

TF006: Safeguard Measures on Certain Steel Products

Appendix to UK Steel Questionnaire Response

Increased Imports and Serious Injury Analysis

NON-CONFIDENTIAL VERSION

1	INITIAL ISSUES RELEVANT TO IMPORT AND INJURY ANALYSIS.....	2
1.1	IS THE TRANSITIONED MEASURE AN EXISTING OR NEW SAFEGUARD?.....	2
1.2	PRODUCT DEFINITION	2
1.2.1	<i>Product concerned is all the product categories taken together as a single group.....</i>	<i>2</i>
1.2.2	<i>Distinction between safeguard investigations and other trade remedy cases.....</i>	<i>4</i>
2	INCREASED IMPORTS.....	4
2.1	CONCEPTUAL ISSUES.....	4
2.1.1	<i>How should an increase in imports be determined?.....</i>	<i>4</i>
2.1.2	<i>What is an increase in imports?.....</i>	<i>6</i>
2.1.3	<i>What is the correct measure of imports to be analysed?.....</i>	<i>7</i>
2.1.4	<i>Data Sources.....</i>	<i>7</i>
2.2	TRENDS IN UK IMPORTS	8
2.2.1	<i>Non-EU Imports – global and product family analysis 2013-17.....</i>	<i>8</i>
2.2.2	<i>UK imports including EU27 countries 2013-17.....</i>	<i>9</i>
2.2.3	<i>ISSB Import Data.....</i>	<i>10</i>
2.3	IMPORTS OF THE GOODS SUBJECT TO REVIEW DURING THE MRP	11
3	SERIOUS INJURY	11
3.1	PRODUCT GROUPINGS FOR INJURY	11
3.2	SERIOUS INJURY TO UK PRODUCERS DURING THE POI 2013-2017	11
3.2.1	<i>Comment on injury data</i>	<i>11</i>
3.2.2	<i>Production 2013-2017</i>	<i>11</i>
3.2.3	<i>Employment 2013-17.....</i>	<i>12</i>
3.2.4	<i>Profitability 2013-17</i>	<i>13</i>
3.3	SERIOUS INJURY TO UK PRODUCERS DURING THE MRP	14
3.3.1	<i>Production 2013-MRP.....</i>	<i>14</i>
3.3.2	<i>Employment 2013-MRP</i>	<i>15</i>
3.3.3	<i>Profitability 2013-MRP.....</i>	<i>15</i>
3.4	LIKELY SERIOUS INJURY IF MEASURES REMOVED	17
4	ANNEX 1 – TRADE DATA	18
4.1	UK NON-EU IMPORTS (EXCLUDING EU).....	18
4.1.1	<i>Global.....</i>	<i>18</i>
4.1.2	<i>Product Family</i>	<i>18</i>
4.1.3	<i>By Category.....</i>	<i>19</i>
4.2	UK TOTAL IMPORTS (INCLUDING EU)	22
4.2.1	<i>Global.....</i>	<i>22</i>
4.2.2	<i>Product Family</i>	<i>22</i>
4.2.3	<i>By Category.....</i>	<i>23</i>
4.2.4	<i>ISSB Import Data.....</i>	<i>26</i>
5	ANNEX 2 – ANALYSIS OF IMPORTS BY INDIVIDUAL PRODUCT CATEGORY IN THE ALTERNATIVE	29
5.1	NON-EU IMPORTS – INDIVIDUAL CATEGORY ANALYSIS IN THE ALTERNATIVE 2013-17	29
5.2	TOTAL UK IMPORTS – INDIVIDUAL CATEGORY ANALYSIS IN THE ALTERNATIVE	29

CONFIDENTIAL

5.3	ISSB DATA – INDIVIDUAL CATEGORY ANALYSIS IN THE ALTERNATIVE	30
5.4	ARGUMENT IN THE ALTERNATIVE IF BOTH MEASURES OF IMPORTS ARE USED.....	30
6	ANNEX 3 - INJURY DATA	31
6.1	PRODUCTION.....	31
6.2	PROFITABILITY.....	33

1 Initial issues relevant to import and injury analysis

1.1 Is the transitioned measure an existing or new safeguard?

UK Steel submits that the measure that will be transitioned on 1 January 2021 is an EU safeguard i.e. it is an existing safeguard rather than a new one. It is important to be clear on this point because it has important implications for the analysis of likely recurrence of increased imports and serious injury.

The first thing to note is that members of a customs union have a choice to adopt a safeguard on a customs-union wide basis or as individual members. GATT Article XIX, FN1 permits a customs union to adopt a CU-wide measure or a measure of an individual CU member. The only condition is that serious injury is established for the relevant area.

The WTO rules, therefore, explicitly cover the situation where members of a customs union adopt a safeguard. However, there is no explicit guidance on what should happen to a customs-union wide safeguard when one of the members leaves the union.

In principle, there is no reason why the members of a customs union that adopt a union-wide safeguard could not split the safeguard into one or more individual safeguards. This is the situation that occurs in the case of the UK transitioned safeguard. It is an EU safeguard that is being split into two between the UK and the remaining EU27 members.

Although it is an EU safeguard, it is also important to note that it is, and always has been, a UK safeguard. The EU adopted the safeguard on behalf of the 28 individual member states.

1.2 Product Definition

1.2.1 Product concerned is all the product categories taken together as a single group

In the original EU safeguard investigation, the European Commission identified 28 product categories.

However, the Commission is very clear that ‘the product concerned’ is the 28 categories ‘taken all together’ and ‘treated formally as a single group’¹. All of the Commission’s primary analysis and conclusions are based on this product definition.

¹ E.g. see recitals 12 & 19, Regulation 2019/159

The Commission sets out some strong reasoning for treating all the categories as a single group. For example, the Commission sets out how there is an important interrelation and strong competition between products classified in different product categories.

The Commission has also found in this preliminary analysis that there is an important interrelation and strong competition between products classified in different product categories and also between products at different production stages within certain categories as some of the categories contain the main raw or input material to produce other products in other product categories².

The Commission gives examples.

Some examples illustrate this interrelation and competition within and between product categories. For instance, hot rolled wide strips are produced from slabs and rolled into coils or produced flat on quarto mills. By cutting the strip to length, sheets are produced. Narrow strip is produced either directly or by slitting hot-rolled wide strip. Hot rolled flat products are also used in the manufacture of pipes and tubes for the petrochemical industry and cold rolled flat products are subsequently used by welded tube manufacturers. A large part of the hot rolled wide strip that is produced is further processed to produce cold rolled strip, which is thinner and has a superior surface finish. A significant proportion of the cold rolled products are metallurgically coated, with tin or chrome for the can industry or with zinc (2).

Many producers in the Union are active in the production of most the above mentioned products. For example, Arcelor Mittal not only produces hot rolled and cold rolled sheets and strips but also coats several steel products and produces plates. Similarly, companies like Voest Alpine and Tata Steel produce hot rolled and cold rolled sheets and strips and also coated steel products made of these products.

Furthermore, as a consequence, given this level of interrelation, competitive pressure can easily be shifted from one product to the other. For instance, if trade defence measures are imposed on one product, e.g. steel coils, that product may be further transformed in the same country and exported under a different form to avoid the additional measures and still compete with domestic products. It is also not excluded that third countries import some of these products at low cost and transform them before re-exporting them to the Union³.

As a secondary analysis, the Commission also examined the product categories as three steel 'product families'. This was done to analyse whether 'the findings for the single group are confirmed at a more disaggregated level and to dispel and doubts about the reliability of the conclusions reached an overall level'⁴.

UK Steel fully agrees with the product definition approach used by the Commission and submits that, in a similar way, TRID's analysis should be primarily be based on a global analysis supplemented by analysis at the product family level to confirm the findings at a more disaggregated level.

Given the fact that this is the transition of an existing safeguard, as argued in section 1.1 above, TRID must take into account explicit explanations of the product definition by the European Commission of its analysis.

² Recital 13, Regulation 2018/1013.

³ Recitals 14-16, Regulation 2018/1013

⁴ Recital 19, Regulation 2019/159

The purpose of this or any transition review is to determine whether the basis for the Commission's determination would have, if applied in the same way to imports into the UK, resulted in the same determination that imports increased during the same investigation period and caused or threatened to cause serious injury. In other words, TRID is to apply to imports into the UK during the same IP the same analysis, including using the same product definition as was used by the European Commission with respect to imports into the EU.

1.2.2 Distinction between safeguard investigations and other trade remedy cases

Further support for an aggregated rather than individual category analysis is provided by considering the difference between a safeguards investigation and narrower trade remedy investigations i.e. anti-dumping and countervailing duties. Other types of trade remedy investigation deal with situations of unfair trade and are targeted at specific and narrowly defined product categories where the unfair practice is focused.

Safeguard investigations usually have broader product definitions than a typical unfair trade case, not least because the product definition can include directly competing products that may not be 'like' the product produced by the domestic industry.

As explained in section 1.2.1 above, there are significant linkages and interrelations between many of the products in the steel safeguard investigation. It makes no sense to analyse individual product categories in isolation. This is not the equivalent of 19 anti-dumping or countervailing duty investigations, where import and injury analysis would be done for each product definition. Rather, the product definition is a coherent group of products that are closely linked through interrelationships and strong competition.

2 Increased imports

2.1 Conceptual issues

2.1.1 How should an increase in imports be determined?

Regulation 49(4) of the UK Safeguard Regulations⁵ creates a pre-condition for the transition of an EU safeguard before any likely increase or likely injury determination is made.

49(4) The transition review is a review to consider whether goods belonging to each specified category of steel products were, during the same investigation period considered by the European Commission in connection with the EU tariff rate quotas, imported into the United Kingdom in increased quantities and, where the TRA finds that goods belonging to such a category were so imported, whether—

(a) the importation of those goods in increased quantities would be likely to recur if they were no longer subject to a tariff rate quota;

(b) there would be serious injury to UK producers of the like goods and directly competitive goods if goods belonging to that category were no longer subject to a tariff rate quota;

⁵ Trade Remedies (increase in Imports Causing Serious Injury to UK Producers)(EU Exit) Regulations 2019

(c) the continuation of a tariff rate quota is necessary to facilitate the adjustment of the UK producers of the like goods and directly competitive goods to the importation of goods belonging to that category; and

(d) whether an alternative tariff rate quota or the application of a safeguarding amount to goods belonging to that category would better meet the aim of preventing the recurrence of serious injury to the UK producers of the like goods and directly competitive goods.

The analysis in (a) to (d) is only conducted where it is determined that goods were imported during the original EU safeguard investigation period into the UK in increased quantities.

The law is unambiguous here. This is confirmed by Regulation 50(2) which states that, where goods not imported in increased quantities, the safeguard must be revoked.

Regulation 49 raises a significant question as to which measure of imports should be the subject of the inquiry into whether they were imported into the UK in increased quantities during the period of the original EU investigation. The Regulation states that the review is to consider whether goods belonging to “each specified category” are imported into the UK in increased quantities “during the same IP considered by the European Commission.”

The determination of what categories (within the overall universe of steel products covered by the review) must be found to have increased in volume imported into the UK thus turns on the meaning of “each specified category.” There is considerable ambiguity around the term “each specified category”. More specifically, does the term mean that the issue of increase into the UK should be determined globally and for each of the three product “families” – long products, flat products and tubes, or is it intended that a separate determination must be made for each of the 19 specific products⁶?

UK Steel submits that this question is answered by consideration of the purpose of the transition review, and by examination of the explicit explanation by the European Commission of its analysis. The purpose of this or any transition review is to determine whether the basis for the Commission’s determination would, if applied in the same way to imports into the UK, result in the same determination that imports increased during the same investigation period. In other words, TRID is to apply to imports into the UK during the same IP the same analysis, including breakdown into the same product categories, as was done by the European Commission with respect to imports into the EU.

This conclusion that the analysis should only be conducted at the global and product family level is further confirmed by the dictionary definition of “specified”. The definition of specify is ‘to explain or describe something clearly and exactly’⁷. It is in the analysis in the Commission’s provisional and definitive determinations where the product categories are explained and described.

Section 1.2 above argues that the analysis of whether imports increased during 2013-17 should be made at the global level, supplemented by an analysis of the trends at the product

⁶ There are 19 product categories that the UK will transition on 1 January 2021. However, two of the product categories are further sub-divided into A and B (4A & 4B, 25A & 25B).

⁷ dictionary.cambridge.org

family level. UK Steel submits, therefore, that TRID analyses import trends according to these two groupings.

Of course, in order to calculate the global and product family trends, import data must be collected for the 19 specific steel categories that the UK will transition on 1 January 2021. UK Steel provides such data in Annex 1. Those statistics, however, are for the purpose of calculating import increases for all steel and for the three “product families,” and are not to be considered the “specified categories” as understood by Regulation 49.

2.1.2 What is an increase in imports?

Paragraph 1 of Schedule 5 of the Taxation (Cross-Border Trade) Act 2018 defines ‘increased quantities’.

1 (1) For the purposes of this Schedule, goods are imported into the United Kingdom in “increased quantities” if—

- (a) the volume of imports of the goods increases, whether in absolute terms or relative to the total production in the United Kingdom of like goods and directly competitive goods, and*
- (b) that increase is significant.*

The increase in imports can be assessed in absolute terms or relative to total production in the UK. Where imports have not increased in absolute terms, they still may be found to have ‘increased’ if, when measured relative to production, any absolute fall in imports is less than a fall in production. If the market is contracting, imports may still be increasing relatively if any reduction is at a lower rate than the contraction in the market. Although the legislation specifically refers to production, the increase in imports can also be assessed relative to UK sales. Production might not always reflect what is actually occurring in the UK market, particularly in the case of the specific characteristics of UK steel production where there are significant levels of intra-company transfers that may cross intra-EU borders multiple times. Thus, in presenting its analysis, UK Steel has looked at the absolute increase in imports as well as any increase relative to production or UK sales.

In terms of understanding when an increase in imports is ‘significant’ the Appellate Body in *Argentina - Footwear (EC)*⁸ relates this to being ‘enough’ to cause or threaten to cause serious injury. The AB stated that *“There must be ‘such increased quantities’ as to cause or threaten to cause serious injury to the domestic industry in order to fulfil this requirement for applying a safeguard measure”* (Para 131). Thus, for each category, whether an increase in imports was significant can only be assessed in relation to the assessment of actual or likely serious injury.

The ‘pre-condition’ of assessing whether imports have increased before considering any likely recurrence of injury, as discussed above, means that it can’t really be taken as a strict pre-condition. The assessment of significant can only be made in relation to an assessment of the imports having caused or threatening to cause serious injury. Thus, UK Steel submits that any increase in imports, absolute or relative to production/UK sales, should be counted as

⁸ Argentina – Safeguard Measures on Imports of Footwear (DS121)

meeting the ‘pre-condition’. Then, as sub-paragraphs (a)-(d) are analysed in Regulation 49(4), the extent to which the increase is significant can be fully determined.

2.1.3 What is the correct measure of imports to be analysed?

In terms of analysing import trends, the question arises as to what constitutes ‘goods....imported into the United Kingdom’. When the transition period ends, and the UK has an independent trade policy, total UK imports will be all imports including imports from EU27 countries.

In determining the sources of imports that are to be considered in this review, a distinction must be made between analysis of the 2013-17 EU investigation period and the analysis of whether future imports threaten injury to the UK industry. Specifically, imports into the UK during the 2013-17 IP cannot include imports from EU Member States, while such imports from EU Member States are appropriately included in analysis of whether injury is threatened if the safeguard measure is not transitioned to a UK measure.

The purpose of the analysis of UK imports during the 2013-17 period is to determine whether the analysis applied to the issue of injury caused to the EU industry by increased imports would have reached the same result if that same analysis had been applied to the United Kingdom. In this case, the imports into the EU during 2013-17 demonstrably did not include steel produced in the UK, which was then not imported into, but rather was produced in, the EU. Conversely, sales in the UK during 2013-17 of steel produced in other EU Member States were not imports and are thus not properly calculated as part of the imports determined by the Commission in its investigation. Thus, those sales in the UK of steel produced in other EU Member States are not includable in this transition for the 2013-17 period.

For TRID’s analysis of the threat of injury to the UK industry if the safeguard measure is not transitioned, sales in the UK of steel produced in the EU must be included in the analysis. These sales are, after 1 January 2021, clearly imports. If safeguard measures are not imposed, increases in those imports will cause injury which is clearly injury caused by increased imports.

In this response, UK Steel has presented import statistics both including and excluding sales in the UK of steel produced in the 27 EU Member States. This is done, however, only for the sake of completeness. For the reasons stated above, UK Steel submits that these sales in the UK of steel produced in the 27 EU Member States must be excluded from the analysis of the investigation period (2013-2017) but must be included in the analysis of whether increased imports would cause injury if the safeguard measures are not transitioned.

2.1.4 Data Sources

There are 3 sources of data that can be used to conduct the UK import analysis at 8 digits.

- UKTradeInfo
- Eurostat
- ISSB

In principle, the data on UK imports from Eurostat and UK Trade Info are identical. However, there are some differences for particular years/months. The UK Trade Info data is more up to date than Eurostat. Given that, going forwards, the UK Trade Info will be the primary resource for UK trade remedy analysis, the UK Trade Info data is used in preference to Eurostat.

UK Steel also has access to data provided by the ISSB. This data is not publicly available and can be used only with a subscription. However, the ISSB data does have the advantage that it is slightly more accurate than the UK Trade Info/Eurostat data when considering total UK imports (i.e. including EU). This is because it makes an adjustment for the fact that the monthly intra-EU trade figures are collected from Intrastat returns completed by companies whose total annual imports and exports are over a certain value threshold. The ISSB data includes HMRC estimates of trade by companies that fall below the threshold. The methodology is quite complex but basically involves analysing the trade of those companies just above the threshold. Further information on this methodology can be provided on request.

The UK Trade Info data, therefore, slightly under-estimates the actual level of imports from the EU. The ISSB data is also presented in this submission.

For the injury analysis, data from the UK producers is used where it is available to UK Steel. Not all injury data was available at the time of writing and UK Steel will make further submissions once the producers have completed and submitted their final questionnaires to TRID.

2.2 Trends in UK Imports⁹

2.2.1 Non-EU Imports – global and product family analysis 2013-17

As argued in section 2.1.3, UK Steel submits that the relevant imports to assess the trend for the period 2013-17 are non-EU imports (i.e. excluding imports from the EU) and that the principal analysis is a global one supplemented by a further analysis at the product family level.

UK non-EU imports across all categories unambiguously increased by 56% comparing 2017 with 2013.

Table 1 - UK imports of all categories 2013-17

	2013	2014	2015	2016	2017
Tonnes	1,339,849	2,035,718	1,816,292	1,906,959	2,092,294
Index 2013-100	100	152	136	142	156

Likewise, imports by each product family also increased for the same period (81%, 20% and 38% for flat, long and tube respectively).

⁹ All import data is extracted from UKTradeInfo except where specified. Full data is provided in Annex 1.

Table 2 - UK imports by product family 2013-17

	2013	2014	2015	2016	2017
Flat	712,893	991,568	844,148	1,092,076	1,287,213
	100	139	118	153	181
Long	342,904	650,988	638,802	457,871	412,515
	100	190	186	134	120
Tube	284,052	393,161	333,342	357,012	392,566
	100	138	117	126	138

Thus, by both the primary and secondary product definitions, there was a significant increase in imports between 2013 and 2017.

UK Steel submits that this meets the increased import test set out in regulation 49(4).

Annex 1 provides the full data used to calculate the above figures. This includes the full range of categories that were examined by the European Commission in the original investigation. This full range of data is the basis on which the global and product family statistics, which were the basis on which the Commission's decision was made, were produced. UK Steel emphasises that they are not provided to suggest that an individual analysis of the product categories should be carried out.

If the global and product family approach was to be rejected by TRID, and UK Steel would hope this will not be the case, an analysis of the non-EU imports by individual product categories in the alternative is provided in Annex 2.

2.2.2 UK imports including EU27 countries 2013-17

UK Steel argues above (section 2.1.3) that it is non-EU imports that are relevant for the analysis of whether imports increased during 2013-17. However, for completeness, UK Steel provides the data for total UK imports (i.e. EU and non-EU) and conducts the same analysis as in section 2.2.1 above.

Global total UK imports increased by 20% over the period 2013-2017. It can be noted that there was a particularly sharp increase in 2016.

Table 3 - UK total imports of all categories 2013-17 (including EU)

	2013	2014	2015	2016	2017
Tonnes	4,947,945	5,875,304	5,681,760	5,967,872	5,855,151
Index 2013-100	100	129	128	140	120

Imports also increased for each product family during the same period.

Table 4 – UK total imports by product family 2013-17 (including EU)

	2013	2014	2015	2016	2017
Flat	2,806,606	3,280,494	3,208,475	3,628,510	3,587,651
	100	117	114	129	128
Long	1,668,576	1,987,192	1,868,437	1,678,915	1,700,915
	100	119	112	101	102
Tube	472,762	607,617	604,847	660,448	566,585
	100	129	128	140	120

Although UK Steel submits that non-EU imports are relevant for this analysis, the analysis of total UK imports also confirms that imports has increased at the global and product family level.

Again, as with the non-EU imports, total UK import analysis by category is provided in the alternative in Annex 2.

2.2.3 ISSB Import Data

For the ISSB data, only the total UK imports are presented. This is because the non-EU data is, in principle, the same as that recorded in UK Trade Info. As explained in section 2.1.4, it is the intra-EU data that is adjusted by ISSB so the ISSB non-EU data should be identical to that presented in section 2.2.1 above.

The following data is therefore composed of the UK Trade Info data for non-EU imports and the ISSB data for imports from the EU.

At a global level, imports of all product categories increased by 25% for the period 2013-2017.

Table 5 – ISSB data on total UK imports including EU (tonnes)

2013	2014	2015	2016	2017
5,104,805	6,148,236	5,995,856	6,456,643	6,397,699
100	120	117	126	125

At the product family level, imports increased by 31%, 10% and 46% for flat, long and tube respectively.

Table 6 - ISSB data on total UK imports by product family (tonnes)

	2013	2014	2015	2016	2017
Flat	2,856,509	3,385,321	3,321,276	3,807,600	3,752,488
Long	1,755,230	2,120,576	2,012,007	1,886,663	1,925,904
Tube	493,066	642,338	662,573	762,380	719,307

Table 7 - ISSB total UK imports by product family (2013=100)

	2013	2014	2015	2016	2017
Flat	100	119	116	133	131
Long	100	121	115	107	110
Tube	100	130	134	155	146

Again, analysis by category is provided in the alternative in Annex 2.

2.3 Imports of the goods subject to review during the MRP

Import trends for the MRP (2018-Jul20) are provided in Annex 1.

UK Steel submits that this data serves little purpose apart from assessing where current imports lie in relation to UK quota levels in the context of the likelihood of increase analysis in question 5 of the UK Steel questionnaire.

3 Serious injury

3.1 Product groupings for injury

As argued in section 1.2, TRID should conduct the injury analysis primarily at the global level, supplemented by the product family analysis.

Thus, the analysis presented below is done globally and by product family. For information, the individual category data is provided in Annex 2.

3.2 Serious injury to UK producers during the POI 2013-2017

3.2.1 Comment on injury data

At the time of writing, UK Steel did not have access to all of the injury data from the UK producers. This will only become available when they submit their questionnaires to TRID. The producers were able to provide selected data to UK Steel in advance of submitting their questionnaires. Based on this selected data, some provisional analysis is provided below. This will be supplemented in a later submission filling out and completing the analysis presented in this submission.

3.2.2 Production 2013-2017

The production data available to UK Steel is provided in Annex 3. Please note it does not yet include any figures from Liberty.

Production across all categories fell by 8% between 2013 and 2017.

Table 8 - UK Steel Production in tonnes (all categories)

2013	2014	2015	2016	2017
6,302,829	6,479,153	6,526,428	5,803,227	5,782,943
100	103	104	92	92

This can be shown in a graph including a trendline. It can be seen that the clear trend is downward during this period.

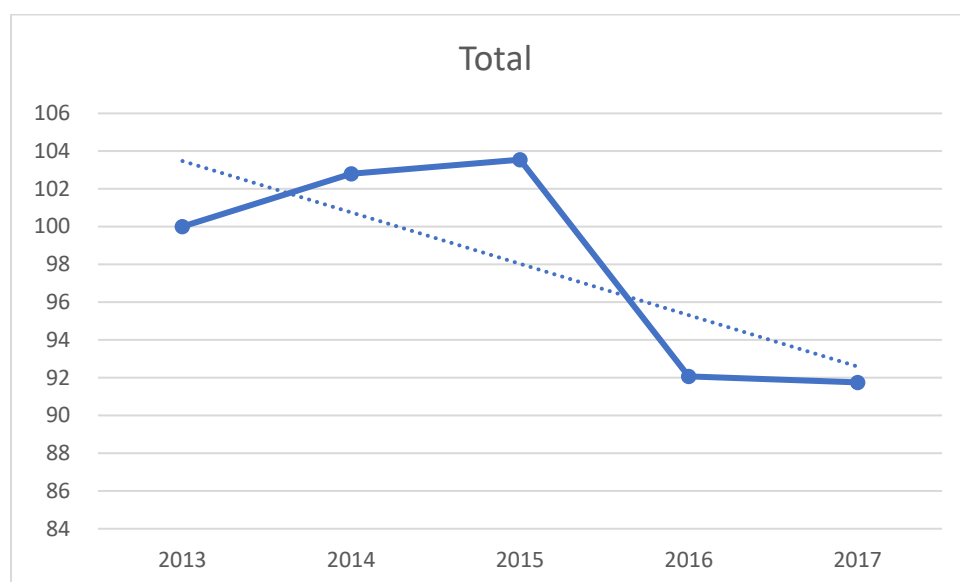


Figure 1

For the product families, production has developed as follows:

Table 9 - Production of UK Steel Industry by product family

Removed from non-confidential version

Table 10 - Production (2013=100)

Removed from non-confidential version

Production for flat products, by far the most significant product family by volume, experienced a significant decrease during this period. This suggests actual serious injury.

Long products increased between 2013 and 2016 but fell sharply in 2017. Tube products experienced an increase in 2013 but then faced a clear downward trend between 2014 and 2017.

3.2.3 Employment 2013-17

UK Steel does not have full information on employment at the time of writing.

Information available to UK Steel at the time of writing indicates that employment fell by 20-40% during the period 2013-17 suggesting actual serious injury.

Table 11 - UK Steel Industry Employment

Removed from non-confidential version

3.2.4 Profitability 2013-17

At the time of this submission, UK Steel did not have complete information from the companies on profitability. However, it has profitability data from Tata, Celsa and British Steel that can be used to make some initial comments on trends.

Where profitability for a particular category is available from more than one producer, production has provisionally been used to calculate a weighted average. As a measure incorporating both volume and value, it makes most sense to calculate a weighted average using sales value. However, at this point, UK Steel does not have sufficient sales data by category to do this. Weighting by production at least gives some provisional weighted averages in order to see some initial basic trends.

Global profitability 2013-17

Table 12 - UK Steel Industry Profitability (%)

2013	2014	2015	2016	2017
0%	0%	-6%	-3%	3%

This can be shown graphically including a trendline.

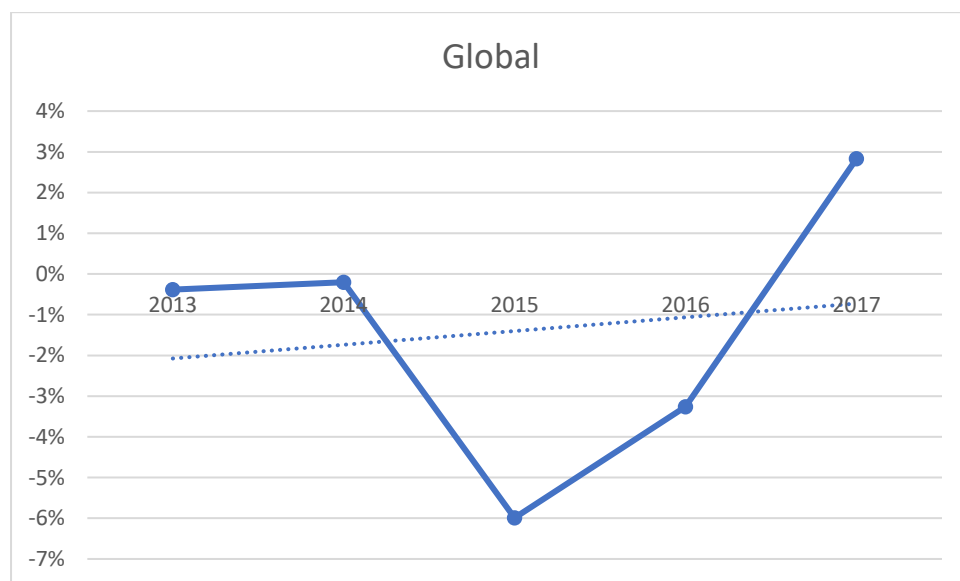


Figure 2

Although overall a small profit was made in 2017, profitability fell between 2013 and 2016. This is suggestive of actual injury during a substantial part of this period.

The data on profitability by product family 2013-17 is shown in table 3 and graphed with trendlines in figures 4 to 6.

Table 13 - Profitability by product family (%)

Removed from non-confidential version

Although 2017 was a better year for flat products in terms of profitability, the rest of this period saw serious injury to the UK industry. Long products remained relatively profitable during this period. Tubes, however, experienced serious injury which worsened throughout the period.

3.3 Serious injury to UK producers during the MRP

3.3.1 Production 2013-MRP

Across all the categories, the downward trend during 2013-17 has continued in 2018 and 2019.

Table 14 – Production for all categories 2013-MRP (tonnes)

2013	2014	2015	2016	2017	2018	2019	Q1 2020	Q2 2020
6,302,829	6,479,153	6,526,428	5,803,227	5,782,943	5,527,235	5,517,249	1,360,914	1,274,055
100	103	104	92	92	88	88	22	20

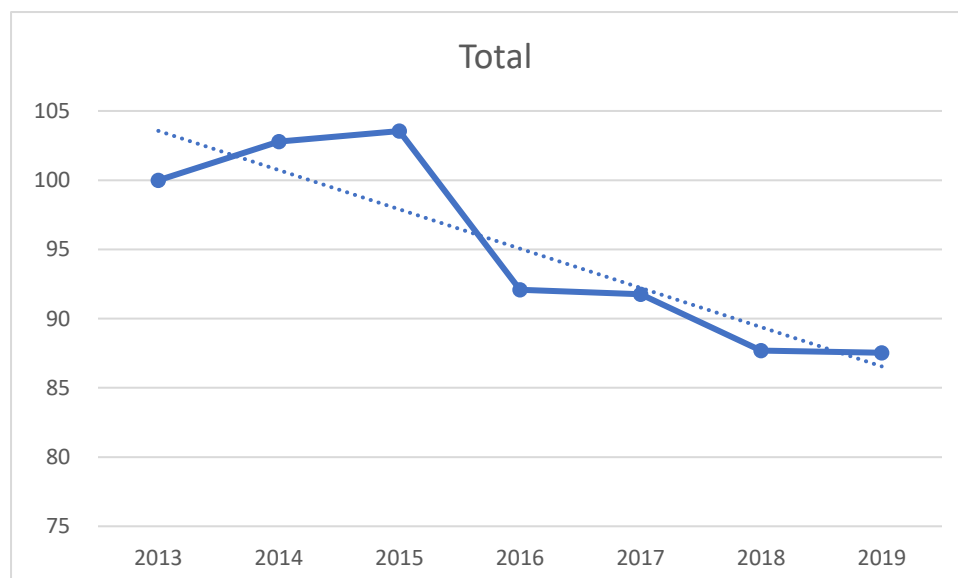


Figure 3

Again the data can be shown for the 3 product families.

*Table 15 - Production by product family (tonnes)***Removed from non-confidential version***Table 16 - Production by product family (2013=100)***Removed from non-confidential version**

Flat, which is the largest product category by volume, saw a significant reduction in production over the whole period that has continued into the MRP. Tube is also downwards when compared with 2014. Long products have experienced an increase overall, though there was a decrease in 2017.

Taking into account the period 2013-17 and the MRP, there is some strong evidence of serious injury actually occurring to UK industry. Given the likely threat of increased imports, there is a significant threat of further serious injury across all product families.

The full production data by category is provided in Annex 3, though this is only provided to indicate the basis on which the aggregated data is calculated.

3.3.2 Employment 2013-MRP

The data indicates that overall employment has continued to fall between 2017 and the end of the MRP.

*Table 17 - UK Steel Industry Employment 2013-MRP***Removed from non-confidential version**

This is suggestive of actual serious injury both during the original POI and the MRP.

3.3.3 Profitability 2013-MRP

Global profitability for the period 2013-MRP, calculated on the same provisional basis as in section 3.2.4 above, is shown in table 18 and in figure 19 including a trendline.

Table 18 - UK Industry Global Profitability (%) 2013-MRP

2013	2014	2015	2016	2017	2018	2019	Q1 2020	Q2 2020
-0.4%	-0.2%	-6.0%	-3.3%	2.8%	2.0%	-4.2%	-4.9%	-5.0%

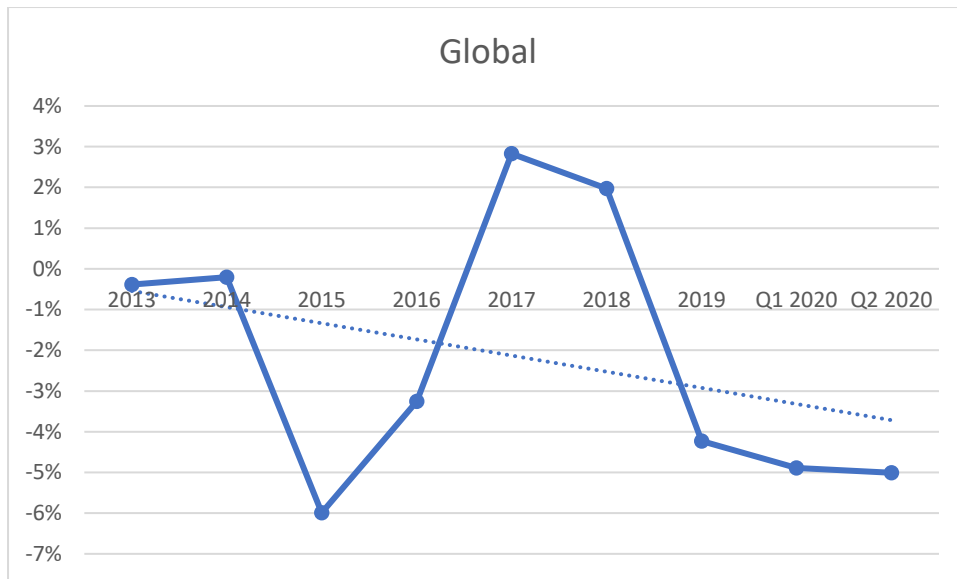


Figure 4

Taking into account the MRP it can be seen that, globally, the trend in profitability is clearly downwards. Profitability has fallen significantly since 2018 and there is clear evidence of actual injury which has already worsened due to COVID. Likely increased imports if the UK safeguard was terminated would likely cause significant additional injury in terms of further reduced profitability.

The profitability by product family for the period 2013-MRP is provided in table 19 and figures 10-12.

Table 19 - UK Steel Industry Profitability by Product Family (%) 2013-MRP

Removed from non-confidential version

Figure 5

Removed from non-confidential version

Figure 6

Removed from non-confidential version

Figure 7

Removed from non-confidential version

Taking into account the MRP, the downward trend in all product families' profitability is clear. Serious injury is already occurring. The threat of further injury is highly significant given the ongoing COVID situation and the likely increase in imports if the measure is removed.

3.4 Likely serious injury if measures removed

The above analysis shows that actual serious injury has been experienced by the UK industry during the period 2013-2017. The situation has worsened in the MRP, especially in 2020 due to the COVID situation.

Given the likely increase in imports if the UK safeguard measure is removed, the threat of further significant injury is imminent.

The UK steel industry is in an incredibly vulnerable position and its future existence is under threat. Although imports are not the sole cause of this injury, it is clear that the increased imports during the period 2013-17 have caused serious injury. It is also clear that, had the EU safeguard not been put in place, the serious injury, which has continued into the MRP, would have been significantly worse as imports would have significantly increased. The removal of the safeguard in 2021 threatens to cause significant further injury and to worsen the crisis currently being experienced by the UK steel industry.

4 Annex 1 – Trade Data¹⁰

4.1 UK non-EU imports (excluding EU)

4.1.1 Global

Table 20 - UK Non-EU Imports of All Categories (tonnes)

	2013	2014	2015	2016	2017	2018	2019	Jun19-Jul20
Global	1,339,849	2,035,718	1,816,292	1,906,959	2,092,294	1,879,172	1,781,115	1,464,127
2013=100	100	152	136	142	156	140	100	152

4.1.2 Product Family

Table 21 - Non-EU Imports by Product Family (tonnes)

	2013	2014	2015	2016	2017	2018	2019	Jun19-Jul20
Flat	712,893	991,568	844,148	1,092,076	1,287,213	1,015,469	993,526	813,008
	100	139	118	153	181	142	139	114
Long	342,904	650,988	638,802	457,871	412,515	508,502	415,373	345,917
	190	186	134	120	148	121	101	190
Tube	284,052	393,161	333,342	357,012	392,566	355,201	372,217	305,202
	138	117	126	138	125	131	107	138

¹⁰ All import data is extracted from UKTradeInfo unless otherwise stated.

4.1.3 By Category

Table 22 - UK non-EU imports by product category (tonnes)

Category	2013	2014	2015	2016	2017	2018	2019	19-20
1	230,739	298,864	283,788	228,583	248,187	207,446	203,878	131,000
2	130,518	194,096	171,409	126,732	165,211	134,507	129,165	141,881
4	252,544	373,581	287,784	601,676	714,017	545,789	445,971	393,718
5	1,191	3,286	5,344	8,766	38,990	34,623	77,229	59,595
6	17,266	22,858	28,655	32,558	26,838	27,517	30,510	26,608
7	80,635	98,884	67,169	93,760	93,970	65,587	106,774	60,205
12	64,177	106,650	72,908	68,661	72,763	90,500	75,817	57,824
13	140,119	346,626	417,133	198,026	192,715	265,213	238,249	209,198
14	9,490	11,895	10,121	7,779	8,794	8,435	7,968	5,958
15	249	1,960	399	463	597	793	294	140
16	24,562	36,784	17,832	12,057	14,451	5,986	4,422	3,331
17	54,617	86,063	56,923	111,871	62,053	77,651	30,118	22,616
19	494	416	2,022	1,045	1,625	1,751	2,421	1,277
20	65,682	119,276	70,315	74,064	63,423	65,454	67,666	60,335
21	101,474	148,890	118,807	118,556	137,098	134,473	160,530	129,500
25A	39,248	21,871	8,832	4,086	4,143	651	35,049	41,690
25B	9,892	16,507	20,412	14,701	44,926	12,378	21,151	8,925
26	67,755	86,617	114,975	145,605	142,976	142,246	87,821	64,751
27	11,117	10,542	12,068	8,316	8,913	8,182	10,154	9,634
28	38,078	50,051	49,395	49,654	50,603	49,990	45,930	35,939

Table 23 - UK Non-EU Imports by Product Category (2013=100)

Category	2013	2014	2015	2016	2017	2018	2019	19-20
1	100	130	123	99	108	90	88	57
2	100	149	131	97	127	103	99	109
4	100	148	114	238	283	216	177	156
5	100	276	449	736	3273	2906	6483	5,003
6	100	132	166	189	155	159	177	154
7	100	123	83	116	117	81	132	75
12	100	166	114	107	113	141	118	90
13	100	247	298	141	138	189	170	149
14	100	125	107	82	93	89	84	63
15	100	788	161	186	240	319	118	56
16	100	150	73	49	59	24	18	14
17	100	158	104	205	114	142	55	41
19	100	84	409	211	329	354	490	258
20	100	182	107	113	97	100	103	92
21	100	147	117	117	135	133	158	128
25A	100	56	23	10	11	2	89	106
25B	100	167	206	149	454	125	214	90
26	100	128	170	215	211	210	130	96
27	100	95	109	75	80	74	91	87
28	100	131	130	130	133	131	121	94

Table 24 - Non-EU imports relative to production (2013=100)¹¹¹²

Removed from non-confidential version

¹¹ This is calculated by taking the non-EU import index from table 23 above and expressing the trend by category in relation to the trend in production. This is done by taking the index changes for the import volume by category, dividing them by the index change in production (taken from table 45), and multiplying by 100, giving an index for the change in imports relative to production.

¹² Production data was not available to UK Steel for categories 7, 27 and 28 so imports relative to production for these categories could not be calculated at this stage.

4.2 UK total imports (including EU)

4.2.1 Global

Table 25 - UK Total Imports (including EU)(tonnes)

	2013	2014	2015	2016	2017	2018	2019	Jun19-Jul20
Global	4,947,945	5,875,304	5,681,760	5,967,872	5,855,151	5,735,663	5,357,966	4,375,402
	100	119	115	121	118	116	108	88

4.2.2 Product Family

Table 26 -UK Total Imports (including EU) by product family (tonnes)

	2013	2014	2015	2016	2017	2018	2019	Jun19-Jul20
Flat	2,806,606	3,280,494	3,208,475	3,628,510	3,587,651	3,483,954	3,184,098	2,505,419
	100	139	118	153	181	142	139	114
Long	1,668,576	1,987,192	1,868,437	1,678,915	1,700,915	1,746,013	1,659,581	1,406,765
	100	190	186	134	120	148	121	101
Tube	472,762	607,617	604,847	660,448	566,585	505,696	514,287	463,218
	100	138	117	126	138	125	131	107

4.2.3 By Category

Table 27 - UK total imports (including EU) by product category (tonnes)

	2013	2014	2015	2016	2017	2018	2019	Jul19- Jun20
1	720,217	916,679	861,503	750,060	755,972	824,922	801,592	588,107
2	351,085	435,657	404,034	387,465	425,885	427,134	312,573	259,008
4 ¹³	1,240,555	1,415,044	1,417,811	1,870,475	1,800,972	1,624,366	1,457,953	1,182,874
5	78,174	106,367	103,383	128,303	161,020	158,112	219,246	173,900
6	134,863	132,801	152,787	156,808	132,223	76,672	64,674	54,921
7	281,712	273,946	268,958	335,397	311,579	372,748	328,061	246,609
12	270,388	297,733	246,623	241,819	254,439	302,552	246,106	193,627
13	307,527	512,627	544,260	350,355	374,912	421,433	386,654	345,259
14	61,501	67,820	55,057	48,306	50,847	59,315	62,063	51,582
15	1,009	3,089	1,458	1,081	1,464	1,461	1,055	969
16	266,646	280,919	232,297	253,364	256,876	132,593	129,413	108,058
17	583,508	634,254	609,174	597,596	581,558	637,132	584,916	457,743
19	4,663	2,968	5,974	8,072	5,187	13,494	93,769	117,087
20	79,403	130,501	88,303	107,333	85,193	84,335	88,795	77,050
21	153,741	197,530	161,154	158,245	174,834	173,678	199,819	163,376
25A	49,244	58,689	110,597	47,439	13,792	7,062	40,419	72,126
25B	38,471	55,744	55,768	129,799	80,386	35,124	37,686	34,351
26	151,903	165,152	189,025	217,632	212,380	205,497	147,568	116,315
27	61,022	56,575	43,272	29,779	34,272	33,894	36,374	31,575
28	112,313	131,206	130,322	148,543	141,361	144,139	119,230	100,866

¹³ Category 4 can only be assessed in relation to the aggregate imports for categories 4A and 4B due to the fact that, at the level of 8 digits, both sub-categories contain predominantly the same tariff headings.

Table 28 - UK total imports (including EU) by product category (tonnes) 2013 = 100

Category	2013	2014	2015	2016	2017	2018	2019	Jul19- Jun20
1	100	127	120	104	105	115	111	82
2	100	124	115	110	121	122	89	74
4	100	114	114	151	145	131	118	95
5	100	136	132	164	206	202	280	222
6	100	98	113	116	98	57	48	41
7	100	97	95	119	111	132	116	88
12	100	110	91	89	94	112	91	72
13	100	167	177	114	122	137	126	112
14	100	110	90	79	83	96	101	84
15	100	306	144	107	145	145	105	96
16	100	105	87	95	96	50	49	41
17	100	109	104	102	100	109	100	78
19	100	64	128	173	111	289	2011	2511
20	100	164	111	135	107	106	112	97
21	100	128	105	103	114	113	130	106
25A	100	119	225	96	28	14	82	146
25B	100	145	145	337	209	91	98	89
26	100	109	124	143	140	135	97	77
27	100	93	71	49	56	56	60	52
28	100	117	116	132	126	128	106	90

Table 29 – Total imports (including EU) relative to production (2013=100)¹⁴

Removed from non-confidential version

¹⁴ See footnotes 11 and 12 above.

4.2.4 ISSB Import Data

Total UK imports

Table 30 - ISSB data on total UK imports (tonnes) – all categories

Category	2013	2014	2015	2016	2017
Total	5,104,805	6,148,236	5,995,856	6,456,643	6,397,699

Table 31 - ISSB data on total UK imports (tonnes) – all categories 2013=100

	2013	2014	2015	2016	2017
Total	100	120	117	126	125

Table 32 – ISSB data on total UK imports (tonnes) by product family

Category	2013	2014	2015	2016	2017
Flat	2,856,509	3,385,321	3,321,276	3,807,600	3,752,488
Long	1,755,230	2,120,576	2,012,007	1,886,663	1,925,904
Tube	493,066	642,338	662,573	762,380	719,307

Table 33 – ISSB data on total UK imports (tonnes) by product family 2013=100

	2013	2014	2015	2016	2017
Flat	100	119	116	133	131
Long	100	121	115	107	110
Tube	100	130	134	155	146

Table 34 – ISSB data on total UK imports (tonnes) by product category

Category	2013	2014	2015	2016	2017
1	735,900	951,237	894,067	792,646	798,636
2	359,843	449,193	415,286	408,204	449,461
4	1,256,540	1,454,853	1,463,413	1,937,962	1,866,188
5	78,858	108,829	109,888	133,512	170,686
6	136,520	136,863	157,060	163,666	136,935
7	288,848	284,347	281,563	371,609	330,582
12	298,156	342,691	286,818	307,452	331,964
13	314,394	524,484	553,308	365,607	388,948
14	62,953	70,407	56,804	50,480	56,024
15	1,154	3,367	1,649	1,275	1,463
16	279,209	293,745	251,494	301,600	289,190
17	593,119	650,390	630,012	624,086	619,995
19	6,292	5,045	9,025	8,769	6,416
20	80,993	132,793	92,163	116,660	90,878
21	159,773	204,748	171,177	170,748	188,146
25A	50,515	61,487	133,014	72,338	18,893
25B	40,458	65,277	63,514	163,118	189,579
26	161,326	178,033	202,704	239,516	231,811
27	74,857	74,373	56,067	43,626	47,665
28	125,095	156,073	166,829	183,769	184,238

Table 35 – ISSB data on total UK imports (tonnes) by product category 2013=100

Category	2013	2014	2015	2016	2017
1	100	129	121	108	109
2	100	125	115	113	125
4	100	116	116	154	149
5	100	138	139	169	216
6	100	100	115	120	100
7	100	98	97	129	114
12	100	115	96	103	111
13	100	167	176	116	124
14	100	112	90	80	89
15	100	292	143	111	127
16	100	105	90	108	104
17	100	110	106	105	105
19	100	80	143	139	102
20	100	164	114	144	112
21	100	128	107	107	118

25A	100	122	263	143	37
25B	100	161	157	403	469
26	100	110	126	148	144
27	100	99	75	58	64
28	100	125	133	147	147

Table 36 - ISSB total UK imports relative to production by product category¹⁵

Removed from non-confidential version

¹⁵ See footnotes 11 and 12 above.

5 Annex 2 – Analysis of imports by individual product category in the Alternative

5.1 Non-EU imports – individual category analysis in the alternative 2013-17

The data for each individual category is provided for information in Annex 1.

As argued above in sections 1.2.1 and 2.1.1, UK Steel strongly submits that the increased imports should be assessed at the global and product family level. If TRID was to decide otherwise, and conduct the increased import analysis at the individual category level, UK Steel would submit the following comments in the alternative.

UK Steel submits that categories 1,2,4,5,6,7, 12, 13,15,17,19,21,25B,26 and 28 all experienced an absolute increase in imports and should automatically be further assessed in relation to the likely recurrence of serious injury as set out in 49(4) (a)-(d).

There are 5 categories where imports did not increase absolutely between 2013 and 2017 – categories 14, 16, 20, 25A and 27.

Section 2.1.1 highlights that the import increase can be assessed in both absolute terms or relative to production. Taking the index changes for the import volume by category, and dividing them by the index change in production, the change in imports relative to production is indicated. Table 37 presents this for the categories that did not increase absolutely (see table 24 for the original data).

Table 37 – Non-EU imports relative to production (2013=100) for particular categories

Removed from non-confidential version

Thus, category 20 saw an increase in imports relative to production.

Only categories 14 and 16 saw no increase in non-EU imports in either absolute or relative terms. Category 27 did not increase absolutely. At the time of writing, UK Steel does not have production data for category 27 to assess imports relative to production so there still remains a question as to whether imports relative to production increased for this category.

UK Steel reiterates that the correct approach is to determine whether imports increased globally and by product family. However, if TRID was to decide otherwise, the above individual category analysis is presented in the alternative.

5.2 Total UK imports – Individual category analysis in the alternative

UK Steel submits that it is not relevant to assess whether each category saw an increase in imports. However, if TRID was to reject this argument, in the alternative, the individual category analysis for total UK imports is presented below. There are 7 categories where there was no absolute increase in total imports including imports from the EU (full data provided in annex 1, section 4.2.3). All other categories experienced an increase.

Again, we can look at the trend in production for the 7 categories that did not increase absolutely and express the import trend relative to production:

Expressed relative to production, the import increases for the categories with no absolute increase were as follows:

Table 38 - Total UK Imports relative to production 2013=100 for particular categories

Removed from non-confidential version

Thus, categories 6, 12 and 25A saw an increase relative to production and, therefore, would meet the increased imports test if total imports were used to conduct the test (which UK Steel opposes as argued above).

Only categories 14, 16 and 17 saw no increase either absolutely or relatively. Although 27 did not increase absolutely, the relative increase is still unknown at the time of writing due to no production data for this category.

5.3 ISSB data – individual category analysis in the alternative

The individual product category imports are provided in Annex 1, section 4.2.4. All individual categories saw an absolute increase except 14, 25A and 27 (see table 35).

Looking at imports relative to production, category 25A also increased so can be considered as passing the increased imports test in this alternative analysis (see table 36).

Category 14 saw no increase absolutely or relatively. Category 27 did not see an absolute increase but the increase relative to production is not yet known.

5.4 Argument in the alternative if both measures of imports are used

UK Steel also submits the argument in the alternative that any category that experienced an increase in EU imports in at least one of the data sets should automatically go forward for the further analysis set out in regulation 49(4) (a)-(d).

Tables 39 and 40 indicate all categories that saw no increase, absolute or relative to production, under any of the three datasets (i.e. UK Trade Info Non-EU imports, UK Trade Info Total Imports and ISSB Total Imports)¹⁶.

Table 39 - Categories showing no increase in imports (absolute or relative to production) in UK Trade Info Data

Excluding EU	14	16			[27]
Including EU	14	16	17		[27]

¹⁶ There is no production data at the time of writing for category 27 so the import trend relative to production is currently unknown.

Table 40 - Categories showing no increase in imports (absolute or relative to production) in ISSB data

Including EU	14					[27]
--------------	----	--	--	--	--	------

Thus, if TRID was to conduct an individual category analysis for increased imports, and to consider all sources of data, UK Steel submits that only categories 14 and [27] show no increase on data currently available. Category 27 still needs be checked relative to production.

6 Annex 3 - Injury Data

6.1 Production

This information is provisional and will be supplemented by additional analysis when UK Steel has access to all of the information from the producers' questionnaires.

Table 41 - Global UK industry production

2013	2014	2015	2016	2017	2018	2019	Q1 2020	Q2 2020
6,302,829	6,479,153	6,526,428	5,803,227	5,782,943	5,527,235	5,517,249	1,360,914	1,274,055
100	103	104	92	92	88	88	22	20

Table 42 - UK Steel Industry Production by Product Family (tonnes)

Removed from non-confidential version

Table 43 - UK Steel Industry Production by Product Family (tonnes) 2013=100

Removed from non-confidential version

Table 44 - UK Steel Industry Production by Product Category (tonnes)

Removed from non-confidential version

Table 45 - UK Steel Industry Production by Product Category (tonnes) 2013=100

Removed from non-confidential version

6.2 Profitability

At the time of this submission, UK Steel did not have complete information from the companies on profitability. However, it has profitability data from three major producers that can be used to make some initial comments on trends.

Where profitability for a particular category is available from more than one producer, production is used to calculate a weighted average. As a measure incorporating both volume and value, it makes most sense to calculate a weighted average using sales value. However, at this point, UK Steel does not have sufficient sales data by category to do this. Weighting by production at least gives some provisional weighted averages to be calculated in order to see the basic trends.

Table 46 - Global Profitability for All Categories (%)

2013	2014	2015	2016	2017	2018	2019	Q1 2020	Q2 2020
-0.4%	-0.2%	-6.0%	-3.3%	2.8%	2.0%	-4.2%	-4.9%	-5.0%

Table 47 - Profitability by product family (%)

Removed from non-confidential version

Table 48 - Profitability by product category (%)

Removed from non-confidential version