

## **UK Steel Response to the TRA's Statement of Essential Facts TD0001 – Welded tubes & pipes from Belarus, Russia & China**

1. UK Steel welcomes TRID's intended preliminary decision to maintain and extend the anti-dumping measures applying to certain welded tubes and pipes (WTP) of iron or non-alloy steel originating in the Republic of Belarus and the People's Republic of China. However, it cannot support the TRA's recommendation to revoke the measures with regards to Russian exporters of WTP and has a number of major concerns with how the TRA has reached its recommendation here.
2. Additionally, there are a number of wider concerns that UK Steel has with some of the conclusions the TRA has made and the approach it has taken to analysis. Collectively these create some worrying precedents for future reviews/investigations and establish some basic errors that must be removed/corrected in any subsequent determination.

### **Determination of Dumping for Russian Exports (except Severstal.)**

3. UK Steel has major concerns with the TRA's determination that whilst there are some factors that indicate Russian producers may dump in the UK in future, they believe that there is insufficient incentive for them to do so. (7.190). In reaching this conclusion the TRA seriously underestimates the likelihood of recurrence of dumping by Russian producers, displays a fundamental lack of understanding about how and why dumping occurs, is inconsistent in how it uses or discounts relevant information, and establishes extremely questionable methodologies that would not be considered appropriate by other investigation authorities we are familiar with. In short it is not simply the conclusion that the TRA has reached with respect to the likelihood of dumping by Russian producers, but the basic arguments that underpin this.

#### **No Dumping Calculation performed:**

4. In the absence of no cooperative Russian producers (except Severstal for which the TRA has performed a separate analysis and therefore must be considered separately) and no Russian export prices to the UK during the POI, the TRA is naturally unable to perform a conventional dumping calculation and has more limited options available to it.
5. It has at its disposal a number of available options which could provide it with a reasonable determination of whether Russia could or is likely to sell into the UK at dumped prices. Such options would include:
  - A comparison of a constructed normal value with Russian export prices to third countries (including the EU) based on third-party data (as done in the dumping calculation provided by UK Steel)
  - A comparison of Russian export prices with normal value constructed from the information provided by any Russian producers that has been assessed as reliable and adjusted

accordingly. (This is the approach taken by the EU in its recent expiry review of the same measures<sup>1</sup>)

- A more basic undercutting calculation comparing Russian export prices (plus CIF costs) with UK import prices, used in conjunction with other evidence (this approach was taken by the Australian Anti-Dumping Commission as best facts available in its recent expiry review of steel reinforcing bar<sup>2</sup>)

6. In the first instance the TRA has rejected UK Steel's dumping calculations on the grounds they were "calculated on the basis of limited data from Metal Expert and we do not assess it as a reliable, standalone price." The TRA says that it went on to establish a range of indicative Russian domestic sales prices using the data from an unverified and non-cooperative producer, as well as the Metal's Expert data provided by UK Steel. Imperfect as the use of data from a non-cooperative producer may be, there is no explanation of why these domestic prices weren't then used to perform a basic dumping calculation (as UK Steel did) of Russian exports to third markets. The TRA simply declines to conduct a dumping calculation and make no use whatsoever of the multiple export prices that are available to it such as:

- Data provided from Metals Expert by UK Steel
- 8-digit data available of Russian exports to the EU of WTP (as used by the EU Commission in its review- see para 236 of determination)
- 6-digit data available via Comtrade

7. None of this data is perfect, but it represents facts available and in the absence of cooperative Russian producers the TRA is entirely justified in using it to assess exports to third countries at dumped prices. The TRA's failure to assess the level of dumping of Russian producers to third countries constitutes a major gap in its analysis and does not allow the TRA itself and interested parties in this investigation to objectively assess the likelihood of recurrence of dumping if the measures are revoked with respect to Russian producers. It is surprising that the TRA has determined not to perform a dumping calculation for Russian producers given its decision to then perform them for Severstal, particularly given the TRA's analysis does demonstrate export sales by Severstal at dumped prices in the first instance.

8. We should also draw the TRA's attention to the EU Commission's findings in this regard which found dumping margins of 12.4% for the Russian exports to the EU<sup>3</sup> and of 4.3% for their exports to other third countries.<sup>4</sup> Given this very recent finding, by a review of an identical measure it is simply unacceptable that the TRA has made no attempt to perform any assessment of exports at dumped prices.

### **Reliance on landed UK price.**

9. The TRA had several options available to it to assess Russian exports at dumped prices which would be entirely in line with approaches taken by other investigating authorities, particularly given the lack of cooperative Russian producers (again leaving aside Severstal as it has been dealt with separately by the TRA). Instead, the TRA in determining that Russian producers are unlikely to dump again in UK markets it has relied almost exclusively on comparison of a constructed 'landed UK price' and two UK domestic prices (Tata's selling price and UK import prices from HMRC). Based on the fact that the TRA's estimated average Russian domestic price, plus transport costs, is lower than the UK price, the TRA concludes that there would be no need for Russian exporters to dump as they can gain market access without doing so. This assessment is flawed for several reasons:

<sup>1</sup> Commission Implementing Regulation (EU) 2021 / 635 of 16 April 2021 imposing a definitive anti-dumping duty on imports of certain welded pipes and tubes of iron or non-alloyed steel originating in Belarus, the People's Republic of China and Russia following an expiry review pursuant to Article 11(2) of Regulation (EU) 2016/1036 of the European Parliament and of the Council (the "EU expiry regulation"), recitals 231 to 238

<sup>2</sup> <https://www.industry.gov.au/sites/default/files/adc/public-record/560 - 011 - final report - rep 560.pdf>

<sup>3</sup> EU Expiry Regulation, recital 247, recital 238.

<sup>4</sup> EU Expiry Regulation, recital 247.

- Firstly, it leads to the conclusion that wherever a domestic selling price plus transport costs is lower than the prevailing UK price then there is no real risk of dumping. This palpably false.
- Secondly, the logic used by the TRA completely fails to understand the nature of dumping and how and why it occurs. The reasons why companies dump are not always clear and so straight forward as the TRA assumes. The TRA's reasoning implies that significant price undercutting would not take place because firms would only rationally choose to undercut a little in order to be competitive and gain market share. The fact that high price undercutting often occurs suggests other forces at play. One such force is that exporters do not decide the export price in isolation. Importers have the incentive to negotiate the lowest price possible and will do so, this itself is often the cause of undercutting and dumping. Importantly, companies will have more negotiating power in their domestic market with longer term stable pricing arrangements – a domestic sales price is not necessarily indicative of an export price. Export sales are often a marginal activity, particularly when there is spare capacity as there is in Russia. Russian producers will have incentive to take advantage of such marginal activities as they arise, even if importers are demanding low price.
- Third, the TRA appears to have not made any adjustments to the Russian domestic price to arrive at a landed UK price except to add on domestic and international shipping costs. It rejects the more robust adjustments that UK Steel has made, without making any attempt to replace these costs with its own. An adjustment for export SG&A and post-importation costs and is necessary for a proper calculation of the Russian UK landed price. Such adjustment would naturally increase the 'UK landed price'.
- The TRA states in 1.177 that this undercutting calculation "*is based on indicative prices, it does not take account of different PCNs and currency fluctuations and therefore should be treated with caution.*" Given the caution with which this calculation should be treated (and the points noted above) it is extraordinary that the TRA should therefore confidently conclude that ultimately Russian producers would be able to sell into the UK market at undumped prices, and more importantly that they would not dump and would have no incentive to do so.

### **Attractiveness of the UK Market:**

10. In para 7.172 the TRA references the Russian Ministry's submission in saying the UK is not an attractive market for Russian producers due to transport costs of 30% of the WTP price on the EU market. The TRA does not challenge this conclusion that the UK market is unattractive for Russia producers and therefore one must conclude that it accepts the premise. This apparent conclusion by the TRA must be challenged for the following reasons:
  - Such a conclusion is not compatible with the TRA's conclusion that Russian producers could profitably sell into the UK market. The fact that transport costs are 30% are irrelevant if Russian exporters are still able to make a profit. Equally, as noted above producers will often make marginal sales even at a loss, particularly when they have spare capacity.
  - Such a conclusion would suggest that the UK would generally not be an attractive market for any Russian steel producer, particularly for lower priced steel goods. But the data demonstrates this is not correct. UK imports of Russian steel products have averaged almost 275,000 tonnes a year between 2016 and 2020 at an average price of £396/tonne. Compare this to the average import price of £777/tonne for all UK imports of steel over that period and we can see that

Russian steel producers export products at the lower end of the price spectrum and clearly are not offput by the high transport costs to the UK. (See Annex tab 3 for details)

- Such a conclusion also ignores the fact that countries equally far away have deemed the UK an attractive market to export WTP to; these include China, India, Turkey, and the UAE.
- It is also worth noting, that freight rates have been at historic highs in the last year and any recent data will likely not be representative of the proportion of total cost that logistics account for.<sup>5</sup> The Platts Container Freight Index, a weighted average of Platts' assessed routes has registered an increase of more than 385% year on the year and an all-time high, as global freight rates tracked increases to trans-Pacific rates.<sup>6</sup>
- The TRA refers to the Russian Ministry submission in 7.172 in saying that because Russian producers did not historically export to the UK even before the measures were introduced that this is further proof that the UK market is not attractive. This ignores the fact the in 2000 and up until the measures were introduced Russian producers had access to EU markets much closer by. Under such conditions it is reasonable that Russian producers were less interested in UK markets. However, if the UK removes measures on Russian exporters whilst the EU retains them the situation will be fundamentally altered to the situation prior to EU measures coming into force. The claim that Russian producers would not be interested in UK markets because they weren't historically, is therefore not a credible one.
- Russian producers will still be limited in their access to EU markets but will have open access to UK ones, the incentive to make marginal sales to the UK under such circumstances will be greatly enhanced. Importantly, the TRA concludes that the extension of the EU measures will increase the attractiveness of the UK market to Belarusian producers. It is clear that the same conclusion must be drawn with respect to Russian producers, as the EU market will remain virtually inaccessible for them.
- The TRA has concluded that the Russian WTP industry has significant spare capacity. The economics of steel production therefore mean Russian producers have significant incentive to sell into the UK to ensure stable sales and increase capacity utilisation even if it means doing so at some profit disadvantage.

## **Russian Spare Capacity**

11. As noted above, and similar to its analysis for China and Belarus, the TRA's concludes that Russia has excess capacity which is significantly larger than UK consumption, which increases both the incentive and the ability of Russian producers to dump in the future (7.139). Yet in Russia's case, TRID disregards this factor in its conclusions, saying that there is far more evidence that dumping is not an attractive option for Russian producers. This is a major inconsistency seemingly based only on:

- The fact that it has some domestic price data (from Metals Expert and unverified producers) on which to base a seriously flawed undercutting calculation.
- An unsubstantiated Russian Government has claimed that there will be increasing demand for WTP because of it will be making infrastructure investments.

12. In the absence of these two unreliable conclusions, it is probable that the TRA would have followed the same logic it takes in its analysis of China and Belarus and conclude that the spare

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<sup>5</sup> [Long-Term Contract Freight Rates at Historic Highs Reports Xeneta \(maritime-executive.com\)](https://www.maritime-executive.com/story/Long-Term-Contract-Freight-Rates-at-Historic-Highs-Reports-Xeneta)

<sup>6</sup> [Trans-Pacific container rates reach all-time highs as June general rate increases stick | S&P Global Platts \(spglobal.com\)](https://www.spglobal.com/platts/news/insights/trans-pacific-container-rates-reach-all-time-highs-as-june-general-rate-increases-stick)

capacity is a significant fact demonstrating a likelihood of dumping should the measures be removed.

13. Examination of Severstal's verification report also highlights a number of inconsistencies and points of concern relevant to consideration about Russian spare capacity as a whole:

- Severstal's verification report indicates 100% capacity utilisation in 2016. However, by 2019 it had reduced to 93%. The TRA notes that this was verified and this and it is confirmed in table 9 of the SEF. 7% of Severstal capacity is almost 38,000 tonnes, the equivalent of 25% to 38% of the UK market for WTP.
- Verification report A3 notes that there was a sharp rise in investment in the POI (page 1-2). This is also confirmed in table 11 of the SEF. Severstal has claimed that the machinery was modernised, but this did not increase capacity and the TRA does not appear to have challenged this. However, it is highly implausible to suggest that there was an almost 14-fold increase in investment between 2016 and 2018 and it did not result in any increase in capacity at all. Given that the public files indicate verification with Severstal totalled just three hours it must be questioned how much the TRA investigated and tested claims made by Severstal.
- These figures clearly only pertain to Severstal, once the spare capacity of other producers is considered it is clear that there is significant amounts of spare capacity in Russia and the TRA should place far more weight on this factor in coming to a conclusion about likely dumping by Russian producers.

14. In 7.136 to 7.140 the TRA compares and discusses capacity and production figures provided by UK Steel, Russian Producers, and by Russian Ministries. We are gratified that it concludes that the Metals Expert data provided by UK Steel is the most reliable on which to base assessments of capacity and spare capacity in Russia. However, there are a few points that should be addressed in relation to statements made by the TRA:

- The TRA states that UK Steel has included data for seamless pipes and large diameter tubes. It provides no new figures for what it has recalculated as Russian capacity for in scope products, but we have provided a recalculation ourselves as part of this submission using Metals Expert data. Being as conservative as possible we have calculated 6.3 MT of production capacity exclusively for in scope products and a further 2.6MT of capacity that can be used to produce both in scope and out of scope products, meaning a total potential production of 8.9MT. This could be compared to production estimates from the Russian Ministry of 4 MT as demonstration of significant spare capacity.
- The TRA appears to use terms of 'capacity' and 'production'. This is likely to be poor wording of the SEF, rather than actual made in analysis, but it should be corrected. As the TRA demonstrates elsewhere, capacity and production figures are two different metrics and must be compared in the right manner to reach reliable conclusions. For example, in 7.1.36, the TRA says that "*These estimates from the Russian Ministries are much lower: total production for 2019 is stated as 4.02m tonnes and consumption for 2019 as 3.7m tonnes*" The suggestion here is that there are notable differences between the figures provided by UK Steel and by Russian Government. However, given that one set of figures (UK Steel) are capacity, and the other (Russian Ministry) are production – the only reasonable conclusion one can draw is that there is notable spare capacity.
- Equally in 7.139 the TRA states that "*These capacity figures are higher than the current production levels submitted by UK Steel and the Russian Ministries but provide a better indication or the potential unused capacity to manufacture goods subject to review in Russia.*" Again, the suggestion here is that the difference between the two

data sets is an issue. But again, the comparison is between capacity and production figures, the conclusion therefore again should be that with production figures lower than capacity, there is spare capacity in Russia which could increase the opportunity and incentive to dump.

## **Stocks:**

15. The TRA is inconsistent in its approach in its statement about Russian producers' stock/inventories. In para's 7.146 and 7.147 it provides information on stock levels of two Russian producers, concluding in 7.148 that there is some indication of growing stock levels during the POI. In the absence of better information available, this is reasonable evidence to conclude that Russian WTP producers have increasing stock developing. However, the TRA later states in para 7.141 that it had "*little reliable information relating to the stocks held by Russian producers of the goods subject to review.*" It goes on to state in 7.188, presumably on the basis of the "little reliable information" it had available that "*Russian producers of WTP also have limited levels of stock, despite the EU measures being in place for an extended time period. This demonstrates that Russian producers do not rely on access to EU or UK markets, and their business appears to be sustained by their domestic market and through limited exports to geographically close CIS and/or EEU countries.*"
16. It is entirely inconsistent for the TRA to claim that there is little reliable information on which to base conclusions on stocks, but to provide some limited information demonstrating increasing stock in Russia, only to then make unsubstantiated conclusions that Russian Producers have limited levels of stock. Either the TRA must conclude that it has insufficient reliable information to make any claims about Russian stock levels, or use the only information provided in the SEF on stock levels (aside from Severstal) to conclude that there is some evidence of growing stock levels.

## **Increasing Russian Demand for WTP:**

17. TRID has relied heavily on the Russian Ministries claims that the UK market will be unattractive to Russian producers because demand in Russia for WTP will increase in the next five years due to public infrastructure investments. Indeed, the TRA references this claim three times: para 7.165, 7.187, 7.216, 7.242 in the SEF. However, there are a number of concerns with this assessment:
  - The TRA has presented no information verifying these claims are trying to ascertain how this might reasonably impact on the WTP market in Russia. In the absence of this information the conclusion is purely speculative and should not be used to make assessments about Russian demand for WTP or the likelihood of dumping. UK Steel has been unable to identify any reasonable information on which to verify Russian Government claims here.
  - Elsewhere in the SEF the TRA dismisses similar claims by the CCOIC. In 7.108 it states in relation to claims about Chinese investments: "*..we do not have any evidence to suggest that the current plans differ materially from the investment plans of other years, or that they would significantly reduce any excess capacity in China.*" It goes on to say in 7.109 that "*There may be some increase in domestic consumption due to Chinese Government investment plans, however, we conclude that it is unlikely that these plans would completely outweigh the attractiveness of the UK market.*" It is striking how the TRA has managed to come to two completely contradictory conclusions based on the same basic information. Again the only difference between the two appears to be the existence of some domestic price data in which the TRA has performed a flawed undercutting calculation.
18. Additionally, there is little consistency of approach or justification for how the TRA has used the data available. The TRA believes that the UK market is unattractive to Russian producers on the basis of expected increases in demand. Beyond the vague claims made by the Russian Government on infrastructure investment, the TRA appears to rely heavily on the data provided by the Russian Ministries which in fact show a 3% decrease in demand for products during the

POI (table 8). This fits with the data from Metal's expert which shows that Russian demand for various types of tube fell by 2.5% in 2019 compared to 2018 (see annex). However, the TRA describes this decrease as "*only marginal*" as compared to "*the significant increase*" of 10% in the period of 2015-2017. This distinction between what counts as marginal and significant seems largely arbitrary and designed to fit with the narrative the TRA has established. However, this must be challenged. The TRA has presented no reliable evidence that demand for WTP will increase in Russia in the coming years and the only data provide actually shows an increase in demand during the POI. As with much else in this SEF, the TRA is making claims to the extreme advantage of Russian producers with little or no evidence to support it.

## **Conclusion:**

19. The TRA's findings that there is no likelihood of dumping from Russian producers if the measures are removed is based on number of flawed conclusions, inconsistent analysis of information and insufficient information. In particular:
  - The TRA has made no attempt to undertake a dumping calculation or even use Russian export prices in its assessment.
  - It instead relies almost exclusively on a highly questionable undercutting calculation (not involving export prices or even the required adjustments to domestic prices) to demonstrate that Russian producers could export to the UK at undumped prices and therefore are not likely to dump.
  - In reaching this conclusion it discounts reliable information on significant spare Russian capacity, increased stock levels, evidence of dumping into third markets and the impact that the continuation of EU measures on WTP will have on the attractiveness of the UK market.
  - The only major additional piece of supporting evidence in the TRA's conclusion is Russian demand data demonstrating a decrease in demand in the POI and unsubstantiated claims about Russian government investment in infrastructure – claims that when made by the CCOIC were not considered significant.
20. It is clear that based on the information that the TRA has that it must conclude that there is a significant likelihood of dumping by Russian exporters if the measures are removed. This dumping is likely to result in significant injury to UK producers and therefore the measures must be extended with respect to Russian producers.

## **Determination of Dumping for Severstal**

21. The TRA has chosen to conduct a separate analysis of Severstal for the purposes of this transition review. The majority of the points made above with regards to the analysis on other Russian producers are relevant with regards to Severstal as well. Not least:
  - The SEF and Severstal's verification report demonstrate significant spare capacity during the POI, totalling almost 38,000 tonnes and equivalent to upwards of 25% of the UK market for WTP. This additional capacity creates significant incentive to dump goods into the UK market even at a loss to ensure stable sales and capacity utilisation. (See points 12-14 above)
  - The TRA's flawed conclusions that Russian demand for WTP is likely to pick up and therefore reduce the incentive to dump. (see points 18 and 19 above)
  - The continuation of EU measures will increase the attractiveness of the UK market for Severstal compared to period before anti-dumping measures were in place because the UK will be the only open market in Europe for Severstal, whereas before it had access to EU markets much closer to home.
  - Arguments made by the Russian Government about the high transport costs to the UK acting as a deterrent to Russian exports. (see point 11 above)

22. Most crucially, as with its assessment dumping for Russian producers, the TRA has made several mistakes in its approach for Severstal. These are as follows:

- After the TRA has found initial evidence of dumping by Severstal in export markets, the TRA has assessed that there was no dumping to third country export markets when different PCNs were taken into account (7.199). However, it appears that the TRA did not calculate a normal value per PCN for Severstal (7.210) so it is far from clear how the TRA has reached its conclusions that no dumping took place. If the TRA is to definitively conclude that Severstal is not dumping in third country export markets it should reconduct its dumping analysis at a PCN level. In the absence of this it should withdraw its conclusion that Severstal is not dumping and rely on best facts available along the lines set out by UK in its submission an above.
- Given the unreliability of the dumping calculation undertaken with respect to Severstal, the TRA's conclusions of a low/no likelihood of dumping is again largely based on a flawed undercutting calculation. Again, as with that used for other Russian producers the TRA uses and incorrectly adjusted domestic selling price and compares it to UK prices. For the reasons set out in point 10 above, this is both illogical and unacceptable. Using such an approach in its first transition review, the TRA is setting a deeply worrying precedent that would allow future exporters to challenge many TRA decisions on dumping. It should not be included in any final determinations.
- Table 12 of the SEF reveals some important points that the TRA has failed to take into account a) Severstal profitability of welded tubes fell significantly in the IP b) other products saw a much smaller fall in profitability in the IP c) domestic sales are much more important than export sales (revealed by the implicit weighting of domestic and export sales in calculating average profitability for the goods concerned in table 12).
- This fall in profitability should have been carefully scrutinised by the TRA in terms of using domestic prices in a dumping calculation in any way. There are strict tests to assess whether such prices are the ordinary course of trade and TRA had all the information that they needed to do this analysis.
- Severstal stated that they "may make some sporadic, on-regular sales" to the UK market if the measures are removed (7.234). The TRA takes no account of the fact that "sporadic, non-regular sales" may be relatively small in overall terms to Severstal but would be much more significant relative to the size of the UK market.
- The TRA's conclusion that Severstal would not choose to dump because it would "limit their profits" (7.244) shows a naivety and over-simplistic approach. On this basis, dumping would almost never occur, and anti-dumping measures would not be necessary.

23. UK Steel should also highlight some concerns with the reliability of information provided by Severstal and the verification process undertaken by the TRA.. The public file shows three verification meetings taking place, each just over an hour long. On-site verifications would have likely taken at least three full days, and UK Steel members report experiences of EU verifications which have spanned even weeks. The UK Government introduction on trade remedies investigations processes states that the verification process normally takes several days for UK producers or overseas exporters. UK Steel notes that in the EU investigation the Commission identified substantial and serious deficiencies in Severstal's reporting of domestic sales of the product under review. In Implementing Regulation (EU) 2021/635 of 16 April 2021, Section 3.3.1 (224-227), the Commission notes:

- "These deficiencies significantly impeded the normal process of the investigation for that section of the questionnaire reply. In particular, PAO Severstal had provided incorrect information as regards the number of transactions reported, the total sales quantity, the total sales value and the allowances reported for the domestic sales of the product under review to unrelated customers."



- This led the Commission to apply Article 18(1) of the basic Regulation as far as the domestic sales and the calculation of the normal value was concerned. But even if we were to accept the Severstal information as fully accurate, prices from a single producer cannot be considered “indicative”.
  - We ask TRID to reconsider the data and sources it finds reliable and to apply its own analysis consistently. Taking into account Russia’s excess capacity, the opening up of the UK market when the EU maintains its own measures, and the limited reliability of some of the data used, TRID would be coming to a very different conclusion around the attractiveness of the UK market and Russia’s incentives to dump.
24. It should be clear, based on the best information available, that Severstal has the ability and the incentive to export WTP to the UK at dumped prices if the measures are removed and that such dumped goods would result in injury to UK producers. The TRA should reconsider its initial recommendation and maintain the measures on Severstal.

## Market distortions in China:

TRID makes no mention of the fact that UK Steel requested that China be treated as a non-market economy under Regulation 14(1)(b) as it did in the case of Belarus. However, TRID recognises that there are distortions in the Chinese costs of production and therefore a normal value calculation would require upward adjustments.

UK Steel submitted that distortions in relevant Chinese markets were found in several Australian Anti-Dumping Commission (AADC) investigations, but TRID assessed all but one of these investigations as not relevant for this review, as the time periods they cover are outside the IP of this review. TRID says that there has been no evidence submitted that the distortions are still present, but equally there is no evidence to the contrary. TRID then proceeds to accept the findings of the European Commission working paper as evidence of distortions, stating that TRID has “not identified any further evidence from the CCOIC or secondary sources to indicate that there have been any substantive changes since the publication of this report”. UK Steel submits that TRID should not take such a narrow view of the evidence it will accept, and while it has no substantive impact in this case, it could be consequential for future cases and UK industry may not always be able to provide detailed evidence on current distortions in all cases.

## Market distortions in Belarus:

It is unclear whether TRID have treated or intend to treat Belarus as a non-market economy. TRID recognises Belarus is not a WTO member and has the highest prevalence per head of population of state-owned enterprises in Central, Eastern and South Eastern Europe, according to the IMF. TRID also refers to UK Steel’s submission which states that Belarus should be treated as a non-market economy. TRID also makes reference to an OECD report on the effects of state ownership on the steel industry to include distortions in the market, more investment in steel capacity, longer periods of negative profit and lower profit margins than private entities. However, TRID does not provide a clear conclusion as to what view it takes and how it will treat Belarus in potential future cases where there is cooperation from exporters. UK Steel submits that the above consists of firm evidence that the Belarus market operates under non-commercial factors and should be treated as a non-market economy in future investigations.

## Use of Ukrainian price to establish normal value:

TRID was not able to calculate a normal value for domestic sales in Belarus in the absence of cooperation from Belarus producers. TRID further rejected the Ukrainian price proposed by UK Steel to establish normal value, deeming market conditions in Ukraine as significantly different from those in Belarus.

UK Steel submits that TRID does not necessarily have to be so strict in its approach in cases where there is no cooperation from exporters and the Ukrainian price provided by UK Steel could be taken as facts available. While TRID is not clear if it treats Belarus as a non-market economy, it does however recognize that it is not a WTO member, and as such, there is more scope for rejecting domestic sales prices and using third country data. While in a transition review, there is the option to not recalculate the dumping margin, this will not be the case in future new investigations. Of course, in new cases there will at least be exports to the UK and therefore export prices that are directly relevant and can be used in the analysis. Even if TRID deems the normal value calculation not accurate enough for calculating a dumping margin on this occasion, it could still be used in its dumping likelihood assessment.

Furthermore, TRID concludes that unverified data from the MMW submission is more reliable as an indicative domestic sales price and the most relevant fact available. This is then used to assess the attractiveness of the UK market for Belarussian exporters. Even though, this data is unverified and TRID accepts that it is subject to distortions due to widespread state ownership, TRID deems this data as more reliable than UK Steel's normal value calculation and the 6-digit and 8-digit trade data which is not deemed adequately granular and accurate. TRID is here inconsistent in its approach, being unnecessarily strict with the use of some data, but unusually lax in using unverified and distorted data.

## **Granularity of export data:**

TRID rejects UK Steel normal value calculations, with one of the reasons provided being the use of 6-digit data. UK Steel accepts that this data is often imperfect because of the fact that a 6-digit code is broader than the specific tariff codes in the product scope for the measure. However, this is an excessively restrictive approach and is not stipulated by any regulation. When better information is not available, TRID has every discretion to use best facts available and in many cases this will be 6-digit data. Other authorities including the European Commission do use such data in the absence of other information. This may not be so much of a concern in transition reviews but in future new investigations where the level of duty needs to be established, 6-digit data may be the best information available and therefore TRID should not dismiss the relevance of this data.

With regards to this case, the HS6 code does cover products that are not within the scope of the current UK transition review, especially so called "precision tubes" (falling under 7306 3011 and 7306 3019) as well as tubes similar to the product concerned except for dimensions that are above outside diameter 168.3mm (7306 3080). Nevertheless, the product concerned, which is a commodity largely traded around the world, represents the main part of the volume of this HS6 code 7306 30. Furthermore, prices for other products, outside of the scope of the product definition are almost always higher than for the product in consideration (precision tubes have usually technical requirements far more accurate than the product concerned). Thus, the 6-digit heading is likely to be a reasonable estimate of the export price for the product concerned, with a bias towards the export price being higher than it actually is based only on the specific product concerned. So even with a cautious approach towards 6-digit data, there are reasonable grounds to deem this data relevant and adequately reflective of trade for the product in scope.

## **Individual commodity codes dropped without consideration of like goods:**

TRID has recommended revocation of measures on one out of four commodity codes under review due to no UK production. In addition, there is no mention in TRID's analysis of consideration of like goods and the extent to which these tariff codes compete with those that are produced by UK producers.

It is common in trade remedy investigations that domestic industry and exporting countries are not necessarily producing exactly the same products within a product definition, but these products may still be substitutable and in direct competition with each other. It should therefore not be automatic that a tariff code is excluded if it is not produced by UK industry. The product scope should be determined not by reference to what the UK industry produces but, rather, by a coherent definition of like product according to technical, physical and chemical characteristics.

UK Steel is not against tariff codes being excluded when a product or a like product is not supplied by UK producers. However, TRID should review any such propositions in consultation with the industry to ensure that indeed there is no UK production of a certain product or a like product and to fully appraise any unintended consequences of excluding any products.