



Trade Remedies
Authority

Suspension Extension Recommendation

Case SN0033

**Potential Extension of Suspension Period regarding
an anti-dumping measure applying to certain hot-
rolled flat products of iron, non-alloy steel or other
alloy steel originating in Ukraine**

30 May 2023

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SECTION A: Introduction

1. This is the final recommendation to the Secretary of State, following the Trade Remedies Authority (TRA)'s consideration of a potential extension of the suspension concerning an anti-dumping measure applying to certain hot-rolled flat products of iron, non-alloy steel or other alloy steel products (HRFC) originating in Ukraine. A note to the public file¹ was published on 08 March 2023 setting out that the TRA was considering the potential extension of the suspension period. The scope of the goods subject to the anti-dumping duty, as detailed in the notice, is defined below in [section B2](#).
2. Also on 08 March 2023, a Notice of Expiry (NOE) was published to the public file² of the original Suspension Investigation (SR0025). The NOE detailed the expiry of the suspension of an anti-dumping measure applying to HRFC originating in Ukraine, on 30 May 2023, and noted that the TRA was considering extending the period of suspension in case SN0033.
3. This section summarises the legal framework for this suspension extension recommendation and the TRA's findings. The background to the investigation and further detail are set out in the body of the report.
4. This final report sets out the reasons for the TRA's determination when making its final recommendation to the Secretary of State. Other documents in relation to this case are available on the public file³.
5. For further guidance and information regarding suspension investigations, please see our public guidance⁴.

A1 Legal framework

6. The initiation of the original Suspension Investigation SR0025⁵ was made in accordance with regulation 85 and 86 of the Trade Remedies (Dumping and Subsidisation) (EU Exit) Regulations 2019 (as amended) (the Regulations)⁶. In SR0025, the TRA determined that the following conditions had been met:
 - there was a change in the market conditions;

¹ Trade Remedies Service ([SN0033 Public File](#))

² Trade Remedies Service ([Notice of Expiry](#))

³ Trade Remedies Service ([SN0033 Public File](#))

⁴ Trade Remedies Authority ([How we investigate whether to suspend a trade measure](#))

⁵ Trade Remedies Service ([Notice of Initiation](#))

⁶ See Regulation 86(2) of the [Trade Remedies \(Dumping and Subsidisation\) \(EU Exit\) Regulations 2019](#)

- the nature of that change was temporary; and
 - that the change had an effect on UK industry.
7. The TRA made a Final Recommendation⁷ to the Secretary of State on the basis that:
- market conditions had changed temporarily;
 - as a consequence of the change in market conditions, injury caused to UK industry would be unlikely to recur if the application of an anti-dumping amount were suspended;
 - the TRA was satisfied that a suspension was appropriate;
 - UK industry had been given the opportunity to comment on the proposed suspension; and
 - 9 months was the appropriate length of suspension.
8. On 30 August 2022, the Secretary of State accepted the TRA's recommendation to suspend the anti-dumping measure concerning HRFC originating from Ukraine. As outlined in Trade Remedies Notice 2022/05⁸, the nine month period of suspension came into effect on 31 August 2022 until 30 May 2023 inclusive.
9. Pursuant to regulation 87(2) of the Regulations⁹, where the TRA considers it is appropriate, the TRA may extend the period of suspension. Therefore, in considering appropriateness of the extension of the suspension, we looked at whether conditions in regulation 85(4) of the Regulations continue to exist.
10. The conditions in regulation 85(4) of the Regulations are:
- market conditions have changed temporarily; and
 - as a consequence of the change in market conditions, injury caused to UK industry is unlikely to recur if the application of an anti-dumping amount were suspended.
11. Where the TRA considers it appropriate, the TRA may recommend to the Secretary of State that the period of nine months be extended to a maximum of 21 months ("extended period of suspension").

⁷ Trade Remedies Service ([SR0025 Final Recommendation](#))

⁸ [Trade Remedies Notice 2022/05](#)

⁹ See Regulation 87(2) of [The Trade Remedies \(Dumping and Subsidisation\) \(EU Exit\) Regulations 2019](#)

12. In accordance with regulation 87(6) of the Regulations, where the TRA considers it appropriate to make a recommendation to extend the period of suspension, the recommendation must include:
- the reasons for its recommendation (Sections [D](#), [E](#) and [F](#));
 - the recommended extended period of suspension (Section [G](#)); and
 - any other information the TRA considers relevant.

SECTION B: Summary and findings

B1. Interested parties and contributors

13. The following interested parties registered to the case:

Table 1: Registered interested parties and contributors

Name	Abbreviation	Country	Category
TATA Steel UK Limited	TSUK	UK	Producer of the Goods Concerned in the UK
Department of Foreign Economic Activity and Trade Defence, Ministry of Economy of Ukraine	Government of Ukraine	Ukraine	Foreign Government

14. The submissions made to this case are available on the public file¹⁰ and are listed at [Annex 1](#).

B2. Description of the goods

15. As set out on the public file¹¹ the description of the Goods Concerned is as follows:

“Certain hot-rolled flat products of iron, non-alloy or other alloy steel whether or not in coils (including ‘cut-to-length’ and ‘narrow strip’ products), not further worked than hot-rolled, not clad, plated or coated.

The following product types are excluded:

- products of stainless steel excluding grain-oriented silicon electrical steel;
- products of tool steel and high speed steel; and
- products not in coils, without patterns in relief, of a thickness exceeding 10mm and of a width of 600mm or more
- products not in coils, without patterns in relief, of a thickness of 4.75mm or more but not exceeding 10mm and of a width of 2.05m or more.”

¹⁰ Trade Remedies Service ([SN0033 Public File](#))

¹¹ Trade Remedies Service ([SN0033 Public File](#))

16. The Goods Concerned are currently classifiable within the following commodity code(s):

72 08 10 00 00	72 08 40 00 00	72 11 19 00 00
72 08 25 00 00	72 08 52 10 00	72 25 19 10 90
72 08 26 00 00	72 08 52 99 00	72 25 30 90 00
72 08 27 00 00	72 08 53 10 00	72 25 40 60 90
72 08 36 00 00	72 08 53 90 00	72 25 40 90 00
72 08 37 00 00	72 08 54 00 00	72 26 19 10 90
72 08 38 00 00	72 11 13 00 00	72 26 91 91 00
72 08 39 00 00	72 11 14 00 00	72 26 91 99 00

The commodity code 72 26 19 10 90 was replaced by commodity codes 72 26 19 10 91 and 72 26 19 10 95 on 9 July 2021.

B3. Assessment of whether market conditions have changed temporarily

17. We considered whether the change in market conditions continues, and continues to be temporary, in relation to the Goods Concerned.
18. We determined that the change in market conditions continues, as a result of the impact on Ukraine's ability to produce and export the Goods Concerned following the invasion of Ukraine on 24 February 2022, and that this change continues to be temporary due to the ongoing rerouting of production and logistics.

B4. Assessment of effects on the UK industry

19. We considered the effects on the UK industry if the suspension were to be extended. We determined that, as a consequence of the continued temporary change in market conditions, the injury caused to the UK industry is unlikely to recur if the application of the suspension of the anti-dumping measure applied to Ukraine were to be extended.

B5. Appropriateness of extending the suspension

20. In accordance with regulation 87(2) of the Regulations, we may make a recommendation to extend suspension where we are satisfied that it is appropriate to do so.
21. As a result of the significant damage caused to Ukraine's infrastructure, economy and metallurgical industry following the invasion by the Russian Federation (Russia), we are satisfied that a suspension is still appropriate.
22. We do not expect exports of HRFC from Ukraine to return to pre-invasion levels in the foreseeable 12 months and therefore are satisfied that it is appropriate to extend the period of suspension for a further 12 months to the maximum of 21 months in total ("extended period of suspension"). The criteria in regulation 85(4) of the Regulations continue to be met, and due to the scale, time and cost of rebuilding it does appear unlikely this could be achieved in the short term, therefore an extension is appropriate.

B6. UK industry has had the opportunity to comment

23. The TRA published a registration form following the NOE to give the UK industry an opportunity to comment on the proposed extension of the period of suspension. We received a supportive submission from the major UK domestic producer of HRFC, who did not provide any evidence or reason that injury would likely recur if the suspension were extended.

B7. Final recommendation

24. Our recommendation is to extend the period of suspension of the application of the anti-dumping measure concerning HRFC from Ukraine, for an extended period of a further 12 months in accordance with regulation 87(2) of the Regulations.

SECTION C: Background

C1 Initiation of the original suspension investigation SR0025

25. On 31 December 2020, the Secretary of State published a Notice of Determination¹² and Taxation Notice¹³ regarding the anti-dumping duty on certain hot-rolled flat products on iron, non-alloy or other alloy steel originating in the Federative Republic of Brazil, the Islamic Republic of Iran, Russia and Ukraine. In accordance with the Regulations, the TRA also conducted a separate Anti-Dumping Transition Review (TD0026¹⁴) of the transitioned UK trade remedies measure.
26. The TRA initiated the suspension investigation, SR0025, on 24 June 2022.

C2 Consideration of a potential extension of the suspension period

27. The nine-month period of suspension implemented following the original suspension investigation SR0025 will expire on 30 May 2023. As outlined in section A1, pursuant to regulation 87(2) of the Regulations the TRA is able to consider whether it is appropriate to extend the period of suspension.
28. On 08 March 2023, a note to the public file was published setting out the potential extension of the suspension period in which the original period of nine months can be extended to a maximum of twenty-one months total.

C3 Information from participants in the investigation

29. Interested parties were given the opportunity to comment on the proposed extension of the suspension period in the Registration Form. These comments have been taken into account in making this final recommendation.

C3.1 UK producer

30. We received a submission from the major UK producer:

¹² Trade Remedies Authority ([Notice of determination 2020/17](#))

¹³ Trade Remedies Authority ([Taxation Notice 2020/17](#))

¹⁴ Trade Remedies Service ([TD0026 Public File](#))

- TSUK¹⁵

31. The information submitted by the UK producer is listed in [Annex 1](#).

C3.2 Foreign government

32. We received a submission from the following foreign government:

- Government of Ukraine¹⁶

33. The information submitted by the foreign government is listed in [Annex 1](#).

C4 Treatment of information

34. In addition to information provided by the parties listed above, open source information was used in this case in accordance with the Regulations. This included, but was not limited to, official import statistics and data pertaining to relevant markets.

¹⁵ Trade Remedies Service ([Registration Form](#)) TSUK

¹⁶ Trade Remedies Service ([Registration Form](#)) Government of Ukraine

SECTION D: Temporary change in market conditions

D1 Introduction

35. We have considered whether the temporary change in market conditions continues.
36. To conduct this assessment we considered:
- the change in market conditions; and
 - the temporary nature of that change.

D2 Change in market conditions

37. In assessing whether there has been a change in market conditions, we have considered the normal course of trade between the UK and Ukraine. In this instance, Ukraine, a sovereign nation state has been invaded, by another sovereign country, the Russian Federation (Russia). The Russian invasion commenced on 24 February 2022 and has resulted in a change in conditions in the market for Ukrainian HRFC.
38. The TRA set out its position on the change in market conditions in the NOE¹⁷ and Registration Form,¹⁸ and sought comment from interested parties. In these documents we stated that we consider market conditions have changed because of a significant reduction in both the output of the Goods Concerned by Ukrainian producers and in the export of the Goods Concerned to the UK from Ukraine. Furthermore, future residual domestic production capacity within Ukraine is likely to be focused on meeting domestic demand rather than servicing international markets. As a result, the global supply of the Goods Concerned has reduced and the cost in the global market has increased.
39. The TRA established in the original suspension investigation, SR0025, that there was a change in market conditions. In this case we assessed whether the change in market conditions, continues to exist. Therefore, we have examined the submissions from interested parties to this case, gathered contemporary evidence and reviewed open source information to conduct this analysis.

¹⁷ Trade Remedies Service ([Notice of Expiry](#))

¹⁸ Trade Remedies Service ([Registration Form](#))

D2.1 Submissions from Interested Parties

40. TSUK, who is the major UK producer of HRFC, stated in their submission¹⁹ that to the best of their knowledge, the market conditions described in their response to the original suspension investigation²⁰ remain in place. This includes a significant reduction in Ukraine's production output.
41. TSUK represents a significant portion of the UK industry in the production of HRFC, and their submission reaffirms the TRA's conclusion that there has been a change in market conditions which continues.
42. The Government of Ukraine stated in their submission²¹ that the Ukrainian steel sector has lost more than 40% of its steelmaking capacity. Furthermore the Government of Ukraine note, the unprecedented damage caused to the domestic infrastructure of Ukraine as a result of the war, will require significant restoration and rebuilding, and the product concerned will play an essential role in it.

D2.2 Supporting Evidence

43. On 24 February 2022, Russia invaded and has since annexed four regions of Ukraine; Zaporizhzhia, Donetsk, Luhansk and Kherson²². The Russian invasion has had a significant impact on steel production capacity within Ukraine.
44. Through our research we identified four primary producers of HRFC in Ukraine. Azovstal²³ and Ilych²⁴ plants are both located in Mariupol, and Zaporizhstal²⁵ and Kamet Steel²⁶ located in Zaporizhzhia and Kamianske respectively. All four producers appear to be owned by METINVEST.
45. Due to the damage sustained in the conflict with Russia, Azovstal and Ilych have both been destroyed and are now in Russian occupied territory²⁷. The UN estimated that 90% of buildings were damaged in the Russian bombardment of Mariupol²⁸. Due to the scale of the damage to the city,

¹⁹ Trade Remedies Service ([SN0033 Registration Form](#)) TSUK

²⁰ Trade Remedies Service ([SR0025 Registration Form](#)) TSUK

²¹ Trade Remedies Service ([Registration Form](#)) Government of Ukraine

²² The Guardian ([Putin annexes four regions of Ukraine in major escalation of Russia's war](#))

²³ METINVEST ([Azovstal](#))

²⁴ METINVEST ([Ilych Steel](#))

²⁵ METINVEST ([Zaporizhstal](#))

²⁶ METINVEST ([Kamet Steel](#))

²⁷ Financial Times ([Ukraine: the \\$10bn steel plant at the heart of Russia's economic warfare](#))

²⁸ Sunday Times ([Putin makes surprise visit to occupied Mariupol](#))

there are plans by the Russian state to build “a Russian resort city” including a technology park on the site of the former steel works²⁹.

46. Zaporizhstal and Kamet Steel are now reportedly operating at 40%³⁰ and 33%³¹ production capacity respectively. Steel production at Kamet Steel was temporarily suspended during November 2022, due to damage to the energy infrastructure as a result of shelling by Russian troops³².
47. While it is recognised that the capacity of metallurgical entities to produce and export certain steel products still exists, the primary goal of Ukrainian steel enterprises would likely focus on the fulfilment of domestic demand and rebuilding destroyed infrastructure, as noted by the Government of Ukraine in their submission. As reported by the Kyiv School of Economics, total documented damages had reached an estimated \$108 billion by August 2022, with around \$185 billion required to rebuild destroyed assets, infrastructure and housing stock³³. This will require a significant amount of steel, perhaps more than Ukraine produces.
48. As a result of these developments, the TRA therefore believes there continues to be a change in market conditions.

D3 Temporary nature of that change

49. The TRA established in the original suspension investigation, SR0025, that while we could not estimate the duration of the war in Ukraine, there was evidence to suggest that the change in market conditions was temporary. We recommended suspending the anti-dumping amount for a period of nine months, as this was the maximum time allowed under regulation 87(1) of the Regulations.
50. The TRA set out its current position on the temporary nature of the change in market conditions in the NOE³⁴ and Registration Form for this case,³⁵ and sought comment from interested parties. In these documents we stated that we consider this change is of a temporary nature because rerouting of production and logistics is underway to improve supply lines. Reduced levels of production of the Goods Concerned are continuing in

²⁹ iNews ([Putin is building a model city on the ruins of Mariupol, but it may not stay Russian for long](#))

³⁰ GMK Center ([Zaporizhstal produced 1.3 million tons of rolled steel in 2022](#))

³¹ Euronews ([Ukraine's Kametstal steel plant faces challenges as black sea blockade continues](#))

³² GMK Center ([Kametstal resumed steel production after a forced shutdown in November](#))

³³ Kyiv School of Economics ([The total amount of documented damages has reached \\$108.3 billion, minimum recovery needs for destroyed assets — \\$185 billion](#))

³⁴ Trade Remedies Service ([Notice of Expiry](#))

³⁵ Trade Remedies Service ([Registration Form](#))

Ukraine and Ukrainian producers are likely to be focusing production in provinces that are less affected by the conflict.

51. In this case, we assessed whether the change in market conditions, continues to be temporary. Therefore, we have examined the submissions from interested parties to this case, gathered contemporary evidence and reviewed open source information to conduct this analysis. As we consider that export of the Goods Concerned may resume in future, we have found that this change in market conditions continues to be temporary, and is consistent with the original finding in SR0025.

D3.1 Submissions from Interested Parties

52. TSUK stated in their submission³⁶ “While it is fair to assume that the change is indeed of a temporary nature, production trends and transportation issues will to a great extent depend on the general safety situation in Ukraine. It may be anticipated that if/when the regions where the production of the goods is concentrated are secure and Ukraine takes back control of its traditional logistical routes, export of the goods may resume”.
53. The Government of Ukraine noted in their submission³⁷ that despite the war with Russia, Ukrainian producers continue to operate, but with significant complications and interruptions due to supplies and logistical problems. They note that some Ukrainian producers of steel products and related industries, are under constant fire, which affected the capacities, production, cost of production and export potential. They highlight that steel production in 2022 was down 70.7% compared to production levels in 2021. Additionally, opportunities for export sales are significantly inhibited since both cost and times of transportation have increased.

D3.2 Supporting Evidence

54. Since the onset of the conflict on 24 February 2022, Russian forces have subsequently narrowed their strategic objectives to focus on the Eastern and Southern oblasts (provinces) of Ukraine. Steelmaking enterprises located outside this active theatre of war, will be seeking to rebuild the national metallurgical industry, domestic infrastructure and the Ukrainian economy. We note that, although at a lower-level than before the invasion, steel production in Ukraine continues in Western and Central provinces³⁸. However, these enterprises are likely to still be affected by damage to Ukraine’s energy infrastructure.
55. GMK Center, citing World Steel data, states that steel production in Ukraine in 2022 was down 70.7% year-on-year as a result of the conflict

³⁶ Trade Remedies Service ([Registration Form](#)) TSUK

³⁷ Trade Remedies Service ([Registration Form](#)) Government of Ukraine

³⁸ The Guardian ("[Steel is as key to Ukraine's victory as soldiers](#)")

with Russia³⁹, corroborating the Government of Ukraine’s claims. While Kallinish forecasts Ukrainian steel production to increase in 2023 by approximately 15% on 2022⁴⁰, “the projected volumes of steel production in 2023 are based on the assumption that the metallurgical plants operating as of 1 December 2022 will retain their production potential, supply chains with raw materials and energy resources”. Therefore, we would expect the significant drop in production levels to be temporary.

56. Yet, logistics remain the main bottleneck for businesses, as Ukraine’s Black Sea ports have been subject to Russian naval blockades since the invasion. The only known exception to the blockade imposed by Russian forces is the Black Sea Grain Initiative brokered by Türkiye and the UN that allow the ports of Odessa, Chornomorsk and Yuzhny to facilitate the export of food and fertilizer to stave off a global food shortage⁴¹. As such, Ukraine is unable to export HRFC through Black Sea ports at present.
57. However, a new intermodal railway terminal has been constructed and opened on the border between Hungary and Ukraine in October 2022⁴². The East-West Gate (EWG) terminal will help alleviate congestions with trans-shipments of wagons between the two railway gauge types. This report notes specifically that it will be the “largest rail hub for Ukrainian food exports”. Despite this, the EWG does demonstrate a material development in logistical capability that could be utilised for HRFC exportation and an example of how Ukraine is diversifying its export hubs in response to the conflict.
58. Furthermore, there are reports that the Italian Government are planning to create an intermodal transport corridor to help unblock the export of goods from Ukraine⁴³. It is unclear whether this development will go ahead and if so, in what timeframe. However, if this project reaches fruition this development will help Ukraine renew its access to the sea and will partly restore the country’s export capacities.
59. We therefore consider that the effects of the combination of reduced production and limited export capacity may continue to be temporary.

D4 Conclusion

60. The TRA has seen evidence that market conditions for Ukrainian HRFC have changed. This information has been corroborated by the UK industry, and a range of open-source information and data. We find that the present,

³⁹ GMK Center ([Ukraine fell to 25th place in the global rating of steel production in 2022](#))

⁴⁰ Eurometal ([Ukraine could double steel output in 2023: association](#))

⁴¹ Reuters ([Ukraine Black Sea grain deal extended for at least 60 days](#))

⁴² International Railway Journal ([New intermodal railway terminal opens on the Hungary-Ukraine Border](#))

⁴³ SteelOrbis ([Italy to help Ukraine unblock its steel exports amid limited seaport access](#))

drastic reduction in steel production capabilities and severe export challenges represent a change in market conditions.

61. We assess that this change in market conditions is of a temporary nature, due to submissions from interested parties, and open-source data and contemporary information. There is evidence that the Government of Ukraine is undertaking efforts to 'debottleneck' the logistical challenges, by establishing alternate trade routes, increasing rail freight capabilities, and negotiating the reopening of the Black Sea ports with Russia and Türkiye.
62. The TRA therefore concludes that there continues to be a temporary change in conditions in the market for Ukrainian HRFC.

SECTION E: Effects on the UK industry

E1 Introduction

63. We have considered whether, as a consequence of the change in market conditions, the injury caused to a UK industry is unlikely to recur if the application of an anti-dumping amount were to continue to be suspended.
64. In order to assess the effects on the UK industry we considered:
- Ukraine’s domestic production capacity;
 - Ukraine’s ability to export the Goods Concerned;
 - Undercutting of the UK industry; and
 - Historic injury.
65. The TRA established in the original suspension investigation, SR0025, that as a consequence of the change in market conditions, the injury caused to a UK industry is unlikely to recur if the application of the anti-dumping amount were to be suspended. In this case we assessed the effect of the change on UK industry, if the suspension were extended. Therefore, we have examined the submissions from interested parties to this case, gathered contemporary evidence and reviewed open source information to conduct this analysis.

E2 Position of the UK Industry

66. As stated prior, the TRA gave the UK industry the opportunity to comment on the proposed extension of the suspension period and specifically, on whether the UK industry felt that injury would be likely to recur if the application of the suspension of the anti-dumping measure were to be extended. The UK industry for HRFC is primarily composed of TSUK.
67. In TSUK’s submission⁴⁴, they refer to their original submission to SR0025⁴⁵ and state “Ukrainian imports of HRFC are unlikely to cause injury to the UK industry in the short-term perspective”. Furthermore, they noted in written comments to the initial suspension⁴⁶ that TSUK “supports the proposed temporary suspension of the anti-dumping measures with respect to Ukraine”.

⁴⁴ Trade Remedies Service ([SN0033 Registration Form](#)) TSUK

⁴⁵ Trade Remedies Service ([SR0025 Registration Form](#)) TSUK

⁴⁶ Trade Remedies Service ([SR0025 Written Comments](#)) TSUK

68. Therefore, UK industry has not provided any evidence or reason to suggest, that as a result of the continued change in market conditions, injury remains unlikely to recur if the suspension of the anti-dumping duty concerning HRFC originating in Ukraine, were to be extended.

E3 Ukraine's capacity to produce the Goods Concerned

69. The evidence provided indicates that Ukraine has a diminished domestic capacity to produce the Goods Concerned as documented in [section D](#) paragraphs 43 to 46 and 55. This includes a submission from an interested party and supporting information and data from open sources.
70. Crude steel is the raw material for HRFC. According to data from World Steel, Ukraine produced 21,336,000 tonnes of crude steel in 2021⁴⁷ prior to the conflict. In 2022, Ukraine produced 6,263,000 tonnes of crude steel⁴⁸ representing a 70.7% decrease in production as noted in paragraph 55.
71. As mentioned in [section D](#) paragraph 44, the four primary producers of HRFC in Ukraine have been identified as Azovstal, Ilych, Zaporizhstal and Kamet steel and all four producers appear to be owned by METINVEST. Statistics from World Steel⁴⁹ show that in 2021, METINVEST produced 11,480,000 tonnes of crude steel – giving them an estimated domestic market share of 53.7% prior to the conflict.
72. As a result of the conflict, Azovstal and Ilych plants have both been destroyed and are now in Russian occupied territory⁵⁰. These two producers alone accounted for an estimated 36% of hot rolled steel capacity in Ukraine prior to the conflict⁵¹. Zaporizhstal and Kamet Steel are now reportedly operating at between 40 to 50%⁵² and 33%⁵³ production capacity respectively. This has resulted in a reduction in Ukrainian HRFC production capacity by at least 40%.
73. We have found reports that METINVEST have been reallocating production capacity to produce materials for the war effort, including body armour, helmets, anti-tank hedgehogs, cars, ambulances and steel shelters⁵⁴. Nearly 60,000 anti-tank hedgehogs and 20,000 anti-vehicle spiked strips have been made using their steel under METINVEST's 'Steel Front'

⁴⁷ World Steel ([Total production of crude steel world total 2021](#))

⁴⁸ World Steel ([Total production of crude steel world total 2022](#))

⁴⁹ World Steel ([2021 Top steel producing companies](#))

⁵⁰ GMK Center ([In 2022, steel production in Ukraine may fall to 7.6 million tons](#))

⁵¹ METINVEST ([Azovstal & Ilyich Steel](#))

⁵² EuroMetal ([Restarted Ukrainian Zaporizhstal steelworks runs at half of capacity](#))

⁵³ EuroNews ([Ukraine's Kametsal steel plant faces challenges as Black Sea blockade continues](#))

⁵⁴ GMK Center ([Metinvest operated at the level of 30-50% of pre-war capacities – Yuriy Ryzhenkov](#))

initiative⁵⁵. Although the direct impact is difficult to quantify due to a lack of information, this diversification in production is likely to reduce further the remaining capacity for METINVEST to produce HRFC.

74. We have seen evidence that damage to the energy infrastructure in Ukraine has had a significant impact on production levels, since the production process of steel depends on electricity. It was reported that by December 2022, Russia had destroyed 50% of Ukraine's energy infrastructure resulting in regular black outs and power cuts which is forcing heavy industrial consumers such as steel plants to further scale back production⁵⁶. Furthermore, as of 27 January 2023, Ukrenergo (Ukraine's national energy provider) applied emergency shutdowns in 10 provinces – one of which, Zaporizhstal is located⁵⁷.

E4 Ukraine's ability to export the Goods Concerned

75. Ukraine has a reduced ability to export the Goods Concerned in the short term as documented in [section D](#), paragraphs 56 to 58. This includes evidence from open sources.
76. Prior to the conflict with Russia, an estimated 90% of Ukrainian exports left through deep ports in the Black Sea⁵⁸; all of which remain closed to exports of HRFC. Russia has seized most of Ukraine's coastline and aims to hold on to the captured Southern regions⁵⁹. The Russian Black Sea fleet has blockaded most of the coastline, while Ukraine has mined the port of Odessa to prevent a Russian amphibious assault on its Southern Coast.
77. The only exception to the Black Sea blockade is the deal brokered by the UN and Türkiye, which allows the export of food and fertilizer⁶⁰. This grain deal, which was initially brokered in July 2022, was recently extended on 18 March 2023 for a further 60 days. This extension was just half of the intended period, meaning it is due to expire once again on 18 May 2023. The Russian Foreign Ministry have said the deal's renewal in May would depend on certain conditions, including the removal of some Western sanctions. As such, this deal is currently very limited in scope to just agricultural and food products⁶¹.
78. Therefore, in order to export the Goods Concerned, Ukraine may have to focus on rail freight. However, as has been evidenced, there are currently a number of issues with rail freight due to the wider railway gauges in

⁵⁵ METINVEST ([Metinvest's "Steel Front": More Than UAH1.7 Billion in Aid For Ukraine](#))

⁵⁶ VOA ([UN: Half of Ukraine's Energy Infrastructure Destroyed by Russian Attacks](#))

⁵⁷ Ukrainian News ([Emergency power outages applied in 10 regions of Ukraine due to exceeding limits ukrenergo](#))

⁵⁸ BBC ([How can Ukraine export its harvest?](#))

⁵⁹ Wilson Center ([Putin's War of Vanishing Goals](#))

⁶⁰ Politico ([Ukraine cheers rollover of grain deal, but Russia objects again](#))

⁶¹ Reuters ([Russia sets grain deal conditions. Putin suggests free grain for Africa](#))

Ukraine making it difficult to export to neighbouring countries. While new railway terminals are being constructed, such as the EWG as noted in paragraph 57, the priority for exports will focus on grain and oil⁶².

79. As noted in paragraph 58, there are reports that the Italian Government is planning to create an intermodal transport corridor to help unblock the export of goods from Ukraine, which include steel⁶³. If this development comes to fruition, it would represent the most significant development to date in unlocking Ukraine's export potential.

E5 Undercutting of the UK industry

80. GMK Center⁶⁴ reports on the current prices for the most popular types of rolled metal in Kyiv, as of 28 February 2023. This article states the price of HRFC cost 43,850 Ukrainian hryvnia per tonne – that is approximately £970.49 as per exchange rates on 21/03/23. While Platts⁶⁵, part of S&P Global Commodity Insights, assessed the weekly UK hot-rolled coil price at £710 per tonne West Midlands DDP (delivery duty paid). Therefore, domestic Ukrainian HRFC is estimated to be around 37% higher than domestic UK prices. We recognise this is down 13% from July 2022 when we originally assessed the prices of HRFC in SR0025, however this is primarily due to currency exchange rates between GBP and UAH.
81. In addition to these significantly higher prices in Ukraine compared to the UK, there will be an additional cost of transporting the Goods Concerned to the UK market in the short-term owed to the export difficulties and rising cost of fuel. Therefore, it would be reasonable to assume the price of Ukrainian HRFC would be significantly more expensive than domestic HRFC.
82. The Government of Ukraine noted in their submission⁶⁶ that considering the current unprecedented domestic situation, it is unlikely that the Ukrainian steel industry would increase production and export to the UK market in such quantities and conditions that would cause injury to the UK industry.
83. This evidence is supported by a submission received from UK industry, as stated in [section E2](#).

⁶² Intermodal News ([The East-West Gate terminal has been opened in Hungary](#))

⁶³ SteelOrbis ([Italy to help Ukraine unblock its steel exports amid limited seaport access](#))

⁶⁴ GMK Center ([Serhiy Kovalenko: We expect steel sales to grow by 10-15% in 2023](#))

⁶⁵ S&P Global ([Action needed in UK to attract investment for low-carbon steelmaking projects: ETC](#))

⁶⁶ Trade Remedies Service ([Registration Form](#)) Government of Ukraine

E6 Historic Injury

84. In TSUK’s submission⁶⁷, they refer to their original submission made to SR0025⁶⁸ which highlighted that in the period between anti-dumping measures being imposed on Ukraine in 2017 and the recent onset of conflict in February 2022; export volumes of the Goods Concerned have been very low (less than 1% of total imports into the UK).
85. Table 2 corroborates this using data collated from UK Trade Info⁶⁹. It shows the total volume of UK imports of HRFC, the volume of UK imports of HRFC from Ukraine and the percentage of total imports of HRFC that come from Ukraine:

Table 2: UK imports of HRFC

Total volume of Imports (tonnes)	2018	2019	2020	2021	2022
EU – Imports	636,261	611,821	360,642	367,528	491,342
Non-EU – Imports	207,564	203,878	133,487	313,562	192,863
Grand Total	843,825	815,698	494,129	681,089	684,205
Imports from Ukraine	30	69	801	0	2,121
% of Grand Total	<0.01%	<0.01%	0.16%	0%	0.31%

E7 Conclusion

86. We have assessed four factors, as laid out above, to consider whether as a consequence of the continued temporary change in market conditions, injury would be likely to recur.
87. The TRA has concluded that:

⁶⁷ Trade Remedies Service ([SN0033 Registration Form](#)) TSUK

⁶⁸ Trade Remedies Service ([SR0025 Registration Form](#)) TSUK

⁶⁹ UK Trade Info ([Trade Info Custom Table](#)) date accessed: 21/03/23

- Ukraine has a diminished domestic capacity to produce the Goods Concerned as a result of the conflict with Russia;
- Ukraine has a reduced ability to export the Goods Concerned in the short-term;
- undercutting of the UK industry by imports of HRFC from Ukraine is unlikely; and
- historic data shows low level imports of HRFC from Ukraine in the last five years.

88. Therefore, based on our assessment of the aforementioned factors we conclude that as a consequence of the change in market conditions, the injury caused to UK industry remains unlikely to recur if the application of the suspension of the anti-dumping measure on HRFC originating from Ukraine, were to be extended.

SECTION F: Appropriateness

F1 Appropriateness

89. Significant damage has been caused to Ukraine's infrastructure, economy and metallurgical industry, and as such Ukraine is not likely to be able to export more than negligible levels of HRFC to the UK in the short term.
90. We have considered the continuing change in market conditions and the temporary nature of that change, and the effect on the UK industry if the suspension were to be extended.
91. As such, we do not expect exports of HRFC from Ukraine to return to pre-invasion levels in the foreseeable 12 months and therefore are satisfied that it is appropriate to extend the period of suspension for a further 12 months to the maximum of 21 months in total ("extended period of suspension").

SECTION G: Period of Suspension

92. Regulation 87(2) of the Regulations sets out the conditions for establishing the period of suspension, by which the original period of nine months may be extended to a maximum of twenty-one months.
93. In summary, the TRA is making the recommendation to extend the period of suspension of the anti-dumping measure for an additional period of twelve months, as the evidence in this report indicates, it would be unlikely that market conditions would revert to a pre-invasion state in a period less than this.

SECTION H: Final recommendation

H1 Findings

94. We are making a recommendation on the grounds that:

- The change in market conditions remain because of a significant reduction in both the output of the Goods Concerned by Ukrainian producers and in the export of the Goods Concerned to the UK from Ukraine. This change is of a temporary nature because rerouting of production and logistics is underway to improve supply lines, as established in [section D](#);
- As a result of the change in market conditions, the injury caused to UK industry is unlikely to recur if the application of the suspension of the anti-dumping measure were to be extended. As Ukraine has a diminished domestic capacity to produce the Goods Concerned, a reduced ability to export the Goods Concerned, that undercutting of UK industry is unlikely, and historic data shows low-level imports in the last five years, as set out in [section E](#);
- The TRA is satisfied that an extension to the suspension is appropriate on the grounds listed in the body of this report. Namely, as a result of the invasion of Ukraine by Russia, the significant damage caused to Ukraine's infrastructure, economy and metallurgical industry has been such that Ukraine is not likely to be able to export more than negligible levels of HRFC in the short term; and
- UK industry has been given the opportunity to comment on the potential extension of the suspension period, by which the UK industry is supportive of extending the suspension period relating to the anti-dumping measure against HRFC originating in Ukraine.

H2 Final recommendation

95. Our final recommendation is therefore to extend the period of suspension of the anti-dumping measure. We recommend extending the period of suspension of the anti-dumping measure for an additional period of twelve months in accordance with regulation 87(2) of the Regulations. The TRA makes this recommendation to the Secretary of State.

Annex 1: Information from participants in the investigation

Name (abbreviation)	Submission(s)
Department of Foreign Economic Activity and Trade Defence, Ministry of Economy of Ukraine (Government of Ukraine)	Registration of interest
TATA Steel UK Limited (TSUK)	Registration of interest