



Trade Remedies  
Authority

**PROVISIONAL AFFIRMATIVE DETERMINATION**

**Ironing boards  
imported into the United Kingdom  
from the Republic of Türkiye**

**Provisional affirmative determination  
in a subsidisation investigation  
including a recommendation to require a guarantee**

**INVESTIGATION No. AS0020**

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## Section A: Introduction

1. This provisional affirmative determination (PAD) and recommendation to require a guarantee (Recommendation) is made pursuant to paragraphs 11(3) and 13(3)(b) and 13(8) of the Taxation (Cross-border Trade) Act 2018 (the Act). The PAD has been made based on the evidence before the Trade Remedies Authority (TRA) in accordance with paragraph 11(3) of Schedule 4 to the Act.
2. This report includes:
  - i. a summary of the facts considered during the investigation to date and an explanation of how the TRA has used the information supplied by interested parties in reaching its PAD and deciding to make its Recommendation.
  - ii. details of the analysis forming the basis of the PAD and Recommendation.
3. It should be read in conjunction with other public documents available for this case on the [public file](#).
4. This investigation covers ironing boards imported into the United Kingdom (UK) from the Republic of Türkiye (Türkiye). A full description of the goods subject to this PAD and Recommendation can be found in [Section E: The goods](#).

### A1. Period of investigation and injury period

5. The period of investigation (POI) is 01 January 2021 to 31 December 2021.
6. To assess injury, the TRA has chosen to examine the period from 01 January 2018 to 31 December 2021 as the injury period (IP).

## Section B: Preliminary findings

### B1. Preliminary determination

7. Based on the evidence before it, and in accordance with paragraph 11(2) of Schedule 4 to the Act, the TRA has determined that:
- the Goods Concerned have been or are being imported into the UK, and that the volume of these imports is more than negligible;
  - these imports are subsidised, and the amount of subsidy in respect of the Goods Concerned is more than minimal; and
  - the importation of the subsidised goods has caused or is causing injury to a UK industry in those goods.
8. As a result, the TRA has made a PAD in accordance with paragraph 11(3) of Schedule 4 to the Act.

### B2. Recommended guarantee

9. In line with paragraph 13(3) of Schedule 4 to the Act, the TRA recommends to the Secretary of State for International Trade (Secretary of State) that all importers of the Goods Concerned should be required to give a guarantee in respect of any additional amount of import duty which would have been applicable, or potentially applicable, to the Goods Concerned if a countervailing amount had been applied to the Goods Concerned based on the PAD (an estimated countervailing amount).
10. This means that the importer who would be liable for the duty must provide a guarantee that they are able to pay the estimated countervailing amount if it becomes payable.
11. The TRA is satisfied that, in accordance with paragraph 13(4) of Schedule 4 to the Act, the guarantee is necessary to prevent injury being caused during the investigation to the UK industry of the Like Goods (defined in [Section E3. Like Goods](#)), and that it meets the economic interest test.
12. In accordance with Paragraph 14(2) of Schedule 4 to the Act, the guarantee may take the form of cash, a bond or a bank guarantee. It is expected that HMRC will administer the guarantee.
13. If the TRA's recommendation to apply a guarantee is accepted, the Secretary of State will publish a Taxation Notice, in line with paragraph 15(5)(b) of Schedule 4 to the Act. This will give effect to the imposition of the guarantee. Affected importers will be notified that they need to set up the guarantee when first importing the Goods Concerned into the UK. A guarantee will be required during the period of the provisional remedy: the provisional remedy will end four months from the day after the

date of the publication of the Taxation Notice; or when a definitive remedy is implemented, whichever is the sooner.

14. Further information in respect of the guarantee can be found in the [Tariff Stop Press Notice](#) published by the Secretary of State and further guidance on guarantees is available on [GOV.UK](#).

## **B2.1 Amount of guarantee**

15. The TRA has established the following provisional countervailing amounts in relation to the Goods Concerned:

*Table 1: Recommended ad-valorem duty rates for a provisional measure*

<b>Overseas exporter</b>	<b>Duty amount</b>
Milenyum Metal Dış Ticaret Ve Sanayi A.Ş.	4.42%
3M Plastik Ve Metal Dış Ticaret Ve Sanayi A.Ş.	4.42%
All other overseas exporters (residual amount)	4.42%

16. One additional Tariff Application Platform code ("TAP" code) will be created, which will cover all overseas exporters in Türkiye (including both Milenyum Metal and 3M Plastik).

## Section C: Next steps

17. The purpose of publishing this report is to provide additional information to interested parties and contributors on how the decisions to make a PAD and Recommendation were reached including the course of the investigation to date, the basis on which the provisional subsidy amounts have been calculated (as specified in [Section G: Preliminary findings on subsidisation](#)) and the basis on which the provisional countervailing amounts relevant to the recommended guarantee have been calculated.
18. Interested parties are invited to make submissions in response to this report within 33 calendar days of the publication date of the Statement of Essential Facts (SEF), i.e., before 23:59 hours UK time on 29 May 2023<sup>1</sup>. Any submissions received prior to the deadline for submission of comments on the SEF will be considered when reaching the Final Determination for this investigation.
19. Submissions should be sent via our [Trade Remedies Service](#). Submissions should be accompanied by a [non-confidential version](#) which will be made available to other parties on the case's public file.

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<sup>1</sup> See [Regulation 62\(2\) of The Trade Remedies \(Dumping and Subsidisation\) \(EU Exit\) Regulations 2019 \(S.I. 2019/450\) \(as amended\)](#).

## Section D: Background

### D1. Initiation and scope

20. On 21 February 2022, the TRA received an [application](#) lodged by a UK producer of ironing boards (“the Applicant”) alleging that ironing boards imported into the UK from Türkiye are subsidised and causing injury to the UK industry.
21. It was specifically alleged that countervailable subsidies are provided to Turkish producers located within Turkish Free Zones (“Free Zones”).
22. The Applicant is the only UK producer of ironing boards, and the market share requirement is met in accordance with Regulation 52(2) of the Trade Remedies (Dumping and Subsidisation) (EU Exit) Regulations 2019 (“the Regulations”).
23. The application contained evidence of countervailable subsidies and of resulting injury that the TRA deemed sufficient to justify the initiation of the investigation. The case was then initiated by the TRA on 07 April 2022, and the [Notice of Initiation](#) was published on that date.
24. During verification, we confirmed the existence of subsidies outside the original scope of the investigation. Having considered Regulation 41 of the Regulations and having provided opportunity for parties to comment, we published an [amended Notice of Initiation](#) on 21 November 2022. This revised the scope of the investigation by including the following subsidies that were not referred to in the original Notice of Initiation:

*Preferential financing through equity and other capital instruments and provision of preferential export credit and insurance provided by the Government of the Republic of Türkiye and entities exercising functions on behalf of the Government, including banks (for example, loans provided by Türk Eximbank).*

25. The recipients of these additional subsidies do not have to be located in a Free Zone. For example, Türk Eximbank offers loans for financing the preparation of goods for export, which are contingent on export commitments and are available to other eligible companies in Türkiye<sup>2</sup>. Including these subsidies within the scope meant that the investigation was now considering subsidies available to ironing-board producers located both inside or outside Free Zones.

### D2. Conduct of the investigation to date

#### D2.1 Participation

26. We invited interested parties and contributors to register their interest through the [Trade Remedies Service](#) in order to participate in the investigation.

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<sup>2</sup> For this example, refer to Exhibit 15 within the GoT’s [“Exhibits Non-Confidential.zip”](#).

27. Due to the small number of registered parties, we did not limit our examination of overseas exporters, importers and UK producers by sampling. We confirmed this approach in our [note](#) dated 20 May 2022, which was published on the public file.
28. The sole registered UK producer is the Applicant (name withheld by request).
29. The sole registered exporter from Türkiye that is continuing to cooperate with the investigation is Milenyum Metal Dış Ticaret Ve Sanayi A.Ş. (“Milenyum Metal”). Milenyum Metal is located within a Free Zone and also exports the Goods Concerned to the UK through its associated company, 3M Plastik Ve Metal Dış Ticaret Ve Sanayi A.Ş. (3M Plastik).
30. The registered importers are:
- Mabel Home Ltd (“Mabel Home”); and
  - Addis Housewares Ltd (“Addis”).
31. The Government of Türkiye (“the GoT”) also registered, under the name of Ministry of Trade of the Republic of Türkiye.

## **D2.2 Non-cooperation**

32. Two other Turkish exporters initially registered to the investigation:
- Doğrular Ev Ürünleri A.Ş. (“Dogrular”); and
  - EGE Kiran İthalat İhracat Ve Pazarlama Ltd Şti. (“EGE”).
33. Neither Dogrular nor EGE submitted a sufficient questionnaire response. After repeated attempts to obtain their cooperation, we determined them both to be non-cooperative parties on 22 December 2022.

## **D3. Verification of data**

34. This PAD and Recommendation are based on information available to us at the time of drafting the document, and we deem this information sufficient to reach a provisional determination and make a recommendation.
35. We completed verification of the information provided by interested parties (see [Annex A](#)), during which we assessed the completeness, relevance and accuracy of that information. We have had regard to the information supplied by interested parties and contributors, provided that this:
- complied with our statutory obligations and public guidance;
  - was verifiable;
  - could be used without undue difficulty; and



- was supplied within an applicable time limit and in a form that the TRA has requested.

## Section E: The goods

### E1. Legislative framework

36. The TRA refers to the goods it is investigating as the 'Goods Concerned' (Regulation 2 of the Regulations).
37. In accordance with paragraph 13(2) of Schedule 4 to the Act, the goods to which a PAD and Recommendation apply are referred to as the 'Relevant Goods'. Since the goods subject to this PAD and Recommendation are the same goods as defined in [Section E2](#), this PAD and Recommendation will hereafter only refer to the 'Goods Concerned'.
38. For the purposes of the PAD and Recommendation, we will refer to 'Like Goods' as those which are like the Goods Concerned in all respects or have characteristics which closely resemble them (paragraph 7 of Schedule 4 to the Act). A further description of the Like Goods is set out in [Section E3](#), and the Like Goods assessment is set out in [Section E4](#).

### E2. The Goods Concerned

39. The Goods Concerned in this investigation are ironing boards originating in Türkiye and exported to the UK, which are:

*made from iron or steel, whether or not free-standing, with or without a steam-soaking and/or heating top and/or blowing top, including sleeve boards, and essential parts thereof, i.e. the legs, the top and the iron rest.*

40. The Goods Concerned are subject to the following commodity codes:

7323 93 00 10, 7323 99 00 10, 8516 79 70 10, 8516 90 00 51.

### E3. Like Goods

41. The Like Goods produced by the UK industry are ironing boards made from iron or steel, whether or not free-standing, with or without a steam-soaking and/or heating top and/or blowing top, including sleeve boards, and essential parts thereof, i.e. the legs, the top and the iron rest, currently falling within CN codes 7323 93 00 10, 7323 99 00 10, 8516 79 70 10 and 8516 90 00 51. The Like Goods are like the Goods Concerned in all respects.

### E4. Assessment of the Goods Concerned and Like Goods

42. To assess whether the Goods Concerned and the Like Goods are comparable, we considered:

- physical likeness, such as physical characteristics;
- commercial likeness, including competition and distribution channels;
- functional likeness, such as end-use or interchangeability;
- similarities in production, such as method and inputs; and
- other relevant characteristics.

43. We found that the basic product type consists of steel legs, steel top, iron rest and textile cover. The primary use of all product types is the ironing of clothes.

44. We determined that the Goods Concerned and the Like Goods are comparable.

## E5. Product Control Numbers

45. The TRA uses Product Control Numbers (PCNs) to define and group different types of products that fall under the goods description above ([Section E2](#)). The PCNs are created on the basis of the main physical characteristics differentiating the types of products, providing that the characteristics have an impact on price.

46. In a subsidy investigation, the use of PCNs allows the TRA to calculate the injury margin (see [Section H7](#)).

47. The PCN structure used in this case can be seen in the table below:

*Table 2: PCN structure*

Category	Sub-category format	Explanation
Ironing board type	S	Sleeve board
	T	Tabletop board
	N	Standard ironing board (other than 'S', 'T' and 'L')
	L	Pro ironing board (ironing board with steam soaking and/or heating and blowing top)
Top length	1	less than 115 cm (< 115)
	2	from 115 cm to 125 cm ( $\geq 115 \leq 125$ )
	3	more than 125 cm (> 125)
Top construction/material	M	Mesh steel

	S	Solid steel
	O	Other
Legs construction	1	Standard ironing board without legs or tabletop board or sleeve board
	2	Standard or pro ironing board with T legs
	3	Standard or pro ironing board with 3 legs
	4	Standard or pro ironing board with 4 legs
	5	Standard or pro ironing board with U legs
Cover and pad	S	Standard cotton and/or polyester cover without pad or with foam pad
	M	Metalized cover with foam or felt pad or cover with felt pad
Iron rest	0	Not present
	1	Steel wire
	2	Pressed steel or other solid iron rest (whether or not removable, with or without hanger rack or cord minder etc.)
	3	Combination iron / steam generator rest
Accessories	0	No accessories
	1	With accessories (e.g., sleeve board, linen rack and socket with extension with or without cord minder)

48. Having considered the comments of interested parties, we concluded that this PCN structure was suitable for the purposes of this investigation.

## E6. PCN analysis

49. In our calculations, we used the methodology of conducting a PCN-by-PCN margin calculation. PCN-by-PCN calculations were possible for PCNs that were both sold in the UK as domestically produced Like Goods and exported from Türkiye to the UK as the Goods Concerned. We determined that the PCNs included in our calculations were sufficiently representative to proceed with this methodology.

## Section F: The UK industry and UK market

### F1. Overview

50. In accordance with paragraph 6 of Schedule 4 of the Act, the 'UK industry' is defined as:

*(a) all the producers in the United Kingdom of the like goods, or*

*(b) those of them whose collective output of like goods constitutes a major proportion of its total production in the United Kingdom of those goods.*

51. There is one known producer of the Like Goods in the UK, which constitutes the UK industry for this investigation. The UK industry's production process of the Like Goods solely takes place in the UK and there is an existing UK market.

### F2. Production processes

52. The UK industry's production process is as follows:

*Stage One – Top manufacture*

Mild steel coil or plates are perforated, flattened and cut into the shape of the ironing board top.

*Stage Two – Rim*

Mild steel strip is formed into a rim the shape of the ironing board. Cut sheets from stage one are inserted into the rim and attached.

*Stage Three – Profiles*

Mild steel profiles are then welded onto the underside of the top to strengthen the structure and allow for the fixing of the legs.

*Stage Four – Rest*

Plates of mild steel are pressed into iron rest shapes. Fixing wires are welded onto these shapes. The iron rest is welded onto the top.

*Stage Five – Leg manufacture*

Pre-cut lengths of mild steel tube are formed by a combination of pressing and welding into single or double leg configurations.

*Stage Six – Height levers*

Mild steel wires are formed into height levers by bending.

*Stage Seven – Assembly*

The tops and legs are assembled.

### *Stage Eight – Painting*

The product is pre-treated with a rust inhibitor, then coated using epoxide resin and baked to fix the powder into place.

### *Stage Nine – Feet*

Plastic material is moulded into the shapes of the feet.

### *Stage Ten – Dressing*

The boards are 'dressed' with a fabric and foam/felt cover. Ancillary components are then added as required.

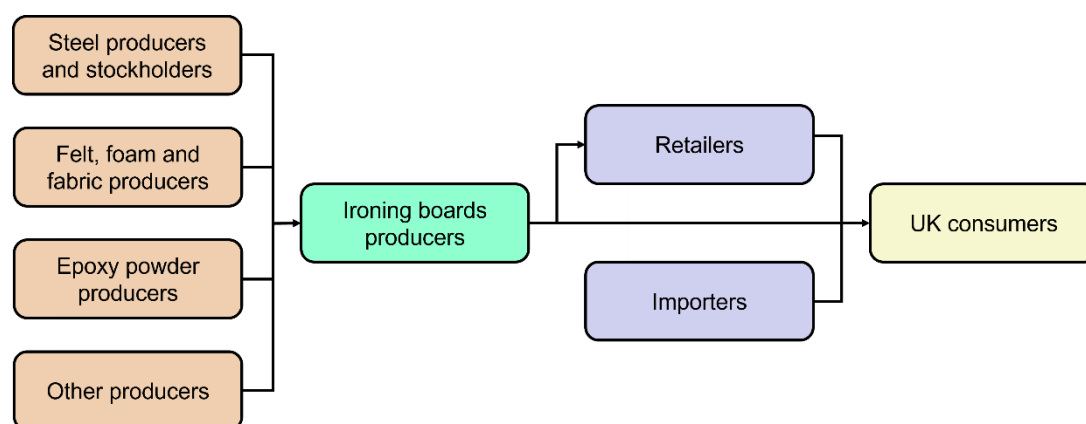
### *Stage Eleven – Packing*

The ironing boards have a paper insert placed on them. The board is then automatically wrapped in plastic and labelled.<sup>3</sup>

## **F3. UK market**

53. Figure 1 illustrates the supply chain for ironing boards in the UK, detailing the main upstream industries and the structure of the market between production and consumption. Steel, in particular coil steel, is the most significant input in the production of ironing boards. Other inputs include felt, foam, fabric, paper inserts, epoxy powder coatings, polypropylene, and welding materials.

*Figure 1: An overview of the ironing boards supply chain*



*Source: Questionnaire responses*

54. As mentioned in [Section F1](#), there is one known UK producer of ironing boards. Most of their inputs are sourced domestically, including steel. The producer mostly sells to retailers, and, to a lesser extent, wholesalers and directly to consumers. Importers include both retailers, wholesalers, and homeware brands. The latter re-sell ironing boards to retailers or directly to UK consumers such as households.
55. [Section I: Economic interest considerations](#) includes a more detailed analysis of the UK market.

<sup>3</sup> [The Applicant's questionnaire response](#), section C3, question 1 (pages 22 and 23).

56. Approximately 1.4 million ironing boards were sold in the UK in 2021<sup>4</sup>, with the UK producer supplying between 25% to 40% of these.
57. We consider the market for ironing boards to be mature, with an established customer base, as most UK households own at least one ironing board. As a mature industry, we would not expect substantial growth in the customer base or the market. However, there are ongoing trends in demand for high quality and new innovations at competitive prices.<sup>5</sup> Although there was a notable decrease in global demand for ironing boards during the COVID-19 pandemic, the market has shown signs of recovery, as UK production and non-EU imports increased in 2021. However, as considered in [Section I](#), it remains unclear how the forecasted economic slowdown and high inflation rate will impact future demand.
58. [Section H: Preliminary findings on injury](#) addresses relevant market trends in detail as part of our injury assessment.
59. [Section I](#) addresses competition in detail as part of our EIT assessment.

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<sup>4</sup> Total sales of ironing boards include sales from the UK producer plus imported ironing boards in 2021. For the latter, the TRA used questionnaires data to estimate the weight of an ironing board and then divided the total number of imports from 2021 by the weight.

<sup>5</sup> [Ironing Boards Market: Global Industry Analysis 2015 - 2019 and Opportunity Assessment 2020 - 2030 \(persistencemarketresearch.com\)](#)

## Section G: Preliminary findings on subsidisation

60. In accordance with Paragraph 3(3) of Schedule 4 of the Act, a subsidy is deemed to exist if there is either:
- a financial contribution by a foreign authority which confers a benefit on the recipient (usually an industry or business manufacturing goods); or
  - a form of income or price support within the meaning of Article XVI of the General Agreement on Tariffs and Trade 1994 (part of Annex 1A to the WTO Agreement) received from a foreign authority which confers a benefit on the recipient.
61. Not all subsidies are countervailable (i.e., capable of being offset through a trade remedy). In accordance with Paragraph 3(2) of Schedule 4 of the Act, a subsidy is countervailable if it is specific to certain companies or industries (rather than general) and when it is granted either directly or indirectly for the manufacture, production, export or transport of goods. These subsidies may promote unfair trade in goods that harm UK industry.
62. This section will outline:
- the subsidy schemes that the TRA has considered;
  - the TRA's assessment of the countervailability of the schemes identified to be within the scope of the investigation;
  - the methodology for determining the amount of subsidy attributable to the Goods Concerned in the POI for each subsidy determined to be countervailable; and
  - the individual subsidy amount applicable to Milenyum Metal, and the residual amount.

### G1. Background

63. In the mid-1980s, the GoT began pursuing a programme of economic liberalisation<sup>6</sup>. As part of this programme, the GoT introduced legislation providing for the establishment of Free Zones: private sites within the borders of Türkiye but formally outside its customs area<sup>7</sup>. Free Zones provide licensed companies with a variety of benefits, including tax exemptions, and they are one of multiple kinds of investment region in Türkiye, alongside Organized Industrial Zones (OIZs) and Technology Development Zones (TDZs). There are currently 18 Free Zones in operation across Türkiye<sup>8</sup>. In addition to industrial regions, the GoT has also made preferential

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<sup>6</sup> [The GoT's questionnaire response](#), section C2, question 1 (page 16).

<sup>7</sup> List Istanbul, "[Investment regions in Turkey](#)" (published 8 September 2019, accessed 29 December 2022).

<sup>8</sup> [The GoT's questionnaire response](#), section C2, question 1 (page 16).



financing available to promote export competitiveness, including loans through Türk Eximbank<sup>9</sup>.

## G2. Approach

64. During the investigation, we examined whether there was evidence that the Goods Concerned had benefitted from countervailable subsidies relating to Free Zones and preferential financing. We also sought to identify other subsidy schemes relevant to the Goods Concerned<sup>10</sup>, and assessed whether there was sufficient evidence to include any additional subsidy schemes in the scope of the investigation.
65. To assess whether the subsidies identified to be within the scope of the investigation are countervailable, we considered:
- whether there had been a financial contribution from a foreign authority in line with Regulation 20 of the Regulations;
  - whether the scheme conferred a benefit on the Goods Concerned during the POI in line with Regulation 21 of the Regulations;
  - whether the scheme is specific in line with Regulation 22 of the Regulations and considering Regulation 22(4).
66. For each subsidy scheme that we determined was countervailable, we then calculated the benefit conferred by the scheme that was attributable to the Goods Concerned in the POI.
67. Although three Turkish exporters registered to the case, only Milenyum Metal provided a sufficient questionnaire submission. Therefore, for each subsidy program identified, we calculated a subsidy amount based on Milenyum Metal's information.
68. We attempted to identify all the exporters of the Goods Concerned. No registered parties were able to provide a comprehensive list of ironing-board exporters in Türkiye. The Applicant did identify six<sup>11</sup>; and the GoT provided a list of 8,246 companies that had globally exported the eight-digit commodity codes covering the Goods Concerned in 2021. We used this information, in combination with open sources<sup>12</sup>, to establish that there are at least eight exporters of ironing boards in Türkiye, but of these, Milenyum Metal have been the only exporter to cooperate fully with the investigation.

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<sup>9</sup> [The GoT's questionnaire response](#), section C5, question 2 (pages 30 to 45).

<sup>10</sup> The TRA considered information in the [application](#) and issued questionnaires to collect information from interested parties. We then examined the questionnaire responses we received from the GoT and [Milenyum Metal](#). We also considered open-source information on subsidy schemes available in Türkiye.

<sup>11</sup> The [application](#), "Other parties" section, question 1 (pages 16 to 18).

<sup>12</sup> These sources include the websites of Free-Zone operators. For example, Kayser's "[Companies](#)", Mesbaş's "[Companies](#)", İzbaş's "[Full Company List](#)", Esbaş's "[AFZ Company List](#)" and Kosbaş's "[Companies In Our Free Zone](#)".

69. [Section G3](#) (below) sets out the subsidy schemes we consider relevant, along with our assessment of whether each scheme is countervailable, and if so, how we have calculated the applicable subsidy amount.

### G3. Subsidy schemes

70. We identified the following subsidy schemes that we deem to be countervailable:

*Table 3: Subsidy schemes used to calculate the preliminary countervailing amount*

Scheme	Subsidy type	Legislation
Corporate-tax exemptions	Preferential tax programme	Free Zones Law No. 3218
Income-tax exemptions	Preferential tax programme	Free Zones Law No. 3218
Eximbank loans	Export credits and financing	Various

Source: Questionnaire responses

#### G3.1 Corporate-tax exemptions

71. Producers in Free Zones receive exemptions from corporate tax<sup>13</sup>. The earnings they generate in Free Zones are allowed as deductions from the tax they would otherwise have to pay to the GoT were they not located in a Free Zone. Having considered footnote 1 and Annexes I to III to the Agreement on Subsidies and Countervailing Measures<sup>14</sup>, we determined that corporate-tax exemptions in Free Zones amount to a financial contribution from the GoT, in accordance with Regulations 20(1)(b) and 20(2) of the Regulations.
72. The nature of the subsidy is a direct tax exemption, and the benefit is conferred upon the whole of a business holding a Free-Zone operating licence. We determined that this subsidy confers a benefit on the ability of manufacturer-exporters to produce and export the Goods Concerned, and we verified the benefit conferred on Milenyum Metal during the POI.
73. To receive this subsidy, producers must hold a Free-Zone operating licence<sup>15</sup>. Under Regulation 22(2) of the Regulations and with reference to Regulation 22(4), we concluded that the scheme is specific under Regulation 22(2)(a)(iv), being limited to specific geographical regions in Türkiye.

<sup>13</sup> In their [questionnaire response](#), the GoT submitted that “According to the provisions of Provisional Article 3 of Free Zones Law No. 3218 dated June 6, 1985: (a) Free zone users which obtained an operating license before February 6, 2004 are **exempt from** income or **corporate taxes** on the earnings generated through their activities in these zones, as long as they have a valid operating license for ‘Production’ in a free zone” (emphasis added). See also the “Free Zone Law” in [Exhibit 5](#) within “Exhibits Non-Confidential”.

<sup>14</sup> [Agreement on Subsidies and Countervailing Measures](#). In particular, see Annex I, item (e).

<sup>15</sup> In answer to question 1, section C3 (page 23) of their [questionnaire response](#), the GoT stated that “it is obligatory to have an Operating License on Manufacturing for the Corporate Tax exemption”.

74. As these corporate-tax exemptions are financial contributions from a foreign authority, confer a benefit on the recipient, and are specific, we concluded that they constitute countervailable subsidies.
75. For determining the subsidy amount applicable to Milenyum Metal for corporate-tax exemptions, we verified that Milenyum Metal have a Free-Zone operating licence<sup>16</sup> and so was eligible for the corporate-tax exemption they received in the POI. We also verified that the benefit they received related to activities in a Free Zone.
76. Considering that corporate tax is a direct tax imposed on the profits of a company (where the rate of corporate tax in Türkiye was 25% during the POI<sup>17</sup>), we needed to identify the profits relevant to Milenyum Metal's ironing-board exports to the UK during the POI to quantify the corporate-tax exemption attributable to the Goods Concerned.
77. We calculated the benefit attributable to the Goods Concerned by calculating the total amount of profit relevant to Milenyum Metal's UK exports of ironing boards. We excluded transport costs that related exclusively to third-country shipments, and corporate-tax payments relating to domestic sales, then apportioned all the remaining profit amounts by sales value. This was appropriate because of the close connection between corporate-tax exemptions and revenue streams, and also because the information provided by Milenyum Metal allowed us to factor in this connection. For corporate-tax exemptions, this was the most accurate attribution method (whereas, for the other countervailable subsidies identified below, attributing the benefit conferred entirely by sales value was more appropriate, because the receipt of those subsidy was not so closely linked with profits). Finally, we applied the corporate-tax rate of 25% to the profit attributed to the Goods Concerned.
78. This gave us the benefit conferred by the corporation-tax exemption, already attributed to the Goods Concerned in the POI. **This corresponded to a subsidy amount of 3.4869%.**

### G3.2 Income-tax exemptions

79. Producers in Free Zones receive exemptions from income tax if they "export at least 85% of the FOB value of the products manufactured in these zones"<sup>18</sup>. For such producers, the GoT does not require income tax to be paid on the labour costs relating to activities in Free Zones. For companies and activities outside of a Free Zone, income tax is a requirement. Having considered footnote 1 and Annexes I to III to the Agreement on Subsidies and Countervailing Measures<sup>19</sup>, we determined that income-tax exemptions in Free Zones do amount to a financial contribution from the GoT, in accordance with Regulations 20(1)(b) and 20(2) of the Regulations.

<sup>16</sup> Milenyum Metal, [Appendix A2-3](#) within "Appendices-Milenyum Metal (Producer-Exporter)-NON-CONFIDENTIAL".

<sup>17</sup> The GoT's [questionnaire response](#), section B3, question 1 (page 12).

<sup>18</sup> See Interim Article 3 on page 6 of the "Free Zone Law" (Exhibit 5 within "[Exhibits Non-Confidential](#)"). In their [questionnaire response](#), the GoT submitted that "According to the provisions of Provisional Article 3 of Free Zones Law No. 3218 dated June 6, 1985: (a) Free zone users which obtained an operating license before February 6, 2004 are **exempt from income** or corporate **taxes** on the earnings generated through their activities in these zones, as long as they have a valid operating license for 'Production' in a free zone" (emphasis added).

<sup>19</sup> [Agreement on Subsidies and Countervailing Measures](#). In particular, see Annex I, item (e).

80. The nature of the subsidy is a direct tax exemption. Income tax is a direct tax imposed on personal income, and recipients of this subsidy are “exempted from the income tax on the wages they pay to their workers”<sup>20</sup>. In their questionnaire submission, Milenyum Metal reported that income-tax exemptions conferred a benefit on their company during the POI<sup>21</sup>. We determined that the exemption allows recipients to keep the amount they would otherwise be paying to the GoT on behalf their employees, also finding that the benefit is conferred upon the whole of a business holding a Free-Zone operating licence. We concluded that this subsidy confers a benefit on the ability of manufacturer-exporters to produce and export the Goods Concerned.
81. To receive this subsidy, producers must hold a Free-Zone operating licence<sup>22</sup>. Under Regulation 22(2) of the Regulations and with reference to Regulation 22(4), we concluded that the scheme is specific under Regulation 22(2)(a)(iv), being limited to specific geographical regions in Türkiye<sup>23</sup>.
82. As these income-tax exemptions are financial contributions from a foreign authority, confer a benefit on the recipient, and are specific, we concluded they constitute countervailable subsidies.
83. We verified that Milenyum Metal was eligible for the income-tax exemption it received in the POI<sup>24</sup>, and we verified that the amount they received related to activities in a Free Zone. We were able to identify the exact amount of the exemptions from Milenyum Metal’s questionnaire submission, as Milenyum Metal had provided the total amount of benefit attributable to the POI from the income-tax exemption, along with sufficient source documentation for us to verify the figure.
84. To attribute the benefit to the Goods Concerned, we apportioned the amount across all of Milenyum Metal’s sales by value, because the benefit was conferred on the whole company, not just the Goods Concerned. **This resulted in a subsidy amount of 0.7515%.**

### G3.3 Eximbank loans

85. Türk Eximbank is a “fully state-owned bank”<sup>25</sup> acting as “the official export credit agency of the Turkish government and Turkey’s major export incentive instrument”<sup>26</sup>. It is required to operate programs according to its “Establishment Principles and

<sup>20</sup> Interim article 3 in Exhibit 5 within the GoT’s [“Exhibits Non-Confidential”](#).

<sup>21</sup> Milenyum Metal’s [questionnaire submission](#), Annex II, D2

<sup>22</sup> In answer to question 1, section C2 (page 17) of their [questionnaire response](#), the GoT stated that companies “are exempt from income [...] taxes on the earnings generated through their activities in [free] zones, as long as they have a valid operating license for ‘Production’ in a free zone”.

<sup>23</sup> See Regulation 22(2)(a)(iv) of the Regulations.

<sup>24</sup> Milenyum Metal, [Appendix A2-3](#) within “Appendices-Milenyum Metal (Producer-Exporter)-NON-CONFIDENTIAL”.

<sup>25</sup> EMIS, [“TURK EXIMBANK \(TURKIYE\)”](#) (accessed 27 October 2022).

<sup>26</sup> Trade Finance Global, [“Türk Eximbank | Export Credit Agency \(ECA\) in Turkey”](#) (accessed 19 October 2022). In [“Fitch Affirms Turk Eximbank at ‘B’; Outlook Negative”](#) (accessed 27 October 2022), FitchRatings remarked on the GoT’s “propensity to support the bank in case of need”, the significant amounts of “Central Bank of Turkey (CBRT) funding and the record of support from the authorities”.

Charter”, overseen by a committee containing senior government ministers<sup>27</sup>. We consider it to be functionally a part of the GoT that (unless otherwise stated) is providing finance as a foreign authority. It provides loans under various schemes and those identified and deemed to be potentially countervailable are detailed in the table below:

*Table 4: Türk Eximbank programmes that were used to calculate the preliminary countervailing amount*

Program name	Abbreviation	Purpose
Rediscount Program <sup>28</sup> (or Rediscount Credit Program)	RP	To finance the preparation of exports and increase the competitiveness of exporters
Export-Oriented Working Capital Credit Program <sup>29</sup>	EOWCP	To finance the working-capital needs of exporters for raw materials, intermediate goods and final goods
Export-Oriented Investment Credit Program <sup>30</sup>	EOICP	To finance machine, equipment and accessory expenditures
Pre-Export Credit Program <sup>31</sup>	PEC	To meet the working-capital needs of exporters, manufacturer-exporters and export-oriented manufacturers

*Source: Questionnaire responses*

86. The different schemes are all loans, and as can be seen from the table above, they help finance different aspects of the exporting (and production) process, but all with a stated aim of increasing the ability of Turkish companies to export competitively.
87. We identified that there are clear and verifiable eligibility criteria for the loans. We noted that recipients must make an export commitment and will face penalties if they do not fulfil that export commitment (or only partially fulfil it)<sup>32</sup>. That is, to benefit fully from the loan, recipients have to export an FOB<sup>33</sup> value not less than the principal of the loan (plus interest and other charges)<sup>34</sup>. It is not sufficient to just be an exporter.

<sup>27</sup> Türk Eximbank’s “[Corporate](#)” webpage states that its operational framework is shaped by the programs of its “Establishment Principles and Charter”. “These programs, which the Executive Board must follow, enter into force by decision of the Supreme Advisory and Credit Guidance Committee. The Supreme Advisory and Credit Guidance Committee is chaired by the affiliated Minister and comprises: the Deputy Minister of Treasury and Finance, the Deputy Minister of Commerce, the Deputy Minister of Industry and Technology, the Chairman of the Central Bank of the Republic of Türkiye, the Deputy Chairman of Strategy and Budget, the Chairman and Vice-Chairman of the Board of Directors and the General Manager of the Bank are natural members of the Board.”

<sup>28</sup> The GoT’s [questionnaire response](#), section C5 (pages 39 to 41)

<sup>29</sup> The GoT’s [questionnaire response](#), section C5 (page 31 to 33)

<sup>30</sup> The GoT’s [questionnaire response](#), section C5 (page 33 to 35)

<sup>31</sup> The GoT’s [questionnaire response](#), section C5 (page 35 to 37)

<sup>32</sup> The GoT’s “[Exhibits Non-Confidential](#)”. See Exhibit 10, section 18 (page 9), Exhibit 12, section 19 (page 10), Exhibit 13, section 16 (page 7), and Exhibit 15, section 27 (page 19).

<sup>33</sup> Free on board.

<sup>34</sup> The GoT’s “[Exhibits Non-Confidential](#)”. See Exhibit 10, section 6 (page 3), Exhibit 12, section 6 (page 2), Exhibit 13, section 13 (page 5), and Exhibit 15, section 27 (page 19). For the EOWCP and the EOICP, loans longer than 5 years require a commitment not less than 1.5 times the principal (plus interest and other charges).



88. During verification, we identified that Eximbank loans can be more beneficial than commercial loans. This included the payment scheduling, the length of loan terms, larger limits and different currency options.
89. We concluded both that Eximbank loans can in principle benefit the Goods Concerned, and that in practice the loans that Milenyum Metal received did confer benefits in the POI.
90. As Eximbank loans under the RP, the EOWCP, the EOICP and the PEC program are financial contributions from a foreign authority, confer a benefit on the recipient, and are specific, they constitute countervailable subsidies.
91. We calculated the benefit attributable to the POI using the source documentation provided by Milenyum Metal for each loan. We compared the interest payments made in the POI with average commercial rates reported by the Central Bank of the Republic of Türkiye<sup>35</sup>. For each loan that involved payment of interest in advance, we calculated the benefit conferred as the difference between the upfront payment at the loan's actual interest rate and the payment that would have been expected at a commercial rate. This is in accordance with Regulation 21(4) of the Regulations.
92. From the benefit attributable to the POI, we deducted the fees necessary to receive the Eximbank loans which exceeded those expected for comparable commercial loans.
93. Finally, we calculated the benefit attributable to the Goods Concerned. Since the benefits from the Eximbank loans were conferred on Milenyum Metal as a whole (and not solely upon the Goods Concerned), we apportioned the benefits attributable to the POI across all of Milenyum Metal's sales by value.
94. Using this methodology, we calculated that **Eximbank loans conferred a benefit on Milenyum Metal's exports of the Goods Concerned that corresponds to a subsidy amount of 0.1881%.**

### G3.4 Property-tax exemptions

95. We noted that, in Free Zones, "*...no property tax is paid for buildings or land*"<sup>36</sup>. Outside Free Zones, the usual rates of property tax are 0.2% for non-residential buildings 0.1% for land 0.3% for plots<sup>37</sup>. Having considered footnote 1 and Annexes I to III to the Agreement on Subsidies and Countervailing Measures<sup>38</sup>, we determined that property-tax exemptions in Free Zones do amount to a financial contribution from the GoT, in accordance with Regulations 20(1)(b) and 20(2) of the Regulations.
96. For our provisional affirmative determination, we had not yet obtained sufficient evidence to determine whether property-tax exemptions confer a benefit on the Goods

<sup>35</sup> The Central Bank of the Republic of Türkiye, Electronic Data Distribution System, <https://evds2.tcmb.gov.tr/index.php?evds/portlet/K24NEG9DQ1s%3D/en> (accessed 6 September 2022).

<sup>36</sup> The Ministry of Trade of Türkiye's "[Advantages of the Turkish Free Zones](#)" (accessed 24 October 2022).

<sup>37</sup> The GoT's [questionnaire response](#), section C5 (page 49). These rates are doubled within the borders of a metropolitan municipality. Also see Immigrant Invest's "[Taxes in Turkey: a complete guide for individuals and companies](#)" (accessed 24 October 2022).

<sup>38</sup> [Agreement on Subsidies and Countervailing Measures](#). In particular, see Annex I, item (e).

Concerned, or whether they are specific. **We therefore decided not to include property-tax exemptions in our recommended provisional measure. We have continued to investigate property-tax exemptions, and relevant subsidy amounts may be included in a countervailing duty if recommended in the final determination.** This will be addressed in the SEF, and interested parties will have the opportunity to comment<sup>39</sup>.

### G3.5 Pass-through

97. From Milenyum Metal's questionnaire submission, we identified that a high percentage of the inputs to the Goods Concerned were purchased from suppliers in Free Zones. This was confirmed during on-site verification and through open-source research. We determined that Milenyum Metal's trade in the Goods Concerned could be benefitting from pass-through subsidisation.
98. However, **we decided not to include any subsidy amount for pass-through in the recommended provisional measure** because the exact sizes of the corporate-tax and income-tax exemptions received by Milenyum Metal's suppliers were not yet known. It was also unclear whether the amount of benefit conferred on their suppliers had been passed through to Milenyum Metal in full, or whether the suppliers had retained benefits. We concluded that further investigation would be required to assess the accuracy of its preliminary assessment. **We will continue to investigate whether exporters of the Goods Concerned obtain a benefit from pass-through subsidisation, and relevant subsidy amounts may be included in a countervailing duty if recommended at the end of the investigation.** This will be addressed in the SEF, and interested parties will have the opportunity to comment<sup>40</sup>.

### G3.6 Other subsidy programmes

99. We also investigated other subsidy programmes during the course of our investigation. The schemes we identified and deemed not to be countervailable are detailed in the table below:

*Table 5: Subsidy schemes not used to calculate the preliminary countervailing amount*

Scheme	Subsidy type	Legislation
KOSGEB	Grants and loans	
Customs-duty exemptions	Tax exemption	Free Zones Law No. 3218
VAT exemptions	Tax exemption	Free Zones Law No. 3218
UR-GE project	Grants	
Land purchases	Tax exemption	Free Zones Law No. 3218

<sup>39</sup> This is in accordance with Regulation 62 of the Regulations.

<sup>40</sup> This is in accordance with Regulation 62 of the Regulations.

Employment-support programmes	Social security premium deductions	Various
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*Source: Questionnaire responses*

100. We also identified the existence of subsidy schemes relating to OIZs in Türkiye. However, OIZs are not in the scope of this investigation, and having considered OIZ subsidies, we determined there was insufficient evidence to propose including them within scope. No subsidy amounts relating to OIZ subsidies have been included in the recommended provisional measure.

## **G4. Provisional subsidy amounts**

101. Using the information available, we were able to calculate an individual subsidy amount for Milenyum Metal in accordance with Chapter 3 of Part 3 of the Regulations. To create a provisional residual countervailing amount in accordance with Regulation 38 of the Regulations, we also determined a residual subsidy amount. Since we did not need to limit our examination by sampling, it has not been necessary to calculate a subsidy amount for non-sampled cooperating exporters.

### **G4.1 Milenyum Metal and 3M Plastik**

102. We concluded that, during the POI, the Goods Concerned that Milenyum Metal exported to the UK were subsidised.
103. Using Milenyum Metal's verified data for the POI, we calculated the following subsidy margins:
- 3.4869% relating to corporate-tax exemptions in Free Zones;
  - 0.7515% relating to income-tax exemptions in Free Zones; and
  - 0.1881% relating to Eximbank loans under the RP and the EOWCP.
104. We therefore established an **individual subsidy amount for Milenyum Metal of 4.42%** (to two decimal places). This exceeds the threshold of 2% below which the amount of subsidy would be considered 'minimal' for a developing country<sup>41</sup>.
105. **An individual subsidy amount of 4.42% will apply for 3M Plastik** due to its direct association with Milenyum Metal.

### **G4.2 Dogrular and EGE**

106. On 22 December 2022, we determined both Dogrular and EGE to be non-cooperative parties, after they failed to submit sufficient questionnaire responses, despite our repeated attempts to obtain their cooperation. Consequently, both **Dogrular and EGE are to receive the residual amount**.

<sup>41</sup> See Regulation 2 of the Regulations.



### G4.3 Residual subsidy amount

107. As previously referenced, only one of the three registered exporters provided a sufficient questionnaire submission. This means that for each subsidy program identified, we were only able to calculate a single subsidy amount, which is for Milenyum Metal.
108. We considered whether the residual subsidy amount should be higher than the individual subsidy amount for Milenyum Metal, but we did not find reliable evidence regarding the subsidy amounts available to other exporters.
109. We also considered whether the subsidies identified might be unavailable to other Turkish exporters of the Goods Concerned. We confirmed that other Turkish exporters outside Free Zones had received Eximbank loans that conferred a benefit during the POI. We also attempted to identify whether Milenyum Metal were the only Turkish producer of ironing boards in a Free Zone. As mentioned in [Section G1](#), we attempted to identify all the exporters of the Goods Concerned but were unable to obtain a comprehensive list. We instead examined lists of companies on the websites of Free-Zone operators<sup>42</sup>, and examined the GoT's list of 8,246 companies that had exported the eight-digit commodity codes covering the Goods Concerned in 2021. Since these lists could not be filtered to identify ironing-board producers, we had to manually check individual companies from the lists, and it was not feasible to check every one. We made attempts to engage other Turkish exporters, including after the change of scope. However, we still did not receive sufficient information to conclude that any subsidies should be excluded from the residual subsidy amount.
110. Following these considerations, we determined that the information relating to Milenyum Metal remained the most reliable information for determining the residual subsidy amount for the PAD. Consequently, we determined that **the residual subsidy amount should be equal to the individual subsidy amount calculated for Milenyum Metal: namely, 4.42%.**

### G5. Volume of subsidised goods

111. We verified Milenyum Metal's export volumes for the Goods Concerned. Using HMRC data, we compared these export volumes to the total volume of the UK's imports of the Like Goods. We also calculated that Türkiye accounted for 15% to 25% of the UK's total import volume of ironing boards in the POI. We determined that the volume of subsidised imports is at least 4% of imports of the Like Goods imported into the UK, and so is more than negligible in accordance with Regulation 5(3) of the Regulations.

### G6. Conclusions and findings

112. Having identified the subsidy schemes we considered relevant to the investigation, we preliminarily determined that the following are countervailable:

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<sup>42</sup> For example, Kayser's "[Companies](#)", Mesbaş's "[Companies](#)", İzbaş's "[Full Company List](#)", Esbaş's "[AFZ Company List](#)" and Kosbaş's "[Companies In Our Free Zone](#)".

- Corporate-tax exemptions in Free Zones;
- Income-tax exemptions in Free Zones; and
- Eximbank loans issued under the RP, the EOWCP, the EOICP and the PEC programs.

113. We calculated the subsidy amount applicable to Milenyum Metal, which equated to 4.42%. We determined that the information relating to Milenyum Metal was the best information available with which to establish a provisional residual amount, and so concluded that this should also equal 4.42%.
114. Based on the above findings, we concluded that:
- the identified goods have been imported into the UK and are in receipt of countervailable subsidies;
  - the amount of subsidy is more than minimal; and
  - the volume of subsidised goods (actual or potential) is more than negligible.
115. After submitting the PAD to the Secretary of State, we will further investigate whether the Goods Concerned are affected by countervailable subsidies relating to property-tax exemptions and pass-through subsidies, and whether these can be quantified. Having already completed verification for Milenyum Metal, we have a reasonable level of assurance that we have calculated accurate subsidy amounts for Milenyum Metal relating to corporate-tax exemptions in Free Zones, income-tax exemptions in Free Zones and Eximbank loans.

## Section H: Preliminary findings on injury

### H1. Injury analysis

116. For the purposes of this assessment and in line with Paragraph 5 of Schedule 4 of the Act, ‘injury’ to the UK industry from the Goods Concerned means:

*“(a) material injury, or the threat of material injury, to the industry, or*

*(b) material retardation of the establishment of the industry...”*

117. To determine whether a UK industry is suffering or has suffered injury from subsidised imports of the Goods Concerned, in line with Regulation 30 of the Regulations, we examined the following:

- the volume of the subsidised imports during the IP;
- the effect of the imports on prices in the UK market for Like Goods during the IP;
- the consequent impact of the subsidised imports on the UK industry during the IP; and
- any other factors we considered relevant.

118. To assess whether injury is or has been caused by the subsidised imports, we considered known factors that were affecting UK industry during the IP, namely:

- the economic impact of the COVID-19 pandemic;
- inflation of raw-material costs; and
- third-country imports and prices.

### H2. Volume of subsidised imports

119. The following table shows the trends in import volumes of ironing boards into the UK. Due to data limitations, we have presented total imports from non-EU countries, as EU imports prior to the UK’s EU Exit are not available.

*Table 6: The volume of imports of ironing boards from Türkiye and all third countries – 01 January 2018 to 31 December 2021*

	2018	2019	2020	POI
Total non-EU import volumes into the UK (indexed)	100	97	65	67
UK import volumes from Türkiye (indexed)	100	134	85	77

Imports from Türkiye as a percentage of total non-EU imports (indexed)	100	135	129	114
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Source: HMRC

120. Both imports of the Goods Concerned and imports of ironing boards from all third countries decreased over the IP. We found evidence that the level of decreases in 2020 and the POI was likely to have been a result of the COVID-19 pandemic, which caused a global reduction in the exports and imports of goods<sup>43</sup>.
121. We also identified that, irrespective of the COVID-19 pandemic, the imports of ironing boards from all third countries declined at a greater rate than the Goods Concerned; and prior to the COVID-19 pandemic, there was an absolute increase in the level of the Goods Concerned that was not reflected in the import figures from all third countries. Imports from Türkiye into the UK also retained an increased share of total imports across the IP following the initial increase in 2019 (see also [Section H5.3](#) regarding our assessment of injury related to third country imports).
122. We also considered the import volumes of the Goods Concerned in relative terms when compared to the UK production and to UK consumption. Examining the increase and decrease in relative terms allowed us to understand whether, despite the decrease in total imports in 2020 and the POI, we would find increased or high import volumes when the figures were placed in context.
123. The following table provides the import volumes of ironing boards from Türkiye throughout the IP in comparison to UK production and UK consumption. We used the domestic sales figures provided by the Applicant, alongside the volume of imports of ironing boards into the UK, to calculate UK consumption and the UK industry's market share.

*Table 7: Relative change in the import volume (kg) of ironing boards from Türkiye in relation to UK production and UK consumption - 01 January 2018 to 31 December 2021*

	2018	2019	2020	POI
Imports into the UK from Türkiye (indexed)	100	134	85	77
UK production (indexed)	100	98	79	75
UK consumption (indexed)	100	96	71	69
UK producer's market share (indexed)	100	97	111	104
Imports from Türkiye relative to UK consumption (indexed)	100	140	121	111

Source: The Applicant's submissions and HMRC

<sup>43</sup> Office for National Statistics (The impact of Coronavirus) – [analysis paper on impact of COVID-19 pandemic on subnational trade in goods and services in 2020](#).

124. We observed an increase in imports of the Goods Concerned relative to UK production. We saw no evidence that the COVID-19 pandemic would have caused a greater slowdown in the UK producer's production or sales than it would have caused for imports of the Goods Concerned. In fact, the evidence we assessed suggests the opposite: that the COVID-19 pandemic inhibited imports due to overseas production pauses, shipping disruption and high shipping costs<sup>44</sup>. The absolute and relative increases in the Goods Concerned seen during the IP are therefore in spite of, rather than because of, the disruption caused by the COVID-19 pandemic.
125. We also noted that the import levels of the Goods Concerned relative to UK consumption were higher in the POI than at the beginning of the IP. There was a significant increase in 2019 with subsequent decreases in later stages of the IP that were impacted by the COVID-19 pandemic.
126. UK consumption of ironing boards decreased at much higher rate in 2020. We analysed the available evidence and established that this was due to changes in consumer habits. This was as a direct consequence of the COVID-19 pandemic restrictions placed by the UK Government. We did not identify any other contributing factors to the otherwise minimal decreases to consumption in the other years of the IP.
127. We therefore determined that the volumes of the subsidised imports are the main cause for the UK's market share loss in 2019. While the COVID-19 pandemic allowed the UK industry to temporarily increase its market share, it does not break the causal link between the subsidised imports and the UK's market share developments that indicate injury (see also [Section H4.4](#)).

### **H3. Effect of the imports on prices in the UK market for Like Goods**

128. To determine whether subsidised imports of the Goods Concerned have affected UK prices of the Like Goods, we considered:
- (a) whether prices of the subsidised imports are significantly undercutting prices of the Like Goods produced in the UK; and
  - (b) whether the subsidised imports have significantly depressed or suppressed domestic prices of the Like Goods produced in the UK.

#### **H3.1 Price undercutting**

129. Price undercutting is where the Goods Concerned are consistently sold at a price below that of the Like Goods in the UK.
130. To establish whether this has been occurring, we compared Ex Works prices for the Like Goods with UK landed prices for the Goods Concerned. We calculated these prices using a weighted average for each PCN, and made appropriate adjustments for

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<sup>44</sup> Seatrade Maritime News article – [2020 – A year of remarkable turnaround for container shipping](#)

importation costs<sup>45</sup> to ensure price comparability. We found significant evidence of price undercutting, calculating an average undercutting margin of 27.8%.

### H3.2 Price depression or price suppression

131. Price depression occurs when the UK industry is forced to reduce prices to compete with the Goods Concerned. We determined that there is no evidence of price depression since the UK industry did not reduce their sales prices during the IP.
132. Price suppression occurs where price increases for the Like Goods, which otherwise would have occurred, have been prevented to a significant degree due to the price of the Goods Concerned.
133. To assess whether there was any evidence of price suppression, we examined changes to domestic sales prices and changes to the cost of production for the Like Goods produced in the UK during the IP. The following table illustrates the trends we identified in these factors.

*Table 8: The Applicant's average domestic sales price and cost of production (unit), January 2018 to December 2021*

	2018	2019	2020	POI
<b>Average domestic sales price per unit (indexed)</b>	100	103	106	114
<b>Average cost of production per unit (indexed)</b>	100	104	107	121

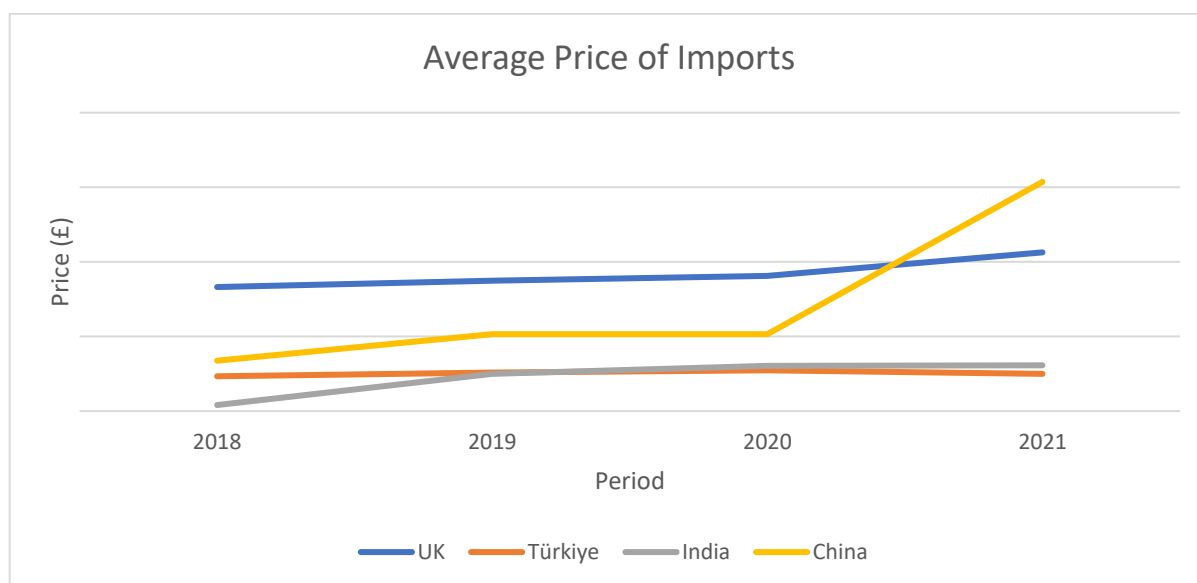
*Source: The Applicant's questionnaire response*

134. We identified domestic sales prices increased during the IP, but the per-unit cost of production increased by greater amounts. We determined that the respective increases reasonably evidence price suppression, as the larger increases in domestic sales price at the end of the IP correspond to the COVID-19 pandemic and related supply issues (as set out in [Section H2](#)). And the lower-priced imports of the Goods Concerned still appear to have prevented the UK industry from increasing prices relative to the increases with its production costs.
135. The following graph illustrates the average domestic-sales price we calculated from the Applicant's submissions. We then compared this to the average sales prices from countries that represent the main sources of imported ironing boards into the UK.

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<sup>45</sup> Average importation costs were calculated using the data from Addis and Mabel Home. These costs included port and infrastructure charges, deferment accounts, and broker and other administration fees.

*Figure 3: Average sales price of an ironing board - 01 January 2018 to 31 December 2021*



*Source: HMRC import data and questionnaire responses*

136. We found no clear evidence that imports from other countries broke the causal link between the subsidised imports of the Goods Concerned and the observed price suppression. Of the UK's main sources of ironing boards, India and the People's Republic of China (PRC) were the other two countries (alongside Türkiye) to undercut the UK industry during the IP. However, the weighted-average prices of the Goods Concerned were lower than those from PRC for the whole IP and lower than those from India since 2020 (see also [Section H5.3](#)).

#### **H4. Impact of the subsidised imports on the UK industry**

137. Having found evidence of a relative increase in import volumes and of price undercutting leading to price suppression, we then assessed the impact this has had on the UK industry.
138. In accordance with Regulation 33 of the Regulations, in considering, for the purpose of Regulation 30(2)(c), the consequent impact of the Goods Concerned on the UK industry, we must take into account all relevant macroeconomic and microeconomic factors and indices having a bearing on the UK industry including:
- (a) actual and potential decline in sales, profits, output, market share, productivity, return on investments or utilisation of capacity;
  - (b) factors affecting domestic prices of the like goods; and
  - (c) actual and potential negative effects on cash flow, inventories, employment, wages, growth, the ability to raise capital or investments.

139. The following sections will address each of these factors in turn before undertaking a holistic assessment of the impact on UK injury.

#### H4.1 Output and capacity utilisation

140. The Applicant submitted its output, production capacity and capacity utilisation for each of the 12-month periods of the IP. The trends for these factors can be seen in the following table – indexing is based on its 2018 figure:

*Table 9: Relative change in output, capacity and capacity utilisation – 01 January 2018 to 31 December 2021*

	2018	2019	2020	POI
Output of UK industry (indexed)	100	98	79	77
Production capacity (indexed)	100	100	100	100
Capacity utilisation (indexed)	100	98	79	77

*Source: The Applicant's submissions*

141. While the production capacity of the UK industry remained constant during the injury period, output and capacity utilisation reduced year on year through the same period.
142. The overall decrease in production can be directly linked to the reduction in sales volumes over the IP (as detailed in [Section H4.2](#) below). The Applicant explained its products are made to order; yet the available evidence also demonstrates that imports of the Goods Concerned gained market share over the IP relative to the UK industry, therefore impacting sales and production of the Like Goods in a declining market.

#### H4.2 Sales

143. The Applicant submitted its sales volumes and values (both domestic and export sales) for each of the 12-month periods of the IP. The trends for these factors can be seen in the following table – indexing is based on its 2018 figure:

*Table 10: UK industry's sales volumes and values – 01 January 2018 to 31 December 2021*

	2018	2019	2020	POI
Domestic sales volumes (indexed)	100	93	78	75
Domestic sales values (indexed)	100	96	82	88
Export sales volumes (indexed)	100	148	229	109
Export sales values (indexed)	100	151	306	166



Total sales volumes (indexed)	100	97	88	77
Total sales values (GBP – indexed)	100	100	98	93
Export sales volumes as a percentage of total sales volume	4-8%	8-11%	15-18%	8-11%
Export sales values as a percentage of total sales value	4-8%	9-12%	19-22%	11-13%

*Source: The Applicant's submissions*

144. The trends identified in the UK industry's total sales volumes during the IP follow a similar pattern to those for production and capacity utilisation, with reductions year on year.
145. In 2020, there was a 15% decrease in domestic sales volume and a 14% decrease in domestic sales value. The level of these decreases does not follow the same general year on year trends as the rest of the IP. This includes the subsequent increase of domestic sales value in the POI.
146. The available evidence would suggest the extent of the decrease in 2020 is due to the drop in demand associated with the COVID-19 pandemic. Third party analysis of the impacts also indicate that the associated impacts would be temporary in nature.<sup>46</sup>
147. Total sales values during the IP remained more static between 2018 and 2020 but also reduced overall. We found that this was due to increased export sales during 2020, which was on a preferred supplier contract. This allowed for a higher profit margin. But the impact of these export sales was short term with the volumes in absolute terms remaining comparably low to domestic sales. There is no evidence that the increasing decline in domestic sales were offset, or caused by, the export sales.
148. The decreases in domestic sales over the IP occurred alongside increases in the imports of the Goods Concerned relative to UK production and consumption (as established in [Section H2](#)), which has also negatively impacted the UK market share.

### H4.3 Profits

149. The Applicant submitted its actual operating profit/loss figures and its average profit/loss margin for its sales of the Like Goods for each 12-month period of the IP. The figures represent the net operating profit/loss after tax. The trends can be seen in the following table – indexing is based on its 2018 figure:

*Table 11: Profitability of domestic sales of the Like Goods – 01 January 2018 to 31 December 2021*

	2018	2019	2020	POI
Operating profit(loss) of UK sales (GBP – indexed)	(100)	(2,273)	(1,434)	(2,750)

<sup>46</sup> [Ironing Boards Market Size, Share & Trends | Research Report, 2030 \(alliedmarketresearch.com\)](#)

Profit(loss) margin of UK sales (% of sales turnover – indexed)	(100)	(2,750)	(2,050)	(3,650)
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Source: The Applicant's submissions

150. The UK industry reported losses each year of the IP. This included in 2020 when the benefits of the UK industry's preferred supplier contract reduced the loss when compared to the previous year.
151. Since we established that the Goods Concerned caused prices of the Like Goods to be suppressed in the IP (as detailed in [Section H3.2](#)), we determined the inability to increase prices in line with costs would also have a negative impact on the UK industry's profitability.

#### H4.4 Market share

152. The Applicant submitted its domestic sales figures for each of the 12-month periods of the IP. We then used these figures to calculate the UK industry's market share in line with [Section H2](#). The trends can be seen in the following table – indexing is based on the 2018 figure:

Table 12: UK industry's market share – 01 January 2018 to 31 December 2021

	2018	2019	2020	POI
UK industry domestic market share (kg – indexed)	100	97	111	104
Imports from Türkiye market share in UK (indexed)	100	140	121	111

Source: The Applicant's submissions and HMRC

153. The UK industry's market share initially decreased in 2019 but increased by 14% in 2020. While its market share decreased again in the POI, it remained 4% higher than the beginning of the IP.
154. We determined the increase in 2020 to market share was related to the COVID-19 pandemic and subsequent international trade disruptions, which includes a downward trend in imports into the UK despite decreasing absolute sales volumes.
155. In the same period, the market share for imports from Türkiye increased at a higher rate. This includes a significant increase in 2019 before the COVID-19 pandemic when the imports from Türkiye increased their market share by 40% while UK industry's market share decreased by 3%.
156. The identified upward trends would nominally suggest a positive trend for the UK industry. But the available evidence would indicate this instead reflects the global changes in the market due to the COVID-19 pandemic, rather than UK industry otherwise competing for and capturing market share.

## H4.5 Growth

157. The Applicant submitted its production, sales and employment figures for each of the 12-month periods of the IP. We have used the Applicant's domestic sales figures, alongside the volume of imports of ironing boards into the UK, to calculate UK consumption and the UK industry's market share. The trends for these factors can be seen in the following table – indexing is based on the 2018 figure.

*Table 13: Growth indicators – 01 January 2018 to 31 December 2021*

	2018	2019	2020	POI
UK consumption (indexed)	100	96	71	69
UK domestic sales volumes (indexed)	100	93	78	73
UK market share (indexed)	100	97	111	104
UK production (indexed)	100	98	79	75
Employment (indexed)	100	101	96	99

*Source: The Applicant's submissions and HMRC*

158. We measured growth by comparing trends in total UK consumption of ironing boards with the UK industry's domestic sales, UK industry's market share, production and employment figures.
159. UK consumption declined over the IP, with the volumes of both domestic sales and imports of ironing boards into the UK decreasing in this period. Employment remained relatively stable without growth over the period, which is likely to have been caused by the decrease in consumption and the subsequent decrease in output. Therefore, in absolute terms, the UK industry did not grow.
160. In relative terms, UK industry was able to gain market share, but given that this increased market share did not translate into increased sales, we did not consider this alone to be reflective of any industry growth.

## H4.6 Investments, return on investments and cash flow

161. The Applicant submitted its investment, return on investment and cash flow figures for each of the 12-month periods of the IP. The trends for these factors can be seen in the following table – indexing is based on its 2018 figure:

*Table 14: The Applicant's investment, return on investment and cash flow in relation to the Like Goods – 01 January 2018 to 31 December 2021*

	2018	2019	2020	POI
Investments (GBP – indexed)	100	64	46	13

Return on Investment (% of net assets)	(100)	(2,116)	(1,265)	(2,390)
Cash flow from the Like Goods (GBP – indexed)	(100)	(89)	(40)	(114)

Source: The Applicant's submissions

162. Investments decreased during the IP. The return on these investments was also negative throughout the whole IP, although it experienced an improvement in 2020.
163. The net cash flow followed the same trend as the return on investment. As set out in [Section H2](#) and [Section H3.2](#), there was an improvement in 2020 due to the COVID-19 pandemic and related supply issues. These meant imports into the UK declined and UK industry's domestic sales prices increased in 2020 and the POI. Further, as referenced above in [Section H4.2](#), the returns on the exported goods to the USA, which provided a better margin than domestic sales, also contributed to this short-term improvement.
164. The Applicant has submitted that it finances its investments from profits. This would suggest its ability to raise capital or investments have been negatively impacted by the identified trends.

## H4.7 Employment and productivity

165. The Applicant submitted its employment and employment productivity figures for each of the 12-month periods of the IP. The trends for these factors can be seen in the following table – indexing is based on its 2018 figure:

Table 15: UK industry employment and productivity for ironing boards – 01 January 2018 to 31 December 2021

	2018	2019	2020	POI
Total number of employees (indexed)	100	103	103	105
Number of employees for ironing boards (indexed)	100	101	96	99
<b>Average productivity (indexed)</b>	100	97	82	78

Source: The Applicant's questionnaire response

166. The overall increases to total employees, while positive are offset with a static proportion of employment working on ironing boards during the IP. The overall decline in productivity, with this being 22% lower in the POI than at the start of the IP, has run concurrently with the decrease in UK industry's domestic sales. This decrease in productivity is therefore to be expected when, as described in [Section H4.1](#) above, products are made to order.
167. There is evidence that the importation of the Goods Concerned contracted the UK industry's domestic sales volumes (see [Section H4.2](#)). However, the minimal decrease in employment in the UK industry does not provide sufficient detail for us to

say the use of this factor as an injury indicator, as well as the resulting productivity calculation, would be reliable.

## H4.8 Wages

168. The Applicant submitted its wage figures for each 12-month period of the IP. The trends for this factor can be seen in the following table, and have been compared to the UK minimum wage – indexing is based on 2018 figures:

*Table 16: UK industry's median wages for employees involved in the Like Goods – 01 January 2018 to 31 December 2021*

	2018	2019	2020	POI
Median wage for FTE engaged in activities related to the Like Goods (indexed)	100	106	111	114
Hourly minimum wage in the UK (indexed)	100	105	111	114

*Source: The Applicant's questionnaire response and UK Government information*

169. The average wage paid by the UK industry has increased by 14% during the IP, which would nominally suggest a positive trend for the UK industry.
170. We considered the changes in wages alongside the minimum wage requirements in the same period. Due to confidentiality, we are not able to provide details of our specific findings.
171. However, we determined that, in isolation, the consideration of wage levels as an injury indicator may not be reliable.

## H4.9 Stocks

172. The Applicant submitted its inventory figures for each of the 12-month periods of the IP. The trends for this factor can be seen in the following table – indexing is based on its 2018 figure:

*Table 17: UK industry's inventories of ironing boards – 01 January 2018 to 31 December 2021*

	2018	2019	2020	POI
Indices 2018 = 100	100	101	105	133
Stocks as % of production	4.5	4.7	6.0	7.8

*Source: The Applicant's questionnaire response*

173. Stock levels remained relatively constant during the IP, increasing slightly up until 2020. In the POI stock levels significantly increased and were 33% higher when compared to the beginning of the IP.

174. The upward trend in stock levels would nominally suggest a negative trend for the UK industry. However, we established the level of the increase in the POI did not align with the year-on-year stock movement in the rest of the IP. The Applicant advised in its questionnaire response that the increase in the POI instead resulted from its forecasting of increased demand in the second half of the POI as UK retailers looked to restock following easing of COVID-19 pandemic restrictions<sup>47</sup>.

#### **H4.10 Factors affecting domestic prices**

175. The TRA has assessed factors affecting domestic prices in [Section H3](#) above.

### **H5. Other causes of injury**

#### **H5.1 Economic impact of the COVID-19 pandemic**

176. We established in [Section H2](#) and [Section H4.2](#) that the volume of imports and the volume of domestic sales decreased year by year throughout the IP (both of the elements we used to derive the UK consumption calculation).
177. In the relevant sections, we determined that the significant decreases in the respective data for 2020, and to a lesser extent in the POI, were heavily influenced by the COVID-19 pandemic.
178. However, we identified that the COVID-19 pandemic by itself would not account for the overall declining trend in domestic sales across the IP that we determined to be an indicator of injury. Outside of 2020, the level of decreases in domestic sales volumes experienced by UK industry was higher than the applicable decreases in the overall UK consumption (as set in [Section H2](#)).
179. We therefore determined the COVID-19 pandemic did not break the link between the Goods Concerned and the injury suffered by UK industry.

#### **H5.2 Inflation of raw-material costs**

180. During the IP, the overall cost of production for UK industry increased significantly, in the main due to increases in the price of steel.
181. Steel is the main raw material used in the production of the Like Goods. During the IP the price of steel increased because of increasing costs of its raw materials (iron ore and scrap), delays of imports from Europe due to adjustments from Brexit and low supply due to strict lockdowns in the PRC. Owing partly to weaker demand, prices of steel started to decline in 2022, but remained above their long-term average.
182. The rising costs of raw materials during the IP may have had a negative impact on UK industry's profits. However, we established that the rising material costs are not the cause of injury, as the indicators of injury pre-date the steep increases in these in the

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<sup>47</sup> Source: The Applicant's questionnaire response, Section E - Question 7 - page 33, [Non Confidential Questionnaire \(Producer\) - deficiency response 1008.pdf](#)

second half of 2020 and during the POI. This is illustrated further in [Section H3.2](#) with the average cost of production increasing more than the average domestic sales price in 2019.

183. We therefore determined that the increase in raw-material costs in isolation did not break the link between the subsidised imports and the injury suffered by UK industry.

### **H5.3 Third-country imports and prices**

184. Imports to the UK from non-EU countries mainly originate in Türkiye, the PRC and India. There is currently an anti-dumping duty imposed on imports from the PRC. This was originally an EU measure and is due for transition review initiating October 2024.
185. While imports from the PRC increased during the IP, the volume of imports from third countries overall declined by 33% (as illustrated in [Section H2](#)). In addition, prices from third countries, and specifically from the PRC, increased drastically.
186. We therefore determined that the impact of third-country imports was not sufficient to break the causal link between the Goods Concerned and the injury suffered by the UK industry.

## **H6. Conclusions**

187. We have concluded that the Goods Concerned are in receipt of subsidies and considered the impacts on the UK industry.
188. We observed an absolute increase in import volumes of the Goods Concerned within the first part of the IP, with the later years being affected by the COVID-19 pandemic. We also observed an increase in imports of the Goods Concerned relative to UK consumption and to UK production of the Like Goods within the IP.
189. We determined that there has been significant price undercutting by the Goods Concerned when compared with the price of the Like Goods produced in the UK. We also found evidence of price suppression which prevented the UK industry from further increasing prices in line with its increased costs of production during the IP.
190. We assessed the trends of the economic factors in [Section H4](#) throughout the IP and identified negative effects in the following economic factors:
- output and capacity utilisation;
  - sales;
  - profits;
  - growth;
  - investments, return on investments and cash flow; and
  - market share.
191. Our assessment of the following economic factors did not provide sufficient detail to reach a definitive determination on whether these evidenced positive or negative effects:

- wages;
- employment and productivity; and
- stocks.

192. Given the evidence of a relative increase in import volumes and of price undercutting leading to price suppression, as well as the negative effects evidenced in the economic factors (as specified in paragraph 190 above) which have a bearing on the UK industry, we conclude the Goods Concerned have caused injury to the UK industry.
193. We examined whether the injury identified could be attributed to any factors other than the imports of the Goods Concerned. While we determined that the COVID-19 pandemic had impacted UK consumption in 2020, it would not account for the overall declining trend in domestic sales across the IP that we determined to be an indicator of injury.
194. Having considered the other known factors that could be causing the injury, including imports from third countries and raw material costs, we did not find sufficient evidence to break the causal link between the Goods Concerned and the injury identified.
195. Having regard to all the available information, we have not identified any additional factors that we deem relevant for our injury analysis.

## **H7. Injury margin**

196. The injury margin is the extent of the injury to UK industry.
197. The default methodology is to base the estimate of injury margins for each exporter on underselling margins. This is calculated by comparing a benchmark UK price (the target price) with the import price (the landed price). The target price is the price that a UK producer would expect to sell its Like Goods at if it were not being affected by the subsidised imports.
198. We calculated the target price by using the domestic producer's costs of production for the Like Goods, administrative, selling and general (AS&G) costs and applying a normal rate of profit (before tax) of 5%.
199. The normal rate of profit for the UK industry was determined by considering the rate of profit the UK industry would reasonably achieve in the absence of injury from the Goods Concerned. In order to assess this amount, we reviewed the information provided by the Applicant, including in its questionnaire responses<sup>48</sup>, and examined its rates of profit from 2015 to 2017. We also considered how the European Commission has previously established profitability in its anti-dumping case for imports of ironing boards originating in the PRC<sup>49</sup>.

<sup>48</sup> [The Applicant's questionnaire response](#), section E, questions 12 and 13 (page 35), and "Non Confidential Annex E1 - Injury evidence.xlsx".

<sup>49</sup> Recital 189 – Profitability, cash flow, investments, return on investment and ability to raise capital – [Definitive measures R693 published 1 October 2019](#)



200. The landed price is the price of goods when they enter the UK market after clearing customs. It equates to the CIF<sup>50</sup> import price plus any relevant import duties and other costs associated with importation. We calculated landed prices for the Goods Concerned by PCN. We did this using the CIF values of Milenyum Metal's exports to the UK, and then applying adjustments for importation costs and import duty<sup>51</sup>. Where the CIF value was not provided in GBP, we converted it using suitable exchange rates<sup>52</sup>. Where export sales were made to a related importer in the UK, we made an adjustment to remove the AS&G costs.
201. We calculated that the injury margin attributable to Milenyum Metal as 91.02% and calculated the residual injury rate to be 121.54%. We based the residual rate on the highest value calculated for a PCN that Milenyum Metal exported to the UK in significant quantities.

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<sup>50</sup> Cost, Insurance and Freight.

<sup>51</sup> Average importation costs were calculated using the data provided by Addis and Mabel Home. Import VAT was applied at a rate of 20%.

<sup>52</sup> Turkish lira (TRY) were converted into GBP using "(GBP) British Pound (Currency Buying)" [exchange rates from the Central Bank of the Republic of Türkiye](#). USD were converted into GBP using [spot exchange rates from the Bank of England](#).

## **Section I: Economic interest considerations**

### **I1. Introduction**

202. The TRA must be satisfied, in accordance with paragraph 13(4) of schedule 4 to the Act, that any recommendation made to the Secretary of State requiring a guarantee from importers based on the PAD meets the Economic Interest Test (EIT). This relates to any applicable, or potentially applicable guarantee to the Goods Concerned.
203. The test is set out in paragraph 25 of schedule 4 to the Act and is, in accordance with paragraph 25(3) of schedule 4 to the Act, presumed to be met unless the TRA is satisfied that the requirement of a guarantee is not in the economic interest of the UK.
204. In line with paragraph 25 of schedule 4 to the Act, we took account of the following in conducting the EIT:
- the injury caused by the importation of the subsidised goods to a UK industry in the Like Goods and the benefits to that UK industry in removing that injury;
  - the economic significance of affected industries and consumers in the UK;
  - the likely impact on affected industries and consumers in the UK;
  - the likely impact on particular geographic areas, or particular groups, in the UK;
  - the likely consequences for the competitive environment, and for the structure of markets for Like Goods, in the UK; and
  - such other matters as we considered relevant.
205. As this is a provisional determination, only the period from the implementation of a guarantee until the final determination will be considered for assessing any impacts. Longer term impacts that may result from the imposition or non-imposition of a final measure will be addressed in the SEF.

### **I2. Stakeholder engagement and evidence submitted**

206. Our primary evidence sources were the questionnaire responses from interested parties. The following provided information that was particularly relevant to the EIT assessment:
- one domestic producer of ironing boards;
  - one Turkish producer: Milenyum Metal;
  - two importers: Mabel Home and Addis;
  - one foreign government: the Ministry of Trade of the Republic of Türkiye.

207. We invited several other stakeholders, including retailers and a consumer group, to participate in this investigation, but no other parties submitted evidence.
208. We supplemented questionnaire responses with evidence from background research and collated additional information on the interested parties. We also conducted research on parties that did not respond to the questionnaires, including upstream and downstream businesses. We used publicly available sources such as Companies House and the Office for National Statistics (ONS).
209. The sections that follow assess each of the factors of the EIT in turn.

### **I3. Injury caused by subsidised imports and benefits to UK industry in removing injury**

210. In [Section H](#), we concluded that the subsidised ironing boards from Türkiye imported to the UK have caused injury to the UK producer.
211. We found that the volume of subsidised imports from Türkiye increased relative to production and consumption over the IP. Evidence did not show price depression but did show signs of price suppression and price undercutting during the POI, with our calculations showing an undercutting margin of 27.8%. We calculated an injury margin of 91.02% for cooperating exporters and 121.54% for non-cooperating exporters.
212. Negative trends in sales, profits, output and capacity utilisation, growth, return on investment and cash flow, and market share over the IP suggest that the UK producer is suffering injury. The UK producer's wages, employment and productivity, and stocks did not provide sufficient evidence for us to reach a definitive determination on the direction of the trends.
213. The injury assessment concluded that the non-imposition of a guarantee would cause further injury to the UK industry. The imposition of a guarantee could remove the injury, allowing them to increase production, and subsequently sales. The impacts of removing the injury are explored in [Section I5.3](#).

### **I4. Economic significance of affected industries and consumers in the UK**

214. This section considers the economic significance of the relevant industries and consumers within the ironing boards supply chain. From the available evidence, we identified the following groups in the UK as potentially being affected by the measure:
- **Upstream businesses:** suppliers of steel;
  - **UK producer** of ironing boards;
  - **Retailers and importers:** including brand importers and wholesalers; and
  - **Consumers:** households and commercial users.

215. Although some businesses span different groups,<sup>53</sup> we attributed all known businesses to one group based on their predominant activity to avoid double counting. Several retailers are importers, so we chose to analyse these two groups together.

## **14.1 Upstream businesses**

216. From the producer's questionnaire response, we identified approximately 20 upstream businesses in the UK that provide inputs in the production of ironing boards.
217. Using the producer's questionnaire response and, where available, accounts published on Companies House, we estimated the dependency of each business on ironing boards by calculating the upstream suppliers' sales to the UK producer as a percentage of their revenue. We selected the one upstream business for which this was greater than 1%, suggesting that ironing boards are somewhat important to them.
218. This business provides coil steel, which is the main raw material used in ironing board production. We estimated that the coil steel supplier had a Gross Value Added (GVA) of over £3 million and employed fewer than 50 people during the POI.
219. Cover fabric and steel blank also make up a smaller percentage of the UK producer's total raw material costs. Their suppliers are exempt from filing full accounts on Companies House and did not provide any questionnaire responses.
220. We found that the sales to the UK producer are less than 1% of turnover for the remaining known upstream businesses with publicly available accounts.
221. We therefore concluded that there is a low level of dependency on ironing board production for cover fabric and steel blank producers, as well as for other suppliers for which sales to the UK producer are less than 1% of their turnover.

## **14.2 UK producer of ironing boards**

222. There is one UK producer of ironing boards. We calculated that during the POI, the UK producer's GVA across the entire business was approximately £28 million and they had 110 employees directly involved in ironing board production.<sup>54</sup> Turnover and profitability relating to the entire business show positive trends. However, over the IP, turnover related to ironing boards sold domestically decreased by 12% (see also [Section H](#)).
223. During the POI, sales of ironing boards were a significant percentage of the producer's turnover, at between 15% and 25%. We estimated that UK production supplied 30% to 40% in terms of volume (kg) of ironing boards sold in the UK market, and imports supplied the remainder during the POI.<sup>55</sup>

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<sup>53</sup> The UK producer acts as a retailer too, selling to end users and wholesalers as well as other retailers.

<sup>54</sup> GVA estimates use publicly available Companies House data, and employment and financial trends are based on questionnaire responses.

<sup>55</sup> The TRA noted that in during the POI, the import data from HMRC may not be accurate. This affects our calculations of market share, although the direction of impact is unclear.

### **I4.3 Retailers and importers**

224. We assessed the significance of importers and retailers that buy from Turkish exporters, the UK producer, and third countries.
225. We considered both importers that provided questionnaire responses, Mabel Home and Addis. Both companies import from Türkiye and sell to end users and retailers.<sup>56</sup>
226. Imports from Türkiye accounted for 15% to 25% of the total volume of ironing board imports during the POI. During the POI, ironing board imports accounted for between 1% and 10% of Addis Houseware's total import volume, suggesting they are somewhat dependent on ironing boards, and over 50% of Mabel Home's import volume, suggesting a high level of dependency on ironing boards. The value and volume of imports for these selected importers represented 15% to 25% and 20% to 30% of the total import value and volume from Türkiye respectively during the POI.
227. Employment for these importers during the POI was 94, turnover was approximately £36m and their GVA was £5m. Ironing boards represented 1% to 5% of Addis' turnover during the POI, suggesting they are somewhat dependent on ironing boards, and over 90% of Mabel Home's turnover, suggesting a high level of dependency on ironing boards.
228. Due to data limitations, we were unable to identify all importers of ironing boards. We identified importers and retailers based on the questionnaire responses from the UK producer, importers, and the Turkish exporter.<sup>57</sup> The total import value of ironing boards from Türkiye made up less than 1% of turnover for the businesses we analysed.<sup>58</sup> We therefore concluded that the dependency of the retailers and importers identified that did not submit questionnaire responses is low.

### **I4.4 Consumers**

229. Most end-users of ironing boards are private individuals or households. We estimated that in 2021, approximately 1.4 million ironing boards were sold in the UK<sup>59</sup> and approximately 5% of UK households bought an ironing board.<sup>60</sup> Demand for ironing boards is likely to have declined in 2019 and 2020.<sup>61</sup> Non-EU imports increased by 3.2% in 2021 but it remains unclear how the forecasted economic slowdown and high inflation will impact future demand. Evidence shows that spending on durables is

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<sup>56</sup> Mabel Home sells ironing boards, while Addis sells household and light commercial products, including ironing boards.

<sup>57</sup> We identified 82 additional retailers and importers that the UK producer and Turkish exporter sell to by analysing the transaction data in their questionnaire responses. We did not include additional retailers and importers in the questionnaire responses from the two importers. Of those identified, we analysed the businesses with the largest value of purchases from the UK producer and the Turkish exporter.

<sup>58</sup> This is an overestimation of each business' dependency on ironing board production as the calculation is based on total ironing board imports but only individual business turnover.

<sup>59</sup> Total sales of ironing boards include sales from the UK producer plus imported ironing boards in 2021. For the latter, we used data from questionnaire to estimate the weight of an ironing board and then divided the total number of imports from 2021 by the weight.

<sup>60</sup> ONS, Families and households in the UK.

<sup>61</sup> This is based on data for ironing boards produced in the UK and imports from non-EU countries as HMRC data for EU trade flows is only available for 8-digit commodity codes until 2021. We are therefore unable to assess any trends in demand of ironing boards from EU countries.

cyclical and can be postponed in periods of economic uncertainty, so demand for ironing boards could decline over the next few years.<sup>62</sup>

230. While interested parties did not mention substitutes for ironing boards, these include table ironing mats, hand-held garment steamers, non-steel ironing boards, dry cleaning, or even wrinkle-free clothing. Market research shows that steamers can cause disruption to the sales of ironing boards.<sup>63</sup> However, most substitutes have operational constraints or, in the case of dry cleaning, financial constraints, that prevent consumption in the same manner as ironing boards.
231. The existence of substitutes, even if not perfect, and the durable nature of ironing boards, suggest that consumers are sensitive to price changes. The price elasticity of demand<sup>64</sup> is likely to be higher in the shorter term as consumers postpone buying new ironing boards if prices increase.
232. UK ironing boards compete directly with ironing boards produced abroad as they share physical and technical characteristics. Consumers are therefore driven by prices and would be willing to switch between brands to avoid higher prices.
233. Ironing boards do not represent a large proportion of household expenditure. In the year to March 2021, the ONS estimates that UK households spent less than 0.5% of their total weekly expenditure on commodities such as glassware, tableware and households' utensils. This group includes ironing boards.<sup>65</sup> We therefore concluded that ironing boards are not a significant product for households in terms of expenditure.

## **14.5 Summary table**

234. Table 18 presents evidence on the economic significance of segments of the ironing boards supply chain. Based on the comparative metrics set out in the table, we concluded that ironing boards are significant for the UK producer, one upstream business and two retailers and importers.

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<sup>62</sup> [Consumption of durable goods in the ongoing economic expansion \(europa.eu\)](https://european-council.europa.eu/media/en/press-communications/infographic/Pages/infographic-2020-09-01.aspx)

<sup>63</sup> [Ironing Boards Market: Global Industry Analysis 2015 - 2019 and Opportunity Assessment 2020 - 2030 \(persistencemarketresearch.com\)](https://www.persistencemarketresearch.com/ironing-boards-market-report)

<sup>64</sup> Price elasticity of demand measures how sensitive demand is when prices change.

<sup>65</sup> ONS, 2022, [Family spending in the UK: April 2020 to March 2021](https://www.ons.gov.uk/peoplepopulationandcommunity/healthandsocialcare/physicalactivity/articles/familyspendingintheuk/april2020tomarch2021)

Table 18: Summary table for the significance metrics for affected industries

	Upstream businesses	UK producer	Retailers and importers
<b>Total known businesses</b>	Approximately 20	1	Approximately 80
<b>Total selected</b>	1	1	2
<b>Questionnaire responses</b>	0	1	2
<b>Estimated significance of ironing boards</b>	Not very significant for most businesses. Significant for the 1 selected business.	Very significant.	Not significant for retailers and unknown importers. Significant for the 2 selected importers.
<b>Total employment of selected businesses</b>	<50	327	94
<b>Total GVA of selected businesses (£ million)</b>	<5	28.9	5.4
<b>Average EBITDA margin for selected businesses (%)</b>	<10	7	12.5
<b>Vulnerability to economic shocks</b>	<b>Low</b> – reasonable profitability and turnover, positive trend in net assets, no significant change in employment, and relatively low reliance on ironing-boards production	<b>Medium</b> – strong profitability and turnover trends, and no significant change in employment but ironing boards production is vulnerable due to negative profits across the IP	<b>Low</b> – strong turnover and profitability trends, and no significant change in employment
<ul style="list-style-type: none"> <li>• We estimated GVA by adding employment costs, depreciation, and amortisation to operating profits.</li> <li>• We estimated EBITDA by dividing the sum of operating profit, depreciation, and amortization by turnover.</li> <li>• We assessed the vulnerability to economic shocks by analysing companies' accounts from 2018 to 2021.</li> <li>• Metrics are primarily based on company financial data as a whole, rather than just relating to ironing boards.</li> </ul>			

Source: Companies House and questionnaire responses

## **I5. Likely impact on affected industries and consumers**

235. This section examines how prices and quantities throughout the supply chain will be impacted with and without a measure. It then assesses the impact of changes in prices and quantities on affected industries and consumers.<sup>66</sup>

### **I5.1 Prices and quantities if a provisional measure is imposed as recommended**

#### **I5.1.1 Retailers and importers**

236. Turkish exporters are unlikely to absorb the cost of the guarantee due to already low profit margins. Therefore, if a measure was imposed as recommended, import prices from Türkiye would likely increase by 4.42% for importers such as Mabel Home and Addis.

237. Import volumes from Türkiye could decrease if importers and retailers decide to switch to suppliers offering lower prices, including the UK producer. Addis also imports from the PRC, so they may increase the share of their total imports from there. Questionnaire responses suggest that ironing boards are commoditised goods, which implies that there is little differentiation in products between countries.

238. On the other hand, Mabel Home is an associated importer for the Turkish exporter, so their prices are likely to increase by the amount of the countervailing duty.

239. Import prices of retailers only importing ironing boards from third countries would likely remain unchanged. Quantities of third-country imports may increase slightly if imports from Türkiye decrease, but the extent to which this will occur also depends upon UK production, as discussed in [Section I5.1.2](#).

#### **I5.1.2 UK producer**

240. If a guarantee is imposed, we would expect the UK producer's prices to remain unchanged to maintain price competitiveness with imports. This is based on the size of the guarantee and the fact that UK ironing boards are still more expensive for retailers.

241. As mentioned in [Section I4](#), the UK producer is currently operating with sufficient spare capacity, which increased by a further 23% during the IP. Their questionnaire response suggests that if there was an increase in demand for their products as a result of the guarantee, they would be able to increase production to cover a decrease in imports from Türkiye. Quantities for the UK producer may therefore increase but as mentioned, the extent of this also depends upon imports from third countries.

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<sup>66</sup> As mentioned, this section only considers the impacts for the period during which a guarantee would be in place.



### **I5.1.3 Upstream businesses**

242. If a guarantee is imposed, the UK producer may increase production of ironing boards. This would lead to an increase in their demand for coil steel so the coil steel supplier may increase the volume they produce. If they face capacity constraints, other suppliers would likely be able to cover the UK producer's requirements.
243. The UK producer and their supplier of coil steel are not major businesses in the coil steel market so any increase in production is unlikely to affect coil steel prices.

### **I5.1.4 Consumers**

244. The degree of impact on consumers will largely depend upon whether importers and retailers continue to import from Türkiye, and if they do, whether they choose to pass the higher prices on to consumers or reduce their profits.
245. Questionnaire responses suggest that importers and retailers may not switch suppliers immediately as they adjust to different import prices. Statements in questionnaire responses claimed that when freight costs increased after the COVID-19 pandemic, the higher costs were borne by consumers. Therefore, consumers of Turkish ironing boards could face higher prices during the period for which a guarantee would be in place. Since some consumers are sensitive to price changes, as discussed above, they may switch to buying from retailers offering lower prices or choose not to buy the product. Some may choose not to change their consumption.

## **I5.2 Prices and quantities if a provisional measure is not imposed**

246. We do not expect any significant impacts on prices or quantities as a result of a guarantee not being imposed.

## **I5.3 Likely impacts on affected industries and consumers**

247. We have undertaken illustrative analysis to estimate the impacts of the guarantee on the economic welfare of the UK producer, retailers, importers, and consumers by looking at surplus for consumers and businesses on the supply side of the ironing boards market. Our analysis uses simplifying assumptions and explores uncertainty using a range of different scenarios, as described below.
248. Consumer surplus is a consumer's welfare from buying a product, which is the difference between the price consumers pay and the price they are willing to pay. We calculated the impact on consumer welfare as the difference in consumer surplus with and without a measure. This is the change in the price multiplied by the average of the quantities consumed with and without a measure.<sup>67</sup>

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<sup>67</sup> This is in line with the standard approach used for estimating consumer welfare in microeconomics. The implicit assumption that the demand curve is linear is reasonable, given the relatively small change in price.

249. Our estimate of surplus on the supply side of the market includes surplus for the UK producer and surplus for retailers and importers. Their welfare from selling a product is calculated by taking the marginal cost of production<sup>68</sup> away from revenue.
250. To assess the range of potential impacts, we considered two extreme scenarios:
- A. Retailers and importers absorb the cost of the guarantee:** in this scenario, prices and quantities for consumers remain unchanged.
  - B. Retailers and importers fully pass the costs on to consumers:** in this scenario, the price of ironing boards imported from Türkiye increases by the full amount of the guarantee. Consumers will therefore demand fewer Turkish ironing boards. We consider three further potential outcomes:
    1. The decrease in consumption of Turkish ironing boards is not replaced by other ironing boards. This implies that Turkish ironing boards are not substitutable with those produced domestically or in third countries, which is highly unlikely as products are not substantially differentiated. However, we still consider this outcome for completeness.
    2. The decrease in consumption of Turkish ironing boards is replaced by a combination of ironing boards produced by third countries and produced by the UK producer.<sup>69</sup>
    3. The decrease in consumption of Turkish ironing boards is fully replaced by ironing boards produced domestically.
251. If a guarantee is not imposed, we assumed that the ironing board market remains the same, with quantities and prices at 2021 levels, adjusted for a four-month period.<sup>70</sup>
252. We used questionnaire data to estimate the UK producer's marginal cost<sup>71</sup> and the price of an ironing board at the different stages of the supply chain (i.e., the average

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<sup>68</sup> Marginal cost is the cost of producing one additional unit. The approach to calculating welfare impacts, again, is in line with standard microeconomics.

<sup>69</sup> This is based on current market shares, which we assume will increase proportionally.

<sup>70</sup> This analysis does not consider inflation, rising energy bills or economic instability, which may have a detrimental impact on the demand and prices of ironing boards.

<sup>71</sup> To estimate the UK producer's marginal cost, we assumed that the most relevant variable costs based on questionnaire responses are raw materials, energy, and transportation costs. Although the total cost also includes the cost of labour, the UK producer is producing well below capacity, so they could increase production, to a certain extent, without increasing the number of employees.

For importers and retailers of Turkish ironing boards, we assumed that the marginal cost is the cost of buying an additional ironing board. We did not include storage or transportation costs. In the absence of information to the contrary, we assumed that these would be distributed across their entire product range and therefore remain unaffected by small changes in volumes of ironing boards.

We had limited information for importers and retailers of ironing boards from third countries. Therefore, we assumed that their marginal cost is the same as the UK producer's. If we had instead assumed that their marginal costs are similar to the marginal costs of importers and retailer of Turkish ironing boards, our estimated impacts would have been similar and would result in the same conclusions.

price of an ironing board imported from Türkiye, the average price paid by retailers to the UK producer, and the average price paid by consumers).<sup>72</sup>

253. To estimate how much demand for Turkish ironing boards would decline if a guarantee is imposed, we needed to understand how sensitive consumers are to price changes. We used price elasticities of demand (PED) estimated by the U.S. International Trade Commission for an anti-dumping investigation on ironing boards and certain parts thereof from the PRC since consumption of ironing boards is likely to be similar in the USA and UK.<sup>73</sup> They estimated that the PED for ironing boards was in the range of -0.5 to -1.5.<sup>74</sup> We used these to calculate lower and upper bound estimates for how demand might respond to price changes.
254. Table 19 presents the change in surplus for consumers and suppliers, comprising the UK producer, retailer and importers (i.e. the difference in welfare with and without the guarantee), based on the range of elasticities (-0.5 to -1.5). Demand for Turkish ironing boards is expected to decline by up to 1,000 pieces for the assumed range of elasticities.
255. According to economic theory, imposing a tariff is generally expected to cause a net welfare loss. When the price increases, the tariff works to redistribute welfare from consumers to the UK producer. The total loss in consumer welfare is usually larger than the total gain for producers, and the gains for producers are concentrated and losses for consumers dispersed.
256. For the period during which a guarantee would be in place, our illustrative analysis suggests that total economic welfare could decrease by £24,000 to £53,000. Scenario B.1 results in the largest loss of welfare for suppliers; retailers and importers' profits fall due to higher import prices and decreased demand. Only importers and retailers that sell Turkish ironing boards are negatively impacted, which is why there is no change in surplus for the UK producer.
257. The reduction in total surplus is also largest in scenario B.1, in which the decrease in consumption of Turkish ironing boards is not replaced so the loss in welfare is not mitigated by sourcing from the UK producer or third countries.
258. Naturally, the UK producer benefits the most in scenario B.3, in which Turkish ironing boards are only replaced by domestically produced ironing boards.

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<sup>72</sup> In the absence of any alternative evidence, and given that consumers are price-sensitive, we have assumed that importers from third countries sell to consumers at the same price as the UK producer, and that the prices of UK and third country suppliers would remain unchanged even if prices of ironing boards from Türkiye increase. This is based on the assumption of 'price stickiness' in the short-term, which is linked to firms' reluctance to change prices instantly due to the costs entailed in setting, implementing, and advertising new prices. We will review this assumption in the SEF.

<sup>73</sup> [Ironing Tables and Certain Parts Thereof from PRC \(usitc.gov\)](https://www.usitc.gov)

<sup>74</sup> A PED equal to -1.5 means that if prices increase by 10%, demand will decrease by 15%. The greater the availability of substitutes for ironing boards, the closer the elasticity is to the higher end of the range.

*Table 19: Estimates of changes of producer and consumer surplus (rounded to the nearest thousand)*

	Change in welfare for UK producer (£'000s)	Change in welfare for importers and retailers (£'000s)	Change in welfare for consumers (£'000s)	Change in total economic welfare (£'000s)	Change in quantities consumed ('000s)
Scenario A: Retailers and importers absorb the cost of the guarantee	0	-24	0	-24	0
<b>Scenario B: Retailers and importers fully pass the burden on to consumers</b>					
Scenario B.1: Turkish ironing boards are not replaced	0	-10 to -29	-24	-34 to -53	Up to -1
Scenario B.2: Turkish ironing boards are replaced by UK and third countries' production	1 to 3	-2 to -6	-24	-25 to -27	0
Scenario B.3: Turkish ironing boards are replaced by UK production	3 to 8	-4 to -11	-24	-25 to -27	0

### **I5.3.1 Retailers and importers**

259. If a guarantee is imposed, import prices of Turkish ironing boards may increase. This may have a slight negative impact on importers and retailers, particularly in the short term, while they are less able to replace imports from Türkiye with imports from third countries or UK production. Our illustrative analysis suggests that the measure could result in a welfare loss of £2,000 to £29,000 for this group.

### **I5.3.2 Producer**

260. The imposition of a guarantee could prevent further injury to the UK producer. Given the level of spare capacity they are operating with, they could increase production, and subsequently sales, to cover any decrease in imports from Türkiye that may result from the measure (scenarios B.2 and B.3). Our illustrative analysis suggests that the measure could result in a welfare gain of £0 to £8,000 for the UK producer.

### **I5.3.3 Upstream businesses**

261. If a guarantee was imposed as recommended, the UK producer may increase supply. Their suppliers of coil steel may benefit from increased demand.
262. As addressed in [Section I4.1](#), other upstream industries would likely remain unaffected as their dependency on the UK producer of ironing boards is low.

### 15.3.4 Consumers

263. We do not expect UK consumers to be significantly impacted by the imposition of a guarantee. Our illustrative analysis suggests that the measure could result in a welfare loss of £0 to £24,000 for consumers. In scenario A, consumers continue to buy the same quantity of ironing boards as they would without a measure, at the same price, so their welfare remains unchanged.
264. There is a welfare loss in scenario B.1 because some consumers leave the market due to the increase in the prices of Turkish ironing boards; the consumers that continue to buy Turkish ironing boards face higher prices and also see their welfare reduced.<sup>75</sup> As mentioned, we expect this scenario to be highly unlikely. Scenarios B.2 and B.3 result in lower welfare loss than scenario B.1. Consumers that switch from buying their preferred ironing boards from Türkiye to buying other ironing boards are able to mitigate their welfare loss.<sup>76</sup>
265. Although our estimates of welfare impacts are illustrative and uncertain, the high-level conclusions are in line with economic theory. Our analysis suggests that the overall impact of imposing a guarantee is small, as shown in Table 20. Once distributed for retailers, importers, and consumers, the welfare loss for each stakeholder is likely to be considerably less substantial than the potential welfare gain for the UK producer. The UK producer has the potential to benefit the most from the guarantee if importers and retailers from Turkish ironing boards choose to source their ironing boards domestically instead.

*Table 20: Expected impacts of imposing a measure on affected groups*

Products	Expected impacts
UK producer	Welfare gain of £0 to £8,000
Upstream businesses	No welfare gain/loss
Importers/Retailers	Welfare loss of £2,000 to £29,000
Consumers	Welfare loss of £0 to £24,000

## 15.4 Likely impact on particular geographic areas or particular groups in the UK

266. This section explores how potential impacts of imposing a measure may be geographically distributed and whether any particular groups might be disproportionately impacted.

<sup>75</sup> Higher prices and less consumption result in lower consumer welfare: less price sensitive consumers are marginally worse off than consumers in the scenario with higher elasticity as they cannot delay consumption.

<sup>76</sup> The welfare loss for the consumers that switch to cheaper ironing boards cannot be precisely monetised, due to limited evidence on their preferences.

## **I5.5 Likely impact on particular areas**

267. This section considers those companies for which the evidence suggests that ironing boards is a significant product: the UK producer, the upstream company, and the two importers and retailers that participated in the case.

268. We used three sources of evidence for our employment analysis:

- Questionnaire responses: these provided employment by site and employment relating to ironing boards for the UK producer, Addis, and Mabel Home;
- Companies House: this provides data on total employment for the upstream business; and
- ONS estimates of working age population by Local Authority Districts (LAD).

### **I5.5.1 UK Producer**

269. The UK producer's sites are in Rochdale and Manchester, two neighbouring LADs. During the POI, approximately one third of their employees were working with ironing boards, in the production of the goods or in administrative and operational tasks.

270. We calculated employment as a percentage of the total LAD working age population and found that it was a very small proportion at both locations (i.e. less than 1%).

### **I5.5.2 Upstream businesses**

271. The only known significant upstream supplier, a coil steel business, is located in Birmingham and employed fewer than 50 people during the POI.

272. Comparing local authority working age population data to Companies House data suggests that the coil steel producer is not a significant source of local employment.

### **I5.5.3 Importers and retailers**

273. Mabel Home and Addis are located in Brighton and Bridgend, respectively. They represent a small proportion of imports from Türkiye and employed 94 people in total during the POI.

274. We found that the employment attributable to UK importers is not a significant proportion of the total working age population of the relevant LADs.

## **I5.6 Likely impact on particular groups**

275. We considered the likely impact on particular groups, including those with protected characteristics as defined by the Equality Act 2010. In accordance with the Public Sector Equality Duty, we conducted research to identify if a guarantee would disproportionately impact other groups with protected characteristics.

276. One of the interested parties stated that around 80% of ironing boards' users were females aged 25 years and over. We did not find further information to support this claim. Nonetheless, if accurate, we would expect impacts on this group to be negligible, as overall impacts on consumers are already likely to be minimal.
277. No additional evidence was provided with respect to potential impacts on any particular groups, either as workers or consumers.

## **16. Likely consequences for the competitive environment and for the structure of markets for goods in the UK**

278. The TRA assessed four areas relating to the likely consequences for the competitive environment and structure of the UK ironing boards market:
- the impact on the number or range of suppliers;
  - the impact on the ability of suppliers to compete;
  - the impact on the incentives to compete vigorously; and
  - the impact on the choices and information available to consumers.
279. Based on the number of suppliers and characteristics of the market, we concluded that the market for ironing boards is fairly competitive. Questionnaire responses also support the assessment that the market for ironing boards is highly commoditised, and demand is driven by prices.
280. We noted that there are currently anti-dumping duties of 18.1% to 42.3% on imports of the ironing boards under investigation from the PRC. However, they are still imported from the PRC, which may indicate that the market remains competitive.
281. As there is only one producer in the UK, imposing a guarantee could be considered anti-competitive, as it would shield them from overseas competition.

### **16.1 The impact on the number or range of suppliers**

282. We estimated that during the POI, the UK producer had a 30% to 40% market share in terms of volume. Imports from Türkiye accounted for 15% to 25% of the UK market.
283. Based on the research and data available, we estimated a Herfindahl-Hirschman Index (HHI) for the POI to determine the level of concentration in the UK market for the volume of ironing boards. According to the CMA, a HHI of over 1,000 indicates a concentrated industry, while a HHI of over 2,000 indicates a highly concentrated

industry. Our estimation of between 1,000 and 2,000 suggests that the market for ironing boards is concentrated.<sup>77</sup>

284. If a guarantee is not imposed, we do not expect any impact on the number or range of suppliers during the period for which it would be in place.
285. The extent to which the imposition of a guarantee would affect market shares of the UK producer is unclear, but it is likely to act to reduce rather than increase the number of range of suppliers. However, it is unlikely to change substantially during the period in which the guarantee would be in place.

## **16.2 Impact on the ability of suppliers to compete**

286. If a guarantee is not imposed, we do not expect any impact on the ability of suppliers to compete during the period for which it would be in place.
287. The imposition of a guarantee is likely to reduce the Turkish producer's ability to compete in the UK market.

## **16.3 Impact on the incentives to compete vigorously**

288. There is no evidence to suggest that imposing or not imposing a guarantee would impact the incentives for ironing board producers to compete vigorously.

## **16.4 Impact on the choices and information available to consumers**

289. The UK producer maintains that they have been one of the main innovators in the market for ironing boards, leading to more consumer choice. Addis suggest that an increased cost of importing from Türkiye would lead to a more limited selection of styles, sizes, designs, and product innovation.
290. We compared the PCNs exported by Milenyum Metal to those produced by the UK producer. While some PCNs are only produced by the Turkish producer, we do not consider these to be significantly different to other PCNs produced by the UK producer. For example, one produces a model with T legs and the other with three legs. In addition, although we do not have PCN information from third countries, they may also be exporting these PCNs.
291. The evidence suggests that the market for ironing boards is highly commoditised and that ironing boards from Türkiye are comparable with other ironing boards. We do not therefore predict any significant impact on choices available to consumers even if a guarantee is imposed and there are fewer imports from Türkiye.

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<sup>77</sup> Due to the lack of sufficient data, we assumed that each country that exports to the UK only has one producer, except Türkiye and the EU, where we have knowledge of at least two producers each. While this method is likely to have provided an over-estimation of the HHI, the data available means that the conclusion that the market is concentrated is accurate.



## **17. Other factors/such other matters as we consider relevant**

292. As part of the EIT, the TRA can consider any other factors additional to those set out in the legislation which may be relevant in concluding whether a trade remedy measure is in the economic interest of the UK.

### **17.1 Impact on greenhouse gases**

293. The UK producer stated that ironing board production in Türkiye has higher CO<sub>2</sub> equivalent (CO<sub>2</sub>e) emissions.<sup>78</sup> Using questionnaire responses, we estimated that the CO<sub>2</sub>e from ironing board production in Türkiye is 60% to 85% higher than in the UK. We estimated the impact of imposing a guarantee on CO<sub>2</sub>e emissions and used BEIS carbon values<sup>79</sup> to monetise the changes.
294. Our estimates show that the international benefit of imposing a measure is negligible. This is regardless of whether there is a decline in the overall consumption or whether Turkish ironing boards are replaced by domestically produced ironing boards.

## **18. Conclusions**

295. In accordance with paragraph 25 of Schedule 4 to the Act, the EIT is met in relation to the requirement of a guarantee if the application of the remedy is in the economic interest of the UK. This test is presumed to be met unless the TRA is satisfied that the application of the remedy is not in the economic interest of the UK.
296. In [Section H](#), we concluded that the subsidised ironing boards from Türkiye imported to the UK have caused injury to the UK producer. Through analysis of the UK industry and imports, the injury assessment concluded that there would be further injury to UK industry if a guarantee is not recommended.
297. In [Section I4](#), we found that ironing boards are very significant to the UK producer, significant to the one selected upstream industry, and significant to the two selected businesses operating as retailers and importers. Ironing boards are not significant to other upstream or downstream companies. The UK producer is somewhat vulnerable to economic shocks, due to their negative profits relating to ironing boards across the IP. The vulnerability to economic shocks for the remaining upstream and downstream businesses is low.
298. In [Section I5](#), we found that the net impacts of the imposition of a guarantee are likely to be small due to high substitutability between Turkish ironing boards and those produced in the UK or third countries. We found that the UK producer could experience welfare gains if it starts to supply importers and retailers. Since higher prices are likely to be passed on to consumers, and consumers are sensitive to price changes, import quantities from Türkiye are likely to decrease. However, the welfare loss for consumers is likely to be smaller than the potential welfare gain for the UK

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<sup>78</sup> CO<sub>2</sub>e emissions means the number of metric tons of CO<sub>2</sub> emissions with the same global warming potential as one metric ton of another greenhouse gas.

<sup>79</sup> BEIS, Valuation of greenhouse gas emissions: for policy appraisal and evaluation - GOV.UK ([www.gov.uk](http://www.gov.uk))

producer. We therefore concluded that the net welfare loss is not disproportionate to the need to remove the injury caused to the UK industry.

299. In [Section I5.4](#), we found no evidence of significant impacts on particular geographic areas, or particular groups in the UK.
300. In [Section I6](#), we concluded that the market for ironing boards is fairly competitive and is driven by prices. We do not expect significant changes in the UK producer's market shares in the period for which a guarantee would be in place. The imposition of a guarantee is likely to reduce the Turkish producer's ability to compete in the UK market. We do not predict any other impact on the competitive environment.
301. Having considered the evidence, the TRA conclude that imposing a guarantee would not have a negative impact on the UK economy that is disproportionate to the need to remove injury caused to the UK industry. Therefore, we find that imposing a guarantee is in the economic interest of the UK.

## **Section J: Preliminary findings and recommendation of a guarantee**

### **J1. Preliminary findings**

302. In accordance with paragraph 11(2) of Schedule 4 to the Act, we determined that:
- the Goods Concerned have been or are subsidised and imported into the UK;
  - the importation of the subsidised Goods Concerned has caused or is causing injury to a UK industry in those goods; and
  - the recommended guarantee meets the Economic Interest Test.
303. We are satisfied that, in accordance with paragraph 13(4) of Schedule 4 to the Act, this provisional remedy is necessary to prevent injury being caused during the remainder of the investigation to the UK industry of Like Goods.

### **J2. Recommendation**

304. In line with paragraph 13(3) of Schedule 4 to the Act, we have recommended to the Secretary of State that all importers of the Goods Concerned should be required to give a guarantee in respect of the relevant provisional countervailing amount from table 21 (below).
305. [Section E2](#) sets out the commodity codes to which the rates will apply.

#### **J2.1 Application of the Lesser Duty Rule**

306. We calculated provisional subsidy amounts and injury margins for Milenyum Metal (the sole cooperating overseas exporter) and for all other overseas exporters. In line with legislation to set duties which are at a sufficient level to remove the injury to the UK industry, the TRA recommends the lower of the subsidy amount and the injury margin as the level of duty.

#### **J2.2 Form of duty**

307. We recommend that the guarantee take the form of cash, a bond or a bank guarantee. The guarantee should be calculated by applying the countervailing amounts as ad-valorem duties to the CIF import value of the Goods Concerned.
308. Affected importers will be notified that they need to set up the guarantee when first importing the Goods Concerned into the UK. A guarantee will be required during the period of the provisional remedy. The provisional remedy will end in 4 months; or when a definitive remedy is implemented, whichever is the sooner.

## J2.3 Amount of guarantee

309. We recommend the following countervailing amounts for a provisional measure:

*Table 21: Recommended ad-valorem duty rates for a provisional measure*

Overseas exporter	Duty amount
Milenyum Metal Dış Ticaret Ve Sanayi A.Ş.	4.42%
3M Plastik Ve Metal Dış Ticaret Ve Sanayi A.Ş.	4.42%
All other overseas exporters (residual amount)	4.42%

310. One additional TAP code will be created, which will cover all overseas exporters in Türkiye (including both Milenyum Metal and 3M Plastik).

## Annex A: Summary of information received from interested parties

The table below lists the information submitted by interested parties that we considered in reaching our decisions for the PAD and Recommendation.

	Interested party	Status	Type of information received
1	The Applicant	UK producer	<a href="#">Questionnaire response</a>
2	Milenyum Metal Dış Ticaret Ve Sanayi A.Ş.	Turkish producer and exporter	<a href="#">Questionnaire response</a>
3	The Ministry of Trade Republic of Türkiye	Foreign government	<a href="#">Questionnaire response</a>
4	Mabel Home Ltd	UK importer	<a href="#">Questionnaire response</a>
5	Addis Housewares Ltd	UK importer	<a href="#">Questionnaire response</a>