



Trade Remedies
Authority

Recommendation to the Secretary of State

Case TD0007

Transition Review of anti-dumping measures applying to certain Wire Rod products
originating in the People's Republic of China (PRC)



Table of Contents

Section A	Introduction	3
Section B	Summary of Findings	5
Section C	Background	9
Section D	The Goods and Like Goods	13
Section E	The UK Industry and Market	16
Section F	The Necessary or Sufficient Assessment	19
Section G	Likelihood of Dumping Assessment	20
Section H	Likelihood of Injury Assessment	36
Section I	Economic Interest Test	50
Section J	Findings and Recommendation	67
 Annex 1	 Duty rates for Goods Subject to Review	 68
Annex 2	Definitive anti-dumping duties imposed by European Union (EU) Commission Implementing Regulation (EU) 703/2009 of 27th July 2009	69
 Annex 3	 Definitive anti-dumping duties imposed by European Union (EU) Commission Implementing Regulation (EU) 2015/1846 of 14th October 2015	 70
 Annex 4	 Information from participants in the review	 71
Annex 5	Full commodity Codes Definitions	72



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 and further detail on all aspects are set out in the body of this report.
2. This document sets out our recommendation and the essential facts on which we have based that 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.
3. Until June 2021 the UK's trade remedies investigation functions were carried out by the Trade Remedies Investigations Directorate (TRID) as part of the UK Department for International Trade (DIT). On 1 June 2021 the TRA was formally and legally established as an independent arm's-length body of DIT. The recommendation will refer to 'the TRA' to cover all our activities associated to this transition review, both before and after our establishment as the TRA.
4. For further guidance and information regarding transition reviews please see our [public guidance](#).

A1. Legal Framework

5. This recommendation is made pursuant to regulations 100(1) and 100(2)(a)(i) of the Trade Remedies (Dumping and Subsidisation) (EU Exit) Regulations 2019 (S.I. 2019/450) (as amended) ('the D&S Regs.' or '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 or, where impracticable, the exporting countries or territories;
 - a summary of the review; and
 - the reasons for the recommendation.

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; and
- include the following information:
 - 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 of the Regulations. The UK measure gives effect to European Union (EU) Commission Implementing Regulation (EU) 2015/1846 of 14 October 2015.¹
7. This review concerns an anti-dumping measure applying to certain Wire Rod products originating in the People's Republic of China. This review was initiated on 05 November 2020 and our [Notice of Initiation](#) (NOI) was published on that date.
8. The Period of Investigation (POI) for the review was 01 April 2019 to 31 March 2020. In order to assess injury, we have determined the Injury Period (IP) as being 01 April 2016 until 31 March 2020.
9. On 23 February 2022, pursuant to regulation 62 of the Regulations, we published our Statement of Essential Facts (SEF). No comments were received in respect of the SEF.
10. This review has been completed prior to the Russian Federation's invasion of Ukraine and the associated sanctions placed upon both the Russian Federation and the Republic of Belarus. It does not include how these circumstances could affect future imports. However, we note that Wire Rod imports from Belarus, Russia and Ukraine have historically been low.

¹ European Union (EU) Commission Implementing Regulation (EU) 2015/1846 of 14 October 2015 available at: <https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:32015R1846&from=EN>



SECTION B: Summary and Findings

Summary

B1. Interested Parties

11. The following interested parties provided a questionnaire response:

- Celsa Steel (UK) Ltd. (Celsa) Domestic Steel Producer
- British Steel Ltd. (British Steel) Domestic Steel Producer
- EEF Ltd. (UK Steel) Domestic Industry Body / Trade Association

12. Further relevant submissions were made by other producers, downstream businesses, foreign government departments and contributors (see Annex 4).

B2. Scope

13. Regulations 94C and 99A(2) 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 is applicable should be reviewed.

14. The [NOI](#) describes the Goods Subject to Review and sets out the scope of the measure under review as:

Bars and rods, hot-rolled, in irregularly wound coils, of iron, non-alloy steel or alloy steel other than of stainless-steel originating in the People's Republic of China.

15. Fifteen Commodity Codes define the scope of the measure. The individual code definitions are fully described in Section D: Scope.

16. We have not received any application for a review of the description of the goods or the scope of the measures. The TRA therefore decided not to vary the description of the Goods Subject to Review or the scope of this transition review.

B3. Applicability

17. The transitioned measure applies equally to all PRC exporters of the Goods Subject to Review with the exception of Valin Group, who were previously provided with an individual cooperative rate by the European Commission during its original investigation. The applicable rates are detailed under Section D4: Application of the Measures to the Goods Subject to Review.



B4. Consideration of whether the anti-dumping amount is necessary or sufficient to offset the dumping²

18. Under regulation 99A(1)(a) of the Regulations, we are required to consider whether the application of the anti-dumping amount is necessary or sufficient to offset the dumping of the Goods Subject to Review.
19. During the POI, there were low levels of imports of the Goods Subject to Review into the UK. Due to such low levels of imports, we are unable to determine definitively whether the measure is necessary or sufficient to offset dumping of the Goods Subject to Review.
20. Additionally, without data from the import of the dumped goods, we do not consider it appropriate to recalculate the anti-dumping amount under regulation 99A(2)(a)(i) of the Regulations.
21. Therefore, under regulations 99A(2)(a)(iii) and 70(6) of the Regulations, we have considered the likelihood that dumping of goods would occur if the measure were no longer applied.
22. To determine whether the measures should be varied or revoked, we have also considered the likelihood that injury would occur if the measures were no longer applied, in accordance with regulation 99A(1)(b) of the Regulations.

B5. Likelihood of Dumping Assessment³

23. In accordance with regulations 99A(2)(a)(iii) and 70(6) of the Regulations we assessed the likelihood that dumping would occur if the measures were no longer applied (the likelihood of dumping assessment).
24. We determined that it is likely, on the balance of probabilities, that dumping of Wire Rod would occur if the measures were no longer applied.

B6. Likelihood of Injury Assessment⁴

25. In accordance with regulations 99A(1)(b) of the Regulations, we considered whether injury to the UK industry in the relevant goods would occur if the anti-dumping amount no longer applied (the likelihood of injury assessment).

² See also [Section F: The Necessary or Sufficient Assessment](#)

³ See also [Section G: Likelihood of Dumping Assessment](#)

⁴ See also [Section H: Likelihood of Injury Assessment](#)



26. We determined that it is likely, on the balance of probabilities, that injury would occur if the anti-dumping amount on Wire Rod were no longer applied.

B7. Economic Interest Test⁵

27. Having considered all evidence gathered, including that presented by interested parties and contributors, and all factors listed in the legislation, we have concluded that the Economic Interest Test (EIT) is met for the proposed duty.

B8. Recommendation to the Secretary of State

28. Our recommendation is to vary the application of the anti-dumping amount under regulation 100A of the Regulations so that it applies to goods imported to the UK until 30 January 2026 – that is five years subsequent to the date when the measure would have expired (30 January 2021) had no transition review been initiated⁶.
29. In the absence of any data to recalculate the anti-dumping amount, and in accordance with regulation 100A(4)(b) of the Regulations, we recommend that the rates of the measures remain unchanged from those set out in the taxation notice. That is:
- a 7.9% *ad valorem* duty is applied to all PRC produced Goods Subject to Review manufactured by Valin Group and,
 - a 24% *ad valorem* duty is applied to all other PRC produced Goods Subject to Review.
30. We make this recommendation on the grounds that:
- It is likely, on the balance of probabilities, that dumping of Wire Rod would occur if the anti-dumping amount were no longer applied.
 - It is likely, on the balance of probabilities, that injury to UK industry would occur if the anti-dumping amount were no longer applied.
 - The application of the anti-dumping amount meets the EIT.

⁵ See also [Section I: Economic Interest Test](#)

⁶ As detailed in [Taxation Notice 2020/07](#)



31. In reaching this final recommendation, and in accordance with regulation 100A(2)(b) of the Regulations, we considered the current and prospective impact of the anti-dumping amount.



SECTION C: Background

C1. Initiation of the transition review

32. The UK chose to maintain certain trade remedy measures once it was outside the EU's common external tariff. The Department for International Trade (DIT) identified which measures were of interest to the UK following a call for evidence.
33. For each of these measures, the Secretary of State for International Trade (the Secretary of State) published a Notice of Determination, under regulation 96(1) of the Regulations, setting out the decision to transition the corresponding EU trade remedies measure, and a Taxation Notice, on replacement of EU trade duty. We conduct transition reviews to determine if these measures should be varied or revoked in the UK.
34. The Secretary of State published a [Notice of Determination](#) regarding the anti-dumping duty on Wire Rod 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.
35. On 05 November 2020, the Secretary of State published a [Notice](#) to initiate a transition review of the relevant EU trade remedies measure relating to Wire Rod originating in the PRC. This NOI had the effect of initiating the transition review. [Taxation Notice 2020/07](#) gave effect to the transition of the EU anti-dumping duty on Wire Rod originating in the PRC to become an additional amount of UK import duty.

C2. Previous Measures in Place

36. The European Commission (the Commission) imposed anti-dumping duties on imports of Wire Rod originating in the PRC by implementing [Council Regulation \(EC\) No 703/2009 of 27 July 2009](#). Annex 2 lists the duty rates that were applied.

C3. EU reviews conducted since the original measure

37. Since the original investigation, the Commission has undertaken the following reviews.
38. On 2 August 2014, an [expiry review](#) was initiated, and on 14 October 2015 the anti-dumping duties applicable to Wire Rod imports originating in the PRC were renewed by the Commission for 5 years. This is the transitioned measure that is subject to this transition review.



39. On 14 October 2020, a further [expiry review](#) was initiated, and on 13 October 2021 the anti-dumping duties applicable to Wire Rod imports originating in the PRC were renewed by the Commission for a further 5 years.

Our transition review process⁷

C4. The transitioned measure

40. The EU measure transitioned into UK law and set out in the Taxation Notice took effect as a UK measure on replacement of EU trade duties. Under regulation 97C of the Regulations, this measure will continue until the Secretary of State publishes a notice accepting or rejecting a recommendation following a transition review to vary or revoke the application of the anti-dumping amount.
41. The transitioned measure applies to Wire Rod from the PRC. The rate of anti-dumping duty which applies to the goods produced by the relevant companies is detailed in Annexes 1 and 3.

C5. Information from participants in the review

UK Producers

42. Pre-sampling questionnaire responses were received from the three main producers of Wire Rod in the UK:
- British Steel
 - Celsa Steel
 - Liberty Speciality Steel
43. All three UK producers were invited to submit a full questionnaire. The information received from British Steel and Celsa Steel is listed at Annex 4.
44. Liberty Speciality Steels did not complete the full questionnaire. Following correspondence with Liberty Speciality Steels, they confirmed that they would not be participating in the transition review.

PRC Exporters

45. A pre-sampling questionnaire response was received from one PRC exporter, Benxi Beitai Gaosu Steel Wire Rod Co., Limited. However, a full questionnaire was not subsequently received.

⁷ Reg 100(2)(b)(iii)



46. We attempted to contact the exporter to confirm their participation in the review but have not received further correspondence. The TRA therefore informed the exporter that they were deemed to be non-cooperative for the purposes of this transition review.

Importers

47. No importers engaged with this review.

Foreign Governments

48. The Ministry of Commerce of the Peoples' Republic of China (MOFCOM) registered to participate in this transition review. The information received is detailed at Annex 4.

Other participants

49. Two interested parties registered their interest in the review and completed contributor registration forms:

- China Chamber of International Commerce
- UK Steel

50. The information received is detailed at Annex 4.

51. We have also received evidence from two downstream businesses on condition of anonymity.

C6. How we have used submitted data

52. 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 governmental, industry and other sources.

53. We have also used submitted data to corroborate or gain a level of assurance as to that data itself, or other evidence either submitted to us or gathered by us.

54. Where possible we have used submitted non-confidential data to evidence our assessments and conclusions. However, in this review we encountered a high level of commercially sensitive data. It has not been possible for those submitting



that commercially sensitive data to provide a non-confidential summary of that data.

55. In these circumstances we have received statements of reasons from the relevant parties. We have accepted those reasons. Where this affects our ability to publish the evidence behind our assessment in this Recommendation, we have referenced this explanatory section.

C7. Verification of data

56. On site verification could not be conducted during this review due to restrictions caused by the COVID-19 pandemic. All verification activity took place remotely via email and video conferencing.
57. Submissions by the two UK producers, British Steel and Celsa Steel (UK) Limited ("Celsa") were checked for consistency and completeness. During these checks, deficiencies were identified relating to inadequate responses and non-confidential summaries. All deficiencies were resolved before verification work commenced.
58. Verification meetings were held with British Steel between 2 June and 19 August 2021. During the meetings, British Steel provided information on their accounting systems, sales and costs data, processes, and transactions. Further information and source documentation relating to injury factors were also provided.
59. Additional information was also requested regarding sales and costs data, management accounts, individual sales transactions, and injury factors. The requested information was submitted by British Steel, with the exception of further costs data requested. Any data that was not provided and / or considered to be verifiable is listed in the [verification report](#) which can be found on the public file.
60. Verification meetings were held with Celsa between 9 June and 20 August 2021. During the meetings, Celsa provided information and data relating to their accounting systems, sales and costs data, processes, and transactions. Further information and source documentation relating to injury factors were also provided. Additional information was requested regarding sales data, management accounts, individual sales transactions, and injury factors. The requested information was provided by Celsa; any data not provided and / or considered to be verifiable is listed in the [verification report](#) which can be found on the public file.
61. In addition to information provided by these parties, secondary source information was used in accordance with the Regulations. This secondary



information was treated with special circumspection and, where practicable, verified using independent sources. This included, but was not limited to, official import statistics and data pertaining to relevant markets. Where data has not been considered to be verifiable, we have highlighted the areas and drawn conclusions where possible.

62. Following verification activity undertaken, we have a reasonable level of assurance that Celsa's data is verifiable and can be treated as complete, relevant, and accurate for the purpose of this review.
63. With regards to data provided by British Steel, we have a reasonable level of assurance that the data is verifiable and can be treated as complete, relevant, and accurate for the purpose of this review. This is except for data provided by British Steel in relation to costs, market share, and inventory, where we could only obtain a limited level of assurance that this data could be treated as complete, relevant, and accurate. We have treated this data accordingly in our review, and where we have taken it into account this reflects our wider verification activities, and the fact that these have not given rise to concerns about the data produced by the company's accounting systems in general.



SECTION D: The Goods and Like Goods

The Goods

D1. Description of the Goods

64. '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 Schedule 3, Paragraph 1."
65. The Goods Subject to Review in this transition review are defined in the NOI as:

Bars and rods, hot-rolled, in irregularly wound coils, of iron, non-alloy steel or alloy steel other than of stainless-steel originating in the People's Republic of China.

D2. Scope

66. Fifteen Commodity Codes are covered by the measure. These are:

- | | | |
|--------------|--------------|--------------|
| • 7213 10 00 | • 7213 91 49 | • 7227 10 00 |
| • 7213 20 00 | • 7213 91 70 | • 7227 20 00 |
| • 7213 91 10 | • 7213 91 90 | • 7227 90 10 |
| • 7213 91 20 | • 7213 99 10 | • 7227 90 50 |
| • 7213 91 41 | • 7213 99 90 | • 7227 90 95 |

67. [Annex 5](#) provides the full definitions for the above Commodity Codes.

D3. Consideration of Review of Description and / or Scope

68. Regulation 94C 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 is applicable should be reviewed.
69. Of the fifteen Commodity Codes covered by the measure, the TRA has verified in this transition review that all of these codes cover goods that are produced in the UK, by UK producers, and that none of the codes cover any domestically produced goods that do not fall within the scope of the measure or the description of the Goods Subject to Review. We are therefore satisfied that the domestically produced goods, compared in this review against the Goods Subject to Review, are like goods.



70. Furthermore, the TRA did not receive any application for a review of description of the goods, nor the scope of the measures.
71. We therefore took the decision not to vary the scope of this transition review. Accordingly, the description of the goods remains unaltered from that detailed in the NOI.

D4. Application of the Measures to the Goods Subject to Review

72. The transitioned measure applies equally to all PRC exporters of the Goods Subject to Review with the exception of Valin Group, who were previously provided with an individual cooperative rate by the European Commission during its original investigation. Valin Group are subject to an *ad valorem* duty of 7.9% whereas all other PRC exporters are subject to an *ad valorem* duty of 24% (see also [Annex 3](#)).

Conclusion

73. The TRA has determined that the relevant goods produced in the PRC and the UK are comparable and interchangeable and fall within the description of the Goods Subject to Review.

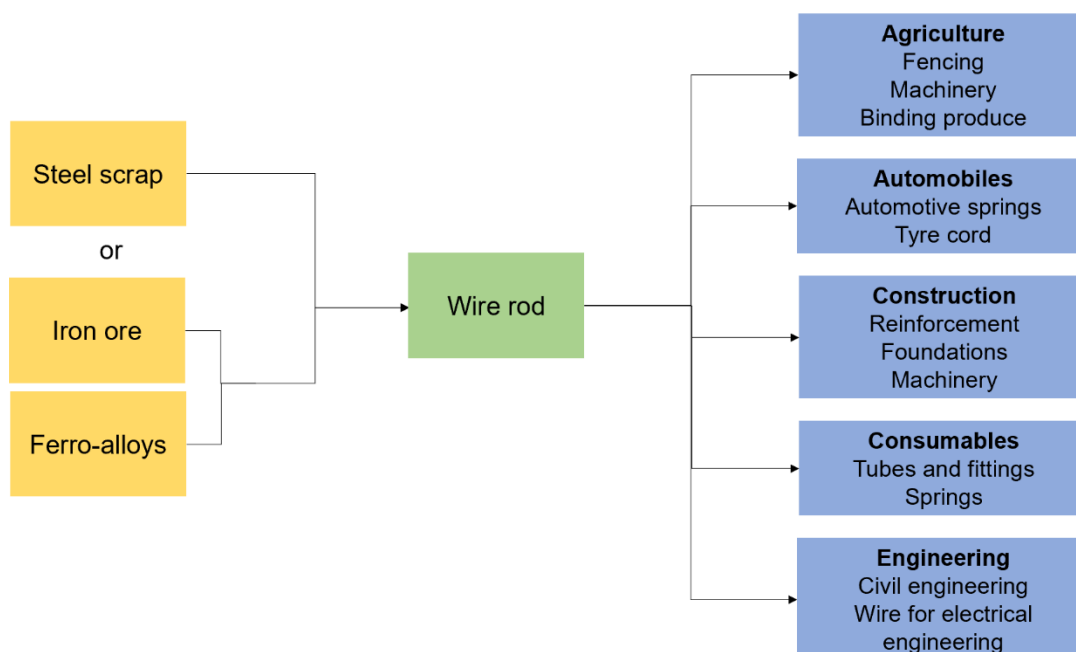


SECTION E: The UK Industry and Market

The UK Industry

74. As shown in Figure 1, Wire Rod is produced using scrap metal or iron ore and is used to make a variety of downstream products including automotive parts, reinforcement materials for construction, and fencing. The evidence provided suggests that downstream products are intermediary products rather than consumer products.

Figure 1: Supply chain for Wire Rod



75. UK industry is comprised of three UK producers of Wire Rod who are known to us and registered their interest in the case upon initiation: British Steel Ltd, Celsa Steel UK and Liberty Steel UK/Speciality Steels Ltd.

E.1 Employment details

76. The most recent accounts on Companies House show that the UK producers of Wire Rod employed around 4,000 staff, and questionnaire responses suggest that approximately 10% of these were directly attributable to the production of Wire Rod.



The UK Market

E.2 Market Size and Structure

77. Gross Value Added (GVA) from the production of Wire Rod, among the UK producers analysed, was £5m to £10m. Furthermore, sales of Wire Rod accounted for 20% to 30% of annual turnover.
78. In addition to the three UK producers of Wire Rod, we identified 66 importers of Wire Rod: some of these are wholesalers and some of these use Wire Rod to create other products.
79. We identified 73 downstream businesses, employing 2,300 people and generating £93m GVA with a turnover of £733m. Two of the biggest downstream users of Wire Rod are the construction and automotive industries.
80. Wire Rod is generally an intermediary product rather than a consumer product, so is used to build final products consumed by downstream industries and the public.
81. There is overlap between these groups. For example, we are aware of downstream producers who directly import Wire Rod.

E.3 Market Trends

82. Production of Wire Rod by UK industry showed minimal decreases and increases in the periods 2017/18 and 2018/19 respectively, before showing a clearer decrease during the POI – falling to levels below 2016/17. Production capacity has remained consistent throughout the IP. Production capacity utilisation followed a similar trend to production.
83. UK domestic sales increased in 2017/18, then decreased in the subsequent periods, with sales during the POI decreasing to volumes below the 2016/17 period. The UK industry's market share has increased in 2017/18, then decreased in the subsequent periods, maintaining an overall increase during the POI from 2016/17 market share.
84. COVID-19 has had negative impacts on the UK and world economy, and we have evidence that suggests demand for steel in the UK has reduced between April 2019 and April 2020. This is discussed further in [Section I](#) below.
85. The impact of EU exit is also considered in [Section I](#) below.



E.4 Competition in the Market

86. From a combination of Her Majesty's Revenue and Customs (HMRC) trade data and questionnaire responses, we estimate that importers currently hold a market share of 30-40% versus UK industry's 60-70% market share.
87. The evidence submitted by UK producers and contributors suggests that the UK market is segmented by quality, with high quality goods directed to the automotive sector and lower quality goods directed to the construction industry.
88. For lower quality Wire Rod products, the evidence submitted by various parties suggests that price is the main driver of demand. This means that prices must remain competitive to retain market share. For higher quality products, evidence from UK producers and downstream businesses suggests that other factors (such as quality) are also relevant and that there may be a preference for domestically produced products.



SECTION F: The Necessary or Sufficient Assessment

Necessary or Sufficient

89. Under regulation 99A(1)(a) of the Regulations, we are required to consider whether the application of the anti-dumping amount is necessary or sufficient to offset the dumping of the relevant goods to the UK (the “necessary or sufficient assessment”).
90. Due to such low levels of imports, we are unable definitively to determine whether the measure is necessary or sufficient to offset the dumping of the Goods Subject to Review.
91. Additionally, without imports of the Goods Subject to Review, we do not consider it appropriate to recalculate the anti-dumping amount under regulation 99A(2)(a)(i) of the Regulations.

Conclusion

92. In light of the low levels of imports of the Goods Subject to Review from the PRC, we are unable definitively to determine whether the application of the anti-dumping amount is necessary or sufficient to offset the dumping of the Goods Subject to Review to the UK.
93. Therefore, to determine whether the measures should be varied or revoked, we have considered the likelihood that injury would occur if the measures were no longer applied, in accordance with regulation 99A(1)(b) of the Regulations.
94. Under regulations 99A(2)(a)(iii) and 70(6) of the Regulations, we have also considered the likelihood that dumping of the Goods Subject to Review would occur if the measure were no longer applied.



SECTION G: Likelihood of Dumping Assessment

G1. Analysis of Dumping

95. As detailed in Section F above, during the POI, there were low levels of imports of the Goods Subject to Review into the UK. As such, there has been no dumping, capable of meaningful assessment, of the Goods Subject to Review whilst measures have been in place.

G2. Recalculation of the antidumping amount.⁸

96. Given the absence of exports of the Goods Subject to Review during the IP and the lack of exporter cooperation in this transition review, it would not be appropriate to recalculate the anti-dumping amount.

G3. Likelihood of Dumping

97. In accordance with regulations 99A(2)(a)(iii) and 70(6) of the Regulations, we have assessed the likelihood that the dumping of the Goods Subject to Review would occur if the measures were no longer applied. In doing so, and in conjunction with our consideration of the EIT, we have also had regard to the current and prospective impact of the anti-dumping amount, as required under regulation 100A(2)(b) of the Regulations.
98. This review has been completed prior to the Russian Federation's invasion of Ukraine and the associated sanctions placed upon both the Russian Federation and the Republic of Belarus. It does not include how these circumstances could affect future imports. However, we note that Wire Rod imports from Belarus, Russia and Ukraine have historically been low.
99. We have considered the likelihood of dumping on a countrywide basis, rather than an exporter-by-exporter basis, as non-cooperation of PRC exporters meant no suitable data was available to the TRA on the individual companies.
100. Information obtained from secondary sources was used in accordance with Regulations where primary data was not available.
101. Our likelihood assessment considered:

⁸ Reg 99A(2)(a)(i)



- whether dumped imports to the UK have continued whilst the measures have been in place
- whether the conditions for dumping exist, and
- whether incentives to dump exist.

102. In assessing whether dumping has continued whilst the measures have been in place, we examined import statistics from HMRC.

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

- whether a Particular Market Situation (PMS) exists in the PRC;
- whether exporters have levels of **production** allowing them to dump if measures were revoked;
- whether exporters have levels of **production capacity** (current or potential), allowing them to dump if measures were revoked;
- whether exporters have **inventories**, allowing them to dump if measures were revoked; and,
- the ability of exporters to **shift production** to the Goods Subject to Review.

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

- the **price comparison** between PRC- and UK-produced goods;
- whether the conditions in the PRC **domestic market** are favourable for the Goods Subject to Review;
- whether PRC exporters are **dumping in third countries** and/or subject to antidumping measures elsewhere;
- whether exporters would be likely to choose to export to the UK based on the **attractiveness of the UK market**; and,
- whether exporters have previously or habitually **circumvented** the effects of trade remedy measures.

105. We conducted this assessment to inform our determination as to whether the measure should be varied or revoked. The assessment of the likelihood of dumping of the Goods Subject to Review occurring was concluded on the balance of probabilities.



Continued Dumping

G4. Whether dumped imports to the UK have continued whilst the measure has been in place

106. Sixty tonnes of Wire Rod were imported from the PRC during the POI, corresponding to less than 1% of total imports. This amount is insignificant in light of total UK consumption.

Table 1: Import volumes of Wire Rod from the PRC to the UK

	2016/17	2017/18	2018/19	POI
Volume (tonnes)	55	3	5	60
Index <i>2016 = 100</i>	100	6	10	110
Share of Imports	0.020%	0.001%	0.002%	0.024%
Index <i>2016 = 100</i>	100	8	11	121

Source: HMRC import statistics – downloaded 18/08/2021

107. There have been volatile changes in relative terms but in absolute terms imports have been very low throughout the IP.

108. We conclude that there has been no dumping, capable of meaningful assessment, of the Goods Subject to Review whilst measures have been in place.

Conditions for Dumping

G5. Whether a Particular Market Situation exists in the PRC

109. We have received an allegation of a Particular Market Situation (PMS) in the PRC steel industry. The TRA also acknowledges CCOIC's objections to a PMS within the PRC, specific to Wire Rod.



110. If found, the presence of PMS would denote that Normal Value has not been naturally shaped by market forces, as a result of existing or historic distortions to costs and profits.
111. However, given the lack of PRC exporter cooperation and data, we have constructed an indicative PRC domestic price, rather than relying upon the construction of a Normal Value.
112. Given the methodology of our review, the presence or otherwise of a PMS in the PRC steel industry – in the specific circumstances of this case – is not a material consideration.

G6. Whether exporters have levels of production which would give them the ability to dump if measures were removed

113. We assessed the production volumes of Wire Rod in the PRC using publicly available data.
114. Table 2 shows production of Wire Rod by the PRC industry over annual periods most closely aligning with the IP.

Table 2: Production of Wire Rod, PRC (kilotonnes).

	2016	2017	2018	2019
Production volume (kilotonnes)	133,909	129,692	144,150	156,820
Production volume Index <i>2016 = 100</i>	100	97	108	117

Source: World Steel Association – data download 10/02/2022

115. Production volumes have increased by 17% over the period indicated, peaking in 2019. And, whilst there was a decrease in 2017, the overall trend is increasing.



Table 3: Estimated PRC consumption and exports Free on Board (FOB) of Wire Rod and remaining volumes.

	2016	2017	2018	2019
Total PRC production plus imports to the PRC (kilo tonnes)	135,576	130,717	144,548	157,356
Estimated domestic consumption (kilo tonnes)	122,018	124,181	138,766	152,635
Percentage consumed domestically	90%	95%	96%	97%
Remainder for export / inventory (kilo tonnes)	13,558	6,536	5,782	4,721
Exports of Wire Rod from the PRC (kilo tonnes)	10,808	6,196	5,610	4,210
Remaining Estimated Inventory (kilo tonnes)	2,750	340	172	510

Sources: World Steel, CCOIC, UN Comtrade data downloaded 18/11/2021

116. Table 3 indicates a downward trend in surplus Wire Rod available for export from the PRC due to increasing domestic consumption. The PRC nonetheless continues to consistently produce a surplus, available for export or stocks, which may indicate an ability to dump.
117. Given the size of PRC production – approximately 75% of all global Wire Rod production (see table 11 below) - a 3% surplus, such as that indicated above for 2019, is equivalent to total domestic production in other producing countries such as the UK. Given that the PRC's surplus is significantly larger than whole industries' production elsewhere, it would seem to be sufficiently large to allow (and incentivise – see sections G11-G15 below) dumping to occur.
118. We assess that evidence on production supports a positive assessment that the conditions for dumping currently exist.



G7. Whether exporters have levels of production capacity (current or potential), which would give them the ability to dump if measures were removed

119. We have assessed the submissions provided to us by the trade bodies, UK Steel and CCOIC, but do not have sufficient evidence to substantiate or refute either UK Steel's or CCOIC's claims in respect of production capacity.
120. UK Steel estimate that PRC Wire Rod capacity is 200 to 250 million tonnes for 2019, which they say implies a capacity utilisation rate of 66% and 80 million tonnes of spare capacity.
121. CCOIC provided a chart referring to the PRC government's capacity reduction goal (not Wire Rod specific). The chart suggests the PRC has met reduction targets for Steel of 5% in 2016 and 4% in 2017, and aims to reduce by a further 3% by 2020.
122. We cannot determine whether the conditions in respect of production capacity support a positive or negative assessment that the conditions for dumping exist.

G8. Whether exporters have inventories, which give them the ability to dump if measures were removed

123. To assess PRC industry inventories, we used the reported domestic production figures provided by CCOIC to estimate the remaining volumes of Wire Rod available for export. We expanded upon this assessment by using global export trade data to estimate the remaining volume for inventory.
124. Table 4 shows an estimate of inventory remaining. The calculation of the remaining volumes of Wire Rod detailed below is based on Table 3.



Table 4: Estimated inventory of Wire Rod produced by the PRC industry.

	2016	2017	2018	2019
Remaining Volumes of Wire Rod (kilo tonnes)	13,558	6,536	5,782	4,721
Exports of Wire Rod from the PRC (kilo tonnes)	10,808	6,196	5,610	4,210
Remaining Estimated Inventory (kilo tonnes) <i>Cumulative</i>	2,750	340 3,090	172 3,261	510 3,772
Estimated inventory as a percentage of total production plus imports	2.03%	0.26%	0.13%	0.32%

Source: CCOIC, UN Comtrade – data download 18/11/2021

125. Our estimates suggest that inventories may have grown by 3.8 million tonnes over the IP. The remaining inventories represent a small percentage of PRC Wire Rod production. CCOIC submitted figures showing no remaining inventories once domestic consumption and trade were accounted for. We have been unable to verify these figures.

126. There is evidence that PRC producers of Wire Rod may have significant inventories. Whilst these may be small in percentage terms, the scale of total PRC production means that they are large, both in absolute terms and in comparison with consumption in overseas markets, such as the UK. The balance of evidence on inventories suggests that conditions for dumping may exist.

G9. Ability to Shift Production to the Goods Subject to Review

127. We do not have evidence as to whether or not it is possible for the PRC industry to shift production to Wire Rod and therefore cannot make an assessment that this factor impacts whether conditions for dumping exist.

G10. Conclusion on Conditions for Dumping

128. Evidence of high production and significant inventories of Wire Rod in the PRC suggest that conditions for dumping exist. There is limited evidence to contradict this conclusion. On the balance of probabilities, the weighting of factors is in favour of the determination that the conditions for dumping exist.



Incentives to Dump

G11. The price comparison between PRC produced goods and UK produced goods

129. We compared an indicative PRC domestic sales price with the ex-works (EXW) weighted average sales price of UK producers to understand whether dumping is likely.

130. We note the following caveats:

- the indicative domestic sales price in the PRC has not been verified; and,
- we have been unable to make adjustments to make the two prices directly comparable (i.e. to bring both to an EXW level and to account for different product compositions).

131. We have used CCOIC's figures for the analysis of the indicative PRC domestic sales price as these figures were the only ones applicable throughout the entirety of the IP⁹. We are unable to disclose these calculations due to confidentiality requirements as set out in Section C6: How we have used submitted data.

132. Throughout the IP, the EXW weighted average sales price of UK producers has been lower than the indicative PRC domestic sales price. This suggests that PRC exporters may have to sell at dumped prices to enter the UK market and gain market share.

133. It is especially likely that exports from the PRC would occur at a dumped price because it is reasonable to expect there would be additional costs for PRC exporters to sell in the UK than domestically - such as greater transport costs. Adjusting the export price would then result in a value lower than the current PRC industry's indicative domestic price, which would reflect a dumped price.

G12. Whether the conditions in the PRC domestic market are favourable for the goods concerned

134. We assessed the conditions in the PRC's domestic market of Wire Rod to understand the relative attractiveness of the domestic market versus export.

⁹ UK Steel's construction of normal value is only applicable for the POI.



135. We have reviewed the interested parties' submissions, which differed in their assertions. CCOIC state that the export market is not a priority for PRC producers, and that production is mostly captured on the domestic market, whereas UK Steel state that PRC producers have expanded and will continue to do so, accepting that some of this production will be absorbed domestically, but nonetheless increase the potential for exports.
136. Through research of publicly available data, we have identified that:
- the cost to export Wire Rod has increased as the PRC has recently cancelled export rebates for 146 types of iron and steel products, including Wire Rod¹⁰;
 - domestic demand continues to be high, with [recent reports](#) on the steel industry in the PRC noting country-wide electricity shortages resulting in the PRC industry importing finished goods, including Wire Rod; and,
 - production costs of Wire Rod have decreased as import duties on raw materials have been removed¹¹.
137. While higher export costs may mean PRC exporters are less likely to be incentivised to export Wire Rod to the UK at dumped prices, a reduction in production costs has the potential to lead to greater profit margins for the PRC industry, or lead to a reduction in sales prices. This may increase the likelihood of an incentive to export – dependent on domestic market changes, such as a decrease in domestic consumption.
138. High domestic demand would tend to indicate a lower incentive to export, but when taken with our earlier assessments of production, capacity and inventories, we do not think this high demand negates any incentive to dump to the UK, as in our assessment the PRC continues to produce surplus and maintain inventories that are available for export.
139. While not all factors are positive, we conclude on the balance of probabilities that incentives for dumping are likely to exist.

¹⁰ As cited in multiple reports referencing the [PRC Government Notice No. 16/2021](#), which includes products 7213 and 7227. We have been unable to locate the Notices on the [English-language version sites of the Ministry of Finance](#) or the [State Taxation Administration of the PRC](#). However we have identified multiple sources referencing these, e.g.: [Financial Express](#), [Cuatrecasas](#) and [Steel Orbis](#).

¹¹ As cited in multiple reports referencing abolition of the import duties on pig iron, Direct Reduced Iron (DRI), ferrous scrap, ferrochrome, MS carbon and SS billets, including: [Kallanish](#) and [Pillsbury](#)



G13. Whether exporters are dumping in third countries and / or subject to antidumping measures elsewhere

Global Exports

140. We compared the range of indicative PRC domestic sales prices (see also section G11 above) with the global average export value to gain a sense of whether exports are currently being made at a dumped price.

141. We note the following caveats:

- the range of indicative domestic sales prices in the PRC have not been verified; and,
- we have been unable to make adjustments to make the two values directly comparable (e.g. to bring both to an EXW level and to account for different product mixes).

142. We have used figures provided by CCOIC and UK Steel for the range of indicative PRC domestic sales prices to allow us to compare to the global average export values. We are unable to disclose these calculations due to confidentiality requirements as set out in Section C6.

Table 5: PRC average world export values , 2019

Sales Value	PRC World (FOB)	PRC World (CIF)
Average Value (£/tonne)	416	484

Sources: Questionnaire responses and UN Comtrade. data download 18/11/2021

*PRC ¥ conversion to £ provided in CCOIC's submission, using Bank of England Spot exchange rate, Chinese Yuan into Sterling.
UN Comtrade \$ values converted to £ Sterling using yearly average conversion rates as per assets.publishing.service.gov.uk*

143. The range of indicative PRC domestic sales prices was above the average FOB export value, indicating many PRC Wire Rod exports may be at dumped prices.

144. The average Cost Insurance and Freight (CIF) export value is within the range of indicative PRC domestic sales prices, meaning it is higher than some of the claims we have received with regard to the PRC domestic sales price and lower than others. While this means the evidence is inconclusive regarding the comparison of the range of indicative PRC domestic sales with the CIF export value, as noted above, we have not conducted any adjustments to the CIF export value. If these adjustments were carried out to make the values more comparable, it is likely that the adjusted EXW export value would be below the range of indicative PRC domestic sales prices, indicating a dumped price.



145. This analysis compared the range of indicative PRC domestic sales prices with the average CIF and FOB export values. This analysis indicated that it is likely that PRC exporters are currently selling at a dumped price globally, where they can (the PRC are currently subject to multiple Trade Remedy measures from other countries).

Exports to Third Countries

146. We compared the range of indicative PRC domestic sales prices (previous caveats apply as per G11) with the average export value to the top five export markets (ordered by volume) for PRC exporters to assess whether PRC exports are currently being made at a dumped price.

Table 6: PRC average export values to top five countries by export volumes in 2019

Country	Average (FOB) value *converted (£/tonne)	Average (CIF) value *converted (£/tonne)
Republic of Korea (ROK)	406	439
Thailand	409	598
Indonesia	437	470
Philippines	395	422
Vietnam	425	626

Sources: Questionnaire responses, UN Comtrade. data download 18/11/2021

*UN Comtrade \$ values converted to £ Sterling using yearly average conversion rates as per assets.publishing.service.gov.uk

147. The average FOB export value for all five countries is below the range of indicative PRC domestic sales prices, indicating that this is likely to be a dumped price. Furthermore, that the average CIF export value for ROK and Philippines is below the range of indicative PRC domestic sales prices, indicating that this is likely to be a dumped price.

148. The average CIF export value for Vietnam is above the range of indicative PRC domestic sales prices, indicating that this is unlikely to be a dumped price.



149. The average CIF export value for Thailand and Indonesia is within the range of indicative PRC domestic sales prices, meaning the evidence is inconclusive as to whether there is presence of a dumped price.
150. However, Thailand, Vietnam, and Indonesia currently have a trade remedies measure in place, and so this does not detract from the assessment that there is evidence of what is likely to be a dumped price.

Trade Remedies Measures Elsewhere

151. There is evidence that multiple jurisdictions have made positive determinations of dumping, and subsequently imposed anti-dumping duties against Wire Rod exports from the PRC:
- European Union: (EU) [2015/1846](#) & [2021/1805](#) (2015 and 2021)
 - USA: Investigation Nos. 701-TA-512 (2014/15) and 731-TA-1248 (Review 2020) [Publication 5064](#)
 - Australia: [Report NO. 301](#) (2016) and [Report NO. 564](#) (2020)
 - Indonesia: [27/PMK.010/2018](#) (2018)
 - India: [F. No. 14/17/2016-DGAD](#)
 - Mexico: [DOF: 28/07/2016](#) (2016)
152. Should the measures be revoked, dumped imports of Wire Rod may be more likely to be directed towards the UK than third countries with measures in place.
153. Additionally, given the application of anti-dumping measures against Wire Rod from the PRC, trade diversion from these closed markets to the UK if the measure was revoked may occur, in particular, from close geographical markets such as the EU.

G14. Attractiveness of the UK market

154. To assess whether PRC exporters would be likely to choose to export to the UK over other markets, we analysed:
- historic imports of Wire Rod from the PRC to the UK
 - indicative PRC domestic sales price and UK average import value
 - global and individual market average import value of Wire Rod from the PRC and UK average import value.
155. Historically, the UK has been an attractive market for PRC exporters of Wire Rod, as can be seen in the volume of imports from the PRC during 2006 – 2007, before the measure was imposed.



Table 7: UK Imports of Wire Rod from the PRC (shaded area marks imposition of the measure)

Year	2004	2005	2006	2007	2008	2009	2010	2011
Volume (Tonnes)	10,168	14,525	12,403	63,423	59	0	2	2

Source: HMRC – downloaded 01/12/2021

156. Since the measure was imposed in 2008, the volume of imports dropped significantly.
157. A comparison of average export values with the UK import value allows us to assess whether a price incentive to export currently exists.
158. We have used CCOIC's figures for the analysis of the indicative PRC domestic sales price (previous caveats apply as per G11) to allow us to compare that price to the UK import value, as these figures were the only ones applicable throughout the entirety of the IP. We are unable to disclose these calculations due to confidentiality requirements as set out in Section C6.
159. Our analysis of global and individual market average import values of Wire Rod from the PRC, against the UK average import value, is as follows:



Table 8: Average CIF Wire Rod import values from the PRC vs. Average UK Wire Rod import values, 2019

Name	Average value of imports from the PRC (CIF) (£ per tonne)	Percentage Difference with UK CIF imports
World	484	(6%)
ROK	439	(15%)
Thailand	598	16%
Indonesia	470	(9%)
Philippines	422	(18%)
Vietnam	626	22%

Source: UN Comtrade data download 18/11/2021, HMRC, downloaded 01/12/2021

UN Comtrade \$ values converted to £ Sterling using yearly average conversion rates as per assets.publishing.service.gov.uk.

N.B. The average value of imports from all countries to the UK (CIF) is £515 per tonne.

160. Global average import values from the PRC were lower in value compared against the average value of imports into the UK from all countries during the same period. This adds to our assessment that the UK may be an attractive market on the basis of price, and as such, it is likely that a price incentive to export into the UK exists.
161. We are unable to assess similarly economically developed countries to the UK, as this primarily involves countries that already have a trade remedy measure in place against exports of Wire Rod from the PRC (for example the USA, Australia, the EU), so import volumes for these countries are minimal and do not allow for meaningful analysis. This additionally excludes countries that are in close geographical proximity to the UK (primarily the EU) from our analysis.
162. We have therefore assessed export values for countries not geographically close to the UK but significant as export markets, by volume, for PRC exporters.
163. Individual assessments of Thailand and Vietnam import values do not appear to support this given that the import values are higher than the UK import value. However, we have previously identified that Thailand, Vietnam and Indonesia have trade remedy measures against Wire Rod from the PRC in place. We have



confidence that this is reflected in the import values as we observe that Thailand and Vietnam represent the two highest values of Wire Rod from the PRC, both currently higher than the UK import value. This does not detract from our assessment that the UK may be an attractive market on the basis of price, and this makes it likely that a price incentive to export into the UK exists.

164. Despite a measure being in place, Indonesia's average import value is 9% below the UK import value. This suggests that the UK may be an attractive alternative market on the basis of price even where third country measures are in place. Likewise, ROK and the Philippines, who do not have anti-dumping measures in place, show average import values below the average UK import value.

G15. Whether exporters have previously or habitually circumvented the effects of the trade remedy measure

165. There have been no claims / examples of historical circumvention during this transition review.
166. In the previous section, we assessed whether PRC exporters would be likely to choose to export to the UK over other markets based on the attractiveness of the UK market. We found that the volume of Wire Rod imports from the PRC dropped significantly once the anti-dumping measure came into force for each respective country, suggesting no evidence of absorption, while there additionally appears no evidence of circumvention posed in these instances.

Conclusion on likelihood of dumping assessment

167. We concluded there has been no dumping, capable of meaningful assessment, of the Goods Subject to Review whilst measures have been in place.
168. In respect of whether the conditions for dumping exist, we found that, whilst an allegation of PMS has been made, it was not found to be material in the context of this case. Production and inventories indicated that the conditions for dumping exist for PRC exporters.
169. We could not determine whether production capacity and ability to shift production to the Goods Subject to Review were positive or negative factors in assessing the likelihood that the conditions for dumping exist.
170. While not all factors are positive, we nonetheless conclude that on the balance of probabilities, the conditions for dumping exist.
171. In respect of whether incentives to dump exist, we found that measures imposed by third countries, normal value – or more appropriately in our assessments the



indicative PRC domestic price – in the PRC, global exports, exports to third countries, and attractiveness of the UK market indicated that incentives to dump into the UK exist for the PRC industry.

172. We could not determine whether conditions in the PRC's domestic market were positive or negative factors in assessing the likelihood that incentives for dumping exist. While not all factors are positive, we nonetheless conclude that on the balance of probabilities, incentives for dumping exist.
173. The TRA assesses that, should the measure be revoked, dumping is likely to occur.



SECTION H: Likelihood of Injury Assessment

H1. Introduction

174. We are required under regulation 99A(1)(b) of the Regulations to consider whether injury to the UK industry in the relevant goods would occur if the antidumping duty was no longer applied (the likelihood of Injury Assessment).

175. Information obtained from secondary sources was used in accordance with Regulations where primary data was not available.

176. In order to conduct the Likelihood of Injury Assessment, we considered:

- the current state of the UK industry;
- undercutting and/or underselling of the UK industry;
- domestic and international market conditions; and
- historic injury data.

177. 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.

The current state of the UK industry

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

- the domestic **consumption** of Wire Rod;
- the level of UK industry's domestic **sales and market share**;
- **production, production capacity and production utilisation**;
- **prices and factors affecting domestic prices**;
- the amount of Wire Rod being retained in UK industry's **inventories**;
- the level of **employment and productivity**;
- the level of **wages**;
- **net profit, cash flow and investment** within the UK industry; and,
- other relevant factors.



H2. The Domestic Consumption of Wire Rod

179. Consumption of Wire Rod¹² decreased in 2017/18 and remained below its 2016/17 level for the remainder of the IP. Despite a marginal increase in 2018/19, consumption in the POI was below its initial level.
180. The value of consumption increased in both 2017/18 and 2018/19. While the POI saw a decline in the value of consumption, it remained above its initial level.
181. The reduction in domestic consumption is a factor in increasing the vulnerability of the domestic industry.

H3. The Level of UK Industry's Domestic Sales and Market Share

182. Domestic sales increased in 2017/18, then decreased in the subsequent periods, with sales during the POI decreasing to volumes below the 2016/17 period.
183. The UK industry's domestic market share¹³ increased in 2017/18, then decreased in the subsequent periods, maintaining an overall increase during the POI from 2016/17 market share.
184. A declining trend in domestic sales increases industry vulnerability. The trend in market share is positive, however we cannot attribute the significance of this trend in isolation.

H4. Production, Production Capacity and Production Utilisation

185. Production showed minimal decreases and increases in the periods 2017/18 and 2018/19 respectively, before showing a clearer decrease during the POI – falling to levels below 2016/17.
186. Production capacity has remained consistent throughout the IP, whilst the utilisation of that capacity followed a similar trend to production.
187. The overall decrease in production and capacity utilisation can be partially attributed to the reduction in UK consumption, as outlined above.
188. These factors indicate increased industry vulnerability.

¹² Consumption was estimated by combining the UK industry's domestic sales and total Wire Rod imports

¹³ Market share was calculated as a percentage of the UK producers total domestic Wire Rod sales against estimated total UK consumption



H5. Prices and Factors Affecting Domestic Prices

189. The average selling price per tonne increased continually over the 2017/18 and 2018/19 periods. During the POI, the price decreased, however remained above the 2016/17 period.
190. The unit cost of production during the POI was higher than the average selling price over the same period, indicating average sales values are below average costs.
191. Observing the same trend in the rise and fall of average price per tonne throughout the IP is a possible indication that both verified producers are responding to market forces that dictate competitive selling prices. The adjustment of UK producers to market forces suggests competition and flexibility, both indicative of a healthy industry.
192. However, the sales and cost comparison over the POI indicates sales are collectively below cost, indicating vulnerability.

H6. The Amount of Wire Rod being retained in UK Industry's Inventories

193. Stocks increased in 2017/18, then decreased in the subsequent periods, with stocks during the POI decreasing to volumes below the 2016/17 period.
194. Stocks as a proportion of production increased in 2017/18, then remained relatively stable in the subsequent periods, with the proportion during the POI increasing to a ratio above the 2016/17 period.
195. The changes to stocks as a proportion of production may be the result of production decreasing at a greater rate than the reduction of stocks, suggesting that even though the absolute volume of stocks is decreasing, the proportion is increasing. This may indicate vulnerabilities in the domestic industry.

H7. The Level of Employment and Productivity

196. The total number of employees in the two participating producers increased in 2017/18, then decreased in the subsequent periods, with the total number of employees during the POI decreasing to amounts below the 2016/17 period.
197. Number of employees for Wire Rod increased in 2017/18, then increased further in the subsequent periods, with the number of employees for Wire Rod during the POI increasing to amounts above the 2016/17 period.



198. Proportion of employees working on Wire Rod remained stable throughout the IP, increasing during the POI.
199. Productivity decreased in 2017/18, then decreased further in the subsequent periods, with productivity falling to values below the 2016/17 period.

H8. The Level of Wages

200. Between 2017 and 2018 average median wage for full time employees in the UK industry fell and remained at this level in the POI.
201. One of the producers indicated the decrease in average wages can be due to the retirement of longer serving employees on higher wages, while the incoming of new employees on a lower wage results in a lower average value overall.

H9. Net profit, cash flow, and Investments

202. British Steel reported a total net profit in 2016/2017 with increasing losses in each subsequent year.¹⁴
203. British Steel's total cash flow increased in 2017/18, rising again in 2018/19 before substantially decreasing during the POI to below the 2016/17 period¹⁵.
204. British Steel reported in their questionnaire annex increased company-wide investment in 2017/18 with a subsequent reduction in 2018/19 and the POI. The level of investments during the POI was below the 2016/17 period¹⁶.
205. Celsa reported a total net profit in 2017 (based on its own financial year) which was an increase on the loss reported in 2016. Increasing losses were then reported in 2018 and 2019, which covers the POI.¹⁷
206. Celsa's total cash flow decreased year on year.¹⁸
207. Independently, both producers observed an overall negative trend in net profit, each reporting its largest loss during the POI. The combined trends in cash flow figures and the reported reduction in investments in the POI also indicate a negative trend for the UK industry and highlight industry vulnerabilities.

¹⁴ Companies House: SLB2020 Ltd (previous company name British Steel Limited) [Annual Report YE 2018](#)

¹⁵ This is set out in British Steel's non confidential questionnaire annex, available on the [public file](#)

¹⁶ This is set out in British Steel's non confidential questionnaire annex, available on the [public file](#)

¹⁷ Companies House: Celsa Manufacturing (UK) Limited [Annual Reports 2017, 2018, 2019, 2020](#)

¹⁸ This is set out in Celsa's non confidential questionnaire annex, available on the [public file](#)



H10. Other Relevant Factors

Demand reduction

208. We assessed demand reduction by analysing statistical data for both the construction and motor industries, which have been identified by the UK producers as significant downstream users of Wire Rod.

209. Table 9 shows the approximate value of new orders for all goods made by the construction industry in the UK.

Table 9: New orders made by the construction industry

	2016	2017	2018	2019	2020
New Orders by Value (£ billion)	66	71	62	63	56
Index (2016 = 100)	100	107	93	96	84

Source: ONS Bulletin 'New Orders in the Construction Industry' Date Sourced: 01/12/2021

210. Table 10 shows the approximate value of sales of motor vehicles, trailers and semi-trailers in the UK.

Table 10: Sales of motor vehicles; trailers and semi-trailers

	2016	2017	2018	2019	2020
Sales by value of motor vehicles; trailers and semi-trailers (£ billion)	33	36	35	33	22
Index (2016 = 100)	100	108	105	97	65

Source: ONS, UK Manufacturers' Sales by Product Survey (Prodcom) 2020 Date Sourced: 01/12/2021

211. Over the IP, sales of motor vehicles followed a similar trend to new orders in the construction industry, which may be a contributing factor to the reduction of consumption identified previously.

212. While the construction industry and automotive industries are not the only sources of demand for Wire Rod, the decline in new orders / sales witnessed in these industries over the IP mirrors the trend of domestic sales made by the UK industry, and consumption of Wire Rod on the UK market. Hence, the declines in 2019 likely had negative impacts on the Wire Rod industry, although we are unable to quantify these. Furthermore, the declines in 2020 suggest more significant negative impacts for the Wire Rod industry after the IP. The 2020 decline may be linked to the COVID-19 Pandemic.



Imports of Wire Rod from countries other than the PRC

213. Imports of the like good from third countries could also be a cause of some of the negative trends seen in the injury indicators. We examined questionnaire responses and HMRC import statistics.
214. Major exporting countries to the UK are Germany, Czech Republic, Spain, Portugal and France. Total imports of the like good from third countries decreased by 10% (from 281 kilotonnes, to 254 kilotonnes) over the IP, representing an estimated 39% of UK consumption during the POI. Over the IP, the average import value per unit has increased by 16%, from £413 to £490 per tonne.
215. Germany and Portugal have been the largest exporters of Wire Rod into the UK throughout this period, increasing their combined share of total imports from 49% to 60% over the IP.
216. Portugal's average import value per tonne consistently remained below the UK industry's sales price throughout the IP.
217. This review has been completed prior to the Russian Federation's invasion of Ukraine and the associated sanctions placed upon both the Russian Federation and the Republic of Belarus. It does not include how these circumstances could affect future imports. However, we note that Wire Rod imports from Belarus, Russia and Ukraine have historically been low.
218. For all Wire Rod, but in particular for lower grades of Wire Rod, price is an important determinant of demand. Therefore, to retain market share, prices must remain competitive. We have observed that over the POI, the UK industry's average sales price was below cost. The observed average import values may be a constraining factor in the ability of the UK industry to increase their selling price – particularly above the average import value, therefore affecting the ability to positively influence profit margins.
219. Throughout the IP, the UK industry's average domestic sales price has been below the average import value per unit, however when compared to specific countries, it is at a similar price point. To remain competitive, the UK industry is limited in their ability to increase prices, as there is the risk of losing market share. A loss of market share may negatively affect the current state of the UK industry. Intrinsic market vulnerability resultant of third country imports only increases domestic industry vulnerability to challenges such as dumping.

UK Export Market



220. We have assessed export sales by analysing the trends that volumes and values form throughout the IP on an individual producer basis and more generally.

British Steel

221. Export sales by volume decreased over the IP, reaching their lowest point over the POI – indicating a downward trend.

222. Export sales by value increased continually over the 2017/18 and 2018/19 periods. During the POI, the value decreased, and remained below the 2016/17 period – indicating a downward trend for British Steel's export values.

223. Export sales as a proportion of total sales remained relatively consistent.

224. British Steel's export sales volumes decreased throughout the IP and is a greater reduction in sales than the loss in sales volume domestically both in relative and absolute terms. Additionally, British Steel's total value of export sales decreased – indicating a negative trend.

Celsa

225. Export sales by volume increased over the IP, increasing in 2018/19 and the POI – indicating an upward trend.

226. Export sales by value increased continually over the 2017/18 and 2018/19 periods. During the POI, the average value decreased to a level below 2016/17 period – indicating a downward trend for Celsa's export values.

227. Export sales as a proportion of total sales increased during the IP.

228. Celsa's export sales volumes increased during the POI, which is a greater increase in export sales than the loss in domestic sales volume in absolute terms – indicating a positive trend.

Generally

229. We have additionally analysed trends in volumes and values on a wider industry level.



230. UK industry's exports decreased in 2017/18, then increased in the subsequent periods, with imports during the POI decreasing to volumes below the 2016/17 period.
231. UK industry's average export value increased throughout the IP, however during the POI it decreased, although remaining at a value greater than the 2016/17 period.

H11. Conclusion on the Current State of the UK Industry

232. Over the IP, most of the injury indicators assessed pertaining to the state of the UK industry showed a negative trend. They suggested that the UK industry is selling lower volumes (as sales follow the negative trend of consumption), at prices such that profitability is negative, and that cash flow is falling. Additionally, indicators that showed a positive trend (increasing consumption value, rising average prices) were limited as the UK industry experienced losses in the sales they made.
233. These negative trends cannot be attributed to imports of the Goods Subject to Review as they were imported at insignificant volumes (as seen in HMRC import statistics) during these periods. However, the fact that UK industry has experienced negative trends in key indicators over the IP, signals vulnerability in the domestic industry.
234. We also assessed, demand reduction, import of Wire Rod from countries other than the PRC and the export market. During the POI we have found that all three factors indicate vulnerability for the UK industry.
235. This suggests that if the anti-dumping amount were revoked, and dumping occurred, the current state of the UK industry presents significant challenges to producers who may seek to mitigate the impact of that dumping.

Undercutting of UK industry

236. Price undercutting is where dumped goods are consistently priced lower than those of the like goods in the UK.
237. In the event of undercutting, UK industry may be forced to reduce its prices to compete against the lower priced goods 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.
238. We are unable to complete a robust assessment of undercutting due to the minimal PRC imports into the UK during the IP, meaning we are unable to



determine a representative export price for the Goods Subject to Review. Instead, we have reviewed the average UK industry domestic sales price against the indicative PRC domestic price. This may allow us to determine whether injury would occur if the dumped imports are sold below the indicative PRC domestic price.

239. We concluded in Section G that dumping is likely to occur, meaning that export price would be lower than the 'normal value' – or in our construction, the indicative PRC domestic price. We have observed that the indicative PRC domestic price is greater than the UK industry sales price. Therefore, for undercutting to be present, the dumping margin has to be greater than the difference observed between the two prices.
240. However, we do not have sufficient granular evidence regarding adjustments, or certainty regarding the composition of products for the export price and the indicative PRC domestic price that would make them comparable. As a result, we cannot determine if the dumping margin would be greater than the range described above, as any possible dumping margin calculation would lack robustness, and would therefore be insufficient in substantiating subsequent calculations with regards to price undercutting.
241. We are therefore unable to determine whether injury would occur if the Goods Subject to Review were exported at a price below the indicative PRC domestic price, as we do not know the extent to which the export price would be below the indicative PRC domestic price. Consequently, we cannot say whether the dumped export price would be below or above the UK industry price, and cannot determine if there would be undercutting if the measure were to be revoked.
242. Additionally, given the lack of sufficient granular evidence mentioned above, and the lack of evidence regarding target profit for the UK industry, we are unable to conduct a robust underselling assessment.

Domestic and international market conditions

243. To assess the potential trends in market conditions we considered demand and prices.



H13. Demand

244. UK consumption concluded with conflicting trends of increasing value yet decreasing volume¹⁹. We have not received supporting evidence of - or observed sufficient data to comment on - the global consumption of Wire Rod.

245. UK Production indicated a consistent trend over the IP, with a decrease observed during the POI.

246. Table 11, utilising data from World Steel, shows the production of Wire Rod, both worldwide and worldwide excluding the PRC.

Table 11: Production of Wire Rod million tonnes

	2016	2017	2018	POI
World Production	184	183	198	211
World Production <i>Index = 2016</i>	100	100	108	115
World Production excluding the PRC	50	54	54	54
World Production excluding the PRC <i>Index 2016 = 100</i>	100	107	108	108

Sources: World Steel - data download 10/02/2022

247. World production data shows an increase throughout the IP, climbing further during the POI.

248. Production excluding the PRC shows an initial increase in 2017, before remaining relatively stable throughout the IP.

249. Both world production and production excluding the PRC showed an overall increase over the respective annual period, in comparison to UK Steel production

¹⁹ See also H2.1 above.



that showed a decrease during the POI. Excluding the PRC, Wire Rod production has remained relatively stable since an initial rise in 2017. The continuing increase observed in 2018 and 2019 in overall world production therefore stems directly from PRC Wire Rod.

250. The trends observed above – those that assess production globally – are in contrast with our assessment of the UK industry's production in H2. The Domestic Consumption of Wire Rod above. Given the UK's overall decrease in production against the increase in production observed globally, the UK industry may be in a more vulnerable position than other international producers in the Wire Rod market, particularly given the specific increases in Wire Rod production observed in the PRC. Demand indicates the UK industry may be vulnerable to challenges such as dumping, should the measure be revoked.

H14. Prices

251. We concluded above (section H5) that the UK industry appeared vulnerable in part because the average UK domestic sales price was below average cost. We do not have supporting evidence to be able to conduct a similar assessment with regards to international prices, however we have been able to observe an average value per tonne globally of Wire Rod.
252. The average UK selling price indicated a positive trend, but the extent to which this is positive is dependent on changes in cost. Unable to assess the trend in cost, we observed that cost during the POI was at or above the average UK selling price.
253. Table 12 shows the annual worldwide imports of Wire Rod, in both volume and value. An average value per tonne has subsequently been calculated. The period 2016 most closely aligns with the IP period 2016/17, continuing to the 2019 period most closely aligning with the POI.

Table 12: Worldwide imports of Wire Rod

	2016	2017	2018	2019	2020*
Volume <i>Million tonnes</i>	27	25	22	19	17
Value <i>\$ billion</i>	13	15	16	12	10
Av. Value per tonne	474	587	715	635	572



\$					
Av. Value per tonne <i>Index 2016 = 100</i>	100	124	151	134	121

Source: UN Comtrade – Data download 26/01/2022

**The majority of 2020 is outside the scope of this investigation, but this column is included here to provide a forward look of global changes; it indicates 2019 is not an outlier year, but part of a continuing trend.*

254. The average price per tonne increases throughout the IP, up until 2018 whereby it decreases. This trend mirrors that observed within the UK industry; increasing throughout the IP, up until the 2018/19 period (annually, this period most closely aligns with 2018), before subsequently decreasing during the POI (2019 annually).
255. Although we cannot comment on respective costs per tonne, the similarity in trends adds weight to our assessment that the UK's sales prices may be vulnerable due to the global market trends.
256. The above indicators offer additional weight to our earlier conclusions; however, it must be noted that there are limitations to the data:
- differing periods to the IP;
 - fluctuating exchange rates that composed the average values, as UN Comtrade data is in US\$; and,
 - composition of goods may not be comparable to that of the UK industry.
257. With regards to further indicators in respect of domestic and international market conditions, due to a lack of evidence, we have been unable to further assess the following factors:
- supply
 - changes in technology
 - interchangeability / competition between goods
258. While we have had limited commentary from the UK producers around these specific factors in their respective questionnaires, we have not had sufficient co-operation from other producers. Without this co-operation, or access to third party resources relating to these factors, we are unable to compare the information we do have alongside any potential trends.
259. Due to the lack of commentary and limitations on the respective data, our assessment of domestic and international market conditions in respect of demand and prices does not provide sufficient detail to attain either a positive or a negative determination of the likelihood of occurrence of injury.



Historic injury data

260. Due to the elapsed time since the original measure came into effect, we are unable to complete an in-depth assessment of Wire Rod specific information that we can relate back to historic injury to the UK industry. Instead, we have reviewed the original EU Wire Rod case ([EU investigation AD530](#) initiated on 8 May 2008) to assess its contemporaneous findings of injury, as they were relative to the UK up until EU exit (31 January 2020).
261. The EU published its [definitive measures](#) on 5 August 2009, concluding that the EU industry had suffered material injury. It referenced that dumped imports from the PRC increased over the period considered by almost 17 times, causing loss of market share for EU producers. Declines in profitability, cash flows and return on investments were found during the period considered. The EU also concluded the continued pressure did not allow the EU industry to adapt its sales prices to increased costs of production that had been identified.
262. Subsequently, an [expiry review R602](#) was initiated on 2 August 2014 and the EU published its [definitive measures](#) on 15 October 2015. It was identified that all injury indicators pertaining to the EU industry showed a negative trend. Although the negative trends could not be attributed to PRC imports, given the limited volumes in the period considered, it was noted the significant production capacity of the PRC may be easily diverted to the EU market if measures were allowed to lapse. As such it was concluded the repeal of measures on PRC imports would in all likelihood result in the recurrence of injury.
263. There was a further [expiry review \(R725\)](#) initiated on 14 October 2020 and the EU published its definitive measures on 13 October 2021. The EU noted that most macroeconomic and microeconomic indicators showed a negative trend over the period considered (excluding capacity, employment and investments). It was concluded the material injury suffered by EU industry was not caused by imports from the PRC due to their very limited volume. But there remained a likelihood of recurrence of injury caused by PRC imports – sighting the PRC's spare capacity and attractiveness of the EU market. It completed an undercutting analysis and considered the potential impact on the EU industry.
264. Our assessment has been limited by the length of time elapsed since the original measure was brought into effect, and the resulting availability of historic injury information specific to Wire Rod. While we have been unable to conduct a conclusive assessment related solely to the UK industry, it remains that both the initial EU Wire Rod case and its first expiry review were conducted with full consideration of the UK industry. Injury was identified in the initial case



consideration and, on subsequent review, the EU concluded it was likely there would be a recurrence of injury.

265. The limited analysis of the identified trends in both these EU reviews when reconciled with our findings in this section supports and builds on those conclusions.

Conclusion on likelihood of injury assessment

266. In assessing the current state of the UK Industry, we observed that most of the injury indicators showed a negative trend. They suggested that the UK industry is selling lower volumes, at a loss, and that cash flow is falling. Additionally, indicators that showed a positive trend (value and average prices) were limited given the losses. Further, demand reduction, import of wire rod from countries other than the PRC and the status of the export market all increased vulnerability. In the absence of imports of the Goods Subject to Review, this situation signals significant vulnerability in the domestic industry.
267. This suggests that if the anti-dumping amount were revoked, and dumping occurred, the current state of the UK industry presents significant challenges to producers who may seek to mitigate the impact of that dumping.
268. It was not possible to perform a worthwhile undercutting analysis as the import volumes from the PRC were limited.
269. Limitations in data and commentary meant we could not conduct a conclusive assessment of domestic and international market conditions. However, our limited analysis of trends reconciled with our findings as regards domestic industry vulnerability, which has provided us with additional weight to those conclusions.
270. We reviewed historical injury determinations from the EU commission, which involved application of the EU measure on Wire Rod in the UK.
271. While we were unable to assess direct historical data for the UK Wire Rod industry, the EU determined that the PRC's past behaviour permitted an assessment that removal of the measure would lead to the likelihood of reoccurrence of injury. This provides additional weight to our assessments of industry vulnerability.
272. It is the considered assessment of the TRA that, given our assessment as to the likelihood of dumping in Section G above, if the measures were to be revoked, injury is likely to occur to the UK Wire Rod industry.



SECTION I: Economic Interest Test

Introduction

273. 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 this variation meets the EIT.
274. The aim of the EIT is to determine whether our recommendation to vary the measure and apply an anti-dumping amount on the Goods Subject to Review imported from the PRC is in the economic interest of the UK.
275. In accordance with paragraph 25 of Schedule 4 to the Taxation (Cross-Border Trade) Act 2018 (“the Act”), the EIT is met in relation to the application of an anti-dumping remedy or anti-subsidy remedy if the application of the remedy is in the economic interest of the United Kingdom.
276. In line with paragraph 25(4) of Schedule 4 to the 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;
 - the likely impact on affected industries and consumers in the UK;
 - the likely impact on particular geographic areas, or particular groups, in the UK;
 - the likely consequences for the competitive environment, and for the structure of markets for goods, in the UK; and,
 - such other matters as the TRA considers relevant.

I1. Evidence base

277. We received questionnaires from:
- Two of the three known UK producers of Wire Rod;
 - UK steel, a trade body representing the UK steel industry; and,
 - The Chinese Chamber of International Commerce (CCOIC).
278. We then identified other affected businesses from the [HMRC trader search](#) and questionnaire responses and contacted over 30 of these to seek their input. Following this engagement, we received submissions of evidence from:
- Two of the 73 known downstream businesses.



279. No other parties submitted evidence. Having considered the evidence presented, we used facts available to supplement this evidence by conducting research using publicly available sources such as Companies House and NOMIS.

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

280. Sections F and H discuss the results of the necessary or sufficient consideration and injury likelihood assessment.

281. The injury likelihood assessment concluded that injury to UK industry would be likely to occur, were the measures to no longer apply. Section H: Likelihood of Injury Assessment established that UK industry is already in a weak position and that increased competition from low priced imports would be likely to cause further injury to UK industry.

282. Our review of their accounts indicate that these businesses have relatively weak turnover and profitability trends suggesting that they may be vulnerable to increased competition from lower priced imports.

Economic significance of affected industries and consumers in the UK

283. We have identified the following groups as potentially being affected by the proposed measure:

- **Upstream businesses:** including suppliers of scrap metal and iron ore
- **UK producers** of Wire Rod
- **Importers** of Wire Rod: some of these are wholesalers and some of these use wire rod to create other products.
- **Downstream businesses:** two of the biggest downstream uses of Wire Rod are for construction and automotive parts.
- **Consumers:** Wire Rod is generally an intermediary product so are used to build final products consumed by the public.

284. It should be noted that there is overlap between these groups. For example, we are aware of downstream producers who directly import Wire Rod. We have tried to attribute all known businesses to one of these groups based on their activities to avoid double counting.

285. We have identified known businesses in each of these groups and looked at a selection of them where it was not possible to fully investigate all known businesses in the time-frame of the review.



286. We collected data from Companies House for the selected businesses. For each selected business, average annual employment, turnover, Gross Value Added (GVA) and profitability was calculated from all available accounts between 2016 and 2019. Accounts from 2020 were not used due to the likely distortionary effects of the COVID-19 pandemic. Historic trends in the accounts, were also considered, to broadly assess the financial health of the selected businesses.

287. Analysis of each of the affected industries cited, are addressed in turn.

12. Upstream businesses

288. The raw materials used in Wire Rod include metals and metal alloys such as carbon steel, and aluminium. From producers' questionnaire responses, we have identified six UK businesses which provide raw materials to UK producers of Wire Rod.

289. Using producers' questionnaire responses and accounts published on Companies House, we found that the relevant UK producers' raw material costs are less than 2% of the turnover of the known upstream businesses. This figure is likely to be a significant overestimate because some upstream businesses were not identified in the questionnaire responses and many of the raw materials used by UK producers were imported. The available evidence does not indicate that Wire Rod is a significant use of the raw materials produced by upstream businesses.

13. UK producers of Wire Rod

290. The composition of the UK industry is detailed in Section E: The UK Industry and Market. British Steel and Celsa submitted questionnaire responses. We analysed data from these responses and the corresponding accounts of the two businesses to assess the economic significance of UK producers of Wire Rod.

14. Importers of Wire Rod

291. From the HMRC importer database, we identified 66 businesses that have imported goods defined under the relevant combined nomenclature (CN) codes for Wire Rod since 2016. We conducted analysis on 10 importers who appear more than once in the database, between 2016 and 2019. With the available data, it is not possible to determine the representativeness of the selection.

292. Average annual imports of Wire Rod account for 3.7% of the turnover of the selected importers (who are only a subset of all importers). Therefore, it is likely that Wire Rod is *not* a significant product to the average importer.



15. Downstream businesses

293. From UK producers' questionnaire responses, we are aware of 73 businesses who have purchased Wire Rod from UK producers. Downstream businesses for Wire Rod vary considerably and are in the automotive, construction, engineering and consumables industries.
294. We analysed all available financial data on Companies House from 2016-2019 for a selection of 13 downstream businesses, which represent over 80% of the total value of sales of Wire Rod by cooperating UK producers. This was supplemented by two submissions of evidence received from downstream businesses.
295. The 13 selected downstream businesses employ 2,300 in total and around 170 on average. The total turnover for the selection averaged across 2016-2019 is around £733m while the total estimated GVA was around £93m. The financial data in published accounts suggested that some of these businesses could be vulnerable if they faced higher costs because of declining profit margins and turnovers. From media reports, we are aware of one downstream business which entered administration in 2020. Most of the businesses selected reported the majority of their turnover as being from the UK.
296. Moreover, during the POI, 50% to 60% of known domestic sales revenue for UK producers came from downstream businesses that were associated parties (captive consumption). This captive consumption may be less sensitive to price differences between Wire Rod producers.

16. Consumers

297. We received little evidence concerning the final consumers of products created using Wire Rod. A diverse range of final products are made from Wire Rod and these are inevitably used by many people. We received conflicting evidence on the extent to which any changes in price might be passed on to final consumers. Moreover, there is no evidence to suggest that the costs of Wire Rod are a significant percentage of the price of most final products.

17. Summary table

298. Table 13 presents evidence on the economic significance of industries who could be affected by the proposed measure. Based on the comparative metrics set out in the table, we believe that Wire Rod is a significant product for UK producers and downstream businesses but less significant for upstream businesses and importers.



299. From the available evidence, UK producers appear to employ significantly more people and have a higher turnover than the downstream businesses. Their lower GVA is caused by the negative profitability in the years assessed. These figures only include selected businesses but account for the majority of known activity related to Wire Rod for UK producers and direct downstream businesses (i.e. those who purchase Wire Rod).
300. Having reviewed the published accounts for the selected businesses from 2016 to 2019, UK producers and some downstream businesses appear to be potentially vulnerable to negative economic impacts due to poor trends in profits and turnover.



Table 13: Significance metrics for affected industries

	Upstream businesses	UK producers	Importers	Downstream businesses
Total known businesses	6	3	66	73
Total selected	6	2	6	13
Estimated significance of wire rod to this group	Not very significant (UK producer raw material costs vs upstream business turnover)	Very significant (wire rod sales revenue vs whole business turnover)	Not very significant (value of imports of wire rod vs importer turnover)	Significant (UK producer wire rod sales revenue vs downstream business turnover)
Total employment of selected businesses	N/A	4,000	N/A	2,300
Total GVA of selected businesses (£ million)	N/A	£49m	N/A	£93m
Total turnover of selected businesses (£ million)	N/A	£1,146m	N/A	£733m
Average EBITDA margin for selected businesses (%)	N/A	-7%	N/A	1%
Vulnerability to negative economic impacts	N/A	High – poor profitability and turnover trends	N/A	Medium – Some businesses with poor profitability and growth

Sources: Questionnaire responses and Companies House

Methodology: The significance of Wire Rod to each of the groups was estimated using the comparison metrics set out in brackets for each group's description. The significance metrics were derived by taking annual averages of all available financial data for the selected businesses from 2016-2019. GVA was estimated by adding operating profits, employment costs, depreciation and amortisation. EBITDA was estimated by dividing the sum of operating profit, depreciation and amortisation by the turnover. For British Steel EBITDA excluding gain on bargain purchase was used because the gain on bargain purchase was considered to be a one-off benefit. The assessment of vulnerability to negative economic impacts was made by looking at published accounts from 2016-2019 except British Steel for which only 2020 accounts were publicly available.



Likely impact on affected industries and consumers

301. In this section we assess the overall impact that the proposed variation of the measure might have on the affected groups identified. We do this by looking at how prices and quantities of goods in the supply chain might change (i) if the measure were to be varied as proposed, and (ii) if it were revoked. The likely impact of the measure is the difference between these two states. In the previous section, we concluded that Wire Rod is not a significant product for upstream businesses and importers so these groups are not assessed here.
302. This review has been completed prior to the Russian Federation's invasion of Ukraine and the associated sanctions placed upon both the Russian Federation and the Republic of Belarus. It does not include how these circumstances could affect future imports. However, we note that Wire Rod imports from Belarus, Russia and Ukraine have historically been low.

18. Impact on prices and quantities if the measure was varied as proposed

303. If the measure was varied for five years as proposed, imports of Wire Rod from the PRC would continue to face a tariff at the same level.
304. COVID-19 has had negative impacts on the UK and world economy. According to a [survey of its members by UK steel](#), between April 2019 and April 2020 steel demand from the UK automotive and construction sectors decreased by 70% and 55% respectively. Downstream businesses have also provided evidence of job losses and financial difficulties. The timeframe for recovery of demand is uncertain, but UK Steel predicts that this may not happen until late 2022.
305. UK Steel stated that it is more difficult for steel producers to export to the EU after EU exit because they are now subject to tariff rate quotas under the EU's steel safeguard measure. Conversely, EU producers are now subject to UK tariff rate quotas so trade flows may be less variable than previously. The UK currently has [a tariff rate quota currently covering Wire Rod](#) but imports from the PRC are exempt from this because it is a developing country with low import volumes so this would not act as a deterrent for Chinese imports.
306. It is therefore likely that some UK producers and downstream businesses, will continue to face significant challenges over the next few years.

19. Impact on prices and quantities if the measure was revoked

307. If the existing measure were to be revoked, the immediate result would be that imports of Wire Rod from the PRC would become cheaper. The measure levies



a tariff of up to 24% so prices for Wire Rod imported from the PRC could fall by up to 19%. As per Section G4, there are currently negligible imports of Wire Rod from the PRC which suggests that prices might fall by less than 19% because the existing tariff appears to prohibit virtually all imports so the true price differential may be lower than the tariff level for some Wire Rod products.

308. UK producers said they would be unable to match the prices of Chinese exporters and would probably lose market share as customers choose to switch to cheaper imports. Wire Rod is a homogenous product with limited differentiation, which makes it more likely that demand will be sensitive to price differences. However, a downstream business and UK producer both stated that there is a preference for domestically produced versions of higher-grade Wire Rod (Wire Rod with a high carbon content), so UK sales of higher-grade Wire Rod might be more resilient. Looking at sales of high-end products and sales to associated parties, we estimate that 50% to 70% of UK producer's domestic sales may be less sensitive to lower priced imports.
309. This means UK producers could lose 30% to 50% of domestic sales to cheaper imports from the PRC or third countries. If faced with falling domestic sales, one UK producer stated they might increase their exports, but this would not fully offset large reductions in domestic sales. 'The ability to increase exports will be restricted by international measures such as the EU's steel safeguard and measures by the USA. If UK producers face significant reductions in domestic sales, it may reduce the overall viability of their Wire Rod production which could lead to them ceasing to produce Wire Rod.
310. If UK producers lost market share to PRC imports, this would reduce the average downstream costs of buying Wire Rod by up to 19%. This may vary depending on whether they are associated parties or whether they buy higher grade Wire Rod products. Downstream businesses said that they have previously been able to pass on cost increases to their customers in some circumstances, so it is possible that they would lower their prices. UK producers provided conflicting views on whether downstream businesses might pass on changes in costs. We do not have enough evidence to determine whether any cost savings would be passed on.
311. There is no evidence to suggest that Wire Rod comprises a significant proportion of the downstream products it feeds into (e.g. vehicles and buildings). Even a substantial fall in Wire Rod prices is unlikely to lead to a noticeable difference in the prices of most final products so overall demand is likely to be unaffected by the revocation of the measure.



I10. Likely impacts on affected industries and consumers

UK producers of Wire Rod

312. UK producers are unlikely to be able to compete with prices of imported Wire Rod from the PRC if the measure were to be revoked. Although some of their sales might be less price sensitive, they are likely to face significantly reduced sales, and would be unable to offset this with increased exports.
313. UK producers' accounts show they are in relatively weak financial positions, which are likely to have worsened since because of COVID-19. Wire rod is a significant product for both cooperating UK producers, and UK Steel stated that the steel manufacturing process requires high production levels and sales to be viable due to high start-up costs. Given this, it is possible that revoking the measure could lead to UK producers ceasing production of Wire Rod entirely which could cause problems for the overall business. Therefore, varying the measure as proposed would likely result in significant positive impacts for UK producers cumulatively and individually.

UK downstream businesses

314. Businesses who buy Wire Rod are likely to face higher costs if the measure is varied rather than revoked. It is unclear whether they will pass these costs on to their customers but there is evidence that many downstream users have been facing financial difficulty which has been exacerbated by COVID-19. Therefore, they may choose to raise their prices rather than reduce their profitability. Comparing the value of Wire Rods purchased to total turnover suggests that wire rod is a significant input for some downstream businesses, so varying the measure could have significant negative impacts on them. It is worth noting that one of the two responding downstream business expressed support for continuing to protect UK Wire Rod producers.

Consumers

315. It is unclear whether downstream industries would pass any cost changes onto consumers but, even if they did, it is unlikely that prices of final products would change substantially. This is because Wire Rod is likely to be a small portion of the total cost of final products. Therefore, there is likely to be a small to negligible cost to consumers from varying the measure.



Table 14: Expected impacts on affected groups from varying the measure as proposed

Group	Expected impacts
UK producers	Large benefits cumulatively and for all individual businesses
Downstream businesses	Large costs cumulatively and for some individual businesses
Consumers	Small/negligible costs cumulatively and for individual consumers

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

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

I11. Likely impact on particular areas

317. Our geographical analysis considers the two groups for which the evidence suggests wire rod is a significant product, UK producers and downstream businesses. We have assessed geographic impacts using employment and indicators of deprivation at a Local Authority District (LAD) level.

318. We used three sources of evidence for the employment analysis.

- Questionnaire responses: these included data on total employment by site and employment attributable to wire rods production;
- Companies House: this provides data on total business employment; and,
- Dun and Bradstreet business directory: this provides estimates of employment by site for listed companies.

319. Questionnaire responses were our preferred source because those figures were verified. For businesses without questionnaire responses, we used the Dun and Bradstreet directory to determine employment by site but scaled down these estimates wherever the sum of employment from all sites exceeded the total employment in the most recent accounts on Companies House. Where sites were listed without employment figures, we assumed that the total employees



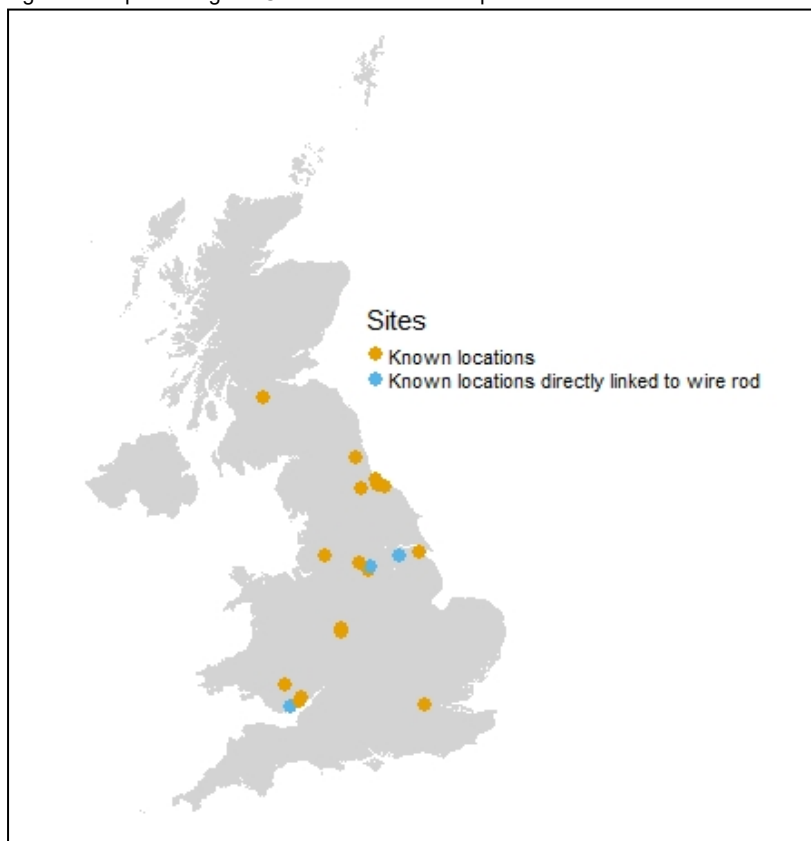
were distributed equally between all sites. We have a greater confidence in our estimates of employment by site for UK producers than for downstream businesses because they are primarily taken from questionnaire responses.

320. We used ONS and NOMIS statistics to assess the level of deprivation in LADs where site employment was deemed significant.

UK producers of Wire Rod

321. Figure 2 shows the distribution of sites for UK producers. The known locations directly linked to wire rod production, indicated through questionnaire responses, are highlighted in blue while other sites are highlighted in yellow.

Figure 2: Map showing the UK locations of known producers of Wire Rod



Sources: Questionnaires, Companies House, Dun and Bradstreet Business Directory

Note: Contains National Statistics data © Crown copyright and database right 2021, contains OS data © Crown copyright and database right 2021.

322. Table 15 shows indicators of economic deprivation for North Lincolnshire. The figures are presented in absolute values alongside the deciles for all UK LADs, with the more positive outcomes lying in the higher deciles. For example, the 6th decile indicates that the figure falls between the 50th and 60th percentiles in the UK.



Table 15: Deprivation indicators for North Lincolnshire

	Median earnings (2020)	Job density (2019)	% economic inactivity (2020)	% with no formal qualifications (2020)
North Lincolnshire	£25,175	0.82	22.5	7.5
Deciles of UK LADs	6	5	4	4

Source: ONS and NOMIS

323. Table 15 does not suggest that North Lincolnshire is a very deprived region. While economic inactivity and the population without formal qualifications lie in the 4th deciles, median earnings and job density are above or around the national average.

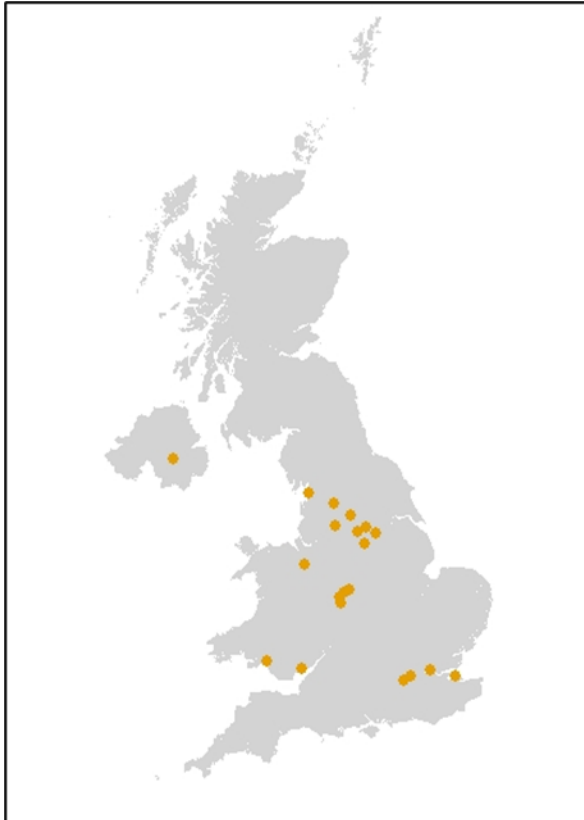
324. Given the limited evidence of deprivation and the insignificance of employment attributable to Wire Rod production, we conclude that varying the measure as proposed is unlikely to confer a significant benefit to North Lincolnshire or any other LAD containing sites of UK producers. Similarly, revoking the measure is unlikely to significantly hinder any LAD.

Downstream businesses

325. Figure 3 shows the distribution of downstream sites associated with the production of Wire Rod. In the absence of questionnaire responses, we have no information on which sites are directly linked to Wire Rod.



Figure 3: Map showing the known UK locations of downstream users of Wire Rod



Sources: Companies House, Dun and Bradstreet

Note: Contains National Statistics data © Crown copyright and database right 2021, contains OS data © Crown copyright and database right 2021.

326. We found no evidence of LADs where downstream businesses employed a significant proportion of the working age population. Consequently, we conclude that varying the measure as proposed is unlikely to significantly damage any particular geographic area. Similarly, revoking the measure is unlikely to confer a significant positive benefit to any local economy.

I12. Likely impact on particular groups

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

328. No party provided any evidence with respect to potential impacts on any particular groups, either as workers or consumers. Furthermore, as the downstream uses of wire rod are varied and wire rods are not sold directly to final consumers, it is likely that the consumer group is diverse across the protected characteristics.

329. Therefore, there are no obvious impacts on protected or other groups which might result from the revocation or variation of the measures.



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

330. 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 the incentives to compete vigorously
- The impact on the choices and information available to consumers.

I13. Impact on the number or range of suppliers

331. There are three known UK producers of wire rod and over 60 known importers over the last five years. We have sales data for two producers and an unverified estimate of total sales during the POI for the other, submitted via a pre-sampling questionnaire. We do not have sales data for the importers but have data on imports from [HMRC UK Trade Info](#). Combining the available data, we have estimated that UK producers account for 60% to 70% of total UK wire rod consumption, with the remainder coming from imports.

332. The Herfindahl–Hirschman Index (HHI) is a measure of market concentration. A HHI greater than 2,000 implies a highly concentrated market²⁰. While we do not have import data at the level of individual businesses, we have estimated an HHI of around 2,200 by assuming that imports from each country are equivalent to that of a single exporter. The true number of exporters could be lower if many of the exporters are multinational companies based in multiple countries or higher if there are multiple exporters within each country.

333. In Section I9, we estimated that, if the measure were to be revoked, UK producers could lose approximately 30% to 50% of their domestic sales to PRC imports. The extent to which this might affect the number or range of suppliers would depend on the number of exporters who gained this market share.

334. Questionnaire responses indicate that producers have varying product ranges, so the level of market concentration would differ between products, but we do not have the data required to examine this in greater detail.

²⁰ [CC3 \(Revised\), Guidelines for market investigations: Their role, procedures, assessment and remedies \(publishing.service.gov.uk\) \(pg.87-88\)](#)



I14. The impact on the ability of suppliers to compete

335. Revoking the measure would improve the ability of PRC exporters to compete in the UK market, especially for lower grades of wire rod.
336. There is no evidence to suggest that varying the measure as proposed would impact the ability of suppliers to compete.

I15. The impact on the incentives to compete vigorously

337. There is no evidence to suggest that varying the measure as proposed would directly impact incentives to compete vigorously.

I16. The impact on the choices and information available to consumers

338. If the measure was revoked and UK producers were forced out of the market, downstream users would face a restricted set of choices. They may be forced to import wire rod, possibly of a lower grade and a final higher cost. However, if the domestic production of higher-grade wire rod continued, only users of lower-grade wire rod would be impacted.
339. There is no evidence to suggest that varying the measure as proposed would impact the choices and information available to consumers.

Such other matters as the TRA considers relevant

340. As part of the EIT, we consider any other factors additional to those set out in the legislation which have implications in concluding whether the proposed trade remedy measure is in the economic interest of the UK.
341. British Steel suggested that the assessment should consider the social and environmental value of the steel industry, but no supporting evidence was provided for us to consider. They also stated that additional jobs and industries are indirectly supported by the steel industry. We have accounted for these impacts in other parts of the EIT assessment with the evidence available.

Form of measure

342. The current measure is an ad valorem tariff of 7.9 to 24% covering all products imported under the CN codes 7227 and 7213 from the PRC. This measure is due to expire on 30 January 2021 but it is recommended that it be extended by 5 years.



343. In the EIT we consider the most appropriate form of measure to recommend, in particular whether any changes to the length, coverage or type of measure would minimise the negative impacts of the measure on some parties while retaining the overall benefits.
344. We have found no evidence suggesting that a form of measure, other than the variation we intend to propose, would be more appropriate.

Conclusion on Economic Interest Test

345. In accordance with paragraph 25 of Schedule 4 to the Act, the EIT is met in relation to the application of an anti-dumping remedy, if the application of the remedy is in the economic interest of the UK. This test is presumed to be met unless we are satisfied that the application of the remedy is not in the economic interest of the UK.
346. Following the likelihood assessments, our intended recommendation is to vary the measure on imports of wire rod from the PRC, remaining in place at the same level and extending the duration for five years. In this section we have considered whether this would be in the economic interests of the UK.
347. In Section H: Likelihood of Injury Assessment, we concluded that, while the UK industry is not currently incurring injury, the revocation of the measure on Wire Rod would likely lead to injury. This was established through analysis of the current state of the UK industry, an undercutting/underselling analysis and a review of historical import and export data.
348. In the section Economic significance of affected industries and consumers in the UK, we identified five groups which could be affected by the proposed measure but concluded that Wire Rod was only a significant product for UK producers and downstream businesses. The selected UK producers have a significantly larger turnover and employ more people than the selected downstream businesses. The selected businesses account for most of the known business activity relating to Wire Rod for both groups.
349. In the section Likely impact on affected industries and consumers, we concluded that UK producers are likely to significantly benefit cumulatively and individually from varying the measure as recommended while downstream businesses are likely to suffer significant negative impacts cumulatively and, in some cases, individually. Upstream businesses are likely to slightly benefit from the measure and consumers and importers are likely to slightly lose.



350. When assessing the Likely impact on particular geographic areas, or particular groups in the UK, we found some evidence that UK producers employed significant numbers of people in North Lincolnshire but only a portion of these were involved in the production of Wire Rod, so there would only be significant impacts on the area if the whole company was put at risk. North Lincolnshire is not particularly deprived relative to the UK as a whole. We did not find evidence that downstream businesses employed significant numbers in any particular area. We found no evidence of disproportionate impacts on particular groups.
351. In the assessment of Likely consequences for the competitive environment, we found that the Wire Rod industry is concentrated. It is unclear whether varying the measure as proposed would result in a significant change in the competitive environment compared to revoking the measure.
352. We were asked to consider social and environmental impacts but no evidence was provided on this. We were also asked to consider the jobs indirectly supported by the industry. This was done in the section Likely impact on affected industries and consumers.
353. We have identified the following key positive impacts of varying the measure as proposed:
- UK producers will likely substantially benefit, both cumulatively and individually.
 - There may be some positive impacts for North Lincolnshire.
354. The contrasting key negative impacts are:
- Downstream businesses will likely be substantially negatively impacted, both cumulatively and, in some cases, individually.
355. Based on the evidence provided, we conclude that the EIT is met for the proposed measure.



SECTION J: Findings and Recommendation

Findings

356. It is likely, on the balance of probabilities, that dumping of Wire Rod from the PRC, would occur if the anti-dumping duty were no longer applied.
357. It is likely, on the balance of probabilities, that injury to the UK industry would occur if the anti-dumping duty were no longer applied.
358. The application of the anti-dumping duty meets the EIT.

Final Recommendation

359. Our recommendation is to vary the application of the anti-dumping amount under regulation 100A of the Regulations. As it has not been possible to recalculate the anti-dumping amount, we recommend maintaining the measure under regulation 100A(4)(b) of the Regulations for a period of five years from 30 January 2021.
360. Annex 1 specifies the duties to be maintained and applied to the goods described or imported under the UK customs codes detailed therein. In the absence of any data to recalculate the anti-dumping amount, we have maintained the form and levels of the original EU measure that have been transitioned prior to this review, including the cooperative and non-cooperative rates from the EU measure.



Annex 1: Duty rates for Goods Subject to Review

Country	Exporter	Anti-dumping duty rate (ad valorem)	Definitive anti-dumping duty additional code ²¹
PRC	Valin Group ²²	7.9%	A930 ²³
PRC	All other exporters	24%	A999

21 From 1 January 2021, the UK initiated a new tariff regime entitled the UK Global Tariff (UKGT) to replace EU TARIC codes. The codes listed relate to the transitioned measure.

22 Conditions apply. See fn. below

23 The exemptions granted to the company in row 1 will be conditional upon presentation to the customs authorities of a valid commercial invoice with an accompanying declaration. If no such invoice is presented, or the declaration not made, the anti-dumping duties imposed in row 2 will apply.



Annex 2: Definitive anti-dumping duties imposed by European Union (EU) Commission Implementing Regulation (EU) 703/2009 of 27 July 2009²⁴

Country	Exporter	Anti-dumping duty rate (ad valorem)
PRC	Valin Group	7.9%
PRC	All other Exporters	24%

²⁴ [European Union \(EU\) Commission Implementing Regulation \(EC\) No 703/2009](#) of 27 July 2009



Annex 3: Definitive anti-dumping duties imposed by European Union (EU) Commission Implementing Regulation (EU) 2015/1846 of 14 October 2015²⁵

Country	Exporter	Anti-dumping duty rate (ad valorem)
PRC	Valin Group	7.9%
PRC	All other Exporters	24%

²⁵ [European Union \(EU\) Commission Implementing Regulation \(EU\) 2015/1846](#) of 14 October 2015



Annex 4: Information from participants in the review

UK industry

Party	Submission(s)
British Steel	Pre-sampling Questionnaire Questionnaire
Celsa Steel	Pre-sampling Questionnaire Questionnaire
Liberty Speciality Steels	Pre-sampling Questionnaire

PRC exporters

Party	Submission(s)
Benxi Beitai Gaosu Steel Wire Rod Co., Limited	Pre-sampling Questionnaire

Foreign Governments

Party	Submission(s)
Ministry of Commerce of the People's Republic of China	Contributor Questionnaire

Trade Bodies

Party	Submission(s)
China Chamber of International Commerce	Contributor Questionnaire Submission of Comments 01 November 2022
UK Steel	Contributor Questionnaire

Other submissions

We also received two written submissions from downstream businesses. These can be viewed on our [public file](#).

Annex 5: Full Commodity Codes Definitions

	Descriptor (first four digits)	Descriptor (digits five and six)	Descriptor (digits seven and eight if applicable)
7213 10 00	Bars and rods, hot rolled, in irregularly wound coils of iron or non-alloy alloy steel	containing indentations, ribs, grooves, or other deformations produced during the rolling process	
7213 20 00	Bars and rods, hot rolled, in irregularly wound coils of iron or non-alloy alloy steel	other – of free-cutting steel	
7213 91 10	Bars and Rods, hot rolled, in irregularly wound coils of iron or non-alloy alloy steel	of a circular cross-section measuring less than 14mm in diameter	of a type used for concrete re-enforcement
7213 91 20	Bars and rods, hot rolled, in irregularly wound coils of iron or non-alloy alloy steel	of a circular cross-section measuring less than 14mm in diameter	of a type used for tyre cord
7213 91 41	Bars and rods, hot rolled, in irregularly wound coils of iron or non-alloy alloy steel	of a circular cross-section measuring less than 14mm in diameter	containing by weight 0.06% or less of carbon
7213 91 49	Bars and rods, hot rolled, in irregularly wound coils of iron or non-alloy alloy steel	of a circular cross-section measuring less than 14mm in diameter	containing by weight more than 0.06% but less than 0.25% of carbon
7213 91 70	Bars and rods, hot rolled, in irregularly wound coils of iron or non-alloy alloy steel	of a circular cross-section measuring less than 14mm in diameter	containing by weight 0.25% or more but not more than 0.75% of carbon
7213 91 90	Bars and rods, hot rolled, in irregularly wound coils of iron or non-alloy alloy steel	of a circular cross-section measuring less than 14mm in diameter	containing by weight more than 0.75% or carbon
7213 99 10	Bars and rods, hot rolled, in irregularly wound coils of iron or non-alloy alloy steel	containing by weight less than 0.25% of carbon	



7213 99 90	Bars and rods, hot rolled, in irregularly wound coils of iron or non-alloy alloy steel	containing by weight 0.25% or more of carbon	
7227 10 00	Bars and rods, hot rolled, in irregularly wound coils of other alloy steel	of high-speed steel	
7227 20 00	Bars and rods, hot rolled, in irregularly wound coils of other alloy steel	of silico-manganese steel	
7227 90 10	Bars and rods, hot rolled, in irregularly wound coils of other alloy steel	containing by weight 0.0008% or more of boron with any other element less than the minimum content referred to in note 1(f) of this chapter. ²⁶	
7227 90 50	Bars and rods, hot rolled, in irregularly wound coils of other alloy steel	containing by weight 0.9% or more but not more than 1.15 % of carbon, 0.5% or more but not more than 2% of chromium and, if present, not more than 0.5% of molybdenum	
7227 90 95	Bars and rods, hot rolled, in irregularly wound coils of other alloy steel	other	

²⁶ Notes to the chapter can be accessed at <https://www.trade-tariff.service.gov.uk/commodities/7227901000#footnotes>