decrease in steel supply and demand, and pandemic recovery then resulting in a supply and demand increase. Sanctions imposed against Russia after its invasion of Ukraine also cut off crucial supplies used in the production of steel products. As a result, over the IP, the UK industry experienced increases in raw material and energy costs.

183. TSUK is currently producing the like goods at a loss, due to rising production costs and competition from imports. Although the construction and manufacturing sectors, of which CRS is a component, have grown over the IP, TSUK is losing domestic market share to imports from other countries - not including the PRC. We are unable to conclude on the comparability of the like goods and the CRS imports, however we have observed, as outlined in the previous section, that the UK industry is in a vulnerable position, partially caused by imports from countries other than the PRC.

184. Should the measure against the PRC be revoked, we believe the above factors show a positive assessment that the UK industry is likely to suffer injury due to its already vulnerable position, and would have to lower its prices further to compete with increased competition from dumped PRC imports.

G3 Undercutting

G3.1 Price undercutting

185. 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.

186. A thorough analysis of price undercutting requires an assessment of the price of imports coming into the UK from the PRC. Due to the minimal volume of PRC imports into the UK during the IP, we have conducted our analysis using best facts available to us, by:

- comparing the UK sales price with an indicative PRC domestic sales price throughout the IP; and
- comparing the UK sales price with the import price of CRS from the PRC into third countries.

187. We note the following limitations to the analysis:

- we have been unable to verify the indicative PRC domestic sales price;

188. we have been unable to make adjustments so that product types within the CRS scope are comparable. For example, a CRS product that is directly comparable in terms of (including, but not limited to) dimensions, specifications and coating type and thickness; and

- we do not have information on the product composition of the indicative domestic sales price, or how representative it is of CRS produced throughout the PRC.

189. We compared confidential UK like goods sales data to an indicative PRC domestic price, and, separately, the weighted average import prices of the largest importers of CRS (by volume) from the PRC, shown in Table 9. The analysis indicated a high likelihood that PRC imports would have undercut the UK industry's domestic price throughout the IP. Therefore, should the measure be revoked, there is a high likelihood that undercutting will occur in the UK, with a potential to lead to injury.

G4. Actual and potential decline in:

G4.1 UK industry's domestic sales volumes, market share, and consumption

190. The volume of sales remained relatively stable throughout the first half of the IP, with 2021 seeing an increase during the pandemic recovery, followed by a decrease in the POI.

Table 10: Domestic Sales Volumes

	2019	2020	2021	POI
Sales volume index (2019=100)	100	99	122	95

Source: TSUK Non-Confidential Questionnaire Annex, page 11

Table 11: Consumption & Market Share

	2019	2020	2021	POI
Consumption Index (2019 = 100)	100	75	107	76
Market Share Index (2019 = 100)	100	107	88	85

Source: TSUK Non-Confidential Questionnaire Annex, page 11, HMRC, Overseas Trade in Goods Statistics

191. While UK industry saw an overall decrease in sales volumes of five percentage points between 2019 and the POI, it is important to consider this with UK consumption and market share in the overall CRS market.

192. Over the IP, both UK consumption and UK market share has decreased. Notably, over periods where UK consumption has remained stable (comparing 2019 & 2021, and 2020 & the POI), UK domestic market share has decreased. This could suggest that the UK industry has an inability to gain market share despite similar domestic demand for CRS, likely caused by an increasing vulnerability to imports. If the measure were revoked, it is likely that the UK industry would suffer further losses of sales volumes and market share, resulting in a recurrence of injury.

G4.2 Sales values and profits

Table 12: Sales and Net Operating Profit After Tax (NOPAT) Profits

	2019	2020	2021	POI
Like goods domestic sales value index (2019 = 100)	100	93	186	173
Average NOPAT profit margin of like goods Index	(100)	(103)	51	(30)

Source: TSUK Non-Confidential Questionnaire Annex, page 11

193. The value of sales increased 73 percentage points over the IP. While this initially appears positive to the UK industry, an analysis of profit margin provides a different outlook.

194. With the exception of 2021, domestic sales of the like goods have not been profitable. The overall increase of 73% in domestic sales values during the POI was not enough to result in a positive profit margin.

195. The 2021 profit observed was partly due to an increased demand, identified as a pandemic 'rebound'. This occurred in addition to the increased prices of the like goods, in line with globally observed price increases of galvanised steel, identified in section F.3. As noted in section G2.2, the raw materials used to produce steel are often purchased months in advance. Therefore, raw materials were purchased at a lower price in 2020 relative to their price when the steel goods were sold in 2021.

196. The 2022 negative profit observed was partly due to a decreased demand, shown by a decrease in the UK consumption of CRS, demonstrated in Table 11. This decrease was in addition to a decrease in sales prices relative to the increase in costs of raw materials purchased during 2021 and into the POI.

197. In its non-confidential submission, TSUK stated, *"…The performance in terms of profitability of the UK industry during POI-1 is not representative, as better results were linked to market disruptions and post-COVID recovery, which led to abnormally high prices. The situation has now changed…it remains vulnerable after the pressure from imports and the supply chain disruption caused by COVID and rising steel and raw materials prices."*[28]

[28] Page 15

198. With the exception of 2021, the UK has consistently been in a loss-making position. This indicates the UK industry is vulnerable and, should the measure be revoked, it is likely that profits would further deteriorate due to a likely increase of dumped imports from the PRC, causing injury to recur.

G4.3 Output

Table 13: All galvanised output and like goods output

	2019	2020	2021	POI
All galvanised output index	100	83	99	94
CRS output index	100	97	115	112

Source: TSUK Non-Confidential Questionnaire Annex, page 11

199. There are limitations to an analysis of output due to the difficulties in identifying the like goods within the production process. Therefore, we have utilised production output of all galvanised steel products, while approximating the like goods output by examining the like goods domestic and export sales.

200. Galvanised products include the like goods and out of scope goods. All these goods go through the same production lines, however those out of scope will undergo production processes that exclude them from the scope of the measure.

201. All galvanised output, with the exception of 2020, has remained relatively stable, with an overall decrease of 6 percentage points through the IP. In contrast, the output of the like goods has shown an overall increase of 12 percentage points. In isolation, production output does not provide a clear indication of whether there is a risk of injury recurring to the UK industry should the measure be revoked. Therefore, it is important to observe production output in relation to capacity utilisation.

G4.4 Utilisation of capacity

Table 14: Production Capacity over the IP

	2019	2020	2021	POI
Production capacity for like goods (volume) Index (2019 = 100)	100	100	100	100
Production capacity utilisation for like goods Index (2019 = 100)	100	97	115	112

Source: TSUK Non-Confidential Questionnaire Annex, page 11

202. The UK industry's production capacity for the like goods did not change during the IP, yet capacity utilisation of the like goods increased between the start of the IP and the POI.

203. Although the table above shows a high capacity utilisation, TSUK stated within its non-confidential submission, *'TSUK currently operates at [50- 70]% of its capacity, which demonstrates that TSUK can easily increase capacity to meet any increase in demand.'*[29]

204. The spare capacity reported by TSUK is primarily due to the mothballing of one of TSUK's galvanising lines which was noted within TSUK's verification report. Prior to the measure, by 2016, PRC imports of CRS were continuously increasing, resulting in injury to the UK industry. As a result of this injury and other factors, TSUK shut down one of its production lines in 2015.

205. UK Steel stated within its non-confidential submission, *'Tata Steel had to mothball its Llanwern hot-rolling mill in 2015 as import pressure, including dumped imports, made the operation unsustainable'*.[30]

206. An analysis of the capacity utilisation shows that injury caused to UK industry from previous dumped goods has had a lasting effect. Should the measure be revoked, it is likely increased competition from imports would lead to a decrease in output. This would subsequently impact capacity utilisation for the production of the like goods, and may cause injury to the UK industry in the production of the like goods and other galvanised goods..

[29] Para 89

[30] Para 2.5

G4.5 Productivity, employment and wages

Table 15: TSUK Employees Indexes

	2019	2020	2021	POI
Total number of employees Index	100	95	93	93
Like goods employees Index	100	102	102	97
Like goods output per employee Index	100	96	113	116

Source: TSUK Injury data annex, sheet 9) Injury

207. The total number of UK industry employees has reduced year on year across the IP. However, the number of employees working on the production of the like goods has remained relatively stable.

208. During the IP, (with the exception of 2020) the output of the like goods per employee has increased, showing increased productivity. During the POI particularly, employees working on the like goods had decreased 3% since 2019, but like goods output per employee increased 16%. Fewer people were working on the production of the like goods, but those who were, were producing more.

Table 16: Mean wage for FTE engaged in activities related to the like goods

	2019	2020	2021	POI
Mean wage Index	100	94	114	108

Source: TSUK Injury data annex, sheet 9) Injury

209. Between 2019 and the start of the POI, the mean wage increased. We have identified a correlation between the mean wage index and the previous injury factors related to domestic sales volume, market share and profit. The higher sales volumes and profit observed in 2021 corresponds to an increase in mean wage, while a decrease in sales volumes and profit corresponds to a decrease observed in mean wage. During the POI, despite an increase in employee productivity, the mean wage decreased from the previous period (2021), corresponding to the decrease observed in sales output and a loss in profitability.

210. The correlation between wages and other injury factors shows that a decrease in sales volumes and profit coincides with a decrease to employee

wages. Should the measure be revoked, it is likely increased competition from imports would lead to a decrease in domestic sales, negatively impacting the profitability of the like goods, causing injury to the employment and wages of the UK industry.

G5 Actual and potential negative effects on:

G5.1 Growth

211. Within the sales and market share section, we have previously identified that the like goods UK domestic consumption has fluctuated across the IP. The decrease observed over 2020 was followed by a rebound after post-pandemic lockdowns. Yet, the POI saw a decrease in demand, similar to pandemic levels. As highlighted in section G4.1, the UK industry has continued to lose market share.

212. Future demand is difficult to predict (see section G2.1), and the UK industry accepts there are a range of factors that affect growth.[31] However, the observed decrease in both consumption and UK market share is an indication that the UK industry is already vulnerable; therefore, any subsequent dumping, likely to occur if the measure were revoked, would be likely to cause a recurrence of injury to the UK industry.

G5.2 Return on investments, cash flow, inventories

213. We do not have any verifiable information from the UK industry in respect of return of investments, cash flow, and inventories, specific to the like goods. Therefore, we are unable to determine whether injury to the UK industry would recur if the measure were revoked.

G5.3 The ability to raise capital or investments

214. We do not have any verifiable information from the UK industry in respect of the ability to raise capital or investments, specific to the like goods.

[31] TRA Investigations - Trade Remedies Service - GOV.UK (trade-remedies.service.gov.uk) – TD0031 Domestic Producer Questionnaire – A4.7 'trends and drivers of demand'

G6 Holistic conclusion on current state of the UK industry

215. Over the IP, we have observed overall decreases in sales volumes, UK consumption and UK industry's domestic market share. Even as consumption increased in 2021, UK industry's market share decreased indicating that a greater proportion of the consumption was being met by international imports.

216. In addition to losses in market share and sales volumes, an analysis of TSUK's profit margins of the like goods over the IP shows that the UK industry has been mostly unprofitable.

217. When analysing TSUK's production capacity, it appears that UK industry could be able to meet UK domestic demand for the like goods. However, due to a combination of unfavourable market conditions and an increase of PRC imports leading up to 2017, TSUK mothballed one of its galvanising production lines in 2015, reducing its capacity utilisation.

218. Information provided by TSUK and further analysis of sales indicates correlations between some injury factors. Although wages over the IP increased 8%, they decreased between 2021 and 2022, despite employee productivity increasing. This correlates with a decrease in profit and sales over the same period.

219. An analysis of the injury factors above shows that UK industry is in a vulnerable position. Therefore, if the measure were revoked, it is likely that injury to the UK industry would recur.

G7 Historic injury data

G7.1 Introduction

220. This section considers whether the UK industry has suffered material injury in the past as a result of dumped imports, and if/when this changed. This is assessed by examining the original EU investigation, and volume and prices of imports historically coming into the UK.

221. TSUK stated "*TSUK has been suffering material injury from dumped imports of the like goods for many years and most notably during the injury period of the original investigation (2013-2016). While it is difficult to point to a specific date, dumped imports from the countries concerned clearly started to have a significant negative impact on TSUK in 2015-2016. The situation continued to gradually worsen until the imposition of definitive measures in February 2018.*"[32]

222. The EC conducted an investigation covering a POI of 1 October 2015 to 30 September 2016. The investigation definitively concluded that the EU industry (which included the UK at the time) suffered material injury in the investigation period, and subsequently imposed (provisional) measures on August 2017.

Table 17: Imports into the UK of Galvanised Steel

	2013	2014	2015	2016	2017	2018	2019	2020	2021	POI
Volume (thousand tonnes)	121	189	161	363	268	16	25	1	2	1
% of imports from the PRC	11%	15%	13%	21%	16%	1%	2%	0%	0%	0%
Prices excluding PRC (£/mt)	614	569	488	502	632	672	641	586	795	1,029
PRC prices only (£/mt)	474	478	444	373	525	666	597	651	806	1,613

Source: HMRC, Overseas Trade in Goods Statistics

223. The EU measure triggered a decrease in imports from the PRC, and an increase in the import price per mt.

224. We are unable to determine what portion of injury identified by the EC was suffered by the UK industry as the EC did not seek to identify injury in individual member states. However, the historic import data above shows us that, prior to the measure, PRC import prices were, annually, between 9% to 26% lower than all other countries' import prices.

225. On the basis that an anti-dumping measure is currently applied to prevent injury to the UK domestic industry, and we can see the effect this has had on PRC imports, it is reasonable to conclude with our likelihood of dumping analysis that, should the measure be revoked, it is likely to result in a recurrence of injury. This is supported by the UK interested parties, who have

[32] TSUK stated (section E, pg 33),

stated in their written submissions that the UK industry is still vulnerable, and injury would be likely to recur if the anti-dumping measures were to be revoked.

G8. Any other relevant factors

G8.1 Decarbonisation

226. TSUK stated in its non-confidential submission, that if the measure were revoked, "*the…impact on various financial and production indicators…will have a direct impact on our ability to proceed with decarbonisation projects and continue to contribute to various net zero initiatives in the UK that rely on a stable supply of steel products from TSUK*".[33]

227. In the absence of supporting evidence to this statement, we are unable to reach a determination as to whether this is a positive or negative indicator.

G9. Conclusions

228. We have identified through factors affecting domestic prices and non-attribution, the UK industry is in a vulnerable position, and that revocation of the measure would likely lead to a recurrence of injury. This vulnerability has increased due to the effects international market conditions have had on raw materials and energy prices.

229. We have identified, in the absence of the measure, it is likely PRC imports would have undercut the UK's domestic price throughout the IP.

230. Our assessment of historic injury data taken from prior to the measure identified that the volume of imports from the PRC peaked prior to the implementation of the EC's measure. Additionally, the average PRC import price of CRS into the UK was lower than the overall average import price from the remaining importing countries.

[33] Section E, p.39

231. Considering the evidence available, we conclude that there is a likelihood (greater than 50%) that injury to the UK domestic industry in the like goods would recur if the measure was revoked. This injury would occur as a result of a likely increase in the volume of dumped imports of the goods subject to review, originating in the PRC.

SECTION H: Economic Interest Test (EIT)

H1 Introduction

232. Under regulation 100A(2)(a) of the Regulations, if we make a recommendation to vary the application of the anti-dumping amount, we must be satisfied that the application of the varied measure meets the EIT.

233. The EIT is conducted to determine if a recommendation to vary the application of the anti-dumping measure on the goods subject to review is in the economic interest of the UK, in accordance with paragraph 25 of Schedule 4 to the Taxation Act.

234. 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 by the dumping of goods to the UK industry of the goods and the benefits to that UK industry in removing that injury;
- the economic significance of affected industries and consumers in the UK;

235. the likely impact on affected industries and consumers in the UK;

236. the likely impact on particular geographic areas, or particular groups, in the UK;

237. 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

238. Two UK parties submitted questionnaire responses which are relevant to the EIT:

- one producer of the like goods in the UK: TSUK; and

239. one trade body representing the UK steel industry: UK Steel.

240. We used facts available to supplement questionnaire responses with evidence from both publicly available data (e.g. HMRC, Overseas Trade in Goods Statistics and ONS socio-economic data) and subscription market data (e.g. Dun and Bradstreet).

H3 Injury caused by dumping and benefits to UK industry in removing injury

241. The injury likelihood assessment concluded that injury to the UK industry would be likely to continue or recur if the anti-dumping amount were no longer applied to CRS from the PRC.

242. The application of the varied measure is likely to help prevent this injury to UK industry.

H4 Economic significance of affected industries and consumers in the UK

243. The following groups have been identified as potentially being affected by the application of the varied measure or the revocation of the current measure:

244. **Upstream industries:** such as suppliers of electricity, gas, zinc, iron and coal;

- **UK producer** of the like goods: TSUK is the major producer of the like goods in the UK;
- **Importers** of CRS;

245. **Steel Service Centres (SSCs)**: these are intermediaries who stock, tailor and sell steel products including CRS/like goods;

- **Downstream industries**: those who use CRS/like goods to produce other goods or infrastructure, such as the construction industry; and

246. **Consumers**: individuals who purchase final products made using CRS/like goods.

247. There is likely to be some overlap between these groups. We have attributed all known businesses to one of these groups based on their main business activity to avoid double counting.

248. For the selected businesses, we used the most recent available financial accounts from Companies House to assess their vulnerability to negative economic impacts, and the importance of CRS to them.

H4.1 Upstream industries

249. We identified seven upstream businesses that supply raw materials and energy to TSUK as inputs in the production of the like goods. These include electricity, gas, coal and zinc. We selected two upstream businesses which accounted for 46% of the value of inputs purchased by TSUK during the POI.

250. The most recent published accounts show the selected upstream businesses had a total employment of 55, a total Gross Value Added (GVA) of £17m and an average Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) margin of 5%.

251. On average, 22% of turnover of selected upstream businesses is related to the like goods. On this basis, we conclude that the like goods are very important to upstream businesses.

252. The selected businesses have positive turnover trends but low average EBITDA margins so we believe these businesses may be somewhat vulnerable to negative economic impacts.

H4.2 UK producer of the like goods

253. TSUK is the major 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 8,000 workers, had a total GVA of around £63m and an average EBITDA margin of -15%. We have concluded that TSUK is highly vulnerable to negative economic impacts due to its negative EBITDA margin.

254. We found that the like goods were somewhat important products to TSUK. Although the like goods account for between 5% and 20% of TSUK's total

sales in terms of volume and value, the galvanising lines where the like goods are produced account for approximately 20%-35% of TSUK's overall production volume. TSUK argued that it is not financially viable for it to run galvanising lines at all if it does not produce the like goods. Therefore, the like goods may be more important to TSUK than its share of turnover suggests.

H4.3 Importers of CRS

255. Due to a lack of participation from importers, we used HMRC trader data to identify businesses in this group. We identified 352 businesses that imported during the POI under the 8-digit commodity codes under which CRS fall. The data is not publicly available at the 10-digit level, and therefore it is likely that some of the importers may import out-of-scope goods.

256. Of the 352 businesses identified, we believe 26 are Non-Established Taxable Persons (NETPs), which do not have a physical presence in the UK.

257. We selected the top 12 businesses ranked by the frequency of import transactions, and which had full financial accounts available. These 12 businesses accounted for approximately 13% of import transactions involving the 8-digit level commodity codes during the POI.

258. The selected importers have a total employment of 1,949, a total GVA of £128m and an average EBITDA margin of 8%. On average 27% of their import transactions are related to CRS, meaning CRS could be very important to these businesses. However, the import transactions could involve out-of-scope goods, therefore the importance could be lower.

259. Profits for the selected importers ranged from positive to loss-making so they may be somewhat vulnerable to negative economic impacts.

H4.4 Intermediaries: Steel Service Centres (SSCs)

260. More than half of TSUK's output of the like goods is sold to intermediary facilities, known as SSCs. These act as traders of the like goods, but may also adjust and tailor the goods (mainly by cutting and slitting) before selling them to downstream industries.

261. We identified 38 SSCs to whom TSUK sold the like goods. Based on the value of sales from TSUK, we selected seven SSCs for which full financial accounts were available. These SSCs accounted for 50% of like goods sales by TSUK to SSCs during the POI.

262. The selected SSCs had a total employment of 1,100, a total GVA of around £70m and an average EBITDA margin of 7%.

263. The costs of the like goods equates to an average of 3% of turnover for the selected SSCs. On this basis, we conclude that the like goods are somewhat important to SSCs. We have no information on whether these SSCs also import CRS so we may be underestimating the importance of the goods as a whole to SSCs.

264. The selected SSCs displayed positive turnover trends but have low average EBITDA margins so we believe they may be somewhat vulnerable to negative economic impacts.

H4.5 Downstream industries

265. Less than 20% of TSUK's like goods output is sold directly to downstream industries (excluding SSCs) that use the like goods in the UK. Downstream industries that purchase and use the like goods include mostly construction and manufactured goods industries.

266. We identified 375 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 higher because we could only identify those which bought directly from TSUK.

267. We selected the 10 downstream businesses with the highest value of purchases of the like goods from TSUK, for which full financial accounts were available. These businesses accounted for 26% of like goods sales to downstream businesses by TSUK during the POI. The selected downstream businesses had a total employment of 3,184, a total GVA of £242m and an average EBITDA margin of 11%.

268. On average 5% of turnover of selected downstream businesses is related to the like goods so we believe the like goods are somewhat important to downstream businesses.

269. The selected downstream businesses had generally good profitability and growth, so we have concluded that they are less vulnerable to negative economic impacts.

H4.6 Consumers

270. CRS and the like goods are used as input into 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.

H4.7 Summary table

271. Table 18 presents data on the economic significance of the different industries across the supply chain, which could be impacted by the measure. The UK producer has the largest employment and turnover figures, but importers and downstream businesses have a higher GVA. We believe CRS and/or the like goods is at least somewhat important to all affected groups but the UK producer is most vulnerable to negative economic impacts.

Table 18: Significance metrics for the UK stakeholders potentially affected by the proposed measure

	Upstream businesses	UK producer of the like goods	Importers	Steel Service Centres (SSCs)	Downstream businesses
Total known businesses	7	1	352	38	375
Total selected businesses for analysis	2	1	12	7	10
Estimated importance of the goods to this group	**Very important** (UK producer raw material costs vs upstream business turnover)	**Somewhat important** (like goods sales vs total company sales)	**Very Important** (Imports of CRS vs total company imports)	**Somewhat important** (UK producer like goods sales value vs SSC turnover)	**Important** (UK producer like goods sales value vs downstream business turnover)
Total employment of selected businesses	55	8,089	1,949	1,100	3,184
Total GVA of selected businesses (£m)	17	63	128	70	242
Total turnover of selected businesses (£m)	212	2,414	728	415	941
Average EBITDA margin for selected businesses (%)	5%	-15%	8%	7%	11%
Vulnerability to negative economic impacts	Medium vulnerability to negative economic impacts considering average EBITDA margins.	High vulnerability to negative economic impacts considering negative EBITDA margin.	Medium vulnerability to negative economic impacts considering average EBIDTA margins.	Medium vulnerability to negative economic impacts considering average EBITDA margins.	Healthy economic and financial position and overall low vulnerability to negative economic impacts.

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

Methodology: The importance of CRS/like goods 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. GVA was estimated by adding operating profits, employment costs, depreciation and amortisation. EBITDA margin was estimated by dividing the sum of operating profit, depreciation and amortisation by the 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

272. In this section we assess the overall impact that the 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 CRS supply chain might change under two scenarios: (i) if the measure were to be varied, and (ii) if the measure were to be revoked. The possible impacts for affected industries and consumers are then considered and compared between the two scenarios.

H5.1 Impact on prices and quantities if the measure were varied as proposed

273. As the measure is currently in place, varying the measure will be an extension of the *status quo*. To this end, we do not expect that the overall price or quantity of domestically produced like goods and/or imported CRS supplied to the UK market would change, all things being equal.

274. While price or quantity of the like goods/CRS supplied to the UK market is not expected to change, the current economic situation in the UK is likely to influence demand (and therefore price) independent of the measure. Low economic growth and high inflation, combined with high interest rates, are having a negative impact on consumer spending and business investment (including activity in the construction industry in the UK).[34] This means that demand for the like goods/CRS may be reduced compared to what it could be with stronger economic activity and outlook.

H5.2 Impact on prices and quantities if the measure was revoked

275. The revocation of the existing anti-dumping measure, which is an ad valorem tariff ranging from 17.2% to 27.9%, could lead to a reduction in prices up to 21.8% of imported CRS from the PRC.

276. TSUK stated that revoking the measure would likely put downward pressure on prices of the like goods, forcing them to drop to uneconomic levels in order

[34] Bank of England (2023) Monetary Policy Report November 2023, available at: https://www.bankofengland.co.uk/monetary-policy-report/2023/november-2023 (accessed 8 November 2023).

to compete with lower-priced imports of CRS from the PRC. TSUK also stated that CRS imported from third countries was also likely to cause similar downward pressures on its prices in order to stay competitive.

277. This stated likely outcome of the revocation of the measure is made more likely by the fact that CRS is a homogenous product, and competition is primarily on price rather than other characteristics, such as quality or standard.

278. As revocation of the measure would likely reduce prices of CRS imported from the PRC, it would also likely increase quantities supplied from the PRC to the UK market. Both TSUK and UK Steel have stated that they expect a surge of imports of CRS from the PRC if the measure were to be revoked. This could result in a further loss of market share for TSUK, reducing production.

279. A reduction in the quantity of the like goods produced could reduce TSUK's demand for certain upstream products (for example, hot-rolled coil steel) as well as certain downstream products (for example, organic coated steel) that are manufactured by TSUK. Therefore, the revocation of the measure could have a wider negative impact on the production of other steel goods that TSUK produce.

280. UK Steel stated that the quantity of steel produced cannot easily be varied in response to a change in market conditions. This is because steel production is highly capital intensive with particularly high fixed costs. It stated that steel plants typically need to run at around a 70-75% capacity utilisation rate before they can break even and operate profitably.

281. UK Steel noted the interplay between the existing anti-dumping measure on CRS and the steel safeguards measure.[35] The PRC currently has a developing country exception from the steel safeguard measure in the category to which CRS falls. This means that if the existing anti-dumping

[35] Where imported steel products are subject to both steel safeguards measure and another trade remedy measure, only one measure applies at any one time. For example, anti-dumping duty would apply until the safeguards quota is reached; once the safeguards quota is reached the higher of the anti-dumping duty or 25% duty (i.e. steel safeguards out of quota tariff) is charged on imports.

measure on CRS was revoked, PRC suppliers could sell CRS in the UK market in significant quantities.

H5.3 Likely impacts on affected industries and consumers

Upstream industries

282. We assessed that the like goods/CRS is a very important product for upstream industries. Therefore, the measure is likely to have a positive impact on upstream industries who will benefit from continued demand for the raw materials and inputs that they supply to the UK producer.

283. This likely positive impact of the measure on upstream industries could be even greater if we consider the vertically integrated nature of production of the like goods, and interconnectivity of different steel products (for example, hot-rolled coil steel is used as input in production of the like goods).

UK producer of CRS

284. If the measure were varied this is likely to have a positive effect on TSUK.

285. Without the measure, TSUK's production of the like goods could be put at risk, potentially resulting in job losses. TSUK stated that if the measure were no longer applied, the long-term future of the galvanising lines would have to be re-assessed. It stated that other products produced on the same lines would also be affected by this. It also claimed that its export sales could be affected if it needs to restructure as a result of this additional pressure from PRC imports.[36]

286. Based on this evidence, we think it is likely that revoking the measure could lead to significant negative impacts on TSUK which appears to be vulnerable to negative economic impacts.

[36] TSUK noted that it could not easily reorient its sales of CRS to export markets due to numerous trade restrictions in UK's main trading partners, including the EU (safeguard measures) and the US (Section 232 measures).

Importers of CRS

287. The likely impact of the measure on importers in the UK is negative, as the cost of importing CRS from the PRC will be higher with the measure. However, UK Steel argued that UK importers had great flexibility in where to source CRS products, as it is produced by many countries in the world. The main countries from which CRS is currently imported into the UK are Viet-nam, France, India, Belgium and Netherlands. This suggests that the negative impacts on UK importers may be smaller, as alternative sources of imports are available.

Intermediaries: Steel Service Centres (SSCs)

288. We have no evidence to suggest that varying the measure will have any disproportionately negative impacts on SSCs and other intermediaries in the UK market.

289. There could be positive impacts on SSCs if the revocation of the measure resulted in lower priced CRS and higher profits for this group of affected industries. This, however, is uncertain and depends on whether SSCs pass on price reductions when selling CRS to downstream businesses.

290. TSUK argued that lower prices of CRS would only contribute to the profitability of intermediaries (including SSCs), which, as suggested by TSUK, are not expected to pass on lower prices of CRS to final consumers. Although we have no evidence to comment on the validity of this argument, in section H4.4 we identified that selected SSCs had an average EBIDTA margin of 7%. On this basis, we believe that SSCs may have some flexibility to pass on lower prices of CRS to downstream businesses.

Downstream industries

291. The measure invariably imposes additional costs on downstream industries that use CRS, as it keeps the prices of CRS higher than they could be in the absence of the measure. We would therefore expect revocation of the measure to have a positive impact on downstream industries.

292. UK Steel argued that downstream industries had great flexibility in where to source CRS products, as both domestically produced and imported varieties were available in the UK. This could reduce any negative impact of the measure on downstream industries.

293. As with upstream industries, however, there are some downstream industries that are part of TSUK's own integrated steel supply chain. TSUK stated that it consumed up to 30% of production output of CRS internally in production of organic coated steel, panels and profiles. For these downstream industries that form part of TSUK's vertically integrated steel production, varying the measure is likely to have either no impact or a positive impact, because these downstream industries are less likely to switch to other suppliers of CRS even if the measure were revoked.

Consumers

294. CRS is not a good that is purchased by consumers. Instead, CRS is mostly used as an input in the construction industry, as well as in the production of various consumer goods, including household appliances such as microwaves, ovens, fridges, washing machines/dryers.

295. Although we do not have data on what proportion of the price for a typical consumer good (for example, household appliance) can be attributed to the cost of the CRS input, we believe it is likely to be a small proportion as CRS is one of a number of inputs used to produce consumer goods. UK Steel stated that CRS costs were only a tiny fraction of any end-product. On this basis, it argued that any cost implications on downstream users of CRS will be negligible.

296. Overall, it is likely that any additional costs the measure imposes on consumers are likely to be small.

Table 19: Expected impacts on affected groups if the measure were varied rather than revoked

Group	Expected impacts
Upstream industries	**Small positive impact** – Continued demand for raw materials and inputs used in production of the like goods.
UK producer of the like goods	**Significant positive impact** – Less competition from PRC imports.
Importers of CRS	**Small negative impact** – Higher prices of PRC imports.
Steel Service Centres (SSCs)	**Small negative impact** – Higher prices of CRS, though may be possible to pass any price changes to customers.
Downstream industries	**Small negative impact** – Higher prices of CRS used as inputs in production.
Consumers	**Very small negative impact** – Likely that CRS accounts for a small percentage of the prices of final products.

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

297. This section explores how impacts of the measure are likely to be geographically distributed, and whether any particular groups might be disproportionately impacted. Our spatial units of analysis are Travel to Work Areas (TTWAs).

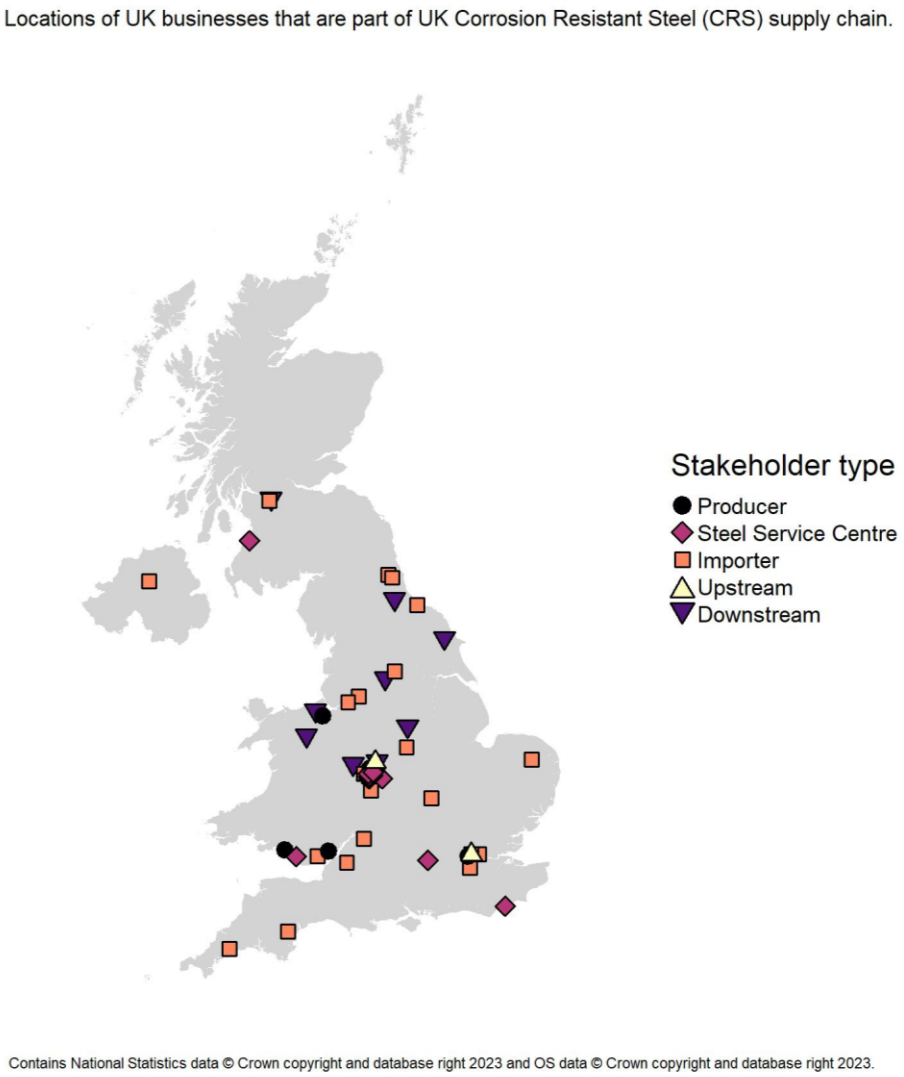
H6.1 Likely impact on particular areas

298. **Error! Reference source not found.** shows the geographic distribution of b usinesses that are part of the like goods/CRS supply chain in the UK.

299. TSUK's sites linked to the like goods/CRS – production and non-production functions – are located in five TTWAs of the UK: Newport, Swansea, Chester, Wolverhampton and Walsall, and London. TSUK's like goods production sites are located in Wales: Llanwern Works and Port Talbot (Newport and Swansea TTWAs in south Wales), and Shotton Works (Chester TTWA in north Wales).

300. There is a cluster of businesses in Dudley (West Midlands), which includes importers, SSCs, and downstream businesses. By and large, importers of CRS, SSCs and downstream businesses are geographically spread across the UK.

Figure 2: Location of businesses involved in the like goods/CRS supply chain across the UK



Sources: Questionnaires, Companies House, 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.

301. Upstream businesses, importers, and SSCs are not significant employers in their respective TTWAs. This means that the measure is unlikely to have any disproportionately negative impact on TTWAs where upstream businesses, importers, and SSCs are located.

302. Three TTWAs – including Newport where the UK producer is located, and Rhyl (north Wales) and Malton (Yorkshire), where downstream businesses are located – have a significant proportion of working-age population employed in

the like goods/CRS supply chain. **Error! Reference source not found.** shows socio-economic data for Newport, Rhyl and Malton.

Table 20: Socio-economic data for parts of the UK where the like goods/CRS 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	5.61%	38.10%	£28,114
Decile of UK TTWAs (10 = least deprived)	4	3	5	5
Rhyl	0.77	5.85%	37.30%	£28,041
Decile of UK TTWAs	3	3	4	5
Malton	0.91	3.24%	32.00%	£26,553
Decile of UK TTWAs	8	10	2	3
UK	**0.87**	**5.30%**	**43.50%**	**£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.

303. Both Newport and Rhyl are likely to be relatively economically deprived because all socio-economic indicators are worse than the UK average. Malton, in more of a mixed picture, scores well for job density and claimant count, but poorly for education and pay.

304. UK Steel stated that the like goods/CRS industry provides significant employment opportunities in Wales, including supporting skilled jobs that offer wages that are higher than the local average. It specifically mentioned that steel industry workers in Newport, Flintshire and Port Talbot receive wages that are considerably higher than the local median of the wage distribution (80^{th} percentile or higher). Data from UK Steel shows that the median wage of steel workers (£39,637) is 43% higher than the UK national median and 56% higher than the regional median in Wales, and Yorkshire and the Humber.

305. TSUK stated that if the measure were revoked, future production and jobs could be put at risk. In addition to TSUK jobs, TSUK argued that each TSUK

job is estimated to support at least two other jobs, which could also be indirectly affected.

306. Overall, there is evidence that varying the measure may help to protect employment in Newport which is relatively deprived. There is also some evidence that varying the measure could have negative impacts on Rhyl, a relatively deprived area, and Malton. However, we do not have evidence that jobs in downstream industries will be significantly affected by the measure. Therefore, the geographic impacts on these areas are less clear.

H6.2 Likely impact on particular groups

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

308. No party provided any evidence with respect to potential impacts on any particular groups, either as workers or consumers.

309. Therefore, there are no obvious impacts on groups with protected characteristics or other, which might result from varying the measure or revoking it.

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

310. 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

311. The UK market consists of the like goods sold by the major UK producer (TSUK), and CRS imports from up to 48 countries. Since these 48 exporting countries have been identified from official HMRC Overseas Trade in Goods Statistics using CRS 8-digit level commodity codes, and the measure applies to 10-digit level commodity codes, it is possible that the actual number of exporting countries is smaller.

312. We estimated that imports had a larger share of the UK market during the POI than the UK producer. The largest volumes of imports came from Viet-nam, France, India, Belgium and Netherlands. Imports of CRS from the PRC were negligible during the POI.

H7.2 Impact on the number and range of suppliers

313. If the measure were varied, TSUK would likely continue producing the like goods and supplying the UK market. TSUK stated that the range of suppliers is unlikely to change if the measure remains in place.

314. If the measure were revoked, it is likely that the imports of CRS from PRC would increase, leading to an increase in the number and range of suppliers. As a result, TSUK, as well as importers of CRS from third countries, may lose some of its UK market share in favour of suppliers from the PRC.

H7.3 Impact on the ability of suppliers to compete

315. If the measure were varied we do not expect there to be any impact on the ability of suppliers to compete, as the conditions of competition between different CRS suppliers on the UK market would not change.

316. Revocation of the measure would increase the likelihood of dumping, and the ability of suppliers from the PRC to compete on the UK market, increasing competition and a loss of market share for TSUK and third country suppliers.

H7.4 Impact on incentives to compete vigorously

317. There is no evidence to suggest that varying the measure or revoking the measure would directly impact incentives of suppliers to compete vigorously.

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

318. If the measure were varied, the choices available to consumers are not likely to change because the number and the range of suppliers is not likely to change.

319. Revocation of the measure could increase consumer choices on the one hand if more PRC suppliers entered the UK market, but on the other hand consumer choices could be reduced if TSUK – the only domestic supplier – exited the UK market. TSUK stated that revocation of the measure would likely force out certain suppliers from the market, potentially including TSUK, with a knock-on effect on the choices available to consumers.

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

H8 Such other matters as the TRA considers relevant

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

322. In January 2024, TSUK announced a decision to close its two blast furnaces in Port Talbot, which could impact 2,800 jobs and the production of hot-rolled coil steel used to produce the like goods.[37] TSUK mentioned that the sites involved with the like goods production are in Port Talbot, Llanwern and Shotton so this announcement may affect the findings of our geographic assessment. However, at this stage, we have no evidence to suggest that this planned investment will have any impact on production of the like goods in the UK.

323. TSUK mentioned that if the measure were no longer applied, this would have a direct impact on its ability to proceed with decarbonisation projects and

[37] Tata Steel announces next steps towards its ambitious transformation from blast furnaces to green steelmaking in the UK and initiates statutory consultation | Tata Steel in Europe (tatasteeleurope.com) (Accessed: 22 January 2024).

contribution to various net zero initiatives in the UK that rely on a stable supply of steel products from TSUK.

324. UK Steel noted that if any attempt to decarbonise is to be meaningful, then this must be aimed at consumption-based emissions, and a real net-zero future is indisputably in the public interest. It also noted that if the measure were revoked, this could lead to an increased reliance on steel imports and higher emissions of greenhouse gas as a result of transport-related emissions of CO_2 and imported steel being produced in a more carbon-intensive plant.[38]

H9 Forms of measure

325. 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 on some parties, while retaining the overall benefits.

326. The measure applicable to the imports of CRS from the PRC is an ad valorem duty that ranges from 17.2% to 27.9%.[39]

327. We have neither received nor found evidence suggesting that a change to the ad valorem tariffs would benefit the UK economy.

H10 Conclusion on Economic Interest Test

328. In accordance with paragraph 25 of the Schedule 4 to the Taxation Act, we considered whether the application of a remedy would be in the economic interest of the UK. The Economic Interest 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.

[38] UK Steel estimated that shipping of steel from the PRC to the UK produces 0.3 tonnes of CO_2 per tonne of steel shipped.

[39] These ad valorem duty rates are detailed in Annex 1.

329. Following the dumping and injury likelihood assessments, in sections F and G respectively, we have considered whether maintaining the existing measure would be in the economic interest of the UK.

330. In section G, the injury likelihood assessment, we concluded that the revocation of the measure was likely to lead to the recurrence of injury to UK industry because of increased competition from lower-priced imports of CRS from the PRC. The measure is necessary to prevent this injury.

331. In section H3, we found that CRS is an important product for UK importers and for downstream businesses. We also found that the like goods/CRS are a somewhat important product for the UK producer, for upstream businesses and for the SSCs.

332. In section H5.3, we concluded that if the measure were varied this would have a positive impact on UK producers and upstream businesses, but also a negative impact on importers, downstream businesses, and consumers. We nonetheless concluded that any disproportionately negative impact on affected industries and consumers in the supply chain for the like goods/CRS was not likely.

333. In section H6, we found that three areas of the UK – Newport, Rhyl (north Wales) and Malton (Yorkshire) – have a significant proportion of working-age population employed in the like goods/CRS supply chain. There is some evidence that varying the measure could have negative impacts on Rhyl, a relatively deprived area, and Malton. There was stronger evidence of positive impacts for Newport which is relatively deprived. There was no evidence of any impacts on particular groups.

334. In section H7, we did not find evidence of a clear impact on competition. The measure would likely help the UK producer to remain in the market, but would limit the ability for PRC exporters to compete. The measure is likely to help maintain a domestic source of supply of the like goods in the UK.

335. In section H8, we considered the decarbonisation plans of TSUK. We have no evidence to determine if TSUK's decarbonisation plans would impact on the

like goods' production in the UK, including any impact on jobs in the like goods/CRS supply chain.

336. We have identified the following key positive impacts of varying the measure:

- The major UK producer of the like goods, TSUK, is likely to continue its UK operations as the measure will help to prevent the recurrence of injury to domestic industry.
- Upstream businesses that supply the UK producer would also benefit.

337. There would be a positive impact for a significant number of jobs in a relatively economically deprived area, Newport.

338. The contrasting key negative impacts are:

339. Average prices of CRS from the PRC are likely to remain higher if the measure were varied, so importers, SSCs, and downstream businesses would not experience positive impacts.

340. Varying the measure could have negative impacts on Rhyl, a relatively deprived area, and Malton. However, we do not have evidence that jobs in downstream industries will be significantly affected by the measure, so the scale of the impacts on these areas is unclear.

341. Based on our consideration of the evidence submitted by interested parties and all the factors listed in the legislation, we conclude that varying the measure is unlikely to cause disproportionate negative effects to the UK economy and, therefore, that the application of the varied measure meets the EIT.

SECTION I: Findings and Final Recommendation

I1 Findings

342. The TRA has found that it is likely, on the balance of probabilities, that dumping of CRS originating in the PRC would recur if the anti-dumping amount were no longer applied.

343. It is likely, on the balance of probabilities, that injury to a UK industry in the like goods would recur if the anti-dumping amount were no longer applied to the goods subject to review.

344. The application of the varied anti-dumping duty meets the EIT.

I2 Final Recommendation

345. Our recommendation is to vary the application of the anti-dumping amounts under regulations 100(1), (2)(a)(i) and 100A of the Regulations, so that it continues to apply for a period of five years from 9 February 2023, that is, the date when the measure would have otherwise expired had no transition review been initiated (see Taxation Notice 2020/20; see also regulation 97C of the Regulations). As it has not been possible to recalculate the anti-dumping amounts, we recommend maintaining the anti-dumping amounts pursuant to regulation 100A(4)(b) of the Regulations

346. Annex 1 specifies the duties to be maintained and applied to the goods described or imported under the UK customs codes detailed therein. We have maintained the form and levels of the transitioned UK measure.

Annex 1: UK anti-dumping duties

Foreign country	Overseas exporter	Anti-dumping duty	Additional TAP code[40]
The PRC	Handan Iron & Steel Group Han-Bao Co., Ltd	27.8%	**C158**
The PRC	Hesteel Co., Ltd (Handan Branch)	27.8%	**C227**
The PRC	Hesteel Co., Ltd (Tangshan Branch)	27.8%	**C159**
The PRC	Tangshan Iron & Steel Group High Strength Automotive Strip Co., Ltd	27.8%	**C228**
The PRC	Zhangjiagang Shagang Dongshin Galvanized Steel Sheet Co., Ltd	27.9%	**C230**
The PRC	Zhangjiagang Yangtze River Cold Rolled Sheet Co., Ltd	27.9%	**C112**
The PRC	Beijing Shougang Cold Rolling Co., Ltd	17.2%* Except for imports of goods classified to a commodity code listed in commodity code list 2	**C164**
The PRC	Shougang Jingtang United Iron and Steel Co., Ltd	17.2%* Except for imports of goods classified to a commodity code listed in commodity code list 2	**C164**
The PRC	Overseas exporter specified in Annex 2	26.1%	**(per Annex 2)**
The PRC	All other overseas exporters (residual rate)	27.9%	**C999**

Notes: As we have been unable to recalculate dumping margins and injury margins in this transition review, these duty rates reflect the definitive anti-dumping duty rates applied by Commission Implementing Regulation (EU) 2018/186 of 7 February 2018, the current UK duty rates for goods subject to review as detailed in the Taxation Notice 2020/20, and the duty rates recommended as a result of this review.

[40] From 1 January 2021, the UK initiated a new tariff regime called the UK Global Tariff (UKGT) that replaced the EU Common External Tariff (EU CET) and the EU TARIC codes. The codes listed relate to the transitioned measure.

Full Commodity Code List

72 10 41 00 20	72 12 30 00 30	72 25 99 00 23
72 10 41 00 30	72 12 50 61 20	72 25 99 00 41
72 10 49 00 20	72 12 50 61 30	72 25 99 00 92
72 10 49 00 30	72 12 50 69 20	72 25 99 00 93
72 10 61 00 20	72 12 50 69 30	72 26 99 30 10
72 10 61 00 30	72 12 50 90 14	72 26 99 30 30
72 10 69 00 20	72 12 50 90 92	72 26 99 70 13
72 10 69 00 30	72 25 92 00 20	72 26 99 70 93
72 10 90 80 92	72 25 92 00 30	72 26 99 70 94
72 12 30 00 20	72 25 99 00 22	

*Commodity Code List 2 – Imports of goods produced by Beijing Shougang Cold Rolling Co., Ltd and Shougang Jingtang United Iron and Steel Co., Ltd and classified to a commodity code listed in the following commodity code list are not liable to anti-dumping duty under the provisions set out in Taxation Notice 2020/20.

- 72 10 41 00 30
- 72 10 49 00 30
- 72 10 61 00 30
- 72 10 69 00 30
- 72 10 90 80 92
- 72 12 30 00 30
- 72 12 50 61 30
- 72 12 50 69 30
- 72 12 50 90 14
- 72 12 50 90 92
- 72 25 92 00 30
- 72 25 99 00 23
- 72 25 99 00 41
- 72 25 99 00 93
- 72 26 99 30 30
- 72 26 99 70 13
- 72 26 99 70 93

Annex 2: Overseas exporters subject to 26.1% duty amount

Company	Location	TARIC code
Maanshan Iron & Steel Co., Ltd	Maanshan, Anhui	C312
Angang Steel Company Limited	Anshan, Liaoning	C313
TKAS Auto Steel Company Ltd	Dalian, Liaoning	C314
JiangYin ZongCheng Steel CO., Ltd	Jiangyin, Jiangsu	C315
Bengang Steel Plates Co., Ltd	Benxi, Liaoning	C316
BX STEEL POSCO Cold Rolled Sheet Co., Ltd	Benxi, Liaoning	C317
Wuhan Iron & Steel Co., Ltd	Wuhan, Hubei	C318
Shandong Kerui Steel Plate Co., Ltd	Binzhou, Shandong	C319
Inner Mongolia Baotou Steel Union Co. Ltd	Baotou, Inner Mongolia	C320
Hunan Valin Liangang Steel Sheet Co., Ltd	Loudi, Hunan	C321
Shandong Huifu Color Steel Co., Ltd	Linyi, Shadong	C322
Fujian Kaijing Greentech Material Co., Ltd	Longhai, Fujian	C323
Baoshan Iron & Steel Co., Ltd	Shanghai	C324
Baosteel Zhanjiang Iron & Steel Co., Ltd	Zhanjiang, Guandong	C325
Yieh Phui (China) Technomaterial Co.	Changshu, Jiangsu	C326
Rizhao Baohua New Materials Co., Ltd	Rizhao, Shandong	C327
Jiangsu Gangzheng Steel Sheet Science and Technology Co., Ltd	Nantong, Jiangsu	C328

Notes: As we have been unable to recalculate dumping margins and injury margins in this transition review, these duty rates reflect the definitive anti-dumping duty rates applied by Commission Implementing Regulation (EU) 2018/186 of 7 February 2018, the current UK duty rates for goods subject to review as detailed in the Taxation Notice 2020/20, and the duty rates recommended as a result of this review.

Annex 3: Information from participants in the review

Name	Submission
Ministry of Commerce, PRC	Registration of Interest The Comments on the PMS allegations in TD0031.pdf (470KB)
UK Steel	Registration of interest TD0031 Other Interested Parties or Contributor questionnaire NON CONFIDENTIAL.pdf (259KB) TD0031 UK Steel Appendix to Response NON-CONFIDENTIAL.pdf (578KB) Annex 2 - NON CONFIDENTIAL.docx (12KB) Annex 1 - Import and production data NON CONFIDENTIAL.xlsx (191KB)
Tata Steel UK Limited	PSQ - TSUK - non-confidential v2.pdf (408KB) TD0031 Domestic Producer questionnaire Annex - TSUK Non-confidential v2.pdf (978KB) TD0031 Domestic Producer questionnaire - TSUK Non-confidential v2.pdf (941KB) Exhibits - Non-confidential v2.zip (12,344KB) Exhibits - Non-confidential v2.zip (12,344KB)