



Safeguard Questionnaire (Producer)

Safeguard measures on certain steel products

Case: TF0006

Period of Investigation (POI):	01 January 2013 – 31 December 2017
Most Recent Period (MRP)	01 January 2018 – 30 June 2020
Deadline for response:	28 November 2020
Case team contact:	Imogen Yapp, Lead Investigator, TF0006@traderemedies.gov.uk
Completed on behalf of:	CELSA Steel UK

When you have completed this form, indicate the **confidentiality status** of this document by placing an X in the relevant box below:

Confidential

X Non-Confidential – will be made publicly available

Please note that you will have to provide **two copies of your response** - a **Confidential** and a **Non-Confidential version**. Both copies should be returned to TRID using the Trade Remedies Service (www.trade-remedies.service.gov.uk).



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The scope of this review

Goods subject to review

The goods subject to review in this transition review are detailed in the following table¹:

Product category number	Product category	Commodity codes
1	Non-Alloy and Other Alloy Hot Rolled Sheets and Strips	7208 10 00, 7208 25 00, 7208 26 00, 7208 27 00, 7208 36 00, 7208 37 00, 7208 38 00, 7208 39 00, 7208 40 00, 7208 52 10, 7208 52 99, 7208 53 10, 7208 53 90, 7208 54 00, 7211 13 00, 7211 14 00, 7211 19 00, 7212 60 00, 7225 19 10, 7225 30 10, 7225 30 30, 7225 30 90, 7225 40 15, 7225 40 90, 7226 19 10, 7226 91 20, 7226 91 91, 7226 91 99
2	Non-Alloy and Other Alloy Cold Rolled Sheets	7209 15 00, 7209 16 90, 7209 17 90, 7209 18 91, 7209 25 00, 7209 26 90, 7209 27 90, 7209 28 90, 7209 90 20, 7209 90 80, 7211 23 20, 7211 23 30, 7211 23 80, 7211 29 00, 7211 90 20, 7211 90 80, 7225 50 20, 7225 50 80, 7226 20 00, 7226 92 00
4A	Metallic Coated Sheets	TARIC Codes: 7210 41 00 20, 7210 49 00 20, 7210 61 00 20, 7210 69 00 20, 7212 30 00 20, 7212 50 61 20, 7212 50 69 20, 7225 92 00 20, 7225 99 00 11, 7225 99 00 22, 7225 99 00 45, 7225 99 00 91, 7225 99 00 92, 7226 99 30 10, 7226 99 70 11, 7226 99 70 91, 7226 99 70 94
4B	Metallic Coated Sheets	CN Codes: 7210 20 00, 7210 30 00, 7210 90 80, 7212 20 00, 7212 50 20, 7212 50 30, 7212 50 40, 7212 50 90, 7225 91 00, 7226 99 10 TARIC codes: 7210 41 00 30, 7210 41 00 80, 7210 49 00 30, 7210 49 00 80, 7210 61 00 30, 7210 61 00 80, 7210 69 00 30, 7210 69 00 80, 7212 30 00 80, 7212 50 61 30, 7212 50 61 80, 7212 50 69 30, 7212 50 69 80, 7225 92 00 80, 7225 99 00 23, 7225 99 00 41, 7225 99 00 93, 7225 99 00 95, 7226 99 30 90, 7226 99 70 19, 7226 99 70 96
5	Organic Coated Sheets	7210 70 80, 7212 40 80
6	Tin Mill products	7209 18 99, 7210 11 00, 7210 12 20, 7210 12 80, 7210 50 00, 7210 70 10, 7210 90 40, 7212 10 10, 7212 10 90, 7212 40 20
7	Non-Alloy and Other Alloy Quarto Plates	7208 51 20, 7208 51 91, 7208 51 98, 7208 52 91, 7208 90 20, 7208 90 80, 7210 90 30, 7225 40 12, 7225 40 40, 7225 40 60
12	Non-Alloy and Other Alloy Merchant Bars and Light Sections	7214 30 00, 7214 91 10, 7214 91 90, 7214 99 31, 7214 99 39, 7214 99 50, 7214 99 71, 7214 99 79, 7214 99 95, 7215 90 00, 7216 10 00, 7216 21 00, 7216 22 00, 7216 40 10, 7216 40 90, 7216 50 10, 7216 50 91, 7216 50 99, 7216 99 00, 7228 10 20, 7228 20 10, 7228 20 91, 7228 30 20, 7228 30 41, 7228 30 49, 7228 30 61, 7228 30 69, 7228 30 70, 7228 30 89, 7228 60 20, 7228 60 80, 7228 70 10, 7228 70 90, 7228 80 00
13	Rebars	7214 20 00, 7214 99 10

¹ Please note that the list uses the same category numbers and category names as EU Regulation 2019/159 for those goods subject to review within this Transition Review. Product categories 3, 8, 9, 10, 18, 22, and 24, will not be transitioned and are therefore excluded from the list.



14	Stainless Bars and Light Sections	7222 11 11, 7222 11 19, 7222 11 81, 7222 11 89, 7222 19 10, 7222 19 90, 7222 20 11, 7222 20 19, 7222 20 21, 7222 20 29, 7222 20 31, 7222 20 39, 7222 20 81, 7222 20 89, 7222 30 51, 7222 30 91, 7222 30 97, 7222 40 10, 7222 40 50, 7222 40 90
15	Stainless Wire Rod	7221 00 10, 7221 00 90
16	Non-Alloy and Other Alloy Wire Rod	7213 10 00, 7213 20 00, 7213 91 10, 7213 91 20, 7213 91 41, 7213 91 49, 7213 91 70, 7213 91 90, 7213 99 10, 7213 99 90, 7227 10 00, 7227 20 00, 7227 90 10, 7227 90 50, 7227 90 95
17	Angles, Shapes and Sections of Iron or Non-Alloy Steel	7216 31 10, 7216 31 90, 7216 32 11, 7216 32 19, 7216 32 91, 7216 32 99, 7216 33 10, 7216 33 90
19	Railway Material	7302 10 22, 7302 10 28, 7302 10 40, 7302 10 50, 7302 40 00
20	Gas pipes	7306 30 41, 7306 30 49, 7306 30 72, 7306 30 77
21	Hollow sections	7306 61 10, 7306 61 92, 7306 61 99
25.A	Large welded tubes	7305 11 00, 7305 12 00
25.B	Large welded tubes	7305 19 00, 7305 20 00, 7305 31 00, 7305 39 00, 7305 90 00
26	Other Welded Pipes	7306 11 10, 7306 11 90, 7306 19 10, 7306 19 90, 7306 21 00, 7306 29 00, 7306 30 11, 7306 30 19, 7306 30 80, 7306 40 20, 7306 40 80, 7306 50 20, 7306 50 80, 7306 69 10, 7306 69 90, 7306 90 00
27	Non-alloy and other alloy cold finished bars	7215 10 00, 7215 50 11, 7215 50 19, 7215 50 80, 7228 10 90, 7228 20 99, 7228 50 20, 7228 50 40, 7228 50 61, 7228 50 69, 7228 50 80
28	Non-Alloy Wire	7217 10 10, 7217 10 31, 7217 10 39, 7217 10 50, 7217 10 90, 7217 20 10, 7217 20 30, 7217 20 50, 7217 20 90, 7217 30 41, 7217 30 49, 7217 30 50, 7217 30 90, 7217 90 20, 7217 90 50, 7217 90 90

Any reference to the goods subject to review refers to the product categories and CN codes covered in the table above.

Please refer to the Notice of Initiation on the case file for the countries that are exempt from the existing safeguard measure.

Like goods

This questionnaire asks for information about your company's production and sales of the goods which are **like** the goods subject to review. Any reference to '**like goods**' in this questionnaire refers to goods produced in the UK which are like the goods subject to review in all respects, or with characteristics closely resembling them.

Directly competitive goods



'Directly competitive goods' are goods produced in the UK which are directly competitive with the goods subject to review.

This can include goods that are not only similar to the goods subject to review, such as a different type or variety, but also include goods that occupy a position of direct competition with the goods subject to review. A directly competitive good may be one that is substitutable with the goods subject to review.

When you are completing this questionnaire, please follow the instructions for each question to provide the appropriate information regarding the like or directly competitive goods and the goods subject to review by product category.



Instructions

Introduction

The Trade Remedies Investigations Directorate (TRID) of the UK's Department for International Trade will be carrying out a transition review of each trade remedy measure active under the EU system that the UK has decided to maintain after EU exit. This transition review will consider whether the existing safeguard measure is necessary to address the increase in imports and whether there would be injury to the UK industry if the measure was removed. The transition review will also consider whether the existing safeguard measure should be extended.

We are seeking your cooperation as a domestic producer to inform our review of whether the current safeguard measure should be maintained, varied, discontinued and/or extended. The information your company provides will help us to determine a fair and appropriate response.

As specified on the front page of this questionnaire, the POI covers the same period as the EU steel safeguards case (January 2013 – December 2017). The data requested in this questionnaire for the POI will be used to make a recommendation on whether the existing safeguard measure should be transitioned. The MRP covers the period following the POI (January 2018 – June 2020). The data requested in this questionnaire for the MRP will be used to make a recommendation on whether the existing safeguard measure should be reduced or extended.

Please provide all the information requested by **28 November 2020**. We may need to issue a deficiency notice if we determine that the information supplied in the questionnaire is incomplete or inadequate. We may also send a notice requesting clarification or supplementary information if necessary.

Please note that if you do not provide a confidential version and a non-confidential summary (or a statement of reasons why you cannot provide this), TRID may disregard the information you give us. The following section provides further information on what you need to do.

If you are unable to complete the questionnaire within the required time, please contact the case team ahead of the deadline using the contact details on the cover of this questionnaire. You should outline the length of extension required and the reasons why. **Due to the restricted timeframe of this transition review, the case team's ability to grant extensions is very limited.** We will notify you of our decision. If we are able to accommodate an extension, a note to explain this will be placed on the public file.

Please also contact the case team if you have any questions about your response or if you have any difficulties in completing the questionnaire. For general information about trade remedies processes, please visit the following website:



<https://www.gov.uk/government/publications/the-uk-trade-remedies-investigations-process>.

TRID investigates cases under the specific provisions in Part 9 of *The Trade Remedies (Increase in Imports Causing Serious Injury to UK Producers) (EU Exit) Regulations 2019* as amended by the *Trade Remedies (Amendment) (EU Exit) Regulations 2019* and under the *Taxation (Cross-border Trade) Act 2018*.

Preparing confidential and non-confidential copies

You will need to submit one confidential version and one non-confidential version of your questionnaire and the corresponding spreadsheet annexes by the due date.

Please ensure that each page of information you provide is clearly marked either “Confidential” or “Non-Confidential” in the header. It is your responsibility to ensure that the non-confidential version does not contain any confidential information.

Further information on what can be considered confidential and how to prepare a non-confidential version of this questionnaire can be found in our guidance on [how we handle confidential information](#).

All information provided to TRID in confidence will be treated accordingly and only used for this investigation (except in limited circumstance as permitted by regulation 17 of the *Trade Remedies (Increase in Imports Causing Serious Injury to UK Producers) (EU Exit) Regulations 2019*) and kept in protected systems. The non-confidential version of your submission will be placed on the public file, which is available on www.trade-remedies.service.gov.uk/public/cases.

Providing information from subsidiaries or associated parties

Natural persons or legal persons (i.e. companies) are associated where they meet the following definition of “related persons” in Section 128 of the *Customs (Import Duty) (EU Exit) Regulations 2018*.

Section A of this questionnaire includes detailed questions about your company structure. Although this questionnaire is intended for your company, our investigation covers all subsidiaries and any other associated companies.

- If any of your subsidiaries or associated companies are also a UK producer of like or directly competitive goods, they should **also** complete this questionnaire. Please make sure you provide your subsidiaries with access to this questionnaire.
- Where your subsidiaries or associated companies are not producers but are involved in the sales of the like or directly competitive goods, your questionnaire response should include information from those companies.



If you have any queries about this part of the process, please contact the case team using the details provided on the cover of this questionnaire.

What happens next

Please upload your completed questionnaire responses and non-confidential versions of documents to our Trade Remedies Service at www.trade-remedies.service.gov.uk. You will receive an email confirming the documents have been uploaded successfully. Non-confidential responses will be placed on the public file and the case team will contact you if we need further information.

Once we have completed our review, we will publish our recommendation to the Secretary of State. Our final report will be published on our public file.

Further information on this process is available at:
www.gov.uk/government/publications/the-uk-trade-remedies-investigations-process/an-introduction-to-our-investigations-process#determinations-and-conclusion-of-investigations.

Verifying the information you supply

TRID will verify, as far as possible, the information provided to it. As part of this process we may conduct authentication visits. Visits can last several days, during which we will want to speak to management and staff to help establish the completeness, relevance and accuracy of the information provided. Within your response to this questionnaire, please provide all formulas and steps used in your calculations and keep a record of these and all related material/documentation to assist with any authentication visit.

If we need to verify information that you provide by visiting your premises, the Case Team will contact you.

Due to the current circumstances, it may not be possible for us to carry out authentication visits. We may carry out remote authentication instead. During remote authentication we will not visit your premises but verify your questionnaire responses remotely using audio/video calls and email exchanges. Remote authentication can be conducted over several weeks.

After authentication, TRID will prepare a report and share a draft with you. TRID will then ask you to provide a summary of the information which should be kept confidential and the reasons why. We will prepare a non-confidential authentication report for the public record.



How to complete this questionnaire

Please read and follow all the instructions carefully. Your company is required to substantiate all claims with relevant data and information. You may be asked to attach supporting documents in appendices to supplement your responses. To assist with authentication please retain all such documents, your completed annexes and any calculations made when developing your responses.

Please also note the following points:

- Do not leave any questions blank. If the question is not relevant to your organisation, please explain why.
- If the answer to the question is "zero", "no", "none" or "not applicable", please write this rather than leaving the answer blank.
- Please complete the Excel annexes as requested. Annexes are named to correspond to the relevant sections of this questionnaire and must be completed with reference to the instructions provided. If you feel you cannot present the information as requested, please contact the case team immediately.
- If there is insufficient space in any part of the questionnaire to provide the details requested, please attach appendices. Please ensure that any attachments are given a corresponding appendix reference in the title of the document and that these are referenced in the boxes provided.
- Any documents not in English should be accompanied by an English translation.
- Please provide all dates in the format DD/MM/YYYY (e.g. 23/05/2019).
- For all numerical figures, where appropriate please express every third digit with a comma (e.g. '1,300' for one-thousand three hundred, '1,300,000' for one million and three-hundred thousand).
- Limit all sales/currency/income figures to two decimal places and use the appropriate currency symbol (e.g. £1,300.00).
- Provide all costing figures as actual amounts. Where actual amounts cannot be provided and you have reported standard costing instead, indicate this in the relevant answer and explain the variance from actual costs, if any.
- All financial figures should be reported net of tax unless otherwise stated.



SECTION A: Company structure and operations

A1 Identity and contact details

1. Please complete the table below ensuring that the point of contact given has the authority to provide this information:

Legal name of company:	Celsa Steel (UK) Limited
Legal structure (e.g. limited company, sole trader, partnership etc.)	Limited Company
Year of establishment:	2003
Other operating names:	None
Company registration number:	04661575
Place of registration:	United Kingdom
Name (point of contact):	
Position:	Head of External Affairs
Address:	Building 58 Castle Works, East Moors Road, Cardiff, South Glamorgan, CF24 5NN
Telephone No.:	02920 351800
Email:	
Website:	www.celsauk.com

A2 Company information

1. Describe the role of your company in the UK market for the like or directly competitive goods (e.g. producer, producer/exporter, producer/importer or producer/distributor).

Manufacturer and seller of steel long products to the construction industry supply chain and general engineering sector.

Appendix reference:

Please answer questions 2 to 4 below about the internal structure of your company and any associations with other companies. Natural persons or legal persons (i.e. companies) are associated where they meet the following definition of “related persons” in Section 128 of the *Customs (Import Duty) (EU Exit) Regulations 2018*.



2. Please explain, or demonstrate in a diagram, the legal structure of your company showing the internal hierarchical and organisational structure and all sites/locations involved in the production, sales and distribution of the like or directly competitive goods for domestic and export markets. Clearly indicate the different production stages performed by your company.

Not applicable

Appendix reference:

3. Are you a parent company or a subsidiary?
- If you are the parent company, please complete question 4 to provide information on all subsidiaries and send a copy of this questionnaire to all subsidiaries for completion. Submit the subsidiary questionnaire(s) alongside yours.
 - If you are the subsidiary, please complete question 4 providing as much information as possible and send a copy of this questionnaire to your parent company. Submit the parent company questionnaire alongside yours.

Subsidiary

Appendix reference:

4. Please provide the following information by completing **Annex 1 – Associated companies**:
- Include your company's worldwide corporate structure and affiliations, including parent companies, subsidiaries and/or other associated companies.
 - If your company is the subsidiary of another company, please give the name of this company, as well as that of your company's ultimate controlling entity, their registration number(s) and place(s) of registration.
 - Please provide the address of the company.
 - Please list the activities carried out by the company (e.g. manufacturing, administration, sales).
 - Indicate the shareholdings you have in the associated company and the shareholdings that the associated company has in your company.

Not applicable

Appendix reference:

5. Please provide details of any changes in the legal form of your business over the past 5 years, for example, mergers, acquisitions and/or sales.

Date	Legal form	Explanation of change
	Not applicable	



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+Add additional rows as required

6. State whether your company is a member of a representative organisation, e.g. industry associations.

Make UK – UK Steel

Institute of Structural Engineers

British Association of Reinforcement

Appendix reference:

A3 Board members and principal shareholders

1. Please complete **Annex 2 – Shareholdings**, providing a list of all your company's shareholders that owned more than 5% of its shares during the POI. Where known, provide details of their activities. Also include, for the last five years:

- your company's registered capital;
- the scope of business; and
- the composition of the Board of Directors and/or shareholders, including their roles and rights.

Please provide this information for your company and all its predecessor legal entities.

Not applicable

Appendix reference:

2. If applicable to your company, please attach the latest copy of the following documents (in the original language and in English):

- articles of association and all related documents;
- business licence; and
- proof of registration of the company with the competent authorities.

Please describe what you are submitting and provide appendix references for your attachments in the box below. Earlier copies from the date of establishment of the company until the present should be available upon request during the authentication process.

See attached

Appendix reference:



A4 Operational links with other companies or persons

- Please indicate if your company has established long-term agreements with any companies located in the UK or in third countries for the production (e.g. subcontracting), supply and sale of the like or directly competitive goods, or other licensing, technical patent or compensatory agreements. Include:
 - the name and address of the company; and
 - an explanation of the nature of the agreement.

Company name and address	Nature of agreement
None	

+Add additional rows as required

A5 Accounting practices

- Please give the financial year convention your company uses for its accounts (e.g. 1 January – 31 December). If any changes have occurred with respect to your financial year convention or in your accounting practices over the POI and MRP, please describe these changes.

1 January – 31 December (refer to 2019 annual account)

Appendix reference:

- Please confirm what basis your accounts are prepared under, i.e. local GAAP, IFRS etc.

UK GAAP, including FRS 102 (applicable in the UK and Republic of Ireland)

Appendix reference:

- For your company and any associated parties involved in the production, marketing or sales of your goods, please attach a copy of your annual reports for the financial period that covers the POI and MRP. This should include a statement of financial position; statement of profit and loss and other comprehensive income; statement of changes in equity; cash flow statement; notes to the accounts and all reports; and auditor's opinion on these documents.

See annual reports

Appendix reference:



4. If your accounts are unaudited, please attach a copy of your unaudited financial statements and corresponding tax returns for the POI and MRP.

Not applicable

Appendix reference:

5. Please attach a copy of your company's trial balance (in a spreadsheet) covering the POI and MRP. This includes:
- the trial balance which covers the full financial years from January to December for 2013, 2014, 2015, 2016, 2017, 2018, 2019; and
 - the trial balance which covers the beginning of the financial year to the 1st July 2020.

See annual accounts

Appendix reference:

6. For your company and any associated parties involved in the production, marketing or sales of the like or directly competitive goods, please attach copies of relevant management accounts and associated reports (e.g. profit and loss statement) for the profit centre of the like or directly competitive goods. Please provide these reports for the POI and MRP.

Not applicable

Appendix reference:

7. If your company is part of a group of companies, please also attach a copy of the consolidated accounts of the group for the POI and MRP.

See annual accounts for Celsa UK Holdings Ltd

Appendix reference:

8. Please provide a detailed description, including the name(s) of the systems, of your financial accounting system explaining how sub ledgers (e.g. costing, debtors, creditors) integrate with the general ledger. Please provide a description of how it links to the management accounting system, including any manual interventions. Please also attach:
- your company's chart of accounts;
 - your company's cost centres; and



- a brief description of further analysis codes available.

Not applicable

Appendix reference:

9. If the accounting policies used by your company have changed over the POI and MRP, please explain the changes, including dates and reasons for them.

Not applicable

Appendix reference:



SECTION B: About your goods

B1 Your company's products

In this section, you will be asked to provide details for your like or directly competitive goods and the goods subject to review. **Please always refer to the corresponding product categories** which your like or directly competitive goods and the goods subject to review fall within.

The goods covered by this review are defined on pages 1 and 2.

1. Please comment on the scope of the review. If you consider that any product categories and/or custom codes should be added or removed, please explain the reasons why. Provide information about UK production, UK demand and UK imports for these product categories and/or custom codes. Substantiate with evidence.

<i>We are content with the scope of the review and think the product categorisation is correct.</i>

Appendix reference:

2. Please complete **Annex 3 – Goods**, indicating the like or directly competitive goods you produced during the POI by product category. Provide details for each product category and the comparable goods subject to review. Please specify any differences between them.

Where possible, provide estimations of how prices of the goods subject to review imported into the UK compare to each of your like or directly competitive goods and reasons for the price differences. In the box below, describe how you established the differences and substantiate with evidence.

Technical documentation (such as sales catalogues, safety standards, technical data, etc.) should be attached for each product category where available.

<i>Typically, imported goods are comparable with UK products</i>
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Appendix reference:

3. Are the like or directly competitive goods comparable in non-price factors (including product quality, lead and delivery times, reliability of supply etc.) to the imported goods subject to review? Provide this information for each of the like or directly competitive goods produced by your company and the comparable good subject to review and substantiate with evidence.



All goods supplied to the market have to satisfy the quality standard (BS or EN) designated for that product. The demands placed by users on suppliers should be the same irrespective of provenance.

Appendix reference:

4. Explain the internal coding system your company uses to classify your range of like or directly competitive goods. If your company uses multiple internal reference codes across departments, cross-reference each one.

Our internal codes bear reference to the type of product (e.g. rebar, wire rod, flat bar etc) with the grade of steel, the cross-section dimension and the length.

Appendix reference:

5. Please provide a written summary and, if available, a diagram/flow chart, of your production process for each of the like or directly competitive goods that you produce in the UK.

See process flow for our products

Appendix reference:

6. Identify what parts of your production process take place in the UK. Explain the level of complexity of the manufacturing process and the investment of capital involved. Substantiate with evidence.

All production processes take place in the UK.

Appendix reference:

7. What is your pricing strategy of the like or directly competitive goods produced by your company in the UK? Provide this information for each of the like or directly competitive goods produced by your company and substantiate with evidence.

Not applicable

Appendix reference:

8. How does your company market (i.e. encourage sales of) the like or directly competitive goods? Are you aware of whether similar methods are used for the goods subject to review? Substantiate with evidence.

Not applicable



Appendix reference:

9. Please list your inputs (e.g. raw materials) in **Annex 4 – Inputs**, indicating the country of origin and whether they are imported or domestically sourced, that are used in the production of the like or directly competitive goods. Estimate the input's average share of your total production costs for each category.

In the box below, describe how they are included in the manufacture of your company's products.

Scrap steel is the main ingredient for the production of our finished products. This is blended and melted in our Electric Arc Furnace (EAF) to produce new steel which is subsequently processed (rolled) into finished products.

Appendix reference:

10. If your company is vertically integrated, or some of the inputs (e.g. raw materials) used in the production of the like or directly competitive goods are produced by an associated party, provide details of this arrangement and attach documentation demonstrating any agreements you have.

We have our own scrap yards which supply a part of our overall scrap demand

Appendix reference:

11. If you purchase inputs from associated parties, provide evidence on whether the price used for these transactions are representative of a fair market price? Provide this information for each of the like or directly competitive goods produced by your company.

Not applicable

Appendix reference:

12. Please provide the names and legal addresses of other UK producers of the like or directly competitive goods that you know of.

Company name	Legal address

+Add additional rows as required



B2 Understanding the UK market

Answers should refer to the relevant product categories.

1. Do you regard the like or directly competitive goods to be an intermediate and/or final good?

Like and directly competitive goods are final goods

Appendix reference:

2. Please explain the end use of your like or directly competitive goods and the comparable goods subject to review in the UK market. If there are multiple uses list them and, where possible, estimate what proportion of your sales each represents.

All our products are used in the construction industry and for light and general engineering purposes

Appendix reference:

3. Who are the general users/consumers/customers of the like or directly competitive goods in the UK market? Please comment on whether this is the same/different for the goods subject to review.

Like or directly competitive goods have the same customers as the goods subject to review

Appendix reference:

4. Have there been any changes to the pricing of the like or directly competitive goods in the UK market in the last four years caused by factors other than raw material costs?

Pricing of all the products are subject to changes in market conditions, availability and supply and demand. Of particular note is the world steel overcapacity which means that between around 25% of global capacity is idle at any one time. Of particular note in recent years has been the impact on demand of disruption to normal trade patterns brought about by S232 and the diversion of steel, uncertainty surrounding future trading relationships between UK and the EU and lower demand resulting from Covid 19. Please note UK Steel response on this matter.

Appendix reference:



5. Please comment on the degree of price sensitivity of the like or directly competitive goods and the goods subject to review in the UK market and the reasons for this?

Prices are sensitive to changes in raw material costs, changes in market conditions, availability and supply and demand.

Appendix reference:

6. What distribution methods (i.e. sales channels) are used by your company for the like or directly competitive goods? Comment, if known, whether this is similar for the goods subject to review.

Sales channels of goods subject to review, like and directly competitive goods are all the same, directly to end users for certain categories and through stockholders for other categories.

Appendix reference:

7. Please describe the nature of competition within the UK market (e.g. how many businesses are in the market, is the market highly price competitive?).

There is significant competition in the UK market, provided either by UK competitors or imports in all product areas. The market is highly price competitive for all products.

Appendix reference:

8. Please describe the degree of competition between the goods subject to review and the like or directly competitive goods in the UK market?

Competition is high as these products are highly commoditised.

Appendix reference:

9. Please outline the trends and drivers of demand in the UK market for the like or directly competitive goods and the goods subject to review, including causes of demand fluctuations and any factors contributing to overall market growth or decline (e.g. user preferences, government policy, macroeconomic conditions)?

Demand for the products we supply is heavily influenced by changes in the construction industry and levels of confidence for investment. Public procurement and government related projects play a substantial part in construction demand. The products we supply are generally foundation type products for construction activity, are well established as critical components with no immediate product substitution from other materials.

Appendix reference:



10. Have there been any changes in the patterns of consumption of the like or directly competitive goods in the POI and MRP in the UK market? Please elaborate.

During the period of POI, real demand was reasonably stable. The most significant impact in the MRP is the impact of Covid 19 on demand/consumption in the most recent period particularly April/June 2020. In the early part of the MRP, just prior to the commencement of the safeguard system, certain products saw a surge of imports which distorted the real market. Since the introduction of the safeguard system, imports on certain products have at particular moments been subject to significant surges. Underlying demand has remained relatively stable.

Appendix reference:

11. Is there any government regulation that has implications for the like or directly competitive goods produced by your company (e.g. regulatory costs)?

There are regulatory costs associated with EU ETS, environmental legislation and energy costs in the UK.

Appendix reference:

12. Please comment on whether there have been developments or changes in technology that have affected the UK market for the like or directly competitive goods in the POI and MRP?

No

Appendix reference:

13. Please describe whether the market is segmented, where consumers are divided into groups based on specific characteristics. Does market segmentation in downstream markets cause the prices of the like or directly competitive goods and the goods subject to review to vary?

No

Appendix reference:

14. Please describe the current state and forecasts of the UK and world markets for the like or directly competitive goods and goods subject to review. Substantiate your comments with any documents, such as studies or articles in trade journals, that support your statement.



World Steel Association production and demand forecasts are for a steadily increasing global production and demand for steel products over the coming years. The Capacity and Capability study commissioned by BEIS in December 2017 gives a forecast of UK market opportunity to 2030. Current demand for our products is subject to and will be strongly influenced in the near future by the coronavirus pandemic. This has had a strong influence on demand in the MRP and continues to negatively impact demand, as does the uncertainty surrounding the future UK/EU trading relationship.

Appendix reference:

15. Provide any other information about the UK market for the like or directly competitive goods and the goods subject to review that may be relevant for this review?

None

Appendix reference:



SECTION C: Increase in imports

C1 Imports

1. To transition the existing safeguard measure, there must be sufficient evidence of increased imports and/or likelihood of increased imports of the goods subject to review as a result of unforeseen developments. Please comment and provide evidence on circumstances that have led and/or were likely to lead to an increase in imports of the goods subject to review to the UK in the POI. Include an explanation of whether these circumstances were or were not foreseeable.

During the POI there was increased evidence of state subsidised imports which impacted the UK market and disrupted traditional trade flows. Towards the end of the POI, in 2017, there was advanced speculation about the imposition of S232 measures in the USA which led to some diversion of tonnages into other markets (notably EU28) from Third Countries.

Appendix reference:

2. Please comment on how imports have developed during the MRP?

Please see UK Steel response. In the early part of the MRP, the first half of 2018, non-EU imports escalated dramatically, prior to the imposition of safeguard measures. This meant that when the safeguards started, there was already an over-supply in the market and stocks had to run down. In Q1 2020, when the market was slowing in reaction to the coronavirus pandemic, imports continued at a disproportionately high rate in comparison with real demand.

Appendix reference:

3. Please comment on the likelihood of the recurrence of an increase in imports if the existing safeguard measure were:
 - i) continued; or
 - ii) discontinued.Please substantiate with evidence.

If existing safeguard measures are continued, we envisage similar import reactions to those mentioned in question 2 which would give moments of high imports as quota windows are opened. However, this is preferable to the very likely recurrence of increases in imports seen at the beginning of 2018 immediately prior to the introduction of safeguards. It has to be remembered that the circumstances which led to the deployment of the safeguard measures are all still present – global overcapacity, increasing protectionism (exemplified by S232 but by no means exclusively), continued state subsidies for steel industries in some parts of the world



in a period where demand has been completely disrupted by the coronavirus pandemic. Please also see UK Steel response.

Appendix reference:



SECTION D: Costs and sales

D1 Cost to make and sell

1. Please report your production and selling costs by completing **Annex 5 – Cost to make and sell**. All values entered in the table should be totals for each year within the POI and MRP by product category.
 - Please provide costs to make and sell for:
 - i) the whole company;
 - ii) each product other than the like or directly competitive goods that you produce; and
 - iii) all like or directly competitive goods that you produce by product category.
 - For each of the like or directly competitive goods that you produce, clearly separate your costs to make (direct manufacturing costs and indirect costs) from your costs to sell (administrative, selling and general (AS&G) expenses).
 - All figures should be reported net of tax.

Not applicable

Appendix reference:

2. Please explain the cost of production allocation method for each of the like or directly competitive goods produced by your company. If you have been unable to allocate some costs, please specify this and explain whether an alternative methodology has been used.

Not applicable

Appendix reference:

2. Please explain the allocation method for selling costs for each of the like or directly competitive goods produced by your company. If you have been unable to allocate some costs, please specify this and explain whether an alternative methodology has been used.

Not applicable

Appendix reference:

D2 Sales value and volume



1. Please provide the sales value and volume information for your company in **Annex 6 – Sales** for the POI and MRP.

- Please provide the sales value and volume for
 - i) the whole company;
 - ii) each product other than the like or directly competitive goods that you produce, and
 - iii) all like or directly competitive goods that you produce by product category.
- These should include all your domestic sales of the like or directly competitive goods for the POI and MRP. Include goods that you have produced and goods that you have purchased and resold.
- Please differentiate sales to associated parties.
- Please ensure that you correctly categorise each sale by product category (a table is provided for each like or directly competitive good).
- To determine which sales fall within the POI and MRP, the invoice date should be used as the date of sale. If you are unable to use an invoice date, please contact the Case Team.

Not applicable

Appendix reference:

2. Please provide a list of associated customers for the goods. Explain the nature of the association and any effect it has on the terms of sale to that customer.

Not applicable

Appendix reference: Appendix FIN2

3. Please provide details of your distribution network for the goods, if you have one. Do your sales usually include delivery? How do you calculate delivery costs and prices? Does this vary between customers?

Not applicable

Appendix reference:

4. Where possible, provide copies of price lists for the like or directly competitive goods for the POI and MRP. Explain any changes to the price lists over the POI and MRP.

Not applicable

Appendix reference:



D3 Captive sales

1. Please provide information on captive sales in **Annex 7 – Captive sales** for the POI and MRP detailing your company's individual transfers of the finished like or directly competitive goods for internal or captive use.

Not applicable

Appendix reference:

2. Please comment on whether your captive use of the like or directly competitive goods has changed over time and what has caused the changes. Differentiate between the POI and MRP. Please attach evidence to support your answer where required.

Not applicable

Appendix reference:

D4 Purchases of the goods subject to review

2. Complete **Annex 8 – Purchases** to report your total annual purchases of the goods subject to review for the POI and MRP. Provide the data for each product category. All figures should be reported net of tax.

Not applicable

Appendix reference:

3. Describe how these purchases fit into your business model. Please attach copies of any agreements or contracts that you have relating to your purchases of the goods subject to review.

Not applicable

Appendix reference:

4. Where possible, provide copies of price lists for the goods subject to review for the POI and MRP. Explain any changes to the price lists over the POI and MRP.

Not applicable

Appendix reference:



SECTION E: Serious injury

The relevant annexes for this section are Annexes 9 and 10. In Section E information should be provided for each of your like or directly competitive goods. Please substantiate all injury data with evidence.

The data requested in this section covers the POI and the MRP, as specified on the front page. The data for the POI will be used to make a recommendation on whether the existing safeguard measure should be transitioned. The data for the MRP will be used to make a recommendation on whether the existing safeguard measure should be extended.

E1 Serious injury

This review will assess serious injury caused by increased imports of the goods subject to review if the safeguard measure were not transitioned. Serious injury means a significant overall impairment to your position or the threat of such impairment. Please provide comments in the boxes below and substantiate with evidence.

1. Is your business suffering from serious injury, i.e. (i) a significant overall impairment to your position, or (ii) the threat of such impairment? If so, please describe the nature and degree of the injury. This can relate to prices, volumes or profits associated with your production and sales of the like or directly competitive goods, or to wider aspects of your business. Please specify and substantiate your claims with evidence.

Note that if threat of such impairment has been alleged, we need to examine how imminent the threat of the situation is in developing into actual serious injury. Include why the threat of such impairment is clearly imminent.

Current market conditions with the collapse of demand, brought about by the Covid 19 crisis, have been recognised by UK Government and other stakeholders. Serious injury would be done to our business if the safeguard measures were not transitioned. With the continuation of Section 232 measures in the USA and safeguard measures in the EU, as well as similar measures in operation in other countries, it is certain that our markets would be targeted if safeguard measures are not in place for the UK market. World steel overcapacity prior to the Coronavirus pandemic was over 500 million tonnes. World capacity utilisation has dropped significantly during the crisis and all producers are seeking outlets for their products. If the measures are not transitioned, the UK would become a magnet for any excess capacity and there would be a dramatic surge in imports which would immediately and severely damage UK production and sales volumes. We have already seen under the EU safeguard measures that the opening of quotas (either annual or quarterly) does lead to surges of import supply on the products we are involved in and that some of those quotas



(particularly country quotas) are filled up more quickly than would be the historical norm. Please also see UK Steel response

Appendix reference:

2. Would your business suffer from serious injury if the existing safeguard measure on the goods subject to review were:

- i) continued; or
- ii) discontinued.

If so, please describe the nature and the degree of the injury and provide supporting evidence.

Discontinuation of the safeguard measures, at least while there are other countries who have similar measures in place, will result in immediate serious injury for the reasons expressed in answer to Q1. The problem of world overcapacity in our product areas existed prior to the coronavirus crisis and has only been exacerbated by the crisis.

With demand levels below historic levels due to Covid 19, and predicted to remain at depressed levels for the foreseeable future, the TRA should consider how to reflect current demand in the safeguard system so injury is avoided to UK producers even under the existing safeguards. See UK Steel response

Appendix reference:

3. If available, please submit any information concerning global export capacities, at this time and for the foreseeable future. Please also comment on the likelihood that this capacity will be exported to the UK. Please substantiate any claims with evidence.

Please see answers submitted to questions 1 and 2 in this section. Steel is amongst the most widely internationally traded materials. There is ample evidence that it can and is moved globally and that traders will take whatever opportunity is presented. OECD and World Steel Association data gives capacity at 2,362 million tonnes in 2019, forecast to rise to 2,441 million tonnes in 2022. In 2019, the estimated excess capacity was 514 million tonnes. In the event that safeguard measures are not in place in the UK when restrictions are placed on imports to other steel consuming countries (USA, EU), it is highly likely that imports to the UK would be increased. It is worth noting that the excess capacity available represent over 40 years worth of total steel consumption in the UK.

Appendix reference:

E2 Likelihood of serious injury



This review will assess the likelihood of serious injury caused by increased imports of the goods subject to review if the existing safeguard measure were not extended. Please provide your comments in the boxes below and substantiate with evidence.

1. Please explain whether there is a likelihood of recurrence of serious injury if the existing safeguard measure on the goods subject to review were:
 - i) continued; or
 - ii) discontinued.

Provide supporting evidence to substantiate your claims.

If the existing safeguard measures are not extended then the arguments given in E1 will apply. Global excess capacity is such that importers will target any market which does not have trade defences. Please see UK Steel response

Appendix reference:

E3 Production and production capacity

1. Please provide the production volume, production capacity and capacity utilisation for each of the like or directly competitive goods produced by your company in **Annex 9 – Injury** for the POI and MRP. Describe the method used to calculate production capacity (e.g. number of shifts, working days per year, name plate versus actual capacity, idle time for machinery maintenance and changes in the production process etc.) and capacity utilisation.

Not applicable

Appendix reference:

2. Indicate what products are produced on the same equipment and whether production can be switched to other products.

Not applicable

Appendix reference:

3. Please explain the allocation method used for production capacity and substantiate with evidence.

Not applicable

Appendix reference:

4. Please explain the cause(s) of any changes in your production volume, production capacity and capacity utilisation and substantiate with evidence.



Not applicable.

Appendix reference:

5. How would your production volume, production capacity and capacity utilisation for the like or directly competitive goods be affected if the existing safeguard measure on the goods subject to review were:

- i) continued; or
- ii) discontinued.

Please describe the nature of any changes and substantiate with evidence.

Not applicable

Appendix reference:

E4 Employment

1. Please provide the average number of employees in full-time equivalent roles (part-time employees should be included in the full-time equivalent) for each of the like or directly competitive goods in **Annex 9 – Injury** for the POI and MRP. This number should be broken down for the employees involved in the production, administration & management, and distribution & sales of the like or directly competitive goods. Please include contract labour (temporary workers).

Please also provide employment figures for your company as a whole.

Please provide annual median wage figures for all your company's sites/facilities involved in the production of the like or directly competitive goods.

2. Please explain the allocation method used for employment and substantiate with evidence. Also specify how many of these employees work on other products if production is switched over.

Not applicable

Appendix reference:

3. Please explain the cause(s) of any changes regarding the employment number and median wages and substantiate with evidence.

Not applicable

Appendix reference:



4. How would your employment and wages be affected if the existing safeguard measure on the goods subject to review were:

- i) continued; or
- ii) discontinued.

Please describe the nature of any changes and substantiate with evidence.

Not applicable

Appendix reference:

E5 Productivity

1. Please provide the productivity for each of the like or directly competitive goods manufactured by your company in **Annex 9 – Injury** for the POI and MRP. This should be provided as the average output in volume per employee for the like or directly competitive goods.

Please explain the cause(s) of any changes and substantiate with evidence.

Not applicable

Appendix reference:

2. How would your productivity for the like or directly competitive goods be affected if the existing safeguard measure on the goods subject to review were:

- i) continued; or
- ii) discontinued.

Please describe the nature of any changes and substantiate with evidence.

Not applicable

Appendix reference:

E6 Profitability

1. Please provide the profit before tax for sales for each of the like or directly competitive goods sold in the UK and the rest of the world in **Annex 9 – Injury** for the POI and MRP.

Specify how you have calculated profit. Please explain the allocation method used for profit and substantiate with evidence.

Not applicable

Appendix reference:



2. Please explain the cause(s) of any changes in the profitability of your like or directly competitive goods and substantiate with evidence.

Not applicable

Appendix reference:

3. How would your profitability of the like or directly competitive goods be affected if the existing safeguard measure on the goods subject to review were:
- i) continued; or
 - ii) discontinued.
- Please describe the nature of any changes and substantiate with evidence.

Not applicable

Appendix reference:

4. For each like or directly competitive good, please provide what level of profit before tax, as a percentage of turnover, your company would expect to generate for sales in the UK only in the absence of the increase in imports and explain how you arrived at this figure.

Not applicable

Appendix reference:

E7 Return on investment (ROI)

1. Please provide the return on investment (ROI) for each of the like or directly competitive goods in **Annex 9 – Injury** for the POI and MRP.

If you are unable to report ROI for the like or directly competitive goods only, please report ROI for the segment that contains the like or directly competitive goods, and if you are unable to do this, provide ROI for the total company. Provide an explanation and reasoning for this.

Not applicable

Appendix reference:

2. Please explain the method used to establish ROI of your like or directly competitive goods and substantiate with evidence.

Not applicable



Appendix reference:

3. Please explain the cause(s) of any changes regarding the ROI of your like or directly competitive goods and substantiate with evidence.

Not applicable

Appendix reference:

5. How would your ROI for the like or directly competitive goods be affected if the existing safeguard measure on the goods subject to review were:
- i) continued; or
 - ii) discontinued.
- Please describe the nature of any changes and substantiate with evidence.

Not applicable

Appendix reference:

E8 Investment and ability to raise capital

1. Please explain in the box below how your company's level of investment, ability to make investments and/or ability to raise capital have changed during the POI and MRP. Explain the allocation method used for investment. Describe the nature and cause of any changes and substantiate with supporting evidence, e.g. funding proposals, loan approvals or other relevant financial documentation.

Not applicable

Appendix reference:

2. How would your investment and ability to raise capital be affected if the existing safeguard measure on the goods subject to review were:
- i) continued; or
 - ii) discontinued.
- Please describe the nature of any changes and substantiate with evidence.

Not applicable

Appendix reference:

E9 Stocks

1. Please provide end of year stocks for each of the like or directly competitive goods manufactured by your company in **Annex 9 – Injury** for the POI and MRP.

Not applicable



Appendix reference:

2. Please explain the cause(s) of any changes regarding the stocks and substantiate with evidence.

Not applicable

Appendix reference:

3. How would your stocks of the like or directly competitive goods be affected if the existing safeguard measure on the goods subject to review were:
- i) continued; or
 - ii) discontinued.
- Please describe the nature of any changes and substantiate with evidence.

Not applicable

Appendix reference:

E10 Cash flow

1. Please provide the cash flow for each of the like or directly competitive goods in **Annex 10 – Cash flow** for the POI and MRP. Please explain the allocation method used for cash flow and substantiate with evidence.

Not applicable

Appendix reference:

2. Please explain the cause(s) of any changes regarding your cash flows and substantiate with evidence.

Not applicable

Appendix reference:

3. Explain any variances between your actual and forecasted budgets over the POI and MRP, with reference to your cash flow from operating activities.

Not applicable

Appendix reference:

4. How would your cash flow for the like or directly competitive goods be affected if the existing safeguard measure on the goods subject to review were:
- i) continued; or



ii) discontinued.

Please describe the nature of any changes and substantiate with evidence.

Not applicable

Appendix reference:

E11 Other factors

1. In addition to the injury factors covered above, are there any other factors that show that an increase in imports of the goods subject to review has caused and/or is likely to cause serious injury to your company. Please provide the data/information here.

No

Appendix reference:

E12 Other questions

1. Please describe, using evidence, how the injury and/or likely injury caused by an increase in imports is considered to be 'serious'?

Serious injury is caused by dramatic and sudden changes in trade patterns, most particularly surges in movement of goods for reasons of displacement from traditional markets. In mature commodity products, similar to the ones we supply, those changes in trade patterns are normally accompanied by significant discounting of prices. There is therefore a combined effect of decreased volumes and lower prices for the remaining volume for a domestic mill in the event of an increase in imports.

When the USA implemented S232 measures, the EU needed to implement safeguard measures in order to prevent the EU markets being swamped by tonnages from importers diverted away from the US market. In fact the current EU safeguard measures have allowed a significant (11.4%) increase in imports in comparison with the average 2015-2017 import levels. This relaxation of the market was in the expectation that over the course of the safeguards, the demand for steel products in the EU would increase. Demand in the UK for the products we supply has been flat and therefore the import quotas have allowed an increased import presence in comparison with 2015-2017.

The discontinuation of safeguard measures in the UK would lead to a significant surge in imports (witness what happened in rebar immediately prior to the implementation of the safeguard measures in 2018 – of total non-EU deliveries of rebar to UK in 2018, 78% were delivered in first half 2018). In addition, each time a fresh quota period has opened, there has been a surge of imports e.g. July 2019. It is clear that as soon as restrictions are either relaxed or removed, imports increase exponentially.



Appendix reference:

2. Please comment on the likelihood of trade diversion to the UK if the existing safeguard measure were to be removed due to similar measures applied on steel goods worldwide, e.g. the US Section 232 measures and the EU safeguard measure.

It is obvious that provided there is excess global production capacity, exporting countries will seek to find markets for their products and if the UK does not have measures whilst other countries have safeguards, it is almost certain that trade diversion towards the UK will happen (please see previous comments). See also UK Steel response.

Appendix reference:

3. Please comment on the future position of the UK industry if the existing safeguard measure were:
- i) continued; or
 - ii) discontinued.
- Substantiate with evidence.

If safeguard measures are continued it will be the status quo for the industry. Other factors (e.g. Brexit) may have an impact.
If safeguard measures are discontinued, the future position of the UK industry will be inevitably weakened, could well lead to loss of volume, the loss of value to the UK economy and ultimately the likelihood of fewer steel jobs in the UK. Other impacts could be an increase in global CO2 because of the movement of raw materials and manufacture elsewhere. See also UK Steel response

Appendix reference:



SECTION F: Causation

This review must examine the causal link between the increase in imports and the serious injury, or likelihood of serious injury, suffered by the UK industry. Other factors other than trends in imports that may have caused or are likely to cause serious injury must also be examined.

F1 Link between serious injury and increase in imports

1. Please comment on the link between the serious injury, or the threat of serious injury, suffered by the UK industry and the increase in imports into the UK and substantiate with evidence. The injury factors specified above can be used to explain the causal link. Please consider the following:
 - Has the increase in imports caused serious injury to the industry, or threat of serious injury, and if so why? Why has the industry not been able to adjust to the increase?
 - Have the imports coming into the UK been sold at prices lower than the like or directly competitive goods?
 - Has price undercutting of the imported goods caused you to lower the prices of the like or directly competitive goods produced by your company?
 - Has the lowering of prices for the like or directly competitive goods impacted other factors mentioned in the serious injury section such as production, market share, cash flow and investments? If so, how?
 - If the industry is benefitting from existing anti-dumping or countervailing duties on specific products, how has the increase in imports developed given the existence of duties?

For all the product areas we serve, there is a historical market participation of domestic production and traditional imports. It is sudden changes/increases in import participation that cause serious injury. If that import penetration is coming from non-market economies, alternative trade remedies can be used to prevent serious damage to the market, but safeguards are needed when the threat of distortion of the market through displacement of normal trade flows and redirection of significant volumes of trade are present from multiple sources. This was the case in 2018 when the EU safeguards were introduced. Those threats of trade redirection still exist



because those measures (e.g. S232) are still in place, and are enhanced even further by the impact of the global pandemic as most consuming markets around the world have suffered badly in demand terms and producers are seeking to find alternatives for the shortfall they may be experiencing in their traditional markets.

There is a real and present threat that without safeguard measures, the UK will become a magnet for both displaced tonnes from trade barriers in other parts of the world but also the general lower demand brought about by the lower economic activity resulting from the Covid pandemic. As has been demonstrated, whenever new quota windows have opened, there have been surges in imports and the surges cause the serious injury.

It has to be remembered that under the existing safeguards, there has been an increase in import quotas allowed during a period when the UK market demand has been stable or has actually decreased (particularly in 2020). Potential surges in imports through discontinuation of safeguard measures will have a negative impact on the stability of the UK market both in volume and price terms and the consequent destabilisation will have automatic consequences on the production, sales and employment of UK industry. Under present circumstances with depressed demand and continued trade measures in other countries, the finding of alternative markets to compensate for an import surge in our product areas will not be possible.

Appendix reference:

2. How would the cause(s) or degree of serious injury change if the existing safeguard measure on the goods subject to review were:

- i) continued; or
- ii) discontinued.

Please describe the nature of any change and substantiate your claims with evidence.

Please see previous answers. Discontinuation of safeguard measures would cause immediate and serious injury to the UK industry

Appendix reference:

F2 Other causation factors

1. Please comment and substantiate with evidence on other factors, separate from the increase in imports, that may have caused serious injury or threaten to cause serious injury to the UK industry. This may include:

- UK demand for the like or directly competitive goods;
- the overall situation on the world market of the like or directly competitive goods and the demand for exports towards third countries;
- the competitiveness of your company (including quality, efficiency and performances of your production lines) with respect to competitors;
- the reasons and consequences of any reductions in your exports to other markets.



This list is non-exhaustive. Please add any additional information explaining the current state of the UK industry.

Demand has been severely affected during 2020 by the effects of the Covid pandemic. As a result demands are considerably lower than in previous years, both in the UK and in our export markets. If anything, safeguard quotas need to be lowered in order to reflect the decreased UK demand levels. Export markets have reduced demand to a similar extent and therefore do not provide an alternative for any tonnes displaced from the UK market.

Appendix reference:



SECTION G: Adjustment plan

To implement a safeguard measure, UK producers are required to submit an adjustment plan. The adjustment plan should set out how UK producers of the like or directly competitive goods intend to adjust to the importation of goods in increased quantities. Support the adjustment plan with evidence. Please contact the case team if you would like to take an alternative approach, e.g. an industry-wide plan.

An adjustment plan should set out the following:

- i) How you intend to adjust to the importation of the goods subject to review in increased quantities.
- ii) Potential innovation, research and development initiatives to improve the competitiveness of your company.
- iii) Changes intended to improve efficiency, including workforce effectiveness and investing in new or different machinery.

G1 Your company adjustment plan

1. Please explain your company's adjustment strategy in response to the increase in imports since the implementation of the EU safeguard measure on steel products. In your answer, please refer to:
 - what you intended to do to adjust to the importation of the goods subject to review in increased quantities and why these specific factors have been chosen;
 - the actions that you planned to take in order to achieve the intended changes to adjust to the importation of the goods subject to review in increased quantities; and
 - the timeframe for completing the actions.

The actions presented in the adjustment plan should cover, but are not limited to:

- changes to selling prices and/or volumes; and
- changes to costs, such as direct material costs, labour costs and manufacturing overheads (indirect expenses).

When the EU safeguard measures were introduced, the TRQs introduced were intended to keep the imports to the EU initially at the average 2015-2017 levels. Whilst there were no controls over where in the EU those imports could be directed, it was generally considered that existing patterns of trade would be followed and therefore there would be no real distortions. The EU originally scheduled to increase the import TRQs by 5% per annum to allow for an increasing market overall. It was envisaged that both imports and domestic production would benefit from the overall market size improvement. Subsequent adjustments in TRQs were toned down to 3%, giving a total of 11.4% increase in TRQs over the 3 years of the safeguard system. For the UK markets we serve, there has been no real increase in demand in the years 2018/2019 and 2020 has so far shown a very significant decline in demand.



Our adjustment strategy was to improve our service to customers, investigation and introduction of new products, reducing cost through efficiency and productivity, reducing carbon footprint and demonstrating our contribution to local and national economies and sustainability – economic, environmental and social contributions. Uncertainties surrounding future trading arrangements between UK and EU and the Covid 19 crisis have made normal adjustments more difficult to implement.

Appendix reference:

2. Please explain how and when the actions described in question G1.1 (above) have been completed. Indicate whether and how these actions have affected:
- selling prices and/or volumes; and
 - costs, such as direct material costs, labour costs and manufacturing overheads (indirect expenses).

If you have been unable to complete any of the actions from your initial plan, please explain the reasoning for this and the impact this has had on the adjustment of your business.

All the actions described above are continuous and continuing. Other external factors (Covid 19, Brexit) have had even more significant impacts on demand volumes in 2020. Avoiding the distorting influence of surges of availability of products is of paramount importance to UK producers. As long as excess capacity exists and producers seek the benefit of marginal volume gains, there will remain pressure for improvement activities in all action areas.

Appendix reference:

3. Please explain your company's adjustment strategy to the increase in imports if the implementation of the safeguard measure is extended. In your answer, please refer to:
- what you intend to do to adjust to the importation of the goods subject to review in increased quantities and why these specific factors have been chosen;
 - the actions that you plan to take in order to achieve the intended changes to adjust to the importation of the goods subject to review in increased quantities; and
 - the timeframe for completing the actions.

The actions presented in the adjustment plan should cover, but are not limited to:

- changes to selling prices and/or volumes; and
- changes to costs, such as direct material costs, labour costs and manufacturing overheads (indirect expenses).

Where possible, please provide evidence, including from past experience where possible, of how the adjustment plan can be delivered given the nature of your business, the competitive environment and the expected timeframe for completion. If you have previously made similar adjustments to your business,



such as cutting costs, this would be suitable to evidence whether the actions set out in the plan can be reasonably achieved.

As long as similar trade defence measures apply elsewhere, not limited just to S232 and EU safeguards, and overcapacity continues globally, UK safeguard measures are necessary. Extension of the measures would mean a continuation of the actions described previously.

Appendix reference:



SECTION H: Economic interest

H1 UK economic interest

The Economic Interest Test assesses the economic impact of a measure compared to what would happen if it was not maintained. There are six factors which TRID must consider as part of the economic interest test:

- i) The serious injury caused by the importation of goods in increased quantities to UK producers of those goods and the benefits to that industry in removing the injury.
- ii) The economic significance of affected industries and consumers in the UK.
- iii) The likely impact on affected industries and consumers in the UK.
- iv) The likely impact on particular geographic areas, or particular groups, in the UK.
- v) The likely consequences for the competitive environment and for the structure of markets for goods in the UK.
- vi) Other matters that TRID consider relevant.

The questions in this section will contribute to this assessment. **For questions in this section please provide information broken down by each of your company's sites/facilities, where relevant and possible. The data should cover January 2019 – June 2020 to allow for an assessment of the current economic situation and how it may develop.**

1. Please provide an overview of your supply chain for the like or directly competitive goods, from raw materials through to final customers. Where possible, please describe the number, location and size of companies at each stage.

CELSA Steel's manufacturing operation is based in Cardiff, South Wales. A very high percentage of our spend is with UK companies, particularly in Wales. Our main raw material is steel scrap which is purchased entirely from UK sources. We provide well paid jobs and many of our employees live in areas of economic deprivation. We supply fabricators and stockholders located throughout the UK to support the construction and general engineering sectors.

Appendix reference:

2. Please provide a breakdown by location for the employment figures provided in **Section E**. How would employment figures in certain locations be affected if the existing safeguard measure on the goods subject to review were:
 - i) continued; or
 - ii) discontinued.



Please substantiate your claims with evidence. Where possible, please provide estimates (e.g. projections or forecasts) for both scenarios for the next three years and explain the method used to calculate them.

All employees are based in South Wales. Continuation of safeguards should give no changed impact on employment. Discontinuation of the safeguards will have a significant negative impact (as previously explained).

Appendix reference:

3. Please provide a breakdown by location for the wages provided in **Section E**. If you are unable to provide median wages, please provide mean wages. How would wages in certain locations be affected if the existing safeguard measure on the goods subject to review were:

- i) continued; or
- ii) discontinued.

Please substantiate your claims with evidence. Where possible, please provide estimates (e.g. projections or forecasts) for both scenarios for the next three years and explain the method used to calculate them.

Commercially sensitive

Appendix reference:

4. If known, what fraction of domestic demand for the like or directly competitive goods (by volume) does your company supply? How would your market share be affected if the existing safeguard measure were:

- i) continued; or
- ii) discontinued.

Please substantiate your claims with evidence. Where possible, please provide estimates (e.g. projections or forecasts) for both scenarios for the next three years and explain the method used to calculate them.

Market share by product category varies both in the POI and the MRP. Discontinuation of safeguard measures will result in higher imports and consequently lower market share.

Appendix reference:

5. Please comment on how significant production of the like or directly competitive goods is in relation to your company's entire UK production.

All UK production is in the cited categories of goods

Appendix reference:



6. Please comment on any related industries that might be affected if the existing safeguard measure on the goods subject to review were to be removed. Please consider in particular:
- upstream industries – those who produce inputs needed for the like or directly competitive goods and/or goods subject to review; and
 - downstream industries – those who purchase the like or directly competitive goods and/or goods subject to review.

In the case of removal of safeguard measures, the consequences mentioned above would have significant consequences on the upstream supply chain in terms of reduced demand locally – scrap suppliers, engineering companies with potential consequences for employment. Additionally, the supply chain downstream would be forced to source their goods from imported sources. Carbon footprint of projects would increase.

Appendix reference:

7. Would any other industries would be affected if the existing safeguard measure on the goods subject to review were:
- continued; or
 - discontinued.
- Please substantiate your claims with evidence.

It should be noted that given the lower levels of demand currently (Covid) there is spare capacity for all products we supply. Current TRQs are allowing higher than historic imports into the market at a time when demand is historically low so there is no shortage of supply and therefore no negative impacts on end users if current safeguards are continued. Conversely, in the event of the discontinuation of safeguards in our product areas, and the previously mentioned possible consequences the construction industry would be impacted severely and iconic projects could be forced to use imported materials.

Appendix reference:

8. Please comment on which other markets or products would be affected if the existing safeguard measure on the goods subject to review were:
- continued; or
 - discontinued.
- This could include substitute products (such as margarine for butter) or complementary products (such as printers and ink). Please substantiate your claims with evidence.

Baseload demand for electricity at low demand times (e.g. night time, bank holidays) could be severely reduced if safeguards were discontinued, giving



balancing problems to the National Grid (n.b. during the first lockdown of the pandemic, our continued demand helped to avoid severe blackouts).

Appendix reference:

9. Please describe how you would expect the following to be affected if the existing safeguard measure on the goods subject to review were (i) continued or (ii) discontinued:

- i) market price of the like or directly competitive goods in the UK; and
- ii) total UK output of the like or directly competitive goods.

Where possible, please provide estimates (e.g. projections or forecasts) for both scenarios for the next three years to support your claims.

Continuation of the measures will mean little or no change to current circumstances. Discontinuation of the measures would mean heightened competition through more imports and in the short term a potential price war as importers fought to gain volume. This would have a very severe negative impact on UK production. Ultimately, if production ceased in the UK, the market price would be likely to increase as importers were able to recover their costs.

Appendix reference:

10. Please describe how you would expect the following to be affected if the existing safeguard measure on the goods subject to review were (i) continued or (ii) discontinued:

- i) total imports of the goods subject to review to the UK; and
- ii) total exports from the UK.

Where possible, please provide estimates (e.g. projections or forecasts) for both scenarios for the next three years to support your claims.

*If existing safeguards are continued, the market situation will not change and current conditions will prevail.
If safeguards are discontinued, imports will increase steeply as the UK will be seen as an outlet for excess capacity for materials diverted away from other markets because of trade measures. Please also refer to UK Steel response.
Following any surge in imports to UK, we will attempt to increase exports but it is highly likely that because of trade measures in other countries that will not be possible at anywhere near an acceptable price or in the quantities required. With the restrictions we foresee related to our new trading relationship with the EU and safeguards in that direction, the best possible outcome is that UK exports will stay flat but it is more likely that they will decline.*

Appendix reference:

11. To what extent would you expect any increase in costs for the goods subject to review to be passed onto end users? Please support your answer with evidence.



Cost increases related to global commodity materials (e.g. scrap/electrodes) have to be passed on to customers as margins are too small for these costs to be absorbed and will be universally applied by producers, irrespective of whether they are domestic producers or importers.

Appendix reference:

12. How would plans for future UK investment or expansion be affected if the existing safeguard measure of the goods subject to review were:

- i) continued; or
- ii) discontinued.

If so, please provide detail by location with supporting evidence.

If existing measures are continued there will be no change in investment plans. Discontinuation of safeguards will only lead to less investment as the business will look weaker in comparison with other investment opportunities in other countries.

Appendix reference:

13. As a public body, TRID has an obligation under the *Equality Act 2010* to ensure that the possible effects of its activities on different people are considered. This Public Sector Equality Duty covers the following protected characteristics:

- age,
- disability,
- gender reassignment,
- marriage or civil partnership,
- pregnancy and maternity,
- race,
- religion or belief,
- sex, and
- sexual orientation.

If you have any information that could assist us in our consideration of whether the continuation of the existing safeguard measure might disproportionately affect any of these groups, please provide it in the box below.

Nothing to add

Appendix reference:

14. In terms of the competitive environment and structure of markets for goods in the UK, please answer the following questions in relation to how the continuation of the existing safeguard measure could impact:

- i) the number and range of suppliers of like or directly competitive goods and/or goods subject to review;



- ii) the ability of suppliers of like or directly competitive goods and/or goods subject to review to compete;
 - iii) the incentives for suppliers of like or directly competitive goods and/or goods subject to review to compete vigorously; and
 - iv) the choices and information available to UK consumers?
- Specify by relevant product categories. Please provide evidence to support your answer.

i) Under the current safeguard system, in all categories that we supply, the number of suppliers to the UK has at least remained stable. In some categories there have been several new countries/individual mill supply sources introduced to the market.

ii) Safeguard measures have not stifled any competition. It is important to understand that the safeguard system protects the average import levels under the TRQs. They have prevented import surges which would disrupt the market.

iii) Competition has continued to be as intense in all our product areas as previously and the alternatives available to consumers has been as extensive as prior to the implementation of safeguards.

iv) Choices remain for UK consumers consistent with the last several years.

Appendix reference:

15. Please describe the nature and degree of any regional impacts that you would expect if the existing safeguard measure on the goods subject to review were:
- i) continued; or
 - ii) discontinued.
- Please substantiate your claims with evidence.

Continuation of existing measures should not have any regional impact. Discontinuation will mean that our employment levels will be under threat if imports surge as predicted (see previous answers). These are high value jobs provided to employees living in areas of economic deprivation.

Appendix reference:

16. If there are any additional economic factors that you consider to be relevant for the Economic Interest Test in this review, please provide details here and any supporting evidence.

No

Appendix reference:



SECTION I: Next steps and declaration

Next steps

Once you have completed all parts of the questionnaire, the declaration below should be signed by an authorised signatory.

The questionnaire, spreadsheet annex and any appendices should be submitted through the Trade Remedies Service (www.trade-remedies.service.gov.uk) by 28 November 2020. The checklist in Section J of this questionnaire may help ensure your submission is complete.

A confidential and non-confidential version of the questionnaire and related annex must be submitted. You can find guidance on how to complete confidential and non-confidential versions at <https://www.gov.uk/government/publications/the-uk-trade-remedies-investigations-process/an-introduction-to-our-investigations-process#how-we-handle-confidential-information>.

Declaration

By signing this declaration, you agree that all information supplied in this questionnaire is complete and correct to the best of your knowledge and belief and understand that the information submitted may be subject to authentication by TRID.

Internal registration number:
Company name: CELSA Steel UK

03/12/2020

Date

Signature of authorised signatory

Company stamp

Name and title of authorised
signatory



SECTION J: Checklist and appendices

This section is an aid to ensure that you have completed all sections of this questionnaire.

Section	Please tick if you have responded to all questions
Section A – Company structure and operations	
Section B – Goods	
Section C – Increase in imports	
Section D – Costs and sales	
Section E – Serious injury	
Section F – Causation	
Section G – Adjustment plan	
Section H – Economic interest	
Section I – Next steps and declaration	

Please list any appendices that you have referenced throughout and are attaching along with this questionnaire.

Appendix reference	Document title

+Add additional rows as required