

Case TD0034: Steel ropes and cables originating from the People's Republic of China (including consigned from Morocco and the Republic of Korea)

APPENDIX TO UK STEEL QUESTIONNAIRE RESPONSE NON-CONFIDENTIAL

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1 Likelihood of dumping

1.1 Relevant UK law and principles for establishing Normal Value

1.1.1 It is not appropriate to use domestic Chinese prices and costs

Regulation 7(1)¹ establishes the default position for the calculation of normal value stating that:

The TRA must use the comparable price to determine the normal value unless it is not appropriate to use that price.

However, the regulations set out several alternatives to that position including two of particular relevance to this transition review:

- Regulation 14(1)(b) – which deals with situations where normal value can be calculated in an alternative manner because of the specific terms of an exporting country's WTO membership
- Regulation 7(2) – which details situations in which a 'particular market situation' exists in the exporting country

We deem that both of these situations hold true with regards to establishment of normal value with respect to Chinese producers and as such it would not be appropriate to use any domestic Chinese prices or costs in this review.

1.1.2 Regulation 14(1)(b) is applicable in establishing Normal Value

UK Steel strongly argues that regulation 14(1)(b) still applies to China and requests that China is treated in accordance with this provision. Whilst subparagraph 15(a)(ii) of the Chinese WTO accession protocol expired in December 2016, the remainder of paragraph 15 did not expire and remains in effect. Whilst China's WTO accession protocol specifies that para 15(a)(ii) expires after 15 years, it does not provide any statement on para 15(a) as a whole or paragraph 15(a)(i) in particular. With the expiry of paragraph 15(a)(ii), paragraph 15(a) of China's accession protocol now reads:

(a) In determining price comparability under Article VI of the GATT 1994 and the Anti-Dumping Agreement, the importing WTO Member shall use either Chinese prices or costs for the industry under investigation or a methodology that is not based on a strict comparison with domestic prices or costs in China based on the following rules:

(i) If the producers under investigation can clearly show that market economy conditions prevail in the industry producing the like product with regard to the manufacture, production and sale of that product, the importing WTO Member shall use Chinese prices or costs for the industry under investigation in determining price comparability.

This clearly allows WTO members the option of using a methodology that is not based on a strict comparison with domestic prices or costs in China. Without para 15(a)(ii), importing countries can still use an alternative methodology unless the Chinese producers clearly show that market economy conditions prevail in the industry producing the like product.

Furthermore, press reports on the confidential interim panel report in the case of EU – Price Comparison Methodologies (DS516) strongly suggest that a WTO panel was going to confirm that the above argument is correct. China has prevented this from being published by its request to suspend the proceedings but the UK would certainly be within its rights to use regulation 14(1)(b) of the UK dumping and subsidy regulations with respect to China, where cooperating producers are unable to clearly demonstrate that market conditions exists.

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 cannot just be ignored. UK Steel strongly argues that Regulation 14(1)(b) is applicable to China in this

¹ Unless otherwise specified, all regulations quoted refer to statutory instrument 2019 No.450 The Trade Remedies (Dumping and Subsidisation)(EU Exit) Regulations 2019

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,*
- *where paragraph (1)(b) applies, in accordance with the terms of the membership in that paragraph;*
- *on any other basis the TRA considers is reasonable...*

With regards to the third bullet point immediately above, 'the terms of the membership' in this case should be read to refer to paragraph 15 of China's WTO Accession Protocol which provides significant flexibility stating that "...the importing WTO Member shall use either Chinese prices or costs for the industry under investigation or a methodology that is not based on a strict comparison with domestic prices or costs in China.."

UK Steel submits that it is appropriate for the TRA to apply Regulation 14(1)(b) in constructing a normal value for China.

1.1.3 In the alternative, the existence of a 'particular market situation' means that all prices and costs should be adjusted in accordance with regulation 13

If the TRA decides that it will not use Regulation 14(1)(b) against China, a position that the TRA would need to justify in its Statement of Essential Facts and UK Steel will continue to vigorously challenge, UK Steel requests in the alternative that the TRA uses 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
 - c) Prices reflect non-commercial factors

This list is not exhaustive and may include other situations.

Based on the evidence presented in section 4 of this appendix, UK Steel claims that a particular market situation exists in the Chinese steel industry, including steel ropes and cables. Prices and costs are artificially low and reflect non-commercial factors. Other trade remedy authorities (e.g. Canada, US, European Union) have also made similar findings that Chinese steel markets, including those of steel ropes and cables, are affected by significant distortions. 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.

1.1.4 Conclusion on UK law and principles in determination of Normal Value for China

In either case (either referring to regulation 14(1)(b) or 7(2)(b), 8 & 13), we argue strongly that the normal value for China needs to be calculated using an 'alternative methodology' according to Regulation 8, and that due to the widespread market distortions in the Chinese corrosion-resistant steel market, adjustments are required to the extent that no Chinese costs should be used. UK Steel proposes that normal value is constructed for China on the basis of cost of production plus SGA and profit in accordance with Regulation 8(1)(a), with adjustments made in accordance with Regulation 13.

1.2 Comment on product concerned

Steel ropes and cables (SRC) consist of several strands of steel wire weaved into a helix pattern to endure high levels of stress. They have a variety of uses in the construction, oil and gas, mining, marine and fishing sectors, and with many industrial and infrastructure uses from cranes and lifts to bridges and stadiums. SRC is produced in the UK by Bridon Bekaert in Newcastle, supplied by the company's Doncaster site and other wire suppliers.

2 Likely recurrence of injurious dumping

2.1 Developments in Chinese imports

The measure has been in place at an EU level since 1999, initially including several other countries and while these have gradually been dropped over the course of various extension reviews, the EU has consistently found that China is likely to resume dumping in the absence of the measure based on enormous production capacity, excess capacity and dumping in third countries. Back in 2018 the EU Commission found dumping margins of 129%-314% for Chinese exports of SRC to India, South Korea, Thailand, USA and Vietnam.²

In the UK, despite the presence of the anti-dumping measure, imports from China have actually increased over the injury period, with China's share of imports increasing sixfold. Imports from South Korea have not changed significantly and have remained at low levels.

Table 1: UK SRC imports

	2018	2019	2020	2021	2022
Total imports (t)	8,889	12,449	9,491	12,326	15,204
China imports (t)	215	349	525	1,038	3,625
China share	2%	3%	6%	8%	24%
South Korea imports (t)	139	268	357	307	340
South Korea share	2%	2%	4%	2%	2%

Source: HMRC Trade data (See Annex 1, tabs 1-3)

The increase in imports from China is a worrying trend. Historical trends show that China is able to increase its exports very quickly and by a huge amount, particularly relative to the size of the UK market. To this extent, it can be expected that UK imports from China are highly likely to significantly increase if the current UK measures are removed and this is highly likely to be at dumped prices, considering activity in other export markets, production levels, high levels of spare capacity, and limited export markets as a result of trade defence measures in third countries.

2.2 Trade Measures in Third Countries

The likelihood of a resumption in injurious dumping by Chinese exporters is increased and evidenced by the significant number of trade measures in place in third countries on exports of SRC from China. The EU³, Turkey⁴, Mexico⁵ and Brazil⁶ all have anti-dumping measures in place against Chinese SRC. The existence of these measures ensures that major markets effectively remain closed for Chinese exporters thereby increasing the likelihood that, with fewer export opportunities, they would target a UK market in the absence of the current anti-dumping measure. Furthermore, these measures provide a strong evidence base for the likelihood of a recurrence of dumping with multiple authorities determining a continued and sustained threat of dumping from Chinese SRC exporters.

Similarly, there are a multitude of anti-dumping measures on Chinese steel wire and wire rod, which are upstream products to SRC. The EU, Australia, Mexico, USA, India, and Indonesia all have anti-dumping measures in place on Chinese wire rod, while the EU, USA, Malaysia, Japan and Vietnam have anti-dumping measures in place on Chinese wire. This further confirms and amplifies the point around Chinese exporter's capacity and propensity to dump. In fact, having an anti-dumping measure on Chinese wire rod, as the UK and many other countries do, but not on SRC increases the likelihood of dumping of the latter given that there is an

² [COMMISSION IMPLEMENTING REGULATION \(EU\) 2018/ 607 - of 19 April 2018 - imposing a definitive anti-dumping duty on imports of steel ropes and cables originating in the People's Republic of China as extended to imports of steel ropes and cables consigned from Morocco and the Republic of Korea, whether declared as originating in these countries or not, following an expiry review pursuant to Article 11 \(2\) of Regulation \(EU\) 2016/ 1036 of the European Parliament and of the Council \(europa.eu\)](#)

³ Ibid.

⁴ [Turkey sets anti-dumping duty on steel ropes, cables from Russia, China - EUROMETAL](#)

⁵ [Mexico makes first anti-dumping sunset review on China's steel cables-Asian Metal](#)

⁶ [CIRCULAR No 30, OF 30 JUNE 2022 - CIRCULAR No 30, OF 30 JUNE 2022 - DOU - National Press \(in.gov.br\)](#)

incentive to undertake the additional step of processing into wire and rope before exporting so as to avoid the wire rod duty.

The high prevalence of trade defence measures in place in third countries, US Section 232 tariffs, coupled with the standard/MFN customs tariffs on steel in all developing country markets, means that should the UK remove its own measures it would be one of the few exposed markets for this product globally and would be a target for dumping.

2.3 Excess production and production capacity in China

The likelihood of resumption of injurious dumping of SRC by Chinese exporters is further increased and evidenced by the significant levels of production and spare capacity in China. This excess capacity is significantly larger than UK consumption, which increases both the incentive and the ability of Chinese exporters to dump.

UK Steel does not have access to global production figures for SRC, however the World Steel Association publishes data for wire rod, which sits two steps further upstream. Wire rod is drawn into wire and then only a portion of this wire will be used in the manufacture of SRC. But assuming this will be a similar proportion across countries, the relative sizes of China's and the UK's wire rod markets could serve as a useful indicator and provide a relative sense of scale in relation to their SRC markets. According to Worldsteel, China accounts for over 75% of the world's wire rod production. The following chart shows how Chinese production has grown prodigiously over the past 20 years, while the production of the rest of the world stayed relatively constant. Chinese production evidently dwarfs the UK's production.

Chart 1: Global production of wire rod 2002-2020

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Source: World Steel Association. (Data provided in Annex 1, tab 4.)

China produces three times as much wire rod as the rest of the world combined and it can only be expected the proportions will not be dissimilar when it comes to SRC. Chinese wire rod and SRC production is so many times multiple the size of the UK market that even a small proportion of Chinese SRC being dumped in the UK has the capacity to flood the market and cause material injury.

While Chinese SRC production has hugely increased, there is still a considerable amount of spare capacity that could be utilised in the future. UK Steel does not have access to capacity data at the product level, however, the European Commission 2018 expiry review references a study *"analysing the 'Supply and Demand-side Developments in the Chinese Steel Wire Rope Industry 2012-2016 as well as in the Near Future'".* Based on that information, the production capacity for SRC in the PRC was estimated at 5.8 million tonnes per year, actual production was estimated at around 4.0 million tonnes per year and, as a result, the spare capacity in the PRC was estimated at around 1.8 million tonnes in 2016, which largely exceeds the total Union consumption of SRC during the RIP as shown in recital 75 by more than 10 times.⁷ It is clear that if this is the conclusion regarding the EU market, then Chinese SRC spare capacity will be many times multiple the UK's consumption.

Excess steel capacity is a well-established fact and a long-standing challenge for the global steel industry, as highlighted by the OECD amongst others⁸. The Canada Border Services Agency (CBSA) also notes that *"the Chinese overcapacity issue with respect to the steel industry will be a longstanding one, despite the Government of China efforts to reduce capacity and outputs by 2020."*⁹ Indeed, despite a slowing down of capacity expansion in China in recent years, there is still investment in new steel facilities. Some of these are to replace small and outdated plants, but others relate to expansion of capacity. In its 2021 report, the OECD found evidence of Chinese steelmakers using loopholes in the capacity swap scheme to expand their capacity¹⁰.

China was a member of the Global Forum on Steel Excess Capacity (GFSEC) from 2016-2019 and made efforts to reduce excess capacity through closure of old and outdated facilities. However, China walked away from this Forum in 2020 and according to the 2021 Ministerial Report of the GFSEC, this trend has since reversed, with

⁷ COMMISSION IMPLEMENTING REGULATION (EU) 2018/ 607, Paragraph 60

⁸ [Latest developments in steelmaking capacity \(oecd.org\)](https://www.oecd.org/industry/steel/latest-developments-in-steelmaking-capacity/)

⁹ Ibid, page 19

¹⁰ [Latest developments in steelmaking capacity \(oecd.org\)](https://www.oecd.org/industry/steel/latest-developments-in-steelmaking-capacity/)

Chinese crude steelmaking capacity increasing in 2019, 2020 and 2021, coupled with cross-border investments that are contributing to capacity growth in other regions.¹¹ The GFSEC report finds that China's steelmaking capacity increased by a cumulative 32.9 million tonnes during 2019-2020, accounting for 45% of the world's capacity increase of 73.7 million tonnes over these two years. According to the Centre for Research on Energy and Clean Air (CREA), a total of 18 new blast furnace projects with a total capacity of 35 million tonnes per year were announced in the first half of 2021 alone.¹² S&P Global Commodity Insights reports 18.74 million tonnes of crude steel net capacity growth in China over 2022-2023, with commissioned and planned capacity expansions of 154 million tonnes¹³. Even not accounting for excess capacity, the sheer size of Chinese SRC production relative to the UK market poses a significant risk as even a small percentage of Chinese SRC production could flood the UK market.

2.4 Rising production against weakening domestic steel demand in China

The pressure to increase exports will be even greater as China is seeing weakening steel demand domestically. Worldsteel analysis¹⁴ shows that apparent steel use is increasing at a slower rate than crude steel production in China. In the first two months of 2023, apparent crude steel use increased by 2.1% year on year to [REDACTED DUE TO WORLDSTEEL COPYRIGHT]Mt, while crude steel production grew by 5.6% to [REDACTED DUE TO WORLDSTEEL COPYRIGHT]Mt. According to data from China's National Bureau of Statistics, China's crude steel output in March increased 6.9% year-on-year to 95.73 million tonnes. Crude steel production in Q1 saw a 6.1% y-o-y increase to 261.56 million tonnes.¹⁵ China is expected to announce a 2.5% cut to its 2023 output, but market reports state that this will likely not be enough to offset the decline in steel demand. S&P Global analysis notes: *"China's fast-rising steel production but slowly recovering end-user demand has continued to squeeze steel profit margins in April, with mills still showing no signs of cutting back on production. Mill sources said China's steel capacity was too huge, but demand had more or less plateaued, and thus in order to retain market share, it was difficult for Chinese mills to voluntarily cut their production even when they were running at a loss."*¹⁶

This is confirmed by recent steel price trends in China, for both domestic and export prices. Steel prices in China had started to increase following the relaxation of lockdown measures and government attempts to boost demand, but have reverted to a downtrend over recent months as the market optimism is increasingly proving not to be matched by fundamentals.

While the Chinese government is trying to provide stimulus to the property sector and the wider economy, the impact is relatively marginal, with increases mainly in infrastructure spend, while the real estate sector continues to struggle, as demonstrated by the charts below. This is also confirmed by the recent National Bureau of Statistics quarterly report showing quarterly investment in real estate dropping by 5.8% on year at CNY 2.6 trillion (\$378 billion).¹⁷ Weak construction activity also translates into weaker demand for cranes and other equipment.

[CHARTS REDACTED DUE TO WORLDSTEEL COPYRIGHT]

Source: World Steel Association

The outlook for broader manufacturing is similarly not particularly optimistic. According to the China Federation of Logistics and Purchasing (CFLP), China's manufacturing PMI for the steel industry in March 2023 decreased by 1.7 points to 48.4 from 50.1 in February 2023.¹⁸ Automotive output also dropped by 14.0% year on year in the first two months of 2023, compared to an annual growth of 3.4% in 2022.¹⁹

¹¹ [gfsec-ministerial-report-2021.pdf \(steelforum.org\)](#)

¹² [BRIEFING: China's power & steel firms continue to invest in coal even as emissions surge cools down – Centre for Research on Energy and Clean Air](#)

¹³ [China's huge steel capacity beleaguers steel market, government to order output cuts soon | S&P Global Commodity Insights \(spglobal.com\)](#)

¹⁴ [China Monthly 191.pdf \(worldsteel.org\)](#)

¹⁵ [China's first-quarter crude steel output gains 6.1% \(kallanish.com\)](#)

¹⁶ [China's huge steel capacity beleaguers steel market, government to order output cuts soon | S&P Global Commodity Insights \(spglobal.com\)](#)

¹⁷ [China's real estate indicators diverge further in March \(kallanish.com\)](#)

¹⁸ [China Monthly 191.pdf \(worldsteel.org\)](#)

¹⁹ Ibid.

Weak domestic demand would further increase the incentive for Chinese producers to seek export markets to direct excess volumes even at dumped prices. Indeed, exports of semi-finished and finished steel over January-February jumped by 40.5% on the year to [REDACTED DUE TO WORLDSTEEL COPYRIGHT]Mt.²⁰ It is indicative that Chinese export prices of wire rod, which sits two steps upstream to SRC, are on a downward trajectory as traders seek to offload material in a weak domestic demand environment.²¹ The capital-intensive nature of steel production means that steel mills must run at high levels of production capacity to recover fixed costs, so that when domestic demand weakens, rather than further cut production, producers will look for foreign markets to maintain as high capacity utilisation as they can.

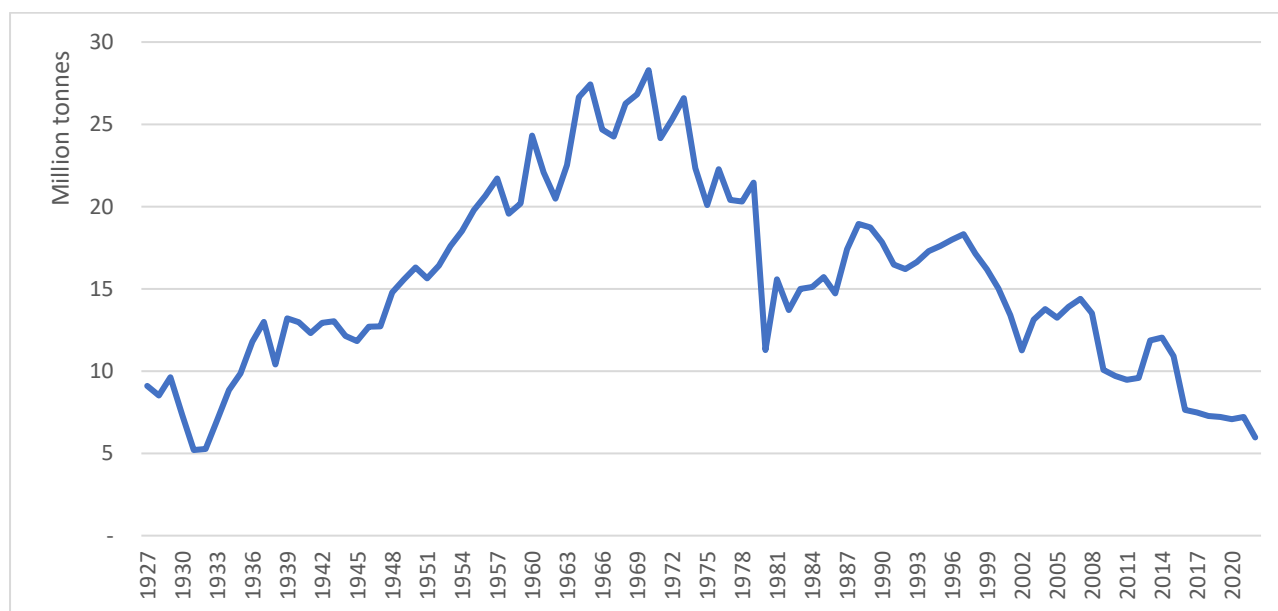
Given high production levels against waning domestic demand, combined with trade defence measures in key export markets, the likelihood of injurious dumping should the UK drop its measures is extremely high, especially when considering the relative size of the UK market.

2.5 Situation of UK industry

The UK industry is in a vulnerable position and highly susceptible to injury in the event of an increase in dumped imports. Bridon Bekaert is the only producer of SRC in the UK, at its plants in Doncaster and Newcastle. SRC is a core part of the UK business and indeed the UK production sites will become the centre of Bridon-Bekaert's European SRC manufacturing as part of a consolidation plan which will see the closure of the company's German plant by the end of 2023.²²

Recent years have seen a challenging environment for the UK steel industry, first with the global pandemic and then with the energy crisis as a result of the war in Ukraine. Exorbitant energy costs have reduced production and demand in the UK and across Europe. In 2022, overall UK steel production plummeted to the lowest level since the Great Depression at 6 million tonnes, a drop of 17% on year.²³ Much of the world saw drops in steel production last year as a result of reduced demand and high energy prices, but not quite as steeply as the UK (-4.3% globally and -10.5% for EU27)²⁴. This is partly because the UK electricity market is more exposed to gas prices than other competitors in the region, making steel production more expensive.

Chart 2: UK crude steel production 1927-2022



Source: ISSB

²⁰ Ibid.

²¹ [Chinese wire rod export prices fall further \(kallanish.com\)](https://www.kallanish.com/news/chinese-wire-rod-export-prices-fall-further)

²² [Bekaert announces footprint and portfolio adjustments BBRG - Bekaert.com](https://www.bekaert.com/en/press-releases/bekaert-announces-footprint-and-portfolio-adjustments)

²³ ISSB data collected from UK producers.

²⁴ [December 2022 crude steel production and 2022 global crude steel production totals - worldsteel.org](https://worldsteel.org/en/press-releases/december-2022-crude-steel-production-and-2022-global-crude-steel-production-totals)

The global outlook for 2023 and the coming years is highly uncertain, and so is the outlook for the UK steel market, including SRC. The World Steel Association's latest forecast sees recovery to global steel demand but not before 2024 in the EU and the UK as the impact of the war, inflation, high interest rates and supply-chain challenges continue to weigh on the market. After a fall of 7.9% in 2022, steel demand in the EU and UK combined is expected to fall by 0.4% in 2023 and increase by 5.6% in 2024²⁵. Given that the UK economy has recently performed worse than other developed economies, we would expect the UK portion of this forecast to be less optimistic than the average. UK Steel's own forecast sees a sharp reduction in steel demand for 2023 across the main end-use sectors (construction -11%, automotive -15%, mechanical engineering -14%), and staying flat or increasing only marginally into 2024. The Construction Products Association similarly forecasts construction output in the UK to decline by 4.7% in 2023 before recovering slowly in 2024 with growth of just 0.6%.²⁶

Demand from the oil and gas sector has fared relatively better than other sectors over the past year, but this is not expected to last, particularly in the European region. Eurofer, the European steel association, forecasts a decrease in oil demand in the EU over 2023 and 2024 on account of weak economic growth and does not foresee the launch of new projects and the associated demand from the sector given the high geopolitical uncertainty and with the EU's shift towards more shipping of LNG.²⁷ Meanwhile the mining sector is facing a global downturn, with major companies reporting negative results²⁸ and with difficult financing conditions expected to impact exploration activity. S&P Global projects a 10%-20% decrease in the global exploration budget for 2023 after a 16% increase in 2022.²⁹

Against this weak steel demand environment, the massive increase in input and energy costs over the past year has left the UK industry, including the SRC industry, in a fragile state. This is further compounded by the huge global overcapacity issue. In this context, the injury and economic impact of a resumption of dumping would be significant. Additionally, as noted in Section 2.2 several other countries have trade restrictions in place on imports from China. This would increase the likelihood of dumped imports and injury to any country which left its market exposed as trade from other markets would be diverted. Considering the weakened position of the UK industry, a resumption of dumping would certainly be severely injurious.

In contrast, importers and downstream users have great flexibility in where to source SRC products, given that these are produced by numerous countries around the world. Furthermore, importers do not face the capital costs that producers do, nor the scale of running costs that need to be covered. They are therefore far less vulnerable and can more easily pass on increased costs to consumers. In relation to downstream users, SRC costs are a tiny fraction of any end-product and therefore any cost implications would be negligible. Furthermore, it should be noted that SRC prices are governed by much broader drivers and dynamics and not by the specific supply of Chinese SRC to the UK. Clearly the supply of Chinese SRC at dumped prices would lower UK prices, but that would be the result of a distortion and not an equilibrium market price for SRC in the UK. Meanwhile, the contrary is not true, i.e. steel prices are not higher because of the anti-dumping measure since importers are not paying the tariff and there are other sources of supply. In that sense, UK importers and downstream users are currently paying a non-dumped market price. While steel prices remain at higher than pre-Covid and pre-war levels, these are equivalent to the high input prices faced by producers so this is a factor equally impacting each segment of the supply chain and not an additional cost specifically imposed on importers or end-users.

3 Economic effects on the UK if the existing measure was no longer applied

3.1 Importance of the UK SRC industry

The UK SRC industry provides significant employment opportunities in Newcastle and Doncaster where operations are located and offering wages considerably higher than the local average. The contribution to the local economy is even more prominent when considering the Government's levelling up agenda which is

²⁵ [worldsteel Short Range Outlook April 2023 - worldsteel.org](https://worldsteel.org/press/short-range-outlook-april-2023/)

²⁶ [CPA Forecasts Recession in Construction for 2023 \(constructionproducts.org.uk\)](https://constructionproducts.org.uk/cpa-forecasts-recession-in-construction-for-2023/)

²⁷ [Eurofer Quarter 2 2023-2024 final.pdf](#), page 16

²⁸ [Australia's Biggest Firms Flash Warning Signals on Recession - Bloomberg](#)

²⁹ [Infographic: 2023 Metals and Mining Outlook | S&P Global Market Intelligence \(spglobal.com\)](#)

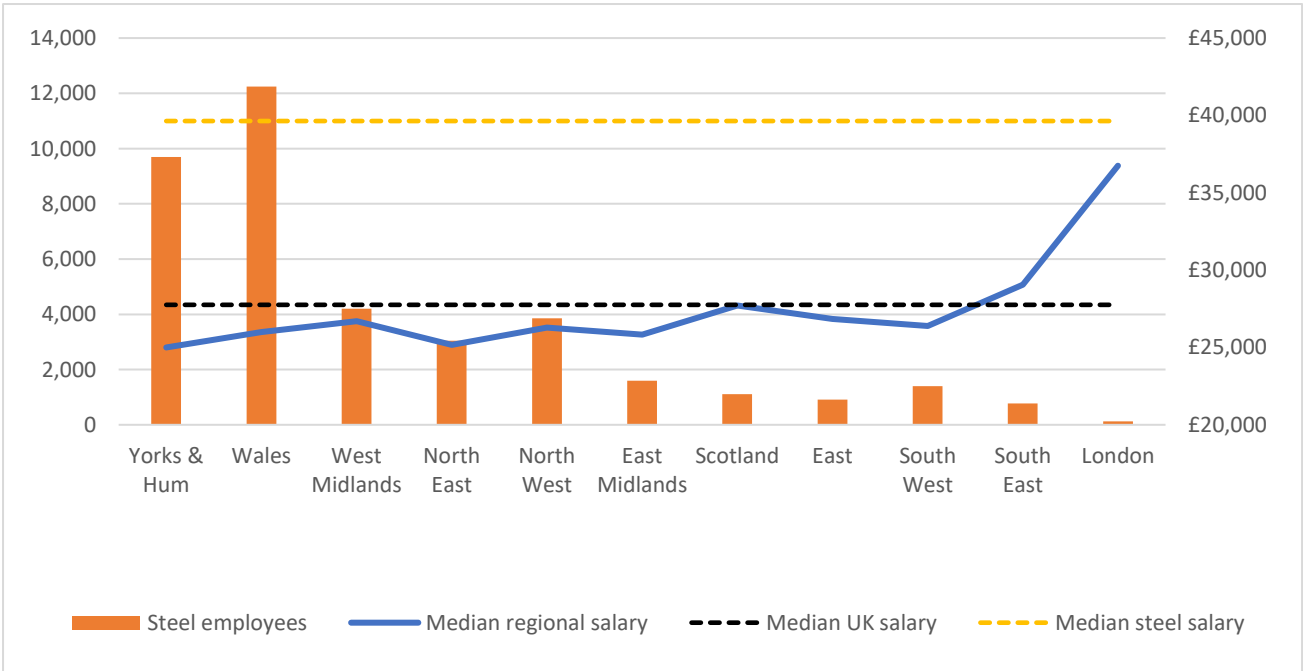
important context within which the TRA should interpret Paragraph 25(4)(a)(iv) (likely geographic impact) of the Taxation (Cross-Border Trade) Act 2018. SRC products are produced at Bridon Bekaert’s sites, supporting skilled, well-paid jobs in the area. Removing the measures not only risks current UK production and employment but also future investment and therefore future high-wage employment opportunities which will be invaluable to the local communities.

SRC is a core product for Bridon Bekaert in the UK and any injury suffered would put at risk the jobs of the workers it employs directly as well as in the supply chain. Upstream impact would include British Steel which is one of the suppliers of wire rod to the Doncaster site, while other UK wire producers also supply the Newcastle site. The interconnectivity of steel products and economics of steel production, as explained in the next section, mean that one should not simply consider the potential injury on the elements of the business directly producing SRC, but also the impact on the wider business and supply chain.

3.2 Importance of the wider UK steel industry

- The UK steel industry directly employs 39,800 people across the UK – jobs that would be at risk if the health of domestic steel companies is compromised³⁰
- The UK steel industry also supports a further 50,000 in its high-value supplies chains³¹
- The steel industry is predominantly based in the regions of the country the Government is seeking to level-up. We directly employ tens of thousands of skilled workers in Teesside, Yorkshire and Humberside, the West Midlands and Wales. The median wage of our workers (£39,637) is 43% higher than the UK national median and 56% higher than the regional median in Wales, and Yorkshire & Humberside.³²

Chart 3: UK Steel Employment and Pay by Region 2022



Source: ONS Various and UK Steel Analysis

³⁰ ONS – Business Register and Employment Survey 2021
³¹ ONS – Business Register and Employment Survey 2021 and ONS Type 1 employment multipliers
³² ONS – Annual Survey of Hours and Earnings, ASHE Table 16 and ASHE Table 7

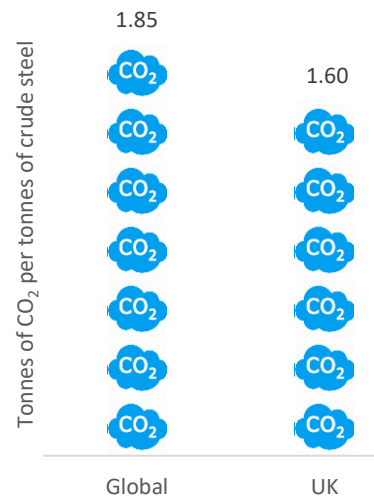
- The UK Steel Industry makes a £2.9 billion direct contribution to UK GVA and supports a further £3.8 billion in its supply chains ³³
- UK steel also makes a £2.4 billion direct contribution to the UK’s balance of trade³⁴, critical to the Government’s ambitions of developing a more a global trading Britain.
- We train hundreds more skilled individuals every year, providing the United Kingdom with the engineers of the future. Approximately 65% of the technical workforce is educated to degree level, and around 40% possess a postgraduate qualification. By working together, Government and industry can ensure that we go on providing high-quality employment and opportunities.

We provide the high-quality materials vital to an array of challenges. From delivering the Government’s infrastructure revolution to creating a low carbon economy, steel is an essential ingredient. The UK directly consumes 9-10 million tonnes of steel each and every year – in infrastructure, construction, and a vast array of manufactured products. Our increasing need for steel in high-speed rail, energy efficient buildings, low-carbon and electric vehicles, wind-turbines and much more besides means this demand will grow 10% this decade creating a huge £6 billion annual market. It is vital that we retain a strong and resilient steel industry in the UK to supply this.

3.3 Importance of domestic UK steel industry to decarbonisation

Increased reliance on steel imports could lead to higher emissions if imported steel is produced in a more carbon-intensive steel plant. Global carbon intensity varies from 0.29-3.38 tonnes of CO₂ per tonnes of crude steel, depending on plant efficiency and production method (i.e. BOF vs EAF), with the weighted average being 1.85tCO₂/tCS in 2018. UK steel production sites are less carbon-intensive than the global average for both BOF and EAF steelmaking, and therefore increases in imports will likely lead to an increase in global greenhouse gas emissions. 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 CO₂³⁵. Given this picture of lower production and transport-related emissions from domestically produced steel, it is clear that replacing domestic production with greater imports of steel would be defeating the point of trying to achieve net zero targets, when that would equate with simply offshoring our emissions to other countries. If any attempt to decarbonise is to be meaningful, then this must be aimed at consumption-based emissions and a real net-zero future is indisputably in the public interest.

GHG Emissions per tonne of steel produced



We recognise that public interest considerations are not strictly within the TRA’s remit. But even from an economic interest perspective, the UK stands to lose out from lagging in decarbonising its steel sector. In the next few years, the EU will be introducing a Carbon Border Adjustment Mechanism (CBAM) which will penalise high emission steel with tariffs. This could see UK exports to the EU suffer if the pace of decarbonisation doesn’t pick up. Even worse, if the UK does not introduce an equivalent CBAM, then large volumes of high emission steel could be diverted to the UK, putting UK production and jobs at risk. Decarbonisation is essential for the future of the UK steel industry and will require a huge amount of investment. This in turn requires an environment which makes the UK steel industry an attractive investment proposition for the international parent companies who own them. A market which is exposed to damaging dumped imports is exactly the opposite of what is required at this critical period of transition.

Source: WorldSteel, CO₂ Data Collection Summary Report 2018

³³ ONS GDP Output – low level aggregates 2022 and type 1 multiplier

³⁴ International Steel Statistic Bureau – UK steel exports net of import of raw materials/inputs

³⁵ Defra conversion factor for large container vessel of 0.01267 kgCO₂e/tonne product/km shipped. Shipping distance from Shanghai to Dover of 22,000 km. Estimated CO₂e emissions of 278 kg per tonne.

3.4 Presumption that the Economic Interest Test has been met

It is important to emphasise that the UK legislation³⁶ establishes a presumption in favour of the economic interest test having been met.

“That test is presumed to be met unless the TRA or, as the case may be, the Secretary of State is satisfied that the application of the remedy is not in the economic interest of the United Kingdom.”

Therefore, the burden of proof rests on the TRA (or Secretary of State) to demonstrate clearly that maintaining the measure would not be in the economic interests of the UK, if the Economic Interest Test (EIT) were to be used as justification for the revocation of the measure. Demonstrating that maintaining the measure would not be in the economic interests of the UK must require the presentation of reasonable, robust and verifiable evidence to support this conclusion. In the absence of this reliable evidence base that stands up to independent scrutiny, the legislation is clear that the TRA should presume that the EIT has been met.

4 Distortions in the Chinese market affecting SRC steel production and prices

4.1 Horizontal distortions affecting steel industry

4.1.1 Constitution of the PRC and Constitution of the CPC

The Chinese steel industry and markets have to be viewed through the lens of the political system. Although there is no doubt that China is undergoing dramatic changes and can no longer be considered as a pure planned economy, Chinese industry still operates in a system dominated by the state and government intervention.

For example, the Preamble of the current Constitution of the People's Republic of China³⁷ states:

The victory in China's New-Democratic Revolution and the successes in its socialist cause have been achieved by the Chinese people of all nationalities, under the leadership of the Communist Party of China and the guidance of Marxism-Leninism and Mao Zedong Thought, by upholding truth, correcting errors and surmounting numerous difficulties and hardships. China will be in the primary stage of socialism for a long time to come. The basic task of the nation is to concentrate its effort on socialist modernization along the road of Chinese-style socialism. Under the leadership of the Communist Party of China and the guidance of Marxism-Leninism, Mao Zedong Thought, Deng Xiaoping Theory and the important thought of Three Represents, the Chinese people of all nationalities will continue to adhere to the people's democratic dictatorship and the socialist road, persevere in reform and opening to the outside world, steadily improve socialist institutions, develop the socialist market economy, develop socialist democracy, improve the socialist legal system and work hard and self-reliantly to modernize the country's industry, agriculture, national defence and science and technology step by step and promote the coordinated development of the material, political and spiritual civilizations, to turn China into a socialist country that is prosperous, powerful, democratic and culturally advanced.

This notes that China is still in the primary stage of socialism for a long time to come and that this guides the 'basic task of the nation'. Further, the Chinese people will continue to adhere to the 'people's democratic dictatorship' and the socialist road. It also talks about 'coordinated development'.

Further, Article 7 of the constitution states:

The State-owned economy, namely, the socialist economy under ownership by the whole people, is the leading force in the national economy. The State ensures the consolidation and growth of the State-owned economy.

The 'leading force' of the state is set out in Article 6:

The basis of the socialist economic system of the People's Republic of China is socialist public ownership of the means of production, namely, ownership by the whole people and collective ownership by the

³⁶ Taxation (Cross-border Trade) Act 2018, Schedule 4, Part 6, Paragraph 25 (3)

³⁷ http://www.npc.gov.cn/zgrdw/englishnpc/Constitution/node_2825.htm

working people. The system of socialist public ownership supersedes the system of exploitation of man by man; it applies the principle of “from each according to his ability, to each according to his work”.

In the primary stage of socialism, the State upholds the basic economic system in which the public ownership is dominant and diverse forms of ownership develop side by side and keeps to the distribution system in which distribution according to work is dominant and diverse modes of distribution coexist.

Article 6 talks of “socialist public ownership of the means of production” as the basis of the economic system. It also establishes the dominance of public ownership.

Likewise, the current Constitution of the Communist Party of China³⁸ affirms the dominant role of public ownership:

The Party must uphold and improve the basic economic system whereby public ownership plays a dominant role and economic entities under diverse forms of ownership develop side by side (page 3 of 28).

Further:

The Communist Party of China shall lead the people in developing the socialist market economy. It shall be firm in consolidating and developing the public sector of the economy and shall remain steadfast in encouraging, supporting, and guiding the development of the non-public sector.

In other words, The Communist Party China maintains a highly significant leadership role in the economy.

4.1.2 13th Five Year Plan

China has adopted five-year plans since 1953 and this has been the way in which the state, and specifically the Communist Party, have guided and shaped the Chinese economy.

The introductory paragraph of the most recent five-year plan covering the years 2016-2020 continues to emphasise the importance of the Communist Party in formulating economic and social policy:

Formulated on the basis of the Recommendations of the Central Committee of the Communist Party of China (CPC) for the 13th Five-Year Plan for Economic and Social Development of the People’s Republic of China (2016–2020), the 13th Five-Year Plan sets forth China’s strategic intentions and defines its major objectives, tasks, and measures for economic and social development. This plan is to serve as a guide to action for market entities, an important basis for government in performing its duties, and a common vision to be shared among the people of China.

The five-year plans sit amongst a myriad of broader horizontal plans affecting all industries (including ‘Made in China 2025’ and the ‘Belt and Road Initiative’) and plans for specific sectors. A full review of all the plans is beyond the scope of this submission. However, they are thoroughly described in the European Commission Staff Working Document on distortions in the Chinese economy (particularly section 4)³⁹.

On the ‘transformation and upgrading of traditional industries, Chapter 22 of the 13th Five Year plan states:

We will encourage mergers and acquisitions of enterprises so as to put in place a highly concentrated, specialized, and cooperative industrial structure with a core of conglomerate companies. We will support the development of specialized small and medium enterprises.

A high proportion, if not all, of these concentrated and cooperative enterprises are state-owned and, through this, the intention to control the economy and markets is clear.

The ‘Steel Industry Adjustment and Upgrading plan for 2016-2020’⁴⁰ implements the 13th five year plan in relation to steel.

The iron and steel industry is an important basic industry of the national economy and the cornerstone of the country.

³⁸ http://www.xinhuanet.com/english/download/Constitution_of_the_Communist_Party_of_China.pdf (Revised and adopted at the 19th National Congress of the Communist Party of China on October 24 2017.

³⁹ Commission Staff Working Document on ‘Significant distortions in the economy of the PRC for the purpose of trade defence investigations’. SWD(2017) 483 final/2. 20 December 2017.

⁴⁰ Translation on Australian Government website https://www.industry.gov.au/sites/default/files/adc/public-record/466-011.01_-_gatt_-_att_1_-_13th_five_year_plan_for_the_steel_industry_en_-_non-conf.pdf

The opening paragraph of the steel plan confirms that steel is a favoured and strategic sector at the heart of government policy towards the Chinese economy.

4.1.3 14th Five Year Plan

In late 2020, the Chinese Communist Party approved a proposal for China's 14th Five Year Plan (2021-2025)⁴¹. Paragraph 20 states:

We must adhere to and refine the basic socialist economic system, fully exploit the decisive role of the market in allocating resources, make better use of the role of government, and promote a better combination of effective markets and active government.

Stimulating the vitality of various market entities. We will be unswerving in consolidating and developing the economy's public sector, and in encouraging, supporting and leading the development of the non-public sector. We will deepen the reform of state-owned capital and enterprises, and will strengthen, optimize and enlarge state-owned capital and state-owned enterprises (SOEs). We will accelerate the layout optimization and structural adjustment of the state-owned economy, and utilize the strategic supporting role played by the state-owned economy.

Whilst reference to the market is made, the primary role of active government is emphasised in leading and stimulating the public and non-public sectors through strengthening and enlarging of state-owned capital and state-owned enterprises.

New guidance was produced in January 2021 on promoting high-quality development of the steel industry⁴².

This document acknowledges that overcapacity continues to be a problem:

Entering the 14th Five-Year Plan period, the national steel industry still faces problems to achieve high-quality development as problems, such as overcapacity pressure....

The guiding ideology outlined above remains the same, confirming the continued primary guiding role of the Communist Party:

Adhere to the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, thoroughly implement the spirit of the 19th National Congress of the Communist Party of China as well as the 2nd, 3rd, 4th, and 5th Plenary Sessions of the 19th Central Committee of the Communist Party of China

The role of government in steel industry decision making and coordination is clearly stated:

Play a greater role in the global steel industry governance system.

Adhere to overall coordination. Adhere to the systemic concept of promoting high-quality development, adhere to a national coordination effort. Coordinate the relationship between the state and localities, industries and enterprises. Fully mobilize the polarities of all parties and give full play to the advantages of concentrating forces to do major events. Focus on solid foundation, promote advantages, make up for shortcomings, cultivate strengths and reinforce weak points. (section2)

Strengthen the coordination between policies, and form a policy synergy, so as to adapt measures to local conditions, maintain pressure, and implement precise policies (section 17).

Significant intervention to guarantee resource supply is highlighted:

Resource guarantee....Substantially enhance the guaranteed supply of iron, manganese, chromium and other ore resources. For iron, the domestic self- sufficiency rate shall exceed 45%.....Establish equity control in 1-2 overseas iron mines with global influence and market competitiveness. (section 3)

Government is also directed to play an active role in location planning for the steel industry:

⁴¹ https://cset.georgetown.edu/wp-content/uploads/t0237_5th_Plenum_Proposal_EN-1.pdf

⁴² <https://www.hellenicshippingnews.com/china-finalizing-high-quality-growth-in-steel-industry/>
<https://www.chinadaily.com.cn/a/202001/13/WS5e1bfe30a310128217270876.html>

Optimize and adjust the industrial layout. The optimization of the layout of the steel industry must meet the requirements of national and local functional zone planning, environmental protection and related industrial policies. (section 6)

Guidance and co-ordination in relation to Chinese foreign economic policy is also encouraged:

Continue to strengthen the "Belt and Road" international steel production capacity cooperation, and guide superior production capacity to "go global" in an orderly manner. (section 13)

Thus, Chinese state documents produced in 2021 confirm the maintenance of a continued significant role for the state in the governance of the Chinese steel industry.

4.1.4 Decision No 40 of the State Council on Promulgating and Implementing the "Temporary Provisions on Promoting Industrial Structure Adjustment"

All levels of government are directed by Decision No 40⁴³ to play a major role in promoting structural adjustment.

The people's governments of all provinces, autonomous regions, and municipalities directly under the Central Government shall take the promotion of industrial structure adjustment as an important reform and development task at present and within a period in the future, establish the liability system, lay emphasis on implementation, and shall, in accordance with the "Temporary Provisions" and in light of the local situation on industrial development, formulate specific measures, rationally guide the investment directions, encourage and support the development of advanced production capacities, restrict and eliminate outdated production capacities, prevent blind investments and low-level redundant construction, and effectively propel industrial structure optimization and upgrading.

Article 12 of Decision 40 establishes the 'Guidance Catalogue for the Industrial Structure Adjustment' which guides investment directions and government policy.

The "Guidance Catalogue for the Industrial Structure Adjustment" is the important basis for guiding investment directions, and for the governments to administer investment projects, to formulate and enforce policies on public finance, taxation, credit, land, import and export, etc.

The catalogue identifies industrial sectors as 'encouraged', 'restricted' or 'eliminated'. Decision 40 remains in effect and the latest Guidance Catalogue was published in 2019⁴⁴. The European Commission has confirmed that the steel industry belongs to the encouraged category⁴⁵. The presence of such categories confirms the significant influence that the Chinese state has in industrial decision-making.

4.1.5 Comment on the selection of quotes from the Chinese planning documents

We have not conducted a formal, detailed analysis of all the Chinese government documents both quoted above and the many more not cited. Rather we have selected provisions which clearly indicate that the state still plays an active role in the Chinese economic system such that markets remain significantly distorted.

It might be pointed out that there are other quotes that could be selected that suggest that the law requires that market principles apply. However, the fact that a provision is written into Chinese law provides no guarantee that it will be applied in practice. A concrete example of this was found by the European Commission in the hot-rolled flat products investigation⁴⁶.

.....the GOC quoted from Decision No. 40 that encouraged industries should receive credit support 'according to the credit principles'. According to the GOC it cannot be inferred that such support should be given on a preferential basis. However, the investigation has shown that the vague term 'credit principles' does not mean market-based and commercial behaviour, but rather that those credit principles include important public policy considerations, which override credit risk assessment or lead to a complete absence of any risk assessment. Furthermore, the sampled companies benefited from preferential lending policies where a proper credit risk assessment is effectively absent.....The Commission therefore rejected the

⁴³ <http://www.asianlii.org/cn/legis/cen/laws/tpopisa783/>

⁴⁴ The Chinese version of the new guidance catalogue is at <http://www.gov.cn/xinwen/2019-11/06/5449193/files/26c9d25f713f4ed5b8dc51ae40ef37af.pdf>. We do not have a translation of this but press reports confirm that it came into effect in 2019 e.g. <https://www.china-briefing.com/news/chinas-2019-catalogue-guiding-industry-restructuring/> <https://research.hktdc.com/en/article/MzUxODEwMjQv>

⁴⁵ For example, [EU Regulation No 215/2013](#) imposing a countervailing duty on organic coated steel products from China (recital 182).

⁴⁶ Commission Implementing Regulation (EU) 2017/969 of 8 June 2017 imposing definitive CVD on hot-rolled flat products originating in the PRC.

GOC's assertion that lending to the steel industry was done on market based and commercial terms, and that the reference 'according to the credit principles' would constitute an obligation to follow those terms. The key point remains that according to Decision No 40, all financial institutions shall provide credit to encouraged industries, which includes the steel industry, and that that support is de facto provided on preferential terms disregarding the actual credit risk of the beneficiaries (recital 57).

Recital 123 describes how the Commission's verification visits with cooperating, sampled companies revealed that most lending was taking place at rates close to the People's Bank of China benchmark interest rates regardless of the companies' financial and credit risk situation. No concrete evidence of creditworthiness assessments was provided and loans were found to be at below market rates when compared to the rate corresponding to the risk profile of the companies concerned.

This is a concrete example of how provisions apparently introducing market elements into the Chinese economy cannot always be taken at face value.

In conclusion, there are many clear provisions in Chinese law and guidance that unambiguously establish the primary role and influence of the state in the Chinese steel industry. This conclusion is not affected by particular statements in any of these documents that market principles apply.

4.2 Other countries' findings on horizontal China market distortions affecting the steel industry

4.2.1 Introductory Comment

The above analysis of widespread government intervention and market distortions affecting the whole Chinese economy, and thus the whole of the steel industry, has been confirmed by all other major trade remedy regimes.

4.2.2 European Commission Staff Working Document

The EU Commission's report "*ON SIGNIFICANT DISTORTIONS IN THE ECONOMY OF THE PEOPLE'S REPUBLIC OF CHINA FOR THE PURPOSES OF TRADE DEFENCE INVESTIGATIONS*" published in December 2017 sets out clearly the numerous and widespread interventions by the Government of China (GOC) in the Chinese Steel industry.

Important conclusions from the report include:

- *The Government of China has consistently used a wide array of State support measures to promote the steel industry...These measures have a distortive effect on the market...*
- *State owned economy considered 'leading force of the national economy'*
- *Structures of state and CCP intertwined at every level*
- *Interventionist economic policy in pursuance of goals/political agenda set by CCP rather than prevailing economic conditions in free market.*
- *Complex system of industrial planning*
- *Financial system of China dominated by state-owned commercial banks*
- *Regulatory environment - public procedure rules regularly used in pursuit of policy goals. Significant control and influence over destination and magnitude of state and private investment.*
- *State presence in firms - CCP organisation established in every company.*
- *Steel industry, including production of HRF, regarded as key industry by Chinese government.*
- *Hot-rolled flat steel (HRF) producers owned by state - in anti-dumping investigation of HRF from China, Commission established that 3 of 4 sampled groups of exporting producers were state owned enterprise (SOE)*
- *Chinese bankruptcy system inadequate.*
- *Shortcomings of property rights. All land owned by Chinese state.*
- *Wage costs distorted. China not ratified essential ILO conventions.*
- *Chinese financial system characterised by strong position state owned banks.*
- *Various legal provisions refer to need to respect normal banking behaviour and prudential rules such as examining creditworthiness of borrower but overwhelming evidence that the provisions play only a secondary role in application of the various legal instruments.*
- *The Commission has recently established that the Government of China provided numerous forms of state support, some of which were found to be of a permanent and structural nature in the steel sector.*

- In the EU Commission investigation into *Hot rolled flat products from China* it was established that most of these state support schemes “are permanent by nature, such as land use rights, tax breaks and grant programmes. Moreover, the credits received were a constant feature of Chinese industrial policy to support its steel industry. The Commission concluded that these subsidies were of structural nature.
- These state interventions are noted to include:
 - Preferential policy loans, credit lines, preferential interest rates, other financing, and guarantees;
 - Grant Programmes;
 - Direct Tax Exemption and Reduction programmes;
 - Indirect Tax and Import Tariff Programmes;
 - Government provision of goods and services for less than adequate remuneration (‘LTAR’), including: inputs, land use rights, water and electricity;
 - Equity programs, including: debt for equity swaps, equity infusions and unpaid dividends

4.2.3 Canada

Numerous anti-dumping and anti-subsidy investigations carried out by Canadian Border Services Agency (CBSA) have identified widespread and significant state distortions in the Chinese steel industry/market. These include the CBSA’s ‘Statement of Reasons’ in its investigation into dumping of corrosion resistant steel sheet from China (2018)⁴⁷. The CBSA examined a wide range of Chinese Government plans, strategies and policies as part of its ‘Section 20 Inquiry’⁴⁸, that demonstrate the significant interventions the Chinese Government has in the flat-rolled steel industry, ultimately distorting domestic prices. These include:

- **13th Five Year Plan.** The CBSA concludes that “*The analysis of the 13th Five-Year Plan....indicate that the GOC plays a key role in the control and administration of the steel industry, which includes the flat-rolled steel industry sector*”.
- **Iron and Steel Industry Adjustment and Upgrade Plan (2016-2020).** The CBSA concluded that “*In analysing the Iron and Steel Industry Adjustment and Upgrade Plan (2016-2020)....indications are that the GOC continued its level of control in the administration of the flat-rolled steel industry sector*”
- **Iron and Steel Restructuring Policy (2015).** The CBSA quotes directly from this plan: “*There should be continuous innovation in the means of governmental administration; ongoing and respective oversight and services should be continuously strengthened; and the role of the government should be more effectively realised. Relevant laws and regulations should be better implemented in the industry to basically build a fair and competitive market environment.*” This last sentence is particularly important, indicating as it does that the GOC does not believe the steel industry currently operates in a “fair and competitive market environment”
- **National Steel Policy (2005).** The CBSA highlights the key aims of the Chinese National Steel Policy which include: structural adjustment of the Chinese steel industry, industry consolidation, and government supervision and management of the steel industry
- **Steel Revitalisation/Rescue Plan (2009).** The CBSA sites the core objective as: strict control of total steel production and elimination of inefficient production, maintain stable imports of iron ore resources and rectify the market order, maintain the stability of the domestic market and the export environment, develop domestic and overseas resources and guarantee the safety of the industry, and optimise the layout of industry and overall arrangements of its development.
- **12th Five Year Development Plan for the Steel Industry (2011-2015).** The CBSA lists the objective of this plan as: Increased mergers and acquisitions to create large more efficiency steel companies (target top ten steel companies to account for 70% of production by 2020), government restrictions on capacity expansion, and government directed relocation of steel companies.

Elsewhere in the report, as part of the Section 20 investigation, the CBSA concludes:

⁴⁷ CBSA (February 2019) [Statement of reasons concerning the final determination with respect to the dumping of certain corrosion resistant steel sheet from China, separate customs territory of Taiwan, Penghu, Kinmen and Matsu \(Chinese Taipei\), India and South Korea.](#)

⁴⁸ Section 20 is a provision of the Canadian Special Import Measures Act (SIMA) that may be applied to determine normal value of goods in a dumping investigation where certain conditions prevail in the domestic market of the exporting country. In the case of the prescribed country under paragraph 20(1)(a) of SIMA, it is applied where, in the opinion of the CBSA, the government of that country substantially determines domestic prices and there is sufficient reason to believe that domestic prices are not substantially the same as they would be in a competitive market. In other words, a Section 20 investigation examines the same factors and circumstances as the UK regulations require for the establishment of a particular market situation, and on the justification of price adjustments when constructing normal value.

- The GOC's extensive ownership and control of the majority of large Chinese steel producers means that these companies likely produce and market steel according to GOC objectives instead of market conditions.
- The GOC influences the price of hot rolled steel.
- The GOC maintains export controls on raw materials used in the production of steel – these include a 15% export tax imposed in 2017 on steel billet and slab, which creates an excess in supply in China and therefore lowers prices for producers of finished steel products (including wire rod) below what would exist in a competitive market without such government controls.
- That there is substantial evidence of subsidisation of steel production in China, reducing production costs of downstream finished steel products.

In its Statement of Reasons for its flat hot-rolled investigation⁴⁹, the CBSA notes:

“Under SIMA (Special Import Measures Act), China is a “prescribed” country and normal values may be determined under section 20 of SIMA in situations where, in the opinion of the CBSA, domestic prices are substantially determined by the government of that country and there is sufficient reason to believe that they are not substantially the same as they would be if they were determined in a competitive market. Since June 2005, the CBSA has conducted five dumping re-investigations on steel products within the Chinese flat-rolled steel industry. This involved three re-investigations on the current goods under review, HRSS (2007, 2010, 2015) and two re-investigations concerning hot-rolled steel plate (2006, 2010). In respect of each of these products, the CBSA has consistently formed the opinion under section 20 that domestic prices are substantially determined by the Government of China (GOC) and that there is sufficient reason to believe that they are not substantially the same as they would be if they were determined in a competitive market.”

The CBSA reaches similar conclusions in its Statement of Reasons for its cold-rolled steel investigation, which is just one step further downstream from hot-rolled steel⁵⁰. As part of its Section 20 Inquiry, the CBSA finds high proportions of state-ownership of cold rolled steel producers in China, whose operations are driven by GOC mandates and do not necessarily operate under market forces. The report finds that:

- Given that the state-owned steel companies produce raw material inputs for cold rolled steel, there is a strong likelihood that prices of cold rolled steel are also distorted in the flat-rolled steel sector.
- Prices of cold rolled steel in China are significantly lower than in other countries, suggesting that the GOC's involvement in the cold rolled steel sector is affecting prices. Cold rolled steel prices in China were lower than domestic pricing in the United States, Japan and the European Union by \$164/tonne to \$471/tonne in various periods.
- The domestic selling prices of cold rolled steel in China were 28.2 % lower than the reported domestic selling prices in other countries during 2017-2018.

The Section 20 Inquiry concludes:

“The wide range and material nature of the GOC measures have resulted in significant influence on the flat-rolled steel sector in China, which includes cold-rolled steel. Based on the preceding, the President is of the opinion that:

- *domestic prices are substantially determined by the GOC; and*
- *there is sufficient reason to believe that the domestic prices are not substantially the same as they would be in a competitive market.”*

4.2.4 Australia

In the recent review of anti-dumping measures on steel rod in coil from China⁵¹, the Australian Anti-Dumping Commission found that government involvement across the steel industry is the primary cause of prevailing structural imbalances.

The Commission considers the GOC's involvement within, and influence across the steel industry to be a primary cause of the prevailing structural imbalances within both the broader steel industry and the steel rod in coil market. This involvement includes the issuing of planning guidelines and directives,

⁴⁹ [Expiry Review Report - OCTG 2014 \(cbsa-asfc.gc.ca\)](#)

⁵⁰ CBSA (November 2018), [Cold-Rolled Steel 2018 Investigation - Final Determinations \(cbsa-asfc.gc.ca\)](#)

⁵¹ Australian Anti-Dumping Commission – Report No 564, Review of anti-dumping measures applying to steel rod in coil exported to Australia from the People's Republic of China. 27 November 2020.

along with provisions of direct and indirect financial support. Other key mechanisms include the role and operation of SOEs, taxation arrangements and tariff policies.

In relation to state-owned enterprises, the Commission makes the following conclusions:

In 2016, sixteen of the world's 50 largest steelmaking companies were SOEs from China. In 2018, eight of the top ten steel producers in China were SOEs.....While the Commission does not consider that the presence of these entities alone causes markets to be distorted, it does consider that the presence of these entities is likely to result in the GOC's plans and directives being adhered to. The Commission also considers that the support provided to these entities by the GOC has enabled many of them to be operated on non-commercial terms for extended periods, significantly impacting supply and pricing conditions within the domestic Chinese market. Examples of these support mechanisms include government subsidies, support from associated enterprises (through direct subsidy, interest-free loans or provision of loan guarantees) and loans from state-owned banks.

Further, the Commission concludes that no progress has been made on the over-capacity problem:

The effectiveness of the GOC's attempts to address overcapacity through mergers and acquisitions has been constrained by the GOC's desire to:

- *replace older mills with new larger and more efficient mills; and*
- *close smaller mills to offset the commissioning of new larger mills.*

Its impact to date has been to increase production and exacerbate existing structural imbalances.

Similarly in its anti-dumping investigation on steel reinforcing bar from China⁵², the Australian Anti-dumping Commission found several types of distorting subsidies provided to the Chinese steel industry including:

- *Steel inputs provided by the government at less than adequate remuneration.*
- *Coking coal and coke provided at less than adequate remuneration.*
- *Preferential Tax Policies for Enterprises with Foreign Investment.*
- *Preferential Tax policies for Specific Regions.*
- *Preferential Tax Policies for Foreign Invested Enterprises.*
- *Land Use Tax Deductions.*
- *Preferential Tax Policies for High and New Technology Enterprises.*
- *Tariff and value-added tax (VAT) Exemptions on Imported Materials and Equipment.*
- *Research and Development (R&D) Assistance Grants.*
- *Special Support Funds for Non State-Owned Enterprises.*

These findings were reached in long steel products investigations, which are in the same product family as SRC.

4.2.5 United States

The United States still treats China as a non-market economy in anti-dumping investigations, as permitted under the Chinese WTO accession protocol. The DOC's most recent determination⁵³ concluded the following:

The Department of Commerce ("Department") concludes that China is a non-market economy (NME) country because it does not operate sufficiently on market principles to permit the use of Chinese prices and costs for purposes of the Department's antidumping analysis. The basis for the Department's conclusion is that the state's role in the economy and its relationship with markets and the private sector results in fundamental distortions in China's economy.

At its core, the framework of China's economy is set by the Chinese government and the Chinese Communist Party (CCP), which exercise control directly and indirectly over the allocation of resources through instruments such as government ownership and control of key economic actors and government directives. The stated fundamental objective of the government and the CCP is to uphold the "socialist market economy" in which the Chinese government and the CCP direct and channel economic actors to meet the targets of state planning. The Chinese government does not seek

⁵² Australian Anti-Dumping Commission – Report No 300, Alleged dumping of steel reinforcing bar exported from the People's Republic of China. March 2016. [063 - rep_300_0.pdf \(industry.gov.au\)](#)

⁵³ US DOC Memorandum 'China's Status as a Non-Market Economy' A-570-053 October 26 2017.

economic outcomes that reflect predominantly market forces outside of a larger institutional framework of government and CCP control. In China's economic framework, state planning through industrial policies conveys instructions regarding sector-specific economic objectives, particularly for those sectors deemed strategic and fundamental.

In relation to the 13th Five Year Plan, the US-China Economic and Security Review Commission⁵⁴ found that *"China's continued reliance on state-led economic growth rather than more market-based growth represents a considerable challenge for US firms facing competition from Chinese firms in China and abroad".*

The Commission's report concludes that the 13th Five Year Plan is a step back from China's pledge to allow the market to play a decisive role.

The 13th FYP represents a step back from China's Third Plenum pledge to allow the market to play a "decisive role" by reiterating the CCP's central role in China's economic and social development. The Chinese government's intervention in the economy, particularly its ham-fisted response to the stock market collapse in the summer of 2015 and early 2016, counteracts the very market drivers it is hoping to unleash

The Commission also quotes a report from the Center for Strategic and International Studies⁵⁵ in relation to the One Belt One Road (OBOR) initiative which it describes as a cornerstone of the 13th Five Year Plan's objectives.

CSIS researcher Chris Johnson noted that beyond these stated objectives, the Chinese government is hoping to use OBOR to export China's enormous excess industrial capacity and strengthen debt-laden SOEs' international competitiveness "through abundant financing and markets where competition is not particularly fierce."

4.2.6 Distortions specific to wire rod industry

Australia's continuation of anti-dumping measures on steel rod in coil

The Australian Anti-Dumping Commission recently completed a review of anti-dumping measures on steel rod in coil from China⁵⁶.

The Commission quoted from its previous analysis of raw material distortions on wire rod inputs. It identified the following impacts on raw materials:

- export duties on steelmaking raw materials for chromium, crude steel, iron ore, coke, coking coal, manganese, molybdenum, pig iron, and steel scrap;
- the impact of the GOC's overarching macroeconomic policies and plans;
- non-automatic export licensing requirements for certain raw materials which gives the GOC control over the exportation of raw materials used in the production of steel rod in coil, generating extra transaction costs and hindering exporters ability to react quickly to sales opportunities;
- including chromium mines as part of the Chinese iron and steel industry in the GOC's National Steel Policy, which has been found to have impacted and distorted the cost of raw materials; and
- defining chromium as a strategic mineral in the Plan, and the finding that these "strategic minerals are 'key elements of the mineral resources macro-control, supervision and management'" and "the plan mentions the role of governmental decision-making on the sector's development".

The Commission concluded that the level of government influence resulted in a particular market situation in the Chinese steel rod in coil market:

While the Commission is aware that the GOC has made significant efforts to reduce export tariffs and quotas for coke and coking coal, it is noted that scrap steel, iron ore and coking coal are still important raw materials

⁵⁴ US-China Economic and Security Review Commission, Staff Research Report, *The 13th Five year Plan*, February 14 2017.

⁵⁵ Christopher K. Johnson, "President Xi Jinping's 'Belt and Road' Initiative: A Practical Assessment of the Chinese Communist Party's Roadmap for China's Global Resurgence," *Center for Strategic and International Studies*, March 2016

⁵⁶ Australian Anti-Dumping Commission – Report No 564, Review of anti-dumping measures applying to steel rod in coil exported to Australia from the People's Republic of China. 27 November 2020.

*in the manufacture of steel. While government tariff and quota measures have declined in recent years, they remain factors that are likely to distort the markets for these materials in China.*⁵⁷

It is apparent in light of the information above, and the further analysis in the following sections, that government influence by the GOC has resulted in a particular market situation in the Chinese steel rod in coil market.

The Commission found that the price of steel billet, the main input to wire rod in coils, would be substantially different in a market not characterised by GOC influence:

The Commission therefore considers that the GOC's historic and continued involvement within the Chinese steel industry, through its policies, planning guidelines, plans and directives, materially contributed to the steel industry's overcapacity, oversupply and distorted structure during the review period. It is the Commission's view that the prices of steel billet would be substantially different in a market not characterised by GOC influence.

The Commission also found that “subsidy programs have directly contributed to conditions within the Chinese steel industry and steel rod in coil market during the review period”.

In addition, the Commission concluded that input prices are artificially low:

The Commission has previously identified evidence of export taxes and export quotas on a number of key inputs in the steel making process, including coking coal, coke, iron ore and scrap steel in Anti-Dumping Commission Report No. 198.83 The Commission found that these measures would keep input prices artificially low and create significant incentives for exporters to redirect these products into the domestic market, increasing domestic supply and reducing domestic prices to a level below what would have prevailed under normal competitive market conditions.

The Australian Anti-Dumping Commission concludes that market conditions are distorted and that there is a particular market situation on the Chinese domestic market for steel rod in coil.

The Commission has determined that the GOC has exerted influence on the Chinese steel industry, which has distorted competitive market conditions in the steel industry in China. The GOC was able to exert this influence through its directives and oversight, subsidy programs, taxation arrangements and the significant number of SOEs. As a result, the Commission considers that there is a particular market situation in the domestic market for steel rod in coil.

US findings on subsidies directly affecting the Chinese wire rod industry

The recent sunset review of the countervailing duty on carbon and certain alloy steel wire rod from China⁵⁷ found the following countervailable programmes:

- **Preferential Loans, Policy Loans, and Directed Credit**
Chinese steel producing companies, including steel wire rod producers, get low-interest loans from state policy banks and state-owned commercial banks to fund their growth. The domestic interested parties contend that such subsidies are granted pursuant to political directives from the central or provincial governments, rather than creditworthiness or other market-based factors, and benefit SOEs and industries, such as the steel industry, that are favored by the GOC and in line with its goals.
- **Treasury Bond Loans or Grants**
China annually announces that certain projects will receive financial support through Treasury bond proceeds.
- **Development of Famous Brands and China World Top Brands Programs**
In 1992, the GOC initiated the Famous Brands Program to increase exports. According to the Office

⁵⁷ US DOC – Issues and Decision Memorandum for the Expedited First Sunset Review of the Countervailing Duty Order on Carbon and Certain Alloy Steel Wire Rod from the People's Republic of China. C-570-013, March 24 2020.

of the United States Trade Representative (USTR), the Famous Brands and China World Top Brands programs provide grants, loans, and other incentives to enterprises in China, in an effort to implement an industrial policy of promoting the development of global Chinese brand names, and to increase sales of Chinese branded and other Chinese merchandise around the world.

- **Sub-Central Government Subsidies for Development of Famous Brands and China World Top Brands**
In addition to the central government, a number of “sub-central” (i.e., provincial and local) governments in China have promulgated various policies to implement the goals of the Famous Export Brands and Top Brands programs. These programs provide additional financial support to companies with products designated as famous brands in order to increase sales of Chinese branded merchandise around the world.
- **Funds for Outward Expansion of Industries in Guangdong Province**
This program was established pursuant to Implementing Measures of Guangdong Province concerning the Support of Development of Outward Privately-Held Enterprises, and aims to provide eligible private enterprises located in the Guangdong Province with special funds to develop their export activities.
- **Provincial Fund for Fiscal and Technological Innovation**
This program is administered by the Provincial Department of Finance and Economic and Trade Commission of Guangdong Province pursuant to the Provisional Measures on Administration of Exploration and Renovation Provincial Level Fund, and provides grants to firms with the goal of promoting technological and fiscal innovation.
- **State Specific Fund for Promoting Key Industries and Innovation Technologies**
The National Development and Reform Commission and the Ministry of Industry and Information Technology provide a one-time grant, under a special fund for promoting key industries and innovation technologies, to assist eligible companies, including steel producers, to develop production facilities. To receive the grant, an eligible company must submit an application that includes information regarding its estimated export revenues.
- **Shandong Province’s Special Fund for the Establishment of Key Enterprise Technology Centers**

The purpose of the fund is to support the establishment of technical centers by key enterprises through providing funds for the purchase of equipment, training, technical cooperation, and communication. The legislation pursuant to which this program operates expressly limits access to the program to seven industrial chains and six pillar industries, including metallurgy.

- **Grants for Antidumping Investigations**
Several sub-central governments, including Shandong Province, Rizhao City, and Nanjing City, all offer grants to companies that made export sales and cooperated in antidumping investigations.
- **Shandong Province’s Award Fund for Industrialization of Key Energy-Saving Technology**
The purpose of this program is to encourage reductions in energy consumption and to accelerate the industrialization of key energy-saving technologies in Shandong Province, because the GOC has directed all levels of the government to support industries with high energy consumption, such as steel, and target those sectors for saving energy and reducing energy consumption.
- **Shandong Province’s Environmental Protection Industry R&D Funds**
The purpose of this fund is to promote pollution-preventing technologies and environmental product development, and to strengthen the innovation capability and market competitiveness of the environmental protection industry in Shandong Province. The GOC has directed all levels of the government to support industries with high energy consumption, such as steel, and target those sectors for saving energy and reducing energy consumption.
- **Shandong Province’s Construction Fund for Promotion of Key Industries**
A program that provides construction funds to steel wire rod producers in Shandong Province.
- **Waste Water Treatment Subsidies**
This grant program was offered by provincial governments to address the problem of waste water pollution.

- **Funds of Guangdong Province to Support the Adoption of E-Commerce by Foreign Trade Enterprises**

Guangdong Province provides grants to support the adoption of e-commerce by foreign trade enterprises. The Commission of Economy and Information Technology of Guangdong Province administers this program, which consists of four separate funds: (1) special fund; (2) fund of provincial strategic new emerging industry; (3) special fund of internet services industry; and (4) special fund for small and medium-enterprises.

- **Technology to Improve Trade R&D Fund**

The Jiangsu Treasury Department provides a special fund to companies in an effort to induce R&D activities related to export products. To receive this grant, a company must submit an application that includes information regarding its exports or potential exports.

- **Direct Government Grants to Hebei Iron & Steel**

Hebei Iron & Steel's 2012 Annual Report indicates that the company receives numerous grants from the GOC.

- **Provision of Steel Billet for LTAR**

Steel billet is almost exclusively produced and sold by SOEs, which receive extensive subsidies from the GOC. Thus, Chinese steel wire rod producers receive steel billet from SOEs for LTAR.

- **Provision of Electricity for LTAR**

Steel wire rod producers receive electricity from the GOC for LTAR.

- **The Provision of Land-Use Rights to SOEs for LTAR**

Chinese producers of steel wire rod are eligible to benefit from the government provision of land-use rights for LTAR in the form of granted rights to encouraged industries and allocated rights to SOEs.

- **Land-Use Rights Extension**

The GOC issues land-use certificates to holders of land-use rights, which effectively extend their land-use rights by additional years without additional consideration. Land-use rights may be extended when a company purchases land-use rights from another entity or a business consolidation such as merger or acquisition takes place.

- **Income Tax Reductions Under Article 28 of the EIT**

Enterprises that are designated as HNTes are entitled to pay a reduced tax rate of 15 percent instead of the standard corporate tax rate of 25 percent, according to Article 28 of the EIT.

- **Tax Offsets for R&D Under the EIT**

Article 30.1 of the EIT created a new program which allows enterprises to deduct research expenditures incurred in the development of new technologies, products, and processes.

- **The Two Free/Three Half Program for FIEs**

Article 8 of the FIE Tax Law exempts FIEs that are profitable and scheduled to operate for not less than ten years from income tax in their first two profitable years, and allows such companies to pay only half of the applicable tax rate for the following three years.

- **Income Tax Reductions for Export-Oriented FIEs**

FIEs may continue to pay half of its applicable income tax rate following the expiration of the "Two Free/Three Half Program" if exports constitute 70 percent of the company's sales. Additionally, export-oriented enterprises in specially-designated zones, already eligible to pay half the standard income tax rate, may receive a further rate reduction through this program.

- **Income Tax Benefits for FIEs Based on Geographic Locations**

"Productive" FIEs located in a coastal economic development zone, special economic zone or economic technology development zone receive preferential tax rates of either 15 or 24 percent, as opposed to the standard 25 percent rate.

- **Local Income Tax Exemption and Reduction Programs for "Productive" FIEs**

Local provinces can establish eligibility criteria and administer the application process for local income tax reductions or exemptions for FIEs, effectively extending the tax exemptions or reductions that are allowed to FIEs by the national "Two Free, Three Half program."

- **Tax Offsets for R&D by FIEs**
The GOC encourages R&D by FIEs by allowing tax offsets that permit the actual R&D expenses incurred in China which have increased ten percent or more from the previous year to be offset by 150 percent from the taxable income of the year.
- **Tax Refunds for Reinvestment of FIE Profits in Export-Oriented Enterprises**
FIEs that use profits to establish another FIE (or high technology company), or that reinvest those profits into the same FIE, can receive complete refunds of the corporate income tax already paid on the invested amount. The recipient of the investment must be export-oriented and scheduled to operate for at least five years to be eligible for the refund.
- **Preferential Tax Programs for FIEs Recognized as HNTes**
The GOC provides preferential tax benefits to enterprises with foreign investment that are recognized as HNTes, and for enterprises that are established in high or new technology industrial development zones. These benefits include a reduced income tax rate of 15 percent.
- **Tax Benefits to Enterprises in the Northeast Region**
Enterprises located in the Northeast Region (i.e., Liaoning, Jilin and Heilongjiang provinces) may: (1) reduce the depreciation life of fixed assets by up to 40 percent for tax purposes, thereby increasing the annual amount of depreciation expense that may be deducted from the company's income tax; and (2) lessen the period of amortization of intangible assets by up to 40 percent for tax purposes, resulting in a larger annual tax deduction for amortization expense.
- **Forgiveness of Tax Arrears for Enterprises Located in the Old Industrial Bases of Northeast China**
This program forgives all tax liabilities incurred prior to December 31, 1997, that have not been paid by enterprises located in the Liaoning, Jilin, and Heilongjiang provinces. The scope of the tax forgiveness includes surcharges for overdue tax payments, such as interest and penalties on the overdue taxes, and applies to both state-owned and private enterprises.
- **VAT and Import Duty Exemptions for Use of Imported Equipment**
The GOC exempts FIEs and certain domestic enterprises in encouraged industries, such as iron and steel, from paying VAT and tariffs on imported equipment that is used in production, but not resold.
- **VAT Rebates on FIE Purchases of Chinese-Made Equipment**
The GOC refunds the VAT on FIE purchases of certain domestically-produced equipment, such as equipment falling under the "Encouraged" and "Restricted B" categories listed in the Circular of the State Council Concerning the Adjustment in the Taxation Policy of Import Equipment, and equipment for projects listed in the Current Catalogue of Key Industries, Products and Technologies the Development of Which Is Encouraged by the State.
- **VAT and Tariff Exemptions for Purchases of Fixed Assets Under the Foreign Trade Development Fund Program**
The GOC allows businesses in northeast China in the high-tech, equipment manufacturing, petrochemical, metallurgical, and selected other industries to deduct VAT for purchases of fixed assets from the VAT for sales of finished goods.

This confirms that there are extensive subsidy schemes that distort the production and sale of wire rod in China and inevitably these affect the production of downstream products wire and ropes.

4.3 European Union findings on SRC cost inputs

4.3.1 Preferential finance

The EU findings in the hot-rolled flat products CVD investigation⁵⁸ confirm that there are significant distortions to the principal raw material inputs of SRC in China.

⁵⁸ COMMISSION IMPLEMENTING REGULATION (EU) 2017/969 of 8 June 2017 imposing definitive countervailing duties on imports of certain hot-rolled flat products of iron, non-alloy or other alloy steel originating in the People's Republic of China and amending

The Commission found the following subsidy schemes that created distortions on the Chinese market:

- Preferential lending
- Land provision and acquisition at less than adequate revenue (LTAR). Provision of land is non-transparent and prices are arbitrarily set by the authorities.
- Direct tax exemption and reduction programmes.
- Indirect tax and import tariff programmes
- Grant programmes

4.3.2 Energy prices

The EU Commission's report into distortions in the Chinese economy provides significant detail of the various interventions national, regional, and local governments make into the energy market. In summarising, the report notes the following key findings:

- Energy prices are still not-market based and are largely controlled by the state. *"The prices for electricity and natural gas are regulated by the Chinese National Development Reform Commission and according to the Chinese government set on the basis of a procedure that includes cost investigation, expert appraisal, public hearings, and final price determination and publication."* In other words, energy prices in China are clearly not *"substantially determined by market forces"*⁵⁹
- 50% of the generation capacity is state owned as well as the whole transmission grid.
- Price differentiation exists to the extent of favouring particular industries
- The Chinese state has in the past provided significant subsidies for the production of coal which in turn led to massive expansion of coal generating power stations – this in turn has led to an oversupply of electricity and therefore lower prices than would have existed in the absence of these coal subsidies

4.3.3 Labour Costs

The EU Commission's report into distortions in the Chinese economy provides the following key points with regards to Chinese Government interventions into labour markets, which limit the extent to which market forces are able to determine wages:

- The Commission report states that *"Market based wages should be understood as wages freely bargained between the workers and management in an undistorted economic environment."* And goes on to conclude that *"Chinese workers have no possibility to freely choose or establish a trade union in which they want to organise themselves, because there is only one legally recognized trade union, the ACFTU. Furthermore, although collective bargaining of wages exists, it is not well developed."* Moreover, the report notes that the close integration of the ACFTU and the Chinese State, along with the Chinese State's role in many companies (particularly state owned enterprise) means the union effectively has limited independence to effectively act in the interest of workers to achieve wage settlements.
- Whilst significant reforms have been made since the 1980's, the *hukou system* (household registration) still places significant restrictions on the ability of Chinese citizens to move and find employment – this is particularly the case in terms of rural workers moving to the largest cities. The system actively prevents many would be migrant workers from gaining access to education for children, healthcare, welfare and affordable accommodation – this works to discourage and reduce labour mobility and ultimately distort wages.
- Previous trade remedies investigations have confirmed the existence of distortions in the labour market, examples of which include: lack of independence of companies from the state, GOC intervening in decisions of companies in relation to hiring and dismissals, labour contracts signed by Chinese workers with no reference to hours or remuneration.

Commission Implementing Regulation (EU) 2017/649 imposing a definitive anti-dumping duty on imports of certain hot-rolled flat products of iron, non-alloy or other alloy steel originating in the People's Republic of China

⁵⁹ As required under Regulation 13(3) of the Trade Remedies Act when determining whether adjustments should be made to production costs.