

## **Annex E2 Part 1 : Production, Capacity and Capacity Utilisation of PRC Wire Rod Producers**

**Please read in conjunction with our original submission with sections referenced below.**

### 1. Introduction

This annex provides evidence-based estimates relating to the production volumes, production capacity, and capacity utilisation of wire rod producers in the People's Republic of China (PRC) during the Period of Investigation (POI), as drawn from authoritative data sources cited within the main submission.

### 2. Production Volumes of Chinese Wire Rod Producers

The available data confirms that China is by far the world's largest producer of wire rod, with output levels vastly exceeding domestic demand in many export markets, including the UK.

- In 2024, Chinese wire rod production reached approximately 134.968 million tonnes.  
This figure is sourced from Global Steel Web (2024) as referenced in Section 3.2 of the main submission.
- In the same year, China exported 6.31 million tonnes of wire rod, a volume more than ten times greater than total annual UK consumption (0.6 Mt).

These data points illustrate China's capacity to export significant quantities of wire rod without materially affecting its domestic supply position.

### 3. Production Capacity of Chinese Wire Rod Producers

Evidence shows that China possesses extremely large installed wire rod capacity, significantly exceeding even its extraordinarily high production levels.

- Based on CEIC data and applying the maximum utilisation rate observed over the last decade (74.65%), the estimated total Chinese wire rod production

capacity is around 180 million tonnes.

This calculation is outlined in Section 3.2 of the main submission.

This capacity base is more than sufficient to supply global markets many times over, reinforcing China's position as the dominant global producer.

#### 4. Capacity Utilisation of Chinese Producers

The data demonstrates consistently low utilisation levels compared with total installed capacity:

- Even at the highest utilisation rate recorded in the last ten years (74.65%), China retains at least 45 million tonnes of unused wire rod capacity.
- This level of unused capacity alone is nearly 75 times the size of UK annual consumption (0.6 Mt).

The existence of such significant surplus capacity indicates that PRC producers can rapidly increase exports to foreign markets without encountering domestic constraints.

#### 5. Implications for the UK Market

The combination of:

- exceptionally high production volumes,
- massive installed capacity,
- structurally low utilisation rates, and
- more than 45 Mt of surplus capacity

means that Chinese wire rod producers retain both the ability and economic incentives to redirect large volumes of production to export markets when commercially attractive. Given the UK market's relatively small size, even a modest diversion of Chinese output would be sufficient to materially disrupt the domestic industry.

These conditions were central to previous findings of likely recurrence of dumping and injury and remain fully applicable during the present review period.

## 6. Conclusion

The PRC wire rod industry operates at a scale far exceeding domestic or global demand growth, with substantial unused production capacity that can be deployed for export. This structural overcapacity constitutes a major ongoing risk to the UK industry should trade remedies be removed. The figures presented—134.97 Mt production, ~180 Mt capacity, and >45 Mt surplus capacity—demonstrate the clear likelihood of renewed injury through rapid expansion of Chinese export volumes in the absence of existing measures.