

大成 DENTONS

**TRANSITION REVIEW OF THE UK ANTI-DUMPING DUTIES ON HIGH
FATIGUE PERFORMANCE STEEL CONCRETE REINFORCEMENT BARS
(REBAR) FROM THE PEOPLE'S REPUBLIC OF CHINA**

(TD0010)

ON BEHALF OF
CHINA IRON AND STEEL ASSOCIATION (CISA)
AND ITS MEMBERS

Dentons Europe LLP
Brussels, Belgium

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1. INTRODUCTION

- [1] This document is submitted by the China Iron and Steel Association (“**CISA**”) on behalf of itself and its members in the framework of the ongoing UK transition review of the anti-dumping duties on high fatigue performance steel concrete reinforcement bars (“**rebar**”)¹ originating in the People’s Republic of China as initiated by the UK Trade Remedies Authority (“**TRA**”). CISA refers to its previous submissions made on 26 July 2021, 3 December 2021, 28 March 2022 and 8 August 2022.
- [2] This submission sets out CISA’s views and comments to the TRA’s note to the public file of 30 September 2022 (the “**Note**”). The Note was issued in follow up to the TRA’s Statement of Essential Facts (the “**SEF**”) of 13 July 2022. In the Note, the TRA updated the economic interest test (“**EIT**”) assessment. In the SEF, the TRA found that maintaining a measure would negatively impact the UK industry so that it would not be in its economic interests.²
- [3] However, in the Note, the TRA updates the EIT as set out in the SEF, concluding that maintaining the measures would be in the economic interests of the UK, and therefore proposes maintaining the measures.
- [4] CISA reserves the right to present further evidence and arguments throughout any of the later stages of this review proceeding.

2. PROCEDURAL ISSUES

- [5] In this section, CISA shall provide its procedural comments to the Note as compared to the SEF.
- [6] CISA finds it peculiar and unusual that the Note, which summarily consists of a mere two-page document is able to overrule the findings set out in the SEF. It is noteworthy to remind the TRA that the EIT section of the SEF alone consists of a 23-page overview of various economic indicators, through which the TRA conducted a detailed economic analysis. Not only was the economic analysis detailed and lengthy, if further relied on a broad range of precise economic data.
- [7] In the Note, the TRA simply relies on two key indicators, which leads it to update the outcome of the EIT. In this regard, barely any economic data or figures are provided, meaning that conclusions are simply put forward without any basis therefore being provided.

¹ Commodity codes: 7214 20 00 10; 7228 30 20 10; 7228 30 41 10; 72283 30 49 10; 7228 30 61 10; 7228 30 69 10; 7228 30 71 10 and 7228 30 89 10.

² See SEF, para. 388.

- [8] CISA notes that, in case an EIT requires updating, it would have expected a more detailed economic analysis, including relevant data, so that CISA would have been able to provide meaningful comments thereto. In fact, CISA would argue that in order to overturn the findings of the SEF, especially in such a drastic manner, an updated SEF would have been needed. In any event, the absence of such data and argumentation in the Note makes it highly challenging for CISA to provide such comments.
- [9] For example, in the section detailing demand for HFP Rebar in the Note, the TRA indicates that “*recent forecasts for the construction sector and the UK economy as a whole have changed since the SEF analysis meaning that demand for HFP Rebar is unlikely to rise as we previously anticipated*”. Nevertheless, this underlying data and such forecasts are not included neither referred to in the Note. CISA wonders how it is expected to meaningfully exercise its rights of defence in such context.
- [10] To summarize, CISA requests the TRA to formally update and issue a new SEF. In the absence thereof, at the least CISA would request being provided with a detailed data set containing the substantiation for the TRA’s amended analysis as regards the EIT.

3. COMMENTS ON SUPPLY OF HFP REBAR

- [11] CISA notes that in the Note, the TRA updated its views on the development of supply levels of HFP Rebar. In doing so, the TRA is apparently no longer of the view the Russian invasion of Ukraine could lead to a shortfall, thereby stating that import data reveals that the imports from Portugal, Spain and Türkiye would suffice to replace these import levels.
- [12] However, CISA wishes to note that the situation in Ukraine remains highly volatile, including the development of international sanction regimes. As such, the UK has imposed broad sanctions on Russian-origin steel products and associated ancillary services. Moreover, the EU has already imposed far-reaching sanctions on Russian steel products, which it very recently (Regulation 2022/1904 of 6 October 2022)³ significantly strengthened. It should be noted that these restrictions do not only prohibit EU persons from dealing in Russian-origin steel, but also from transporting and being involved in any transactions or financing of these products. As such, the TRA is kindly requested to elaborate on whether it has taken into account the further global supply decrease resulting from these sanctions. CISA refers in particular to the question that EU rebar producers located in Portugal and Spain will not be able to purchase either finished or semi-finished steel products

³ Council Regulation (EU) 2022/1904 of 6 October 2022 amending Regulation (EU) No 833/2014 concerning restrictive measures in view of Russia's actions destabilising the situation in Ukraine (Official Journal of the European Union, L 259I, 6.10.2022, p. 3)

from Russia, or any processed steel products with Russian origin from a third country – such as Türkiye. Therefore, their future exports of rebar to the UK will remain largely questionable.

- [13] Moreover, the TRA should be reminded that EU-based steel producers have been increasingly suffering in recent weeks from extraordinary increasing energy costs, which directly threatens their economic situation. CISA notes that a broad and large collection of energy intensive industry organizations, including the European Steel Association (Eurofer⁴) have put out a statement⁵ on 28 September 2022 calling out the fact that, due to current gas prices reaching about 200 EUR / MWh, the industries are in an enormous crisis situation, which they refer to as being unbearable. As a result, plant shut-downs and production decreases are common as companies avoid having to produce at loss-making levels, or at least minimizing the exposure thereto. Therefore, if the situation does not improve shortly, Portuguese and Spanish producers are highly likely to suspend or at least decrease production. The TRA is kindly requested to take into account of this situation, which in CISA's view should amend its finding that previous imports can be solved by relying on, in part, such imports.

4. COMMENTS ON DEMAND FOR HFP REBAR

- [14] In the Note, the TRA notes that recent forecasts for the construction sector and the UK economy have changed. As set out above, CISA regrets the fact that no recent data is provided to substantiate such claims, which it believes impacts its ability to make meaningful comments.
- [15] As regards the substance of the argument however, CISA is of the view that the TRA is essentially relying on predictions for a recession in the UK economy. While CISA acknowledges that most economic outlets are indeed predicting a recession for the UK at this time,⁶ CISA understands that such predictions can shift swiftly, and would caution the TRA from overly relying thereon. This is especially since, in the event of economic growth, it is crucial to ensure a reliable source of imports, which is important to avoid further increases of inflationary pressures on the

⁴ EU rebar producers located in Portugal and Spain are members of Eurofer.

⁵ Eurofer Position Paper: Energy crisis. Need for more immediate and efficient measures. Statement by energy intensive industries ahead of the extraordinary Energy Council of 30/09, see <https://www.eurofer.eu/publications/position-papers/energy-crisis-need-for-more-immediate-and-efficient-measures/>

⁶ For example, see <https://www.investmentweek.co.uk/news/4055409/goldman-sachs-forecasts-uk-recession-last-2024#:~:text=The%20UK%20economy%20is%20forecast,the%20end%20of%20this%20year,> last consulted 8 October 2022.

economy, which is already at record levels (8.6% year on year on figures in August 2022).⁷

5. REQUEST FOR SUSPENSION

- [16] Without prejudice to its principal view that maintaining the measure is not in the economic interest of the UK, CISA proposes that, in line with Regulation 85 of the Trade Remedies (Dumping and Subsidisation) (EU Exit) Regulations 2019 (as amended) (the **Regulations**), given the uncertainties related to (i) the supply (see the comments on the economic situation of Portuguese and Spanish producers above), and (ii) the demand (swiftly changing economic predictions), the measures recommended by the TRA in the Note should at least be suspended until the highly volatile economic situation becomes more clear and stable.
- [17] TRA must consider the possibility of suspension of anti-dumping measures in this transition review because, as explained above, the market conditions have changed temporarily and as a consequence, the alleged injury caused to the UK industry is unlikely to recur if the anti-dumping measures were to be suspended.

6. CONCLUSION

- [18] In this submission, CISA has formulated its views on procedural issues, as well as supply and demand of HFP Rebar. More specifically, CISA has explained why it believes a suspension is warranted in case of maintenance of measures.
- [19] In doing so, the TRA is requested to provide either an updated SEF, or at least providing economic data underlying its analysis. Moreover, the TRA is urged to take into account recent economic indicators of EU-established steel producers and the economic outlook for the UK economy (and the fact that such predictions can shift swiftly), in its assessment. It is further encouraged to consider the suspension of the anti-dumping measures.

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⁷ See the UK's Office for National Statistics data at [https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/consumerpriceinflation/august2022#:~:text=Image%20.csv%20.xls-.The%20Consumer%20Prices%20Index%20including%20owner%20occupiers%20housing%20costs%20\(CPIH,\)%20lockdown%2C%20to%20March%202021.](https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/consumerpriceinflation/august2022#:~:text=Image%20.csv%20.xls-.The%20Consumer%20Prices%20Index%20including%20owner%20occupiers%20housing%20costs%20(CPIH,)%20lockdown%2C%20to%20March%202021.)