

**TD0054 - Transition anti-dumping (“AD”) review
into Certain Organic Coated Steel Products
 (“OCS”) originating in the People’s Republic of
China - Tata Steel UK (“TSUK”)’s comments in
favour of extending the AD duties for a further
five-year period**

NON-CONFIDENTIAL VERSION

23 September 2024

Table of contents

I.	INTRODUCTION	3
II.	TSUK AND THE STRUCTURE OF THE UK MARKET	4
III.	DUMPING IS LIKELY TO CONTINUE IN THE EVENT THAT AD DUTIES ARE NO LONGER APPLIED TO OCS IMPORTS FROM CHINA.....	5
1.	THE TRA SHOULD CALCULATE DUMPING FOR CHINESE EXPORTERS ON THE BASIS OF REGULATION 14(1)(B).....	5
2.	IN THE ALTERNATIVE, THE EXISTENCE OF A ‘PARTICULAR MARKET SITUATION’ MEANS THAT ALL PRICES AND COSTS SHOULD BE ADJUSTED IN ACCORDANCE WITH REGULATION 13.....	6
3.	CHINESE EXPORTS ARE STILL BEING SOLD AT DUMPED PRICES	6
IV.	THE SITUATION OF THE UK OCS INDUSTRY REMAINS VULNERABLE. INJURY TO THE UK INDUSTRY WOULD BE LIKELY TO RECUR IF THE AD DUTIES ARE LEFT TO EXPIRE.....	8
1.	UK CONSUMPTION	8
2.	IMPORTS FROM CHINA.....	8
3.	THE VULNERABLE FINANCIAL SITUATION OF THE UK INDUSTRY	10
4.	CONCLUSION ON RECURRENCE OF INJURY	18
V.	THE STATE OF THE CHINESE STEEL MARKET AND INDUSTRY GUARANTEES THAT INJURIOUS DUMPING WILL CONTINUE IF THE AD MEASURES ARE LEFT TO EXPIRE.....	18
1.	OCS CAPACITY IN CHINA IS ENORMOUS AND NEW CAPACITY IS BEING ADDED, ENCOURAGED AND SUBSIDIZED BY THE CHINESE GOVERNMENT	18
2.	CHINESE EXPORTERS INCREASINGLY DUMP OCS PRODUCTS IN LARGE VOLUMES AT VERY LOW PRICES IN THIRD-COUNTRY MARKETS	19
3.	TRADE DEFENCE MEASURES AGAINST CHINESE OCS IN MAJOR EXPORTS MARKETS WILL INCREASE PRESSURE ON UK MARKET.....	19
4.	SHIPPING COSTS FROM CHINA TO EUROPE HAVE DECREASED SIGNIFICANTLY.....	19
VI.	CHINESE EXPORTERS ARE LIKELY TO TARGET THE UK MARKET IN THE EVENT THAT THE MEASURES ARE LEFT TO EXPIRE	20
VII.	THE ECONOMIC INTEREST TEST (“EET”) IS CLEARLY MET IN THIS CASE.....	20
1.	IMPORTANCE OF THE UK OCS INDUSTRY	20
2.	THE CONTINUATION OF THE MEASURES WILL NOT BE AGAINST THE INTERESTS OF VARIOUS MARKET OPERATORS	21
VIII.	CONCLUSION	22

I. Introduction

1. This submission is made on behalf of TSUK, the sole OCS producer in the UK¹ in the context of the above review investigation. TSUK welcomes the Trade Remedy Authority (“TRA”)’s decision to open and conduct the ongoing transition review.
2. As the TSUK demonstrates below in this submission, all facts on the record support a conclusion that extension of the AD measures is merited in this case. A failure to do so would lead the UK OCS producer, which remains vulnerable despite the measures in place, to once again suffer injury due to dumped OCS imports from China. The information provided below shows that the applicable legal tests are met, and extension of the AD measures is justified in this case.
3. *First*, the AD measures have been effective. Chinese unfair OCS imports dropped to low levels upon the imposition of duties and have remained so throughout the period considered.
4. *Second*, removal of the AD measures would likely result in recurrence of large-scale dumping. Dumping by imports from China on sales to the UK is bound to recur given Chinese exporters’ behaviour on other export markets. As explained below, when calculating normal value for Chinese OCS exporters, the TRA should disregard Chinese exporters’ domestic prices and costs and should instead resort to prices and costs in a third country pursuant to Regulation 14(1)(b). In the alternative, the TRA should apply the provisions set out in Regulations 7, 8, and 13 given the existence of “particular market situation” and “significant distortions” in the Chinese steel market. TSUK has demonstrated that Chinese exporters sell their OCS in massive volumes (around 7 million tonnes) and dumped prices on third-country markets. Indeed, the dumping simulations provided by TSUK show that Chinese exporters sell their OCS products in third-country markets at significantly dumped prices with margin of dumping significantly above [100]%.
[REDACTED]
5. *Third*, removal of the AD measures would also likely lead to a recurrence of injury. The information provided by TSUK shows that despite a moderate recovery in recent periods, the UK OCS industry is still in a vulnerable state, and would be injured by another surge of dumped Chinese OCS imports. This is among other things due to other developments such as high energy costs, notably due to Russia’s invasion of Ukraine, as well as pressure from other imports, which did not allow the UK OCS industry to benefit fully from the AD measures in place. Indeed, the data shows that following an improved performance in POI-2 and POI-1 due to the COVID-driven market imbalance, things have once again

¹ <https://www.tatasteeleurope.com/>

tuned for the worse. Indeed, during the POI, [TSUK generated [Confidential – information regarding TSUK profitability].²

6. *Fourth*, given the existing vast excess capacity in China of around [20-30] million tonnes, plus Chinese exporters’ behaviour in third country markets, plus the fact that many other markets are closed for Chinese OCS exports, it is inevitable that Chinese exports will once again target the UK market if the measures are allowed to lapse.
7. *Fifth*, TSUK will demonstrate that given the Trade Defence Instruments (“TDI”) measures currently in place, Chinese export prices to the UK were much higher compared to Chinese prices to other export markets. In TSUK’s view, Chinese export prices to third country markets are indicative of the injuriously low-price levels at which Chinese OCS will be sold in the UK in the event that the AD measures are allowed to lapse.
8. Finally, TSUK demonstrates that the Economic Effects Test (“EET”) is met in this case, and extension of the measures would be in the interest of all interested parties involved.

II. TSUK and the structure of the UK market

9. TSUK already provided a detailed description of its TSUK in its response to the TRA questionnaire where it explained that TSUK is the only OCS producer in the UK. The company manufactures OCS at its organic coating lines in Shotton, North Wales. TSUK also has galvanising lines at the same facility, so it can [Confidential - information regarding TSUK’s sourcing and production patterns].
10. Approximately [70-100]% of TSUK’s OCS sales are made in the construction sector. The like goods and the goods subject to review are used globally for building envelope, roof, and wall cladding systems in a wide range of industrial and commercial buildings, including warehousing, distribution, and logistics, as well as schools, offices, retail, and leisure applications amongst many others. The remaining [5-15]% of TSUK’s sales of the like goods are destined for end uses in manufactured goods, domestic appliances, etc.
11. TSUK’s Building Systems unit is also located in Shotton. Building Systems use OCS to make products designed for the construction industry that are no longer flat steel. They may be shaped, or even formed into sandwich boards to be used in the fabric of buildings. TSUK’s market share in the UK is around [40-50]% as demonstrated in the following table showing demand and supply in the UK OCS market.

OCS	POI-3	POI-2	POI-1	POI
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² In addition to pressure by imports, the loss was caused by an increase in costs that TSUK was not in a position to reflect in selling prices due to slow demand.

Total Imports into the UK (MT)	200,232	253,276	189,007	159,082
TSUK Deliveries (MT)	[Confidential]	[Confidential]	[Confidential]	[Confidential]
UK Market Supply (MT)	[Confidential]	[Confidential]	[Confidential]	[Confidential]
TSUK Market Share	[30-50]%	[35-55]%	[35-55]%	[37-57]%

12. There are multiple importers/distributors and users of OCS in the UK. Users predominantly buy OCS from steel service centres (“SSCs”), although there are some direct sales to final users as well.
13. As noted, TSUK is the only OCS producer in the UK, and its performance can be viewed as representative for the UK industry as a whole. TSUK also has a detailed and unique insight into the UK OCS market.
14. It should be noted that the anti-dumping (“AD) and anti-subsidy (“AS”) measures have been successful as imports of OCS from China has dropped dramatically. This being said, the measures in place are the only thing keeping dumped imports from China from once again flowing into the UK market.

III. Dumping is likely to continue in the event that AD duties are no longer applied to OCS imports from China

15. It is clear that dumping by Chinese OCS exports to the UK will recur in the event that the AD measures are permitted to expire.
 1. The TRA should calculate dumping for Chinese exporters on the basis of Regulation 14(1)(b)
16. Regulation 14(1)(b) explicitly covers the situation where members of the WTO have specific provisions in their membership terms regarding the determinations of normal value. These provisions must have meaning in UK law and should not be ignored. TSUK submits that Regulation 14(1)(b) is applicable to China in this investigation and the TRA should determine that this provision applies and that the TRA should calculate normal value in line with the options available under Regulation 14. These include:
 - In accordance with regulation 10 (appropriate third country or territory and representative price) or regulations 11 (costs of production) and 12 (the amounts for administrative, selling and general costs and for profits);
 - on the basis of the costs of production of the like goods plus a reasonable amount for administrative, selling and general costs and for profits in an appropriate third country;
 - on any other basis the TRA considers is reasonable.

17. TSUK submits that it is appropriate for the TRA to apply Regulation 14(1)(b) in constructing a normal value for China.
 2. In the alternative, the existence of a ‘particular market situation’ means that all prices and costs should be adjusted in accordance with regulation 13
18. If the TRA decides that Regulation 14(1)(b) is not applicable in this case, TSUK notes that in the alternative that the TRA should use the provisions set out in Regulations 7, 8, and 13 as they are applicable and should be used in determining normal value in this case.
 - Regulation 7(1) states that the comparable price must be used to determine normal value unless it is not appropriate to use that price.
 - Regulation 7(2)(b) establishes that one of the reasons why it would not be appropriate to use the comparable price is because of the existence of a ‘particular market situation’.
 - Regulation 7(4) establishes that a ‘particular market situation’ includes situations where: a) prices are artificially low; b) There is significant barter trade, and c) prices reflect non-commercial factors.
19. This list is not exhaustive and may include other situations. In ANNEX 1, the TSUK has provided evidence pointing to significant distortions in the Chinese steel sector (including OCS). Based on the evidence presented in ANNEX 1, TSUK argues that a particular market situation exists in the Chinese OCS industry. Prices and costs are artificially low and reflect non-commercial factors. The level of distortion renders domestic prices and costs wholly inappropriate to use in determining normal value and means that alternative methodologies should be used to determine normal value in accordance with Regulation 8.
 3. Chinese exports are still being sold at dumped prices
20. Following the imposition of AD and AS measures on OCS imports from China in 2013 and their extension via an expiry review in 2019, Chinese exports to the UK dropped significantly, which demonstrates the measures’ efficacy (*See ANNEX 2*). As a result, TSUK has resorted to other methods in order to demonstrate what is likely to happen in terms of dumping by Chinese imports in the event that the AD measures are allowed to lapse.
21. Chinese exporters continue to export large volumes of OCS and would resume large-scale exports to the UK if not disciplined by the AD measures. To demonstrate this, TSUK obtained evidence from Trade Data Monitor (“TDM”) - a comprehensive online trade statistics service showing prices at which Chinese exporters sold their OCS in various markets. TSUK looked at Chinese export prices globally, as well as prices to the largest export destinations for Chinese exporters such as Thailand, Indonesia, the Philippines and Turkey, which account for over a quarter of Chinese OCS exports. These offers reveal the true level at which Chinese OCS products would be sold in the UK absent the AD measures. As noted, Chinese dumping in third countries is also evidenced

by the fact that countries such as the US³, EU⁴ (AD and AS), India⁵, Malaysia⁶, Vietnam⁷, Pakistan⁸ and Turkey⁹, as well as others have imposed (or are in the process of imposing) trade defence measures that affect OCS originating in China. As to the US, since January 2018 steel (OCS included) from many countries of origin, including China, is in addition subject to a 25 % tariff based on Section 232. (See ANNEX 3 for a list of third countries' trade defence measures in place on OCS imports from China.)

22. As explained in ANNEX 4, TSUK has compared these export prices with a normal value based on a cost model (using TSUK's producing company's cost structure, and prices of inputs in a third, representative country (i.e., Brazil)), with all due adjustments including customs duties, transportation costs, etc. In TSUK's view there are a number of reasons why Brazil is an appropriate representative country in respect to China. First, Brazil is regarded by the World Bank as country with a similar level of economic development as China on a gross national income ("GNI") basis, with Brazil having GNI per capita in 2023 of USD 9,070 versus USD 13,400 for China.¹⁰ Second, there is an OCS in Brazil, Companhia Siderurgica Nacional ("CSN"), which produces the product concerned, for which financial information is readily available online including data on usage ratios, factors of production, overhead, SG&A, and profitability (Please see ANNEX 4).¹¹ Lastly, as TSUK has explained in ANNEX 4, Brazil clearly also has available data on unit values concerning various input materials. Based on this, TSUK considers Brazil to be an appropriate representative country for the purposes of estimating dumping.
23. In order to construct normal value, TSUK has used the following components; (i) raw material usage factors based on TSUK's cost structure; (ii) raw material unit prices based on public information (as provided by Global Trade Atlas) showing import prices in a third country – Brazil; (iii) energy rates in Brazil taken from public sources; (iv) labour, depreciation, financial expenses, SG&A, profits etc., taken from a Brazilian OCS producer's Companhia Siderurgica Nacional ("CSN") annual report. For further details, please see ANNEX 4.
24. The evidence collected by TSUK and presented in ANNEX 4 clearly shows that dumping is continuing in third markets and is therefore likely to recur in the UK if the AD measures are allowed to lapse.

³ [Certain Corrosion-Resistant Steel Products from China, India, Italy, South Korea, and Taiwan \(usitc.gov\)](https://www.usitc.gov)

⁴ [Trade defence investigations \(europa.eu\)](https://europa.eu)

⁵ [Colour Coated Pre painted Flat Products alloy non alloy steel China PR & EU. | Directorate General of Trade Remedies | MOCI | GOI \(dgtr.gov.in\)](https://www.dgtr.gov.in)

⁶ [Malaysia maintains anti-dumping duties on colour-coated steel \(kallanish.com\)](https://www.kallanish.com)

⁷ [Vietnam's Color Coated Steel Plate Related To China - Huaxiao Metal](https://www.huaxiao.com)

⁸ [Pakistan slaps antidumping duties on coated steel from China, South Africa | S&P Global Commodity Insights \(spglobal.com\)](https://www.spglobal.com)

⁹ [Turkey issues dumping margin in color coated sheet case against China \(steelorbis.com\)](https://www.steelorbis.com)

¹⁰ [GNI per capita, Atlas method \(current US\\$\) | Data \(worldbank.org\)](https://data.worldbank.org)

¹¹ [Pre-Painted - CSN](https://www.csn.com.br)

25. As seen in ANNEX 4, the average dumping margin for imports from China is in all cases is significantly above [100-120]%. It should be noted that these estimates are conservative due to the way the constructed normal value is calculated.
26. These calculations are clear evidence that dumping will resume in the event that the AD measures are left to expire.

IV. The situation of the UK OCS industry remains vulnerable. Injury to the UK industry would be likely to recur if the AD duties are left to expire

27. This conclusion becomes obvious if one looks at the current situation on the UK market as well UK producers’ economic and financial performance.

1. UK consumption

28. UK consumption fluctuated following the extension of the AD measures in 2019. It rose in POI-2 (1 April 2021 to 31 March 2022) compared to POI-3 (1 April 2020 to 31 March 2021), then fell again in POI-1 (1 April 2022 to 31 March 2022) to POI-3 levels. Demand fell once again in the POI (1 April 2023 to 31 March 2024) by 9 percentage points compared to POI-3 levels.

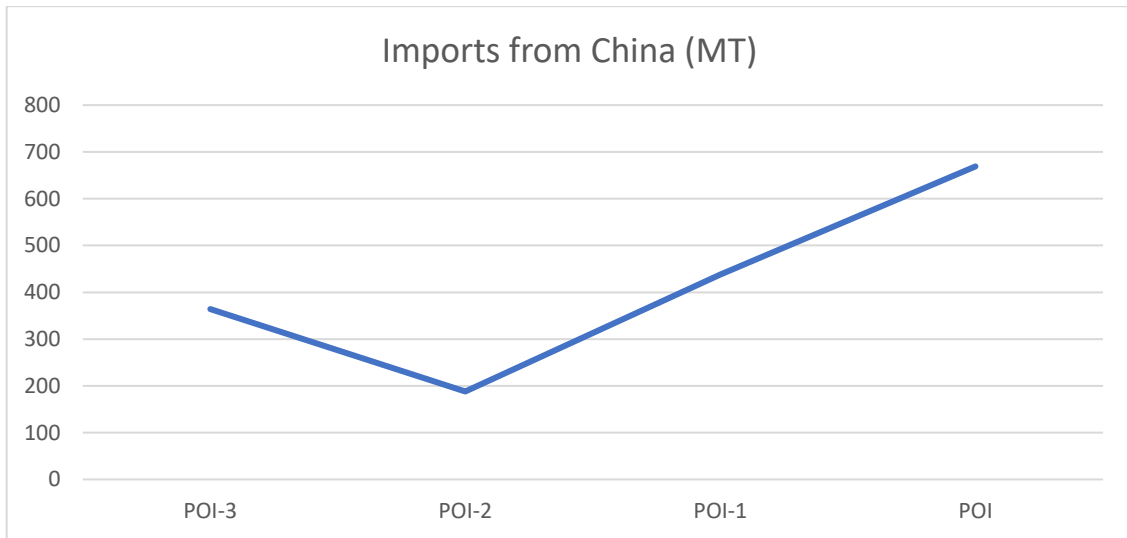
UK apparent consumption (tonnes)	POI-3	POI-2	POI-1	POI
UK Consumption	[Confidential]	[Confidential]	[Confidential]	[Confidential]
<i>Index</i>	100	137	105	91

Source: TSUK market data (ANNEX 5)

29. Thus, with the exclusion of the strong recovery that took place in POI-2 when demand rebounded post-COVID lockdowns, UK demand has remained fairly stable throughout the period concerned and marginally dropped in the POI. Moreover, given the existing sufficient supply on the market (from both local and foreign sources), there is no risk of any supply shortages.

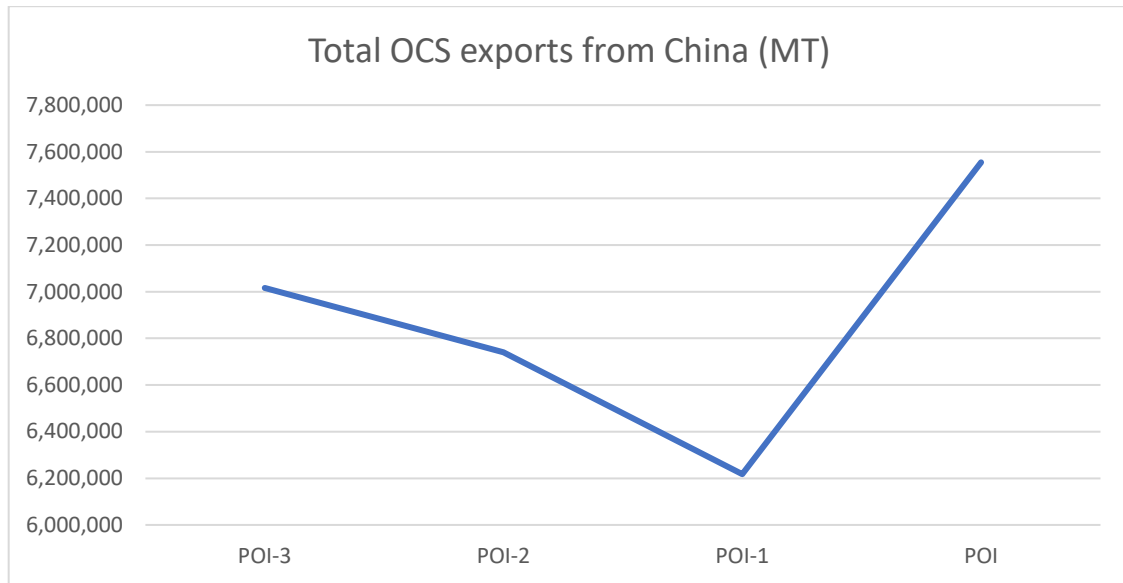
2. Imports from China

30. Following the imposition of AD duties in 2013 (and the following extension in 2019), Chinese imports into the UK dropped significantly and remained a fairly low levels.



Source: TSUK market data ([ANNEX 5](#))

31. It is important to say however that the only reason why this drop occurred were the AD and AS measures in place, which have been effective. The UK import data confirms that the imposition of definitive measures in 2013, which were later extended in 2019, reduced significantly Chinese imports into the UK, as Chinese exports were diverted to other markets. Without the pressure from Chinese imports, the TSUK was able to improve its performance; this however was only temporary given market conditions, as well as pressure by other imports coming from South Korea, Vietnam, Turkey, etc. and other external factors such as the high energy costs, which followed the COVID-19 driven market imbalance, which did not allow the UK industry to fully recover.
32. If measures are allowed to lapse, there will undoubtedly be a recurrence of injury due to dumped imports, which will be detrimental to the industry, which remains vulnerable. Therefore, the duties should be renewed for a period of five years in order to allow the UK industry to fully recover and maintain healthy levels of performance. If measures are not extended, this will lead to huge volumes of dumped Chinese OCS exports being redirected to the UK market at low prices. This is highly likely given the attractiveness of the UK market and the fact that the Chinese OCS industry is export driven as shown in the following graph, which shows exports from China in the period POI-3-POI.



33. The graph shows that OCS exports from China increased significantly in the period POI-1 to POI and exceeded 6-7 million tonnes in the POI.

3. The vulnerable financial situation of the UK industry

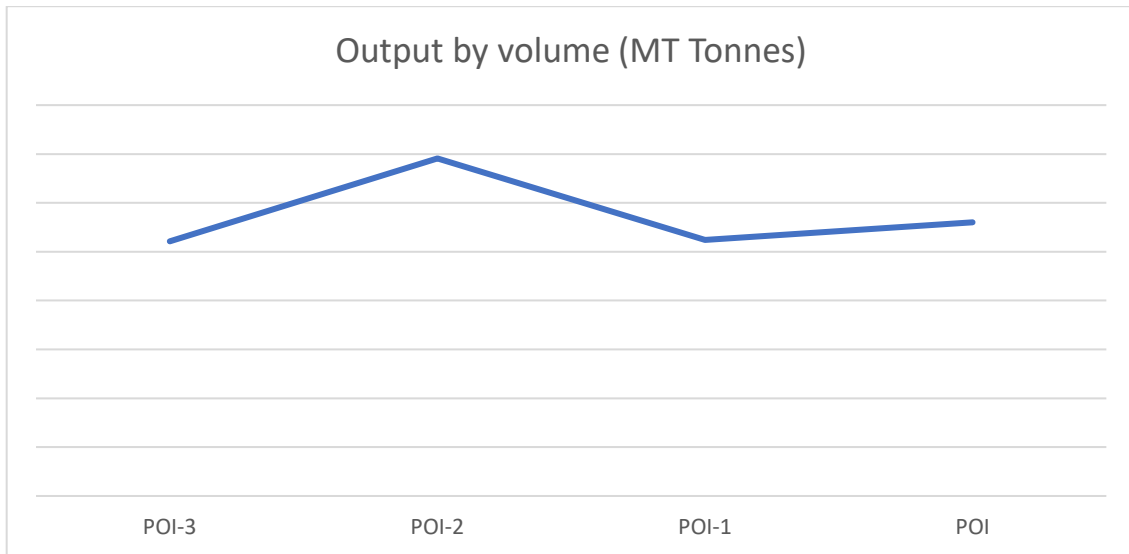
34. As noted, following the imposition of AD measures in 2013 and the following extension in 2019, the situation of the UK industry remained difficult due to other factors such as imports from other countries, the COVID-19 pandemic, and high energy costs. While the situation did moderately improve in 2021, mainly driven by improved demand and supply-demand imbalance following COVID, the industry's situation remains uncertain as demonstrated by TSUK's drop in profitability in the POI. TSUK remains vulnerable to renewed injury should the measures elapse. The future of OCS production in the UK is dependent on the producers being able to make a profit. While the profitability improved in POI-2 and POI-1 (as TSUK made healthy profits driven by the market imbalance), prices have once again started to fall back and TSUK fell into losses during the POI. With prices falling, the UK industry finds itself in a fragile position to face dumped Chinese imports. If the industry is forced to face surging dumped Chinese imports, it will experience a recurrence of material injury.
35. This is also seen in recent economic data for TSUK, detailed below, which shows overall improving performance from POI-3 to POI-2 with a slowdown in POI-1 and the POI. The industry is therefore fragile. The removal of the measures will likely result in a very negative impact on UK producers, as Chinese imports would flood the UK market.
36. An overview of the UK industry indicators provided in the section below (further details in [ANNEX 6](#)) illustrates its vulnerability to renewed injury should the measures elapse.
37. The industry's production volumes increased between POI-3 and POI-2 but then fell back and over the whole period considered remained fairly stable, with only a marginal increase. Production increased from POI-3 until POI by 7 percentage points. As regards

capacity, it remained stable over the entire period. Capacity utilisation followed the marginal increase in production volumes but remained fairly stable with UK producers putting their production capacity to work to any current in UK OCS demand (i.e., in POI-1).

TSUK's production, capacity and utilization rate (tonnes)	POI-3	POI-2	POI-1	POI
Total Production	[Confidential]	[Confidential]	[Confidential]	[Confidential]
<i>Index</i>	100	133	101	107
Capacity	[Confidential]	[Confidential]	[Confidential]	[Confidential]
<i>Index</i>	100	100	100	100
Capacity Utilization	[Confidential]	[Confidential]	[Confidential]	[Confidential]
<i>Index</i>	100	132	100	108

Source: TSUK's Injury Data ([ANNEX 6](#)).

38. The table above illustrates the marginal rise in production and utilization in the period POI-3 – POI. For obvious reasons, the improvement in most indicators in POI-2, which was the period following the market collapse driven by the COVID pandemic, and the boom in demand needs to be considered in the proper context, i.e., that it was an exceptional one-off situation.



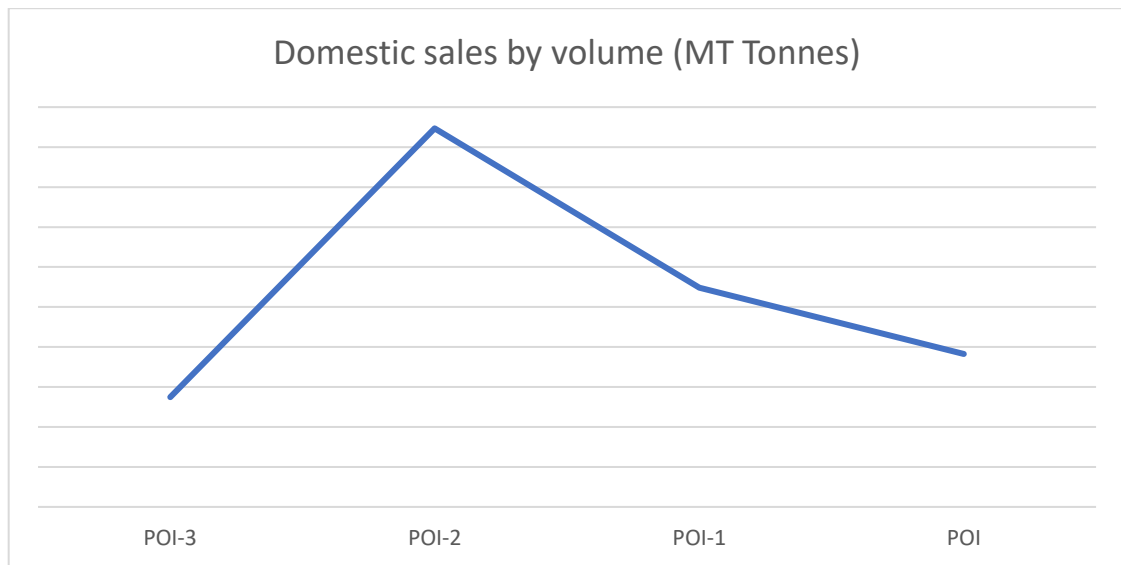
Source: TSUK’s Injury Data ([ANNEX 6](#)).

39. As noted, the improvement in the POI-2 and POI-1 (due the existing supply-demand imbalance on the market) was followed by a further drop in the POI.
40. Recent trends in TSUK’s volume of UK sales point to the same conclusion. UK sales improved in POI- 2 and POI-1 (2021 and 2022) due to COVID-driven market imbalance, but then dropped once again (albeit by 13 percentage points) in the POI and remained slightly above POI-3 levels.

TSUK’s’ UK Sales (tonnes)	POI-3	POI-2	POI-1	POI
Sales	[Confidential]	[Confidential]	[Confidential]	[Confidential]
Index	100	153	121	108

Source: TSUK’ Injury Data ([ANNEX 6](#)).

41. The UK OCS industry therefore remains fragile and vulnerable to low-priced imports from China, which will put significant pressure on sales in the event that the AD measures are left to expire.

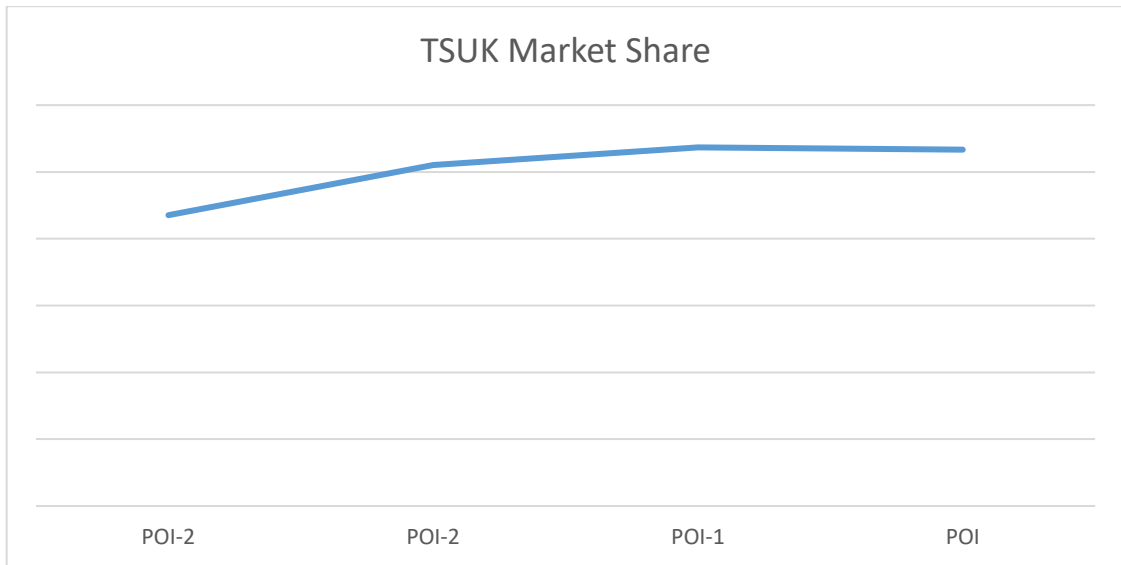


Source: TSUK's Injury Data ([ANNEX 6](#)).

42. In the absence of pressure by imports from China, and the boom in demand in the period POR-3 and POI-1, TSUK's market share improved by [3-7]% in the period POI-3-POI.

TSUK's market share on UK Sales (%)	POI-3	POI-2	POI-1	POI
Sales	[Confidential]	[Confidential]	[Confidential]	[Confidential]
Index	100	110	112	112

Source: TSUK's Injury Data ([ANNEX 6](#)).



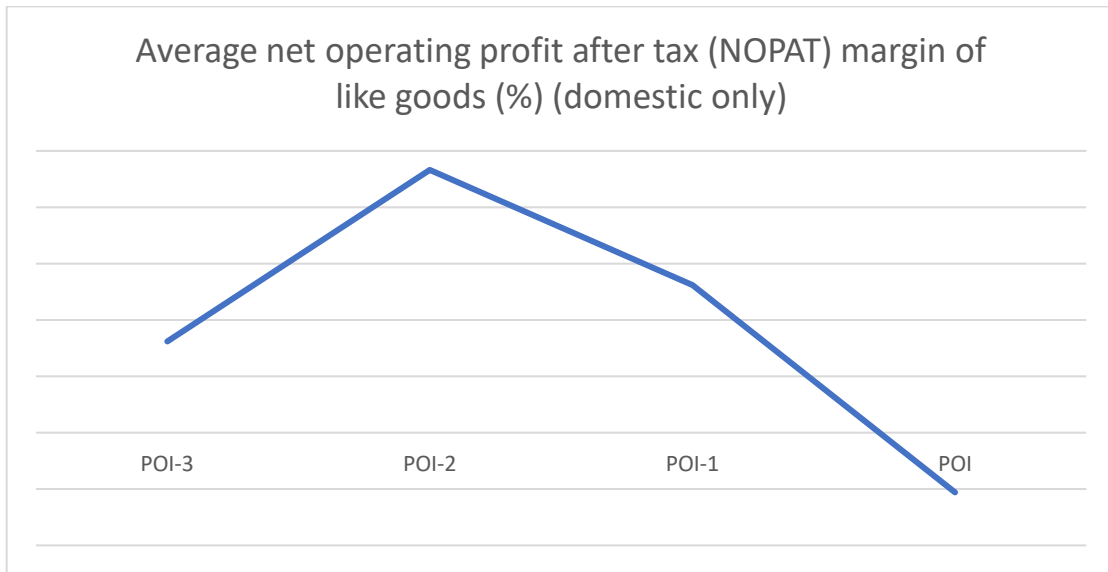
43. UK producers’ prices increased in POI-2 and POI-1 driven by demand-supply imbalance but then started falling during the POI as demand was returning back to normal. This is demonstrated by the following table.

TSUK’s prices for sales to unrelated in the UK (GBP/tonne)	POI-3	POI-2	POI-1	POI
UK prices	[Confidential]	[Confidential]	[Confidential]	[Confidential]
<i>Index</i>	100	147	162	149

Source: TSUK’s Injury Data (ANNEX 6).

44. These elements show that the UK industry remains vulnerable to a new surge of dumped imports, which as explained below will inevitably follow if the duties are lifted. Should the measures expire and not be renewed, there will undoubtedly be recurrence of dumping and injury. Therefore, the duties should be renewed for a period of five years in order to allow the UK industry to fully recover.
45. That the UK industry remains vulnerable to pressure by imports is also demonstrated by the development of TSUK’s probability over the period considered. After three years of healthy profits (in POI-3, POI-2, and POI-1), as prices went up due to the increased demand resulting from the short-term supply-demand imbalance and whipsaw effect, TSUK once again went into losses in the POI.

TSUK's Profitability	POI-3	POI-2	POI-1	POI
OCS	[Confidential]	[Confidential]	[Confidential]	[Confidential]



Source: TSUK's Injury Data (ANNEX 6).

46. The improvement that occurred up to POI-1 was therefore short-lived as the UK industry once again dove into losses in the POI. This was the effect of market conditions returning back to normal (following the COVID-driven supply-demand imbalance), as well as pressure from high energy costs, which rose significantly in the latter part of 2022 notably due to the invasion of Ukraine, plus pressure from imports from other countries such as South Korea, Vietnam, India, Taiwan, and Turkey. This being said, things are bound to get even worse if the AD measures are allowed to expire. Indeed, the situation on the UK market has not allowed UK producers to fully recover as it remains vulnerable.
47. TSUK's employment has increased over the period considered. This is demonstrated by the following table.¹²

Employment	POI-3	POI-2	POI-1	POI
Employment	[Confidential]	[Confidential]	[Confidential]	[Confidential]
Indexed	100	112	109	141

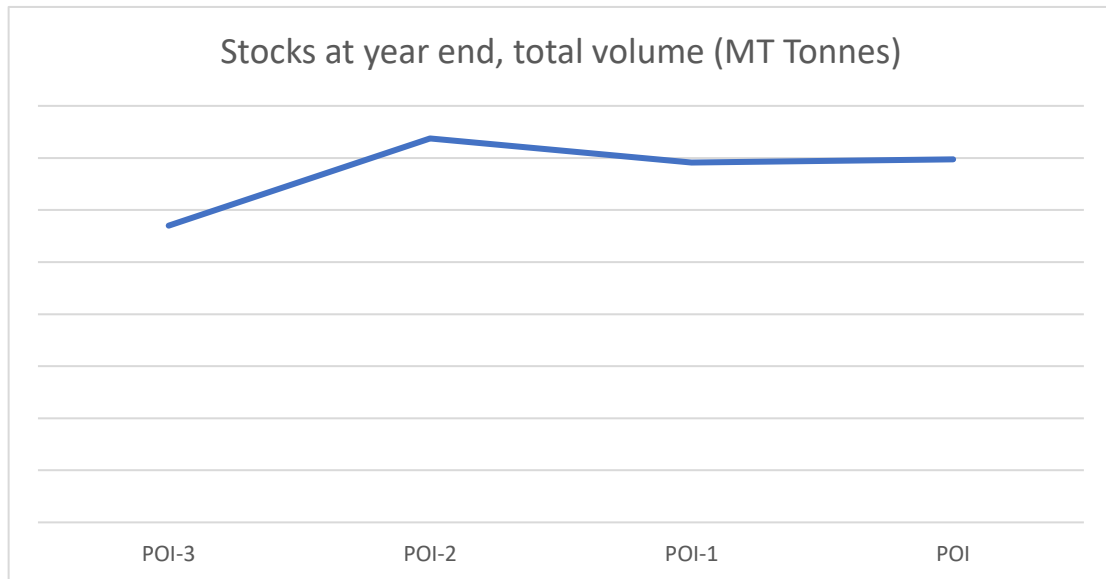
¹² Employment was reported as allocation of workers attributable to OCS.

Source: TSUK's Injury Data (ANNEX 6).

48. TSUK's stocks also increased in the period POI-3 - POI-1 by [4-7] KT

TSUK's stocks (tonnes)	POI-3	POI-2	POI-1	POI
Stocks	[Confidential]	[Confidential]	[Confidential]	[Confidential]
<i>Index</i>	100	129	121	122

Source: TSUK's Injury Data (ANNEX 6).

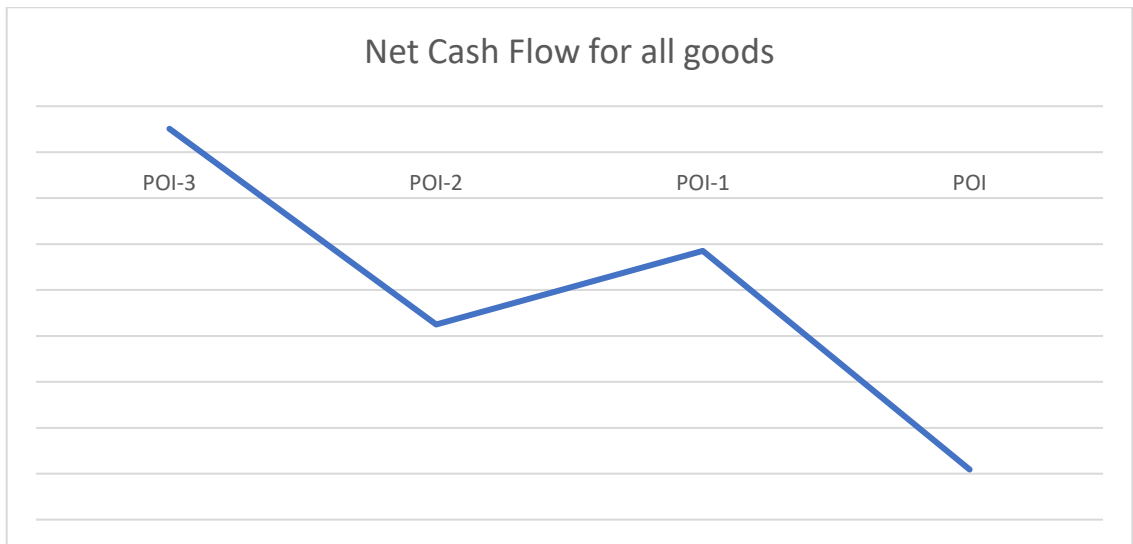


49. The trends in TSUK's cash flow (all products)¹³ also confirm that the industry is still in a precarious condition and remains vulnerable. After a period of positive cash flow in POI-3, the company recorded negative cash flow in POI-2 and POI-I, as things became worse. This is demonstrated by the following table and graph.

Cash flow (million GBP)	POI-3	POI-2	POI-1	POI
Cash flow	[Confidential]	[Confidential]	[Confidential]	[Confidential]

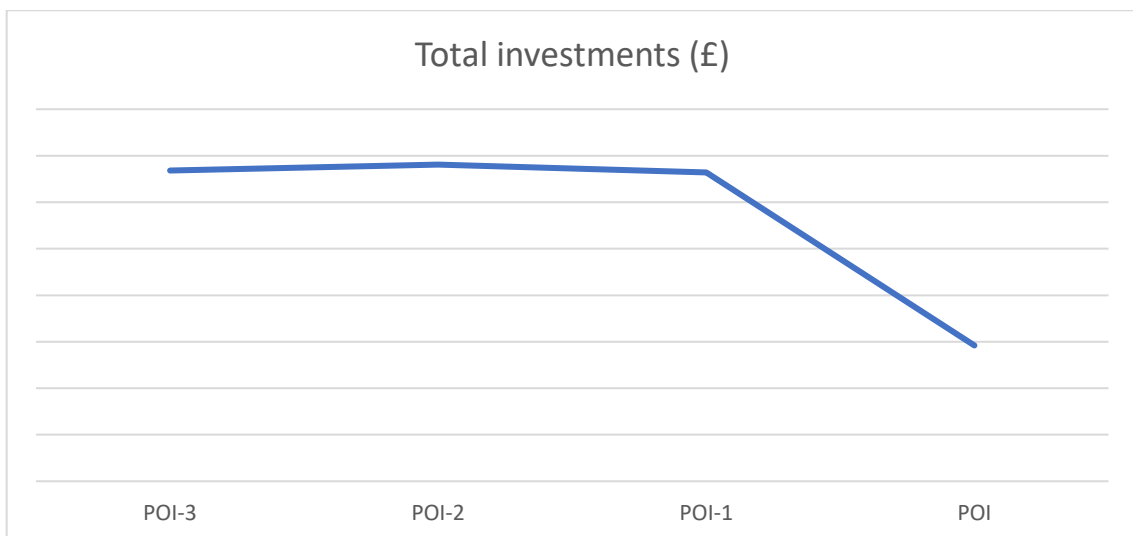
¹³ TSUK is not in a position of splitting cash flow for the product concerned, hence it has reported all company cashflow.

<i>Index</i>	[Confidential]	[Confidential]	[Confidential]	[Confidential]
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50. TSUK's investment also deteriorated in the period POI-3-POI as they fell by 56 percentage points.

Investments (GBP)	POI-3	POI-2	POI-1	POI
Investments	[Confidential]	[Confidential]	[Confidential]	[Confidential]
<i>Index</i>	100	102	99	44



4. Conclusion on recurrence of injury

51. If measures are left to expire, Chinese imports – which dropped as a result of the AD measures - would rapidly regain their previous volumes, given Chinese huge excess capacity (as explained below), and the trade defence measures in many third-country markets (e.g., the US, EU, India, Malaysia, Vietnam, Pakistan, Turkey and the US). Chinese export prices to the UK would drop sharply, in line with current prices offered to third markets such as Thailand, Indonesia, the Philippines, and Turkey.
52. In addition, it is clear that the UK industry is still vulnerable, is in a fragile state, as it has not been given full opportunity to recover due to dumped imports from other countries, and high energy costs, notably due to the invasion of Ukraine. The performance in terms of profitability of the UK industry during POI-2 and POI-1 is not representative, as better results were linked to market disruptions and post-COVID recovery, which led to abnormally high prices. The situation has now changed as TSUK generated a [Confidential – information regarding TSUK’s profitability] in the POI. Although the UK industry is sound, and has employed its best efforts to improve performance, it remains vulnerable after the pressure from imports and the supply chain disruption caused by COVID and rising steel and raw materials prices.
53. Considering all the above, the likelihood of recurrence of material injury in this case is clearly established. A resurgence of Chinese dumped imports would translate into a significant increase of Chinese imports’ market share, also because users can relatively easy switch to other suppliers. That could leave UK producers with no choice but to lower their prices further, leading to a further injurious scenario. In addition, as explained below, the spare capacity in China is much bigger than the UK OCS market, which only aggravates the problem.

V. **The state of the Chinese steel market and industry guarantees that injurious dumping will continue if the AD measures are left to expire**

1. OCS capacity in China is enormous and new capacity is being added, encouraged and subsidized by the Chinese government
54. China’s overcapacity in the steel sector generally, and in the OCS production specifically, is well known and its danger is apparent. Domestic overcapacity put significant pressures on Chinese steel producers to export their products, among other but increasingly likely, to the UK.
55. Based on data provided by Mysteel (See ANNEX 7), 2023 OCS capacity in China was approximately [50-60] million tonnes and output of [20-30] million tonnes. Of this approximately [15-25] million tonnes were sold domestically and [3-10] million tonnes were exported. This means that China currently operates at around [40-65]% capacity utilization and has an excess capacity of approximately [20-35] million tonnes. Capacity that can quickly be directed to any export market including the UK in the event that the measures are left to expire. For comparison, UK demand in 2023 was around [250-320]

kilotons, that comes to show that even a fraction of the Chinese excess capacity can easily flood the UK market with devastating effects in the event that the measures are removed.

2. Chinese exporters increasingly dump OCS products in large volumes at very low prices in third-country markets

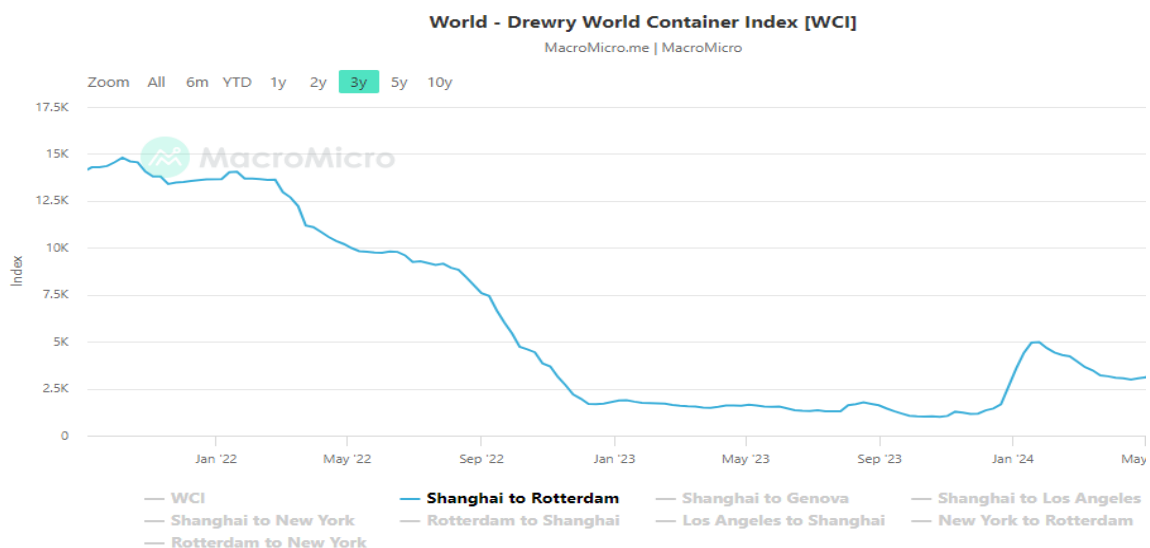
56. The dumping calculations provided in ANNEX 4 show Chinese OCS exports being sold in third-country markets at significantly dumped prices in the excess of 100%. This will be quickly replicated on the UK market in the event that the AD measures are left to expire.

3. Trade defence measures against Chinese OCS in major exports markets will increase pressure on UK market

57. As explained above and below, many third countries including the EU, US, India, Malaysia, Vietnam, Pakistan, Turkey, and others have already imposed, or are in the process of imposing trade defence measures on imports of organic coated steel from China. This in turn means that the UK is likely to quickly attract a significant part of the massive Chinese excess capacity in the event that the measures in place are permitted to expire.

4. Shipping costs from China to Europe have decreased significantly

58. The price hikes following COVID are long gone as freight rates have plummeted in recent periods. This is demonstrated by the following graph.



59. Needless to say, the cheap freight rates will facilitate Chinese export surge in the event that the measures in place are left to expire.

VI. Chinese exporters are likely to target the UK market in the event that the measures are left to expire

60. First, the UK is one of the likely targets of Chinese exports in the event that the AD measures are permitted to end because other major OCS markets, such as the EU, US, India, Malaysia, Vietnam, Pakistan, Turkey and others have trade defence measures in place on OCS imports from China (See ANNEX 3)
61. These barriers reduce considerably the ability of China to direct its excessive production to other third country markets and make the UK among the few attractive options in the event that the measures are lifted.
62. Second, the UK market, due to its open/competitive nature, with a stable and strong currency, is clearly an attractive target for Chinese OCS exporters. Imports will therefore undoubtedly focus on the UK market if the AD measures expire.

VII. The Economic Interest Test (“EET”) is clearly met in this case

63. There is a strong economic interest in the continuation of the measures to prevent recurrence of dumping causing injury to the UK industry. To fail to extend the AD measures in place in these circumstances would open the door to a surge of dumped OCS products into the UK market and to put the future of the UK industry and its workforce at grave risk.
64. The EET is clearly met in this case as continuing of the measures will preserve fair market conditions on the UK market, as explained in further detail below. Besides ensuring a future for the UK OCS industry, the measures will ensure that end users have long-term and reliable sources of supply of OCS, since there is no risk of shortage, because (a) imports could continue to enter the UK (on a fairly-traded basis) and (b) there is sufficient spare capacity in the UK (with TSUK operating at rates far below its maximum capacity), and in third countries to cover any shortfall. In addition, measures would not result in any adverse effect on users nor on employment in end user industries.

1. Importance of the UK OCS industry

65. First, the UK OCS industry provides significant employment opportunities and offering wages considerably higher than the local average.
66. Second, the UK steel industry provides the high-quality materials vital to meeting an array of current economic challenges. From delivering the Government’s infrastructure revolution to creating a low carbon economy, steel is an essential ingredient. It is vital that the steel industry in the UK retains a strong and resilient steel industry in the UK to supply this.
67. Third, the domestic UK steel industry is also important to decarbonisation. Increased reliance on steel imports could lead to higher emissions if imported steel is produced in a more carbon-intensive steel plant. Additionally, increased imports of finished steel

products will also increase transport-related emissions – for example shipping a tonne of product from China will result in an estimated 0.3 tonnes of CO₂. Given this picture of lower production and transport-related emissions from domestically produced steel, replacing domestic production with greater imports of steel would not be in the economic or public interest.

68. Lastly, the interconnectivity of steel products means that product categories assessed independently from each other will not provide an accurate assessment of injury and economic impact to the UK. OCS products alone represent a significant portion of overall UK steel production, but the segment's real economic impact is even wider when considering steel production economics as well as the broader supply chain. Most plants will produce more than one type of steel product and the profitability of each will have an effect on wider production decisions, with implications for employment and future investment.

2. The continuation of the measures will not be against the interests of various market operators

69. First, the continuation of measures does not entail a risk of shortage of supply. There is sufficient capacity both within the UK and in other third countries to supply the UK market. UK. TSUK has sufficient capacity to meet any increase in demand. As demonstrated above TSUK currently operates at [65-85]% of its capacity, which demonstrates that TSUK can easily increase production to meet any increase in demand. Thus, it is clear that there is sufficient local capacity to satisfy any increase in demand.
70. In addition, there is sufficient capacity in third countries to cover any shortfall. Indeed, there are significant volumes of OCS products available on the global market that could be shipped to the UK to satisfy any unmet demand.
71. TSUK further recalls that the application of anti-dumping measures is not intended to exclude imports from China from the market, but only to ensure that those imports are not sold at dumped prices, which would result in recurrence of injury. The level of duties merely ensure they are sold at fair prices.
72. Second, the continuation of measures will not have an impact on users. It is in the interest of end users as well as the UK OCS industry that the market functions in a fair way, with a healthy UK OCS industry to ensure continuity of supply for the future. It should be noted that the UK industry is capable of serving the UK market and that there are many other producers of OCS around the world who could also supply the UK market. Moreover, OCS products represent only a very small percentage of the cost of a typical consumer product that uses OCS. As an example, TSUK has provided in ANNEX 8 estimates of costs for production where they demonstrate OCS represents only a negligible part of the cost of typical consumer product that uses OCS. Hence, the price of OCS would have no real effect on decisions whether or not to purchase such a product in the UK.

73. Third, the non-imposition of measures would result in loss of UK OCS industry jobs, whereas imposition of measures would not impact jobs in end user industries. An independent analysis by Oxford Economics on the impact of job losses in the steel sector on industries depending on it (See [ANNEX 9](#)) shows that each job lost in the steel sector means a further 7.7 direct and indirect jobs lost in industries dependent upon it for business.¹⁴ The indirect economic impact on the broader community around steel production sites is therefore even bigger. The negative impact of the dumped imports from China (in terms of potential production cuts and layoffs) far outweighs any potential impact on end users.
74. More broadly, given the actions by other countries such as the EU, the US, India, Malaysia, Vietnam, Pakistan, and Turkey to limit access by imports to their markets via trade defence instruments, it is clearly not in the UK's interests to leave its market open to unfairly traded imports, with the consequent impact on UK jobs.
75. Lastly, all information on the record demonstrates that the years of measures have not compromised supply or had a negative impact on users or any other sector of the UK economy. This was mainly because UK producers have sufficient capacity to satisfy local demand and there are also sufficient alternate sources. Thanks to the measures in place, the UK industry has managed to stabilize its performance, but has not yet fully recovered. At the same time, the measures have not had any negative impact on users in the UK as supplies have been readily available at competitive prices coming from UK producers and from other countries. Measures should therefore not be allowed to lapse; otherwise, industry's efforts to improve performance will be undermined.
76. TSUK also strongly believes that long-term competitiveness and stability of the UK OCS industry is in the best interests of the UK users. Should dumped imports from China once again flood the UK market, it may lead to eventual disappearance of the UK OCS industry. Users would then lose out in terms of having less choice, less flexibility and availability of supply, less R&D and technical innovation (including action to combat climate change) and lower quality service. Clearly, this cannot be in the UK users' best interest.

VIII. Conclusion

77. While the AD measures in place currently protect the UK OCS industry, Chinese exporters are continuing to dump their products in third countries. The existence of vast spare capacity in China of nearly 30 million tonnes, and the fact that other third-country markets – major destinations for Chinese OCS – have imposed measures on imports of OCS from China make it certain that Chinese imports would once again surge on the UK market if the existing AD measures were not continued, leading to a recurrence of dumping and injury to the UK OCS industry. TSUK therefore calls on the TRA to ensure that the AD measures are extended for a further period of time.

¹⁴ See Oxford Economics, The Impact of the European Steel Industry on the EU Economy ([ANNEX 9](#)) at page 4.

List of Annexes

- ANNEX 1: Evidence pointing to significant distortions in the Chinese steel sector
- ANNEX 2: Chinese exports to the EU provided by TDM
- ANNEX 3: List of third countries' trade defence measures in place on OCS imports from China
- ANNEX 4: Calculation showing China selling OCS to third-country markets at dumped prices
- ANNEX 5: UK OCS market data
- ANNEX 6: TSUK injury data
- ANNEX 7: Data on Chinese OCS capacity, production and sales provided by Mysteel
- ANNEX 8: Simulation showing OCS accounts for a negligible part of the cost of a downstream product
- ANNEX 9: Oxford Economics study