



Department for
International Trade

Trade Remedies Investigations Directorate

☐ Confidential

☒ Non-Confidential

Anti-Dumping Questionnaire for Interested parties and Contributors

Case TD0003: Certain pre and post-stressing wires and wire strands of non-alloy steel (PSC wires and strands) imported from the People's Republic of China

Period of Investigation (POI):	01 January 2019 – 31 December 2019
Injury period:	01 January 2016 – 31 December 2019
Deadline for response:	01 October 2020
Contact details:	<u>TD0003@traderemedies.gov.uk</u>
Completed on behalf of:	UK Steel (part of Make UK, the Manufacturers' Organisation – legally registered as EEF Limited)

When you have completed this form, indicate the **confidentiality** of this document
by placing an X in the relevant box below:

☐ Confidential

☒ Non-confidential – will be made publicly available



Department for
International Trade

Trade Remedies Investigations Directorate

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Please note that you should provide **two copies of your response** – a **Confidential** and a **Non-confidential version**. Both copies should be returned to TRID using the Trade Remedies Service (www.trade-remedies.service.gov.uk) by **01 October 2020**.



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The scope of this review

Goods subject to review

This review covers certain pre- and post-stressing wires and wire strands of non-alloy steel (PSC wires and strands) exported from the People's Republic of China, described as:

Not plated or not coated wire of non-alloy steel, wire of non-alloy steel plated or coated with zinc and stranded wire of non-alloy steel whether or not plated or coated with not more than 18 wires, containing by weight 0.6 % or more of carbon, with a maximum cross-sectional dimension exceeding 3 mm.

Galvanised (but not with any further coating material) seven wire strands in which the diameter of the central wire is identical to or less than 3 % greater than the diameter of any of the 6 other wires are not covered by the measures in force and are **not subject to this review**.

The **goods subject to review** are currently classifiable within the following commodity codes:

7217 10 90 10
7217 20 90 10
7312 10 61 91
7312 10 65 91
7312 10 69 91

These commodity codes are only given for information.

In this questionnaire, these goods will be referred to as '**the goods subject to review**'. Any reference to 'goods subject to review' in this questionnaire refers to the goods description above, regardless of the commodity code under which they are exported.



Instructions

Introduction

The Trade Remedies Investigations Directorate (TRID) of the UK's Department for International Trade will carry out a transition review of each trade remedy measure active under the EU system that the UK has decided to maintain after EU exit. This transition review will consider whether the anti-dumping amount is necessary or sufficient to offset dumping of pre- and post-stressing wires and wire strands of non-alloy steel (PSC wires and strands) from the People's Republic of China and whether there would be injury to the UK industry if the measure was removed.

TRID is seeking your cooperation as an interested party or a contributor to inform our investigation into whether the current anti-dumping amount should be maintained, varied or discontinued. The information you provide will help us to determine a fair and appropriate response.

For further information please refer to our guidance on [How we carry out transition reviews into EU measures](#).

Please refer to our online guidance on the differences between interested parties and contributors: www.gov.uk/government/publications/the-uk-trade-remedies-investigations-process/an-introduction-to-our-investigations-process#interested-parties

Please provide all the information requested by **1st October 2020**. We may send a notice asking for clarification or supplementary information where necessary. Make sure you provide the sources for any information or data you don't own and clearly state any restrictions on sharing it.

If you don't provide the confidential information and a non-confidential summary (or a statement of reasons why you cannot provide this), we may disregard the information you give us. See below for further information about how to provide confidential and non-confidential versions.

If you can't complete the questionnaire within the required time, contact the Case Team ahead of the deadline by email at TD0003@traderemedies.gov.uk. Explain how long an extension you need and why. We will notify you of our decision. If we can give an extension, a note to explain this will be placed on the public file.

Contact the Case Team if you have any questions about your response or if you have any difficulties in completing the questionnaire. General information about UK trade remedies processes is available at: www.gov.uk/government/publications/the-uk-trade-remedies-investigations-process



How to complete this questionnaire

All statements should be substantiated with relevant data, information and the sources of these. You may be asked to attach supporting documents in appendices to supplement your responses. To help us verify your information, please retain all your supporting documents, including any calculations made when developing your responses.

Please note the following points:

- If the answer to a question is 'zero', 'no', 'none' or 'not applicable', write this rather than leaving the answer blank.
- If there is not enough space in any part of the questionnaire to provide the details requested, please attach appendices. Make sure any attachments are given a corresponding appendix reference in the title of the document and that these are referenced in the boxes provided.
- Any documents not in English should be accompanied by an English translation.
- Please provide all dates in the format DD/MM/YYYY (e.g. 23/05/2019).
- For all numerical figures, where appropriate express every third digit with a comma (e.g. '1,300' for one-thousand three hundred, '1,300,000' for one million and three hundred thousand).
- Limit all sales/currency/income figures to two decimal places and use the appropriate currency symbol (e.g. £1,300.00).
- Provide all costing figures as actual amounts. Where actual amounts cannot be provided and you have reported standard costing instead, indicate this in the relevant answer and explain the variance from actual costs, if any.
- All financial figures should be reported net of tax unless otherwise stated.

Preparing confidential and non-confidential copies of your information

You will need to submit one confidential version and one non-confidential version of your questionnaire by the deadline. **Please ensure that each page of information you provide is clearly marked either "Confidential" or "Non-Confidential" in the header.** It is your responsibility to ensure that the non-confidential version does not contain any confidential information.

Further information on what can be considered confidential and how to prepare a non-confidential version of this questionnaire is available at:

<https://www.gov.uk/government/publications/the-uk-trade-remedies-investigations-process/an-introduction-to-our-investigations-process#handling-confidential-information>

All information provided to TRID in confidence will be treated accordingly and only used for this investigation (except in limited circumstance as permitted by regulation)



46 of the *Trade Remedies (Dumping and Subsidisation) (EU Exit) Regulations 2019* and will be stored in protected systems. The non-confidential version of your submission will be placed on the public file, which is available on www.trade-remedies.service.gov.uk/public/cases.

What happens next

Upload your completed questionnaire responses and non-confidential versions of documents to our Trade Remedies Service at www.trade-remedies.service.gov.uk. You will receive an email confirming the documents have been uploaded successfully. Non-confidential responses will be placed on the public file and the Case Team will contact you if further information is required. We may contact you to arrange a visit to verify the information contained in your responses.

Once we have assessed whether measures are needed, in some cases we will submit a provisional affirmative determination. This will contain our recommendation to the Secretary of State about whether to request a guarantee from importers to cover the duty amount they would incur if measures were finalised.

Before publishing a final determination, we will publish a Statement of Essential Facts setting out the detailed reasoning of how we came to our decision. Interested parties will have the opportunity to provide comments and submissions on this. After considering these we will publish a final determination that sets out our final recommendation of measures to the Secretary of State.

Further information on this process is available at:

www.gov.uk/government/publications/the-uk-trade-remedies-investigations-process/an-introduction-to-our-investigations-process#determinations-and-conclusion-of-investigations



SECTION A: About the case

A1 General information

1. Please complete the table below. Make sure the point of contact you name has the authority to provide this information.

Name (point of contact):	[REDACTED]
Address:	CONFIDENTIAL
Telephone No:	CONFIDENTIAL
Email:	CONFIDENTIAL
Website:	https://www.makeuk.org/about/uk-steel

If you are representing a company, please also fill in the information below:

Company registration number:	N/A
Place of registration:	N/A
Legal name of organisation:	EEF Limited
Legal structure (e.g. limited company, sole trader, partnership etc):	Limited Company
Position in the organisation:	Head of Policy and External Affairs, UK Steel
Year of establishment:	1896
Other operating names:	Make UK

2. Please explain your interest in this review.

UK Steel, a division of Make UK (legal name EEF Limited) is the trade association for the UK's steel industry representing the interests of the UK's steel producing companies, including Bridon-Bekaert Ropes Group (BBRG), which is the UK producer of the product forming the subject of this transition review: certain pre and post-stressing wires of non-alloy steel (PSC wires).

As the Trade Association for UK producers of the like products, UK Steel is registering as an "Interested Party" in this review, as opposed to a "Contributor".

NB: UK PSC **Strand** manufacture ceased during the period of investigation. This questionnaire response therefore focusses exclusively on the PSC **Wire** products.

UK Steel welcomes the opportunity to participate in this transition review. As detailed in this submission, the anti-dumping measures on PSC Wire from China continue to be necessary to prevent a reoccurrence of dumping and subsequent injury to UK industry. With the likely continuation of the same measures in the EU (following the Commission's expiry review), and the increasingly difficult market conditions caused by COVID-19, it is even more critical that the measures remain in place to prevent dumping in the UK and subsequent injury to UK industry.

Appendix reference:



A2 Information about this review

For each question, please give any information you feel is relevant to the case. If you have no information, please say so in your answer. This transition review will consider whether the current anti-dumping amount is necessary or sufficient to offset dumping and whether there would be injury to the UK industry if the measure was removed.

1. Please provide any information about the goods subject to review, compared to the UK produced like good, that you consider relevant. Indicate the degree of physical likeness, commercial likeness and functional likeness. If possible, please provide separate comments on the PSC wire product and the PSC strand product.

BBRG's UK produced like goods are covered by 2 PCNs, relating to PSC Wire products –

SPECIFIC PCNS REDACTED FOR NON-CONFIDENTIAL VERSION

The goods subject to review function in exactly the same way as the UK produced like goods on the same prestressing beds. The goods subject to review are presented in similar sized coils, perhaps with the addition of packaging necessary due to the longer "production to use" timescale compared with the UK produced like goods.

Appendix reference:

UK PSC Strand manufacture ceased during the period of investigation. This questionnaire response therefore focusses exclusively on the PSC Wire products.

Appendix reference:

2. Please also provide details comparing the goods subject to review and those produced in the UK regarding:
 - Interchangeability
 - Degree of model differentiation
 - Channels of distribution and sale
 - Pricing

The UK produced like goods and the goods subject to review are interchangeable, limited only by the requirements of CARES where customers require that accreditation. The range of UK produced like goods has contracted over time and many precast concrete manufacturers have standardised their patterns around the UK dimensions, tensile strengths and indentation types. The goods subject to review may cover a broader range of product parameters. The goods subject to review will largely depend on distributors with a knowledge of the UK market.

Please see UK Producer questionnaire response for further information.

Appendix reference:

UK PSC Strand manufacture ceased during the period of investigation. This questionnaire response therefore focusses exclusively on the PSC Wire products.

Appendix reference:



3. Please provide any information about like goods imported from 3rd countries, compared to the UK produced like good, that you consider relevant. Indicate the degree of physical likeness, commercial likeness and functional likeness. If possible, please provide separate comments on the PSC wire product and the PSC strand product.

All of the points mentioned in section 1 apply also for like goods imported from third countries including France, Germany, Spain, Portugal, Sweden, Morocco, South Africa, and Thailand.

Please see UK Producer questionnaire response for further information.

Appendix reference:

UK PSC Strand manufacture ceased during the period of investigation. This questionnaire response therefore focusses exclusively on the PSC Wire products.

Appendix reference:

4. Please also provide details comparing the like goods imported from 3rd countries and those produced in the UK regarding:
- Interchangeability
 - Degree of model differentiation
 - Channels of distribution and sale
 - Pricing

All of the points mentioned in section 2 apply also for like goods imported from third countries including France, Germany, Spain, Portugal, Sweden, Morocco, South Africa, and Thailand.

Please see UK Producer questionnaire response for further information.

Appendix reference:

UK PSC Strand manufacture ceased during the period of investigation. This questionnaire response therefore focusses exclusively on the PSC Wire products.

Appendix reference:

5. How would you describe the UK market for this product? Please comment on the main sources of product in the UK market, the main uses of the product and drivers of domestic prices. If possible, please provide separate comments on the PSC wire product and the PSC strand product.

The goods subject to review account for 4 – 5% of the market despite the remedies. The majority of the market is covered by like goods imported from France, Germany, Spain, Portugal, Sweden, Morocco, South Africa, Thailand. Like products produced in the UK account for X% of the market. Domestic prices for the UK produced like goods are driven by the pricing of imported like goods from a broad range of source countries through a wide range of distribution channels. The price drivers for the UK produced like goods are capacity vs. demand, raw material costs and national inflation. In



theory, many more drivers affect the goods subject to review and imported like goods but the pricing rarely seems to reflect these.

Please see UK Producer questionnaire response for further information.

Appendix reference:

UK PSC Strand manufacture ceased during the period of investigation. This questionnaire response therefore focusses exclusively on the PSC Wire products.

Appendix reference:

6. How important do you think the production of this product is to the UK industry? Please comment on the importance of the product to the viability of the UK industry and employment in the industry. If possible, please provide separate comments on the PSC wire product and the PSC strand product.

XX jobs depend directly on the viability of the wire mill at Doncaster, with a significant proportion of the production, sales and profitability of the site reliant upon PSC Wire production. Many the employees have been directly involved in PSC Wire and Strand manufacture and supporting activities. A small proportion of several other third party jobs depend on manufacture of the UK produced like goods providing maintenance and regulatory services to the UK producer.

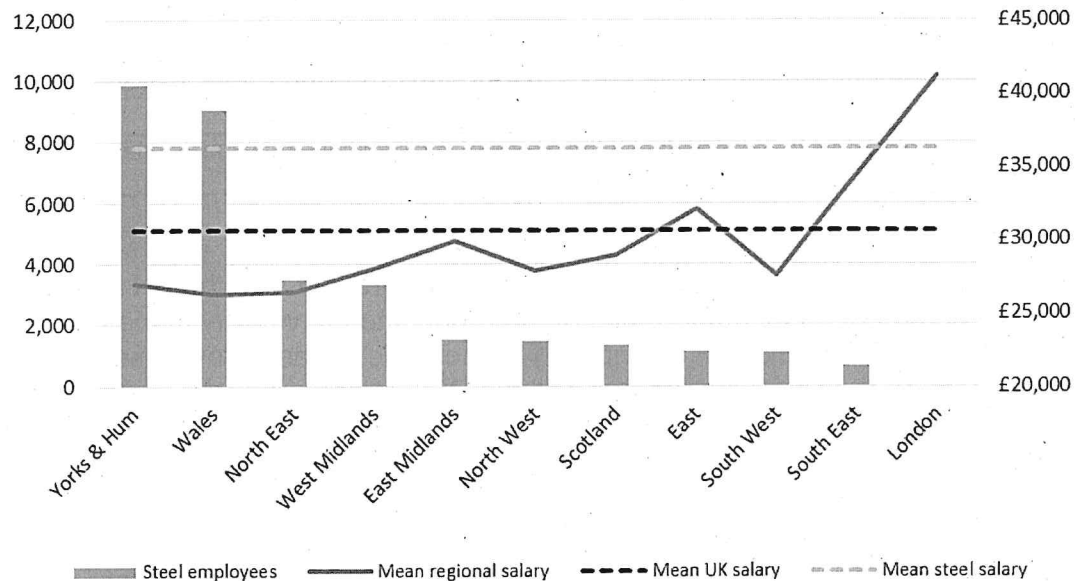
Crucially these jobs are high skilled, well paid jobs. The mean salary in the UK steel industry is £36,000 – 18% higher than the national average. Moreover it is estimated that for every direct job in the steel sector a further 1.26 are supported indirectly in supply chains (type 1 multiplier)¹, as well as further jobs in local communities through the spending steel workers and contractors. Please see BBRG's submission for more detailed information on pay and employment.

1

<https://www.ons.gov.uk/economy/nationalaccounts/supplyandusetables/adhocs/009746typeiukemploymentmultipliersandeffectsreferenceyear2015>



UK Steel Employment and Pay



Source: ONS Various and UK Steel Analysis

Impact on upstream industry

Wire rod, the primary raw material for PSC Wire, is produced Scunthorpe (British Steel), Cardiff (Celsa Steel) and Rotherham (Liberty Steel). UK producers of wire rod have experienced negative profitability due to difficult market conditions and would be adversely affected by a decision to repeal the existing antidumping measures on the product in question. The continuation of existing antidumping measures will help maintain fair market conditions for such upstream suppliers, helping to ensure that wire rod sourcing by PSC wire manufacturers remains within the UK with all the benefits to the UK economy this brings.

A decision to repeal existing antidumping measures is likely to increase the risk of dumped imports, thereby forcing PSC Wire producers to cut product costs in order to compete and survive in this market. Ultimately, the UK industry will be forced to further cut production and close lines which will have a detrimental effect on upstream suppliers at the locations identified.

Appendix reference:

UK PSC Strand manufacture ceased during the period of investigation. This questionnaire response therefore focusses exclusively on the PSC Wire products.

Appendix reference:

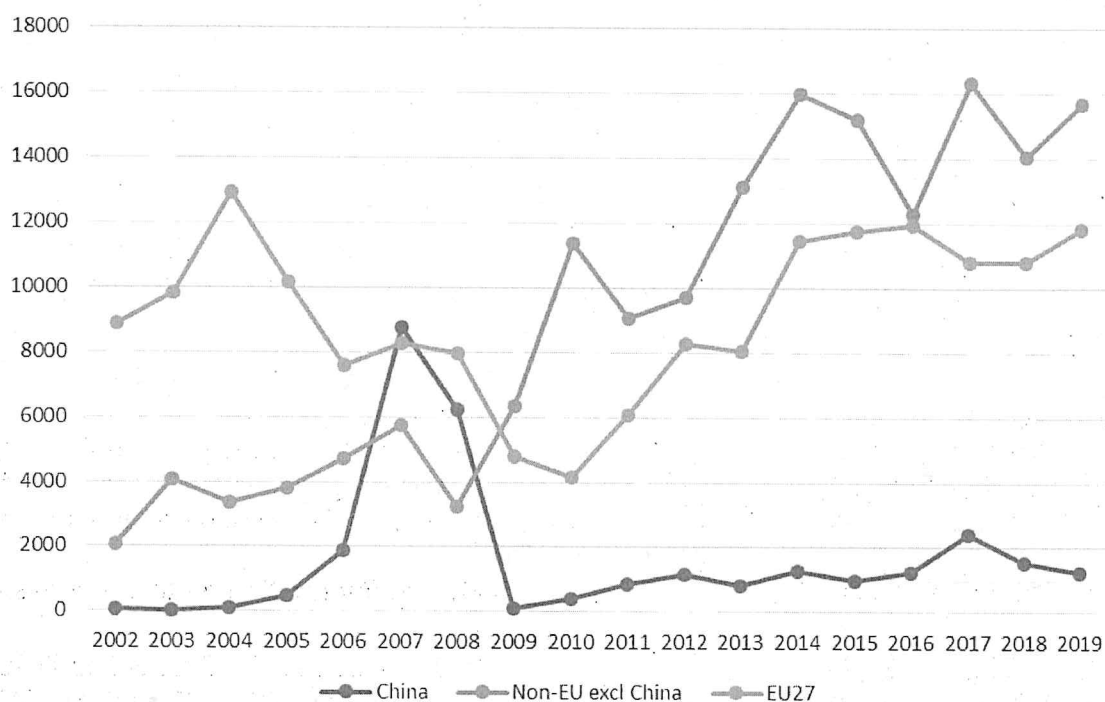
7. Do you think there would be injury to the UK industry if the existing anti-dumping measure for the goods subject to review no longer applied? Please provide separate comments on the PSC wire and PSC strand product and provide any information supporting your conclusions including what the cause of this injury would be. You can refer to our [guidance on how we assess injury](#) for a definition of injury.



7.1. Import trends – PSC Wire

The following chart (figure 1) shows the dramatic increase in import volumes from China in 2006 and 2007. The impact of the measure, adopted in 2008/2009, was that Chinese imports dramatically fell and they have remained at modest levels throughout the duration of this measure. Given the high likelihood that dumping would recur (see answer to question 10), there is every reason to believe that Chinese imports would increase again to these injurious levels of the measures were removed.

Figure 1 – UK Imports (tonnes) of PSC Wire



See Annex 1 – Eurostat import data

BBRG sales in 2019 were XX tonnes. This allows 2019 market share to be estimated in table 1.

Table 1 – 2019 Estimated Market Shares

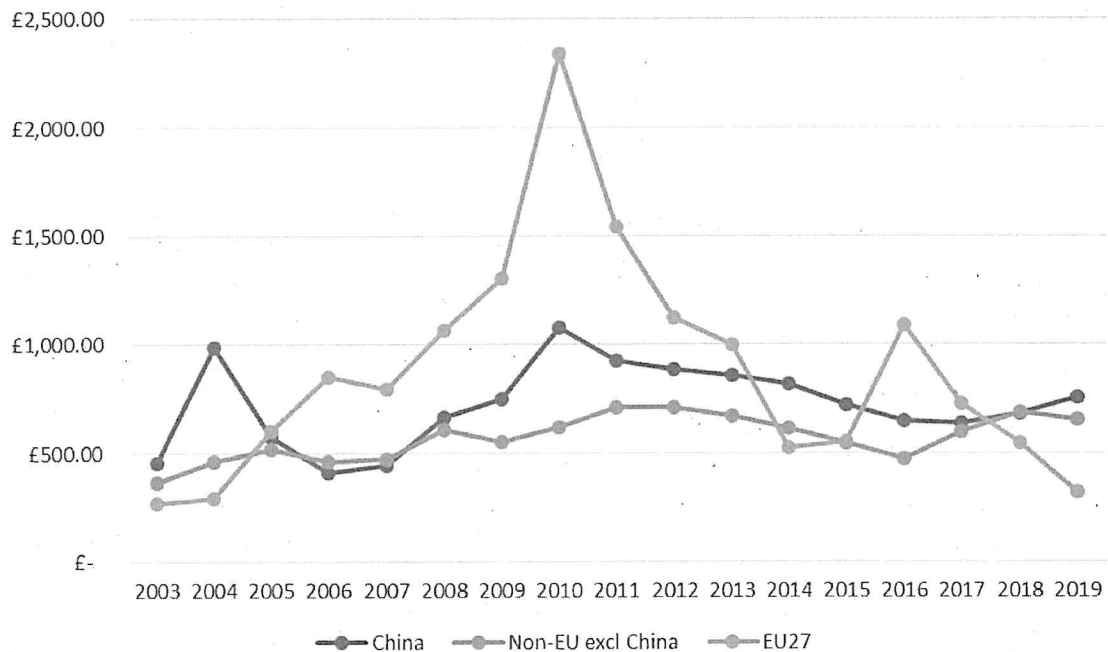
	Sales (tonnes)	Market Share
China	1,238	4-5%
EU27	11,843	34-47%
Non-EU excluding China	15,683	45-65%
BBRG	XXXX	X%
TOTAL CONSUMPTION	25,000 to 35,000	

See Annex 1 – Eurostat import and BBRG data

BBRG currently has around X% of market share. It needs a market share of X% to achieve sufficient levels of capacity utilisation and ensure the future sustainability of the business. As the figure 2 shows, price competition from imports, particularly from EU27 countries, is strong in 2019.



Figure 2 – UK Import Prices of PSC Wire



See Annex 1 – Eurostat import data

The recurrence of dumping from Chinese imports, and an expected increase in volumes (see below), will make it difficult for BBRG to remain in this market on a sustainable basis if the measures are removed.

7.2. Likely development of imports – spare capacity

[REDACTED]

Table 2 – Estimated Chinese Spare Capacity

[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

[REDACTED]

[REDACTED]

7.3. Likely attractiveness of UK market/price undercutting



UK sales in the POI were xx tonnes with a value of £xx. This gives an average price in 2019 of £xx. This can be used to calculate current undercutting based on likely Chinese export prices (CIF) to the UK from the 5 leading Chinese export markets.

Table 3 – Estimated Undercutting by Chinese Exports 2019

Export Market		
		X%

See tab 1 of Annex 2 – Dumping and Undercutting Calculation

With notably higher prices in the UK than in their current main export markets, it is highly likely that some Chinese exports will be diverted to the attractive UK market. Only a small amount of the exports to these markets would have to be diverted to the UK to cause serious injury to BBRG.

7.4. Situation of UK industry

Injury to the UK industry has occurred during the period of investigation mainly due to opportunistic, capacity driven pricing by all manufacturers outside of the UK. The number of operatives with adequate training to run the equipment necessary to produce the like goods has been reduced by x%. Capacity utilisation has fallen from x% to x%. Market share has reduced from x% to x%. Turnover reduced by x%.

This measure is business critical for the future survival of this industry. The removal of the measure will mean that the industry will find it extremely difficult to remain viable. The maintenance of the measure will at least provide it with continued protection against likely recurrence of dumping and injury from Chinese imports. With the continuation of the measure, the UK industry at least has a chance of moving back towards a sustainable market share.

7.5 Industry recovery from COVID-19:

The COVID-19 crisis should also be considered as one of the “such other matters” that the TRA may consider relevant when considering whether the maintenance of a transitioned measures is in the UK economic interest. All of the transitioned EU duties are measures where unfair trade has already been found based on dumped or subsidised imports causing injury. The fragile state of UK industry following the COVID-19 crisis has made the likely recurrence of dumping or subsidy even more likely to cause injury than would have been the case in the absence of coronavirus as cash and profits are very significantly reduced. Moreover, with demand levels having plummeted as a result of COVID-19 – competition in all markets is fierce which will naturally increase the appetite for, and the prevalence of dumping and producers look to offload their excess production in ‘tactical sales’.

Of course, injury caused by COVID-19 must not be attributed to the imports for the purpose of causality analysis. However, the economic recovery of UK industry from the COVID-19 crisis is a factor that could be taken into account in the economic interest test.

Appendix reference: Annexes 1 and 2

UK PSC Strand manufacture ceased during the period of investigation. This questionnaire response therefore focusses exclusively on the PSC Wire products.



Appendix reference:

8. Do you think that there are any other causes of injury to the UK industry?

As is clear from figures 1 and 2 above, imports from EU27 countries have increased in volume dramatically. In recent years, the price has rapidly decreased to a very low level in 2019. UK Steel suspects that some EU member states may be dumping in the UK and that this is causing injury to UK industry. UK Steel may further explore whether a future application for anti-dumping duties may be appropriate against certain EU member states. In the meantime, the high level of aggressive pricing in recent years from EU27 producers means that a recurrence of dumping from Chinese exporters would be particularly injurious to BBRG.

Appendix reference:

9. Please provide any information about the possible economic effects on the UK PSC wire and strand market if the existing anti-dumping measure on the goods subject to review were no longer applied. Please also include any indirect economic effects that you deem relevant to the case. Please provide separate comments if possible, on the PSC wire product and the PSC strand product.

BBRG is the only manufacturer of high carbon steel wire, including PSC Wire, in the UK and it is important to many users of this product that a reliable, high-quality, domestic producer/supplier of this product is maintained.

Impact on upstream industry

Wire rod, the primary raw material for PSC Wire, is produced Scunthorpe (British Steel), Cardiff (Celsa Steel) and Rotherham (Liberty Steel). UK producers of wire rod have experienced negative profitability due to difficult market conditions and would be adversely affected by a decision to repeal the existing antidumping measures on the product in question. The continuation of existing antidumping measures will help maintain fair market conditions for such upstream suppliers, helping to ensure that wire rod sourcing by PSC wire manufacturers remains within the UK with all the benefits to the UK economy this brings.

A decision to repeal existing antidumping measures is likely to increase the risk of dumped imports, thereby forcing PSC Wire producers to cut product costs in order to compete and survive in this market. Ultimately, the UK industry will be forced to further cut production and close lines which will have a detrimental effect on upstream suppliers at the locations identified.

Impact on end-users

For end-users and consumers of PSC Wire, the continuation of antidumping measures will help to ensure they have a long-term and reliable source of local supply. The measures in place have had very little impact on costs for end-user industries: the product concerned represents an extremely small proportion of the total cost of the construction projects it is used in. There is no evidence that the measures have resulted in any reduction in demand or impact on employment in these end-user industries. There is also no risk to supplies from the continuation of measures as sufficient capacity exists both in the UK, EU and in other third countries. No significant positive effect would be generated by the termination of the measures as the capacity of the producers already on the market largely exceeds demand, furthermore any price reduction in the final products at consumer level would be negligible.

Appendix reference:

UK PSC Strand manufacture ceased during the period of investigation. This questionnaire response therefore focusses exclusively on the PSC Wire products.



Appendix reference:

10. Do you think that dumping would occur if the existing anti-dumping measure for the goods subject to review no longer applied? Please provide any evidence you have to support your answer.

10.1. UK law applicable to China for the transition review

In summary, UK Steel asserts the following:

1. Under its accession agreement, China can still, in a particular AD case, be treated as a non-market economy
2. The distortion of Chinese producers' cost of production creates a "particular market situation" that prevents use of Chinese home market prices to establish normal value, and
3. There are distortions in the Chinese market for PSC wires – notably government-created excess supply – that operates directly to distort home market prices, and this creates a "particular market situation".

As consistently found in other countries' anti-dumping investigations (e.g. Australia, Canada, US, European Union), Chinese steel markets are affected by significant distortions. All prices and costs are not substantially determined by market forces and should not be used in the calculation of normal value. Some of the extensive evidence on this is summarised in section 10.2.

UK Steel submits that the distortions are so widespread in this case that all Chinese prices and costs should be rejected. This is permitted through the use of Regulation 14(1)(b) of the UK Dumping & Subsidy Regulations.

Regulation 14(1)(b) explicitly covers the situation where members of the WTO have specific provisions in their membership terms regarding the determinations of normal value. These provisions must have meaning in UK law and cannot just be ignored. UK Steel strongly argues that Regulation 14(1)(b) is applicable to China in this investigation and TRID should determine that this provision applies and that TRID should calculate normal value accordingly.

If TRID decides that it will not use Regulation 14(1)(b) against China, a position that UK Steel will continue to vigorously challenge, UK Steel requests in the alternative that TRID determines that a particular market situation exists (Regulation 7 (2)(b)) in China and that prices are artificially low, reflecting 'non-commercial factors' such that it is a proper comparison is not permitted.

In either case (either referring to regulation 14(1)(b) or 7(2)(b)), we argue strongly that the normal value for China needs to be calculated according to regulation 8, and no Chinese costs should be used due to widespread market distortions. UK Steel proposes that normal value is constructed for China on the basis of cost of production plus SGA and profit in accordance with Regulation 8(1)(a).

Further, there is clear evidence that the requirement of Regulation 13 (adjustments) are met in relation to China, namely that the Chinese costs of production "*do not reasonably reflect.... they do not reasonably reflect the overseas exporter's production, administrative, selling or general costs or profits in a market if those costs and profits were substantially determined by market forces.*"

Even if TRID does not use Regulation 14(1)(b), the extent of government intervention means that no Chinese costs reflect the amounts that would be payable in a market substantially determined by market forces.



10.2. Government intervention in China

The European Commission has prepared a specific report on Chinese state distortions². Some of the main conclusions are as follows:

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

Also relevant here is a report by the US-China Economic and Security Review Commission³. The Commission's review of China's current economic conditions—compared against the U.S. statutory test for determining whether an economy can be classified as a market economy—reveals China is not currently a market economy and is not on the path to become one in the near future. In its 2016 Report to Congress on China's WTO Compliance, the Office of the U.S. Trade Representative found the Chinese government maintains extensive controls over foreign investment, which, in tandem with industrial policies, restrict the ability of foreign investors to participate in key sectors of the economy or demand major concessions as a price of admission. The GOC maintains-and is even strengthening- its control of the means of production through central and provisional state-owned enterprises, and the state exerts extensive control over resource allocation. Furthermore, a review of China's economic policy reveals that currency is not fully convertible, with the 13th Five-Year Plan outlining goals to increase the RMB's convertibility by 2020. In addition, human rights and labour organizations around the world, including China Labour Bulletin, the AFL-CIO, and Amnesty international, note Chinese workers have no freedom of association and no system for collective bargaining exists between employers and employees in China.

As discussed in section 10.3.3 below, the major raw material used to make PSC wire is wire rod, accounting for around 70% of input costs. Chinese wire rod producers make wire rod via the blast furnace route so the inputs used to make wire rod are the same as those used to make hot-rolled flat carbon steel.

² Commission staff working document on significant distortions in the economy of the PRC for the purposes of trade defence investigations (20.12.17)

³ US-China Economic and Security Review Commission – Evaluation of China's non-market economy status – Issue Brief – April 18 2017.



In regulation EU 2017/969 (provided as annex 4), the European Commission found that Chinese hot rolled flat producers were benefiting from multiple subsidies. This included:

- Preferential policy loans and credit lines provided by the state-owned banks
- Government provision of certain land use rights, allocated to the hot rolled flat producers free of charge.
- Direct tax exemptions and reduction programmes
- Indirect tax and import tariff programmes
- Grant programmes, including ad hoc grants

In light of this evidence, it is clear that all Chinese costs are distorted and it is not appropriate to use domestic prices and costs in China. Therefore, the normal value should be created on the basis of corresponding costs of production, administrative, selling, general costs and profit in an appropriate representative country.

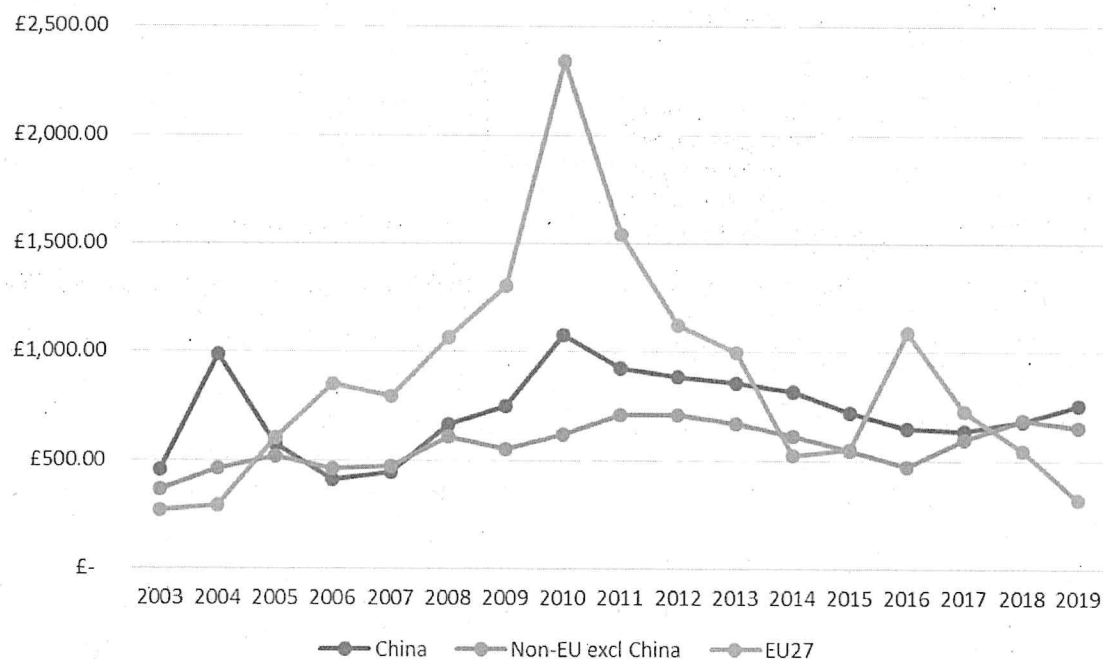
10.3. Calculation of likely dumping

10.3.1. Chinese export prices to the UK

The following chart shows import prices for PSC Wires compared to prices of other non-EU imports and imports from EU27 countries. Prices are calculated by dividing value of imports by volume from Eurostat data for the two tariff headings covering PSC wires.

The original provisional duty was applied in 2008 and it can be seen that this resulted in an increase in prices from the low of 2006/2007. Prices peaked in 2010 and have declined steadily ever since.

Figure 3 – UK Import Prices of PSC Wires



Source: Eurostat (headings 72171090 and 72172090). See Annex 1 for detailed data.

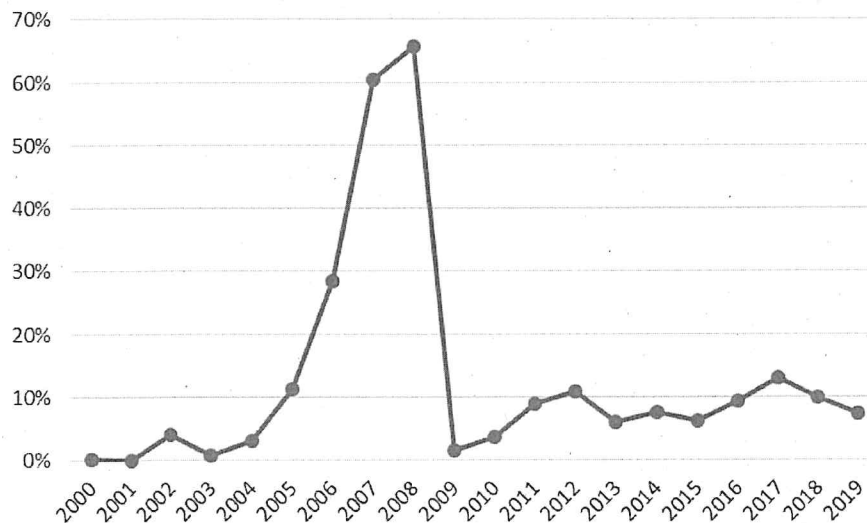
The fact that Chinese imports appear to have been priced higher than other non-EU imports since the duty has been applied is an indication that the duty has resulted in less injurious prices from Chinese



imports. It could also be that these imports are from different producers, targeting higher value portions of the market and therefore not reflective of the situation that would occur if the measures were removed.

See further comments on this in the injury section below. These prices cannot be used to assess the likely reoccurrence of dumping because the fact that a measure has been in place since 2008 means that the position of Chinese imports in the market is more normalised. Also, the volume of Chinese imports is relatively insignificant compared to what it was in 2007/2008. As a proportion of total imports, from a peak of 66% in 2008, Chinese imports accounted for only 7% of imports in 2019.

Figure 4 – UK Imports of PSC Wires from China as a percentage of total imports



Source: Eurostat (headings 72171090 and 72172090). See Annex 1 for detailed data.

Annex 1 includes an estimate of Chinese market share in 2019 of 4-5%. Therefore, overall, Chinese imports appear to be more normalised in relation to the massively injurious position of 2006-2008. Thus, the Chinese imports cannot be used to assess current dumping (although it is clear in section 10.3.4 that current prices are significantly dumped).

10.3.2. Data on Chinese export prices from other markets

Although the EU data is available through Eurostat at 8 digits, Chinese export prices to other markets are only available to UK Steel at the 6 digit level through the International Steel Statistics Bureau (ISSB). Comparing UK imports prices of PSC Wire at a 6 digit code level and an 8 digit code level, suggests that the 6 digit data often includes higher value products and thus when used as a proxy for the specific 8-digit code products can sometimes over-estimate Chinese export prices. This should be taken into account when considering evidence of dumping by Chinese exporters, as the use of 6-digit code data is likely underestimating the scale of the problem in recent years.

Table 4 – Comparison of UK Import Prices for PSC Wire from China

	2011	2012	2013	2014	2015	2016	2017	2018	2019
6 digit	£	£	£	£	£	£	£	£	£
ISSB	969.79	882.58	830.97	690.40	693.05	666.03	750.83	834.85	871.53
8 digit	£	£	£	£	£	£	£	£	£
Eurostat	924.51	887.56	855.95	819.26	721.73	648.34	636.42	681.55	752.75

See Tab 4, 'China Export Price', Annex 2 – Dumping & Undercutting Calculation



India is used as a representative market to establish constructed normal value for the following reasons: (See Annex 19 – ‘ESIS Expiry Review Request’ for more information’)

- India is an appropriate representative country in this case. India has a similar level of economic development to that of China in terms of Gross National Income per capita under the Atlas methodology (USD 9,460 for China vs. USD 2,020 for India in 2018).
- There is significant production of PSC Wire in India. The Indian market is one of the largest in the world.

The normal value calculation for PSC wires is based on the following components.

- Indian import prices of wire rod (code 721391) are used as a representation of wire rod prices in the Indian domestic market (see Tab 2, ‘Indian WR imports’, Annex 2 – Dumping & Undercutting Calculation).
- The other 25% manufacturing costs are estimated by multiplying the wire rod price by 1.33 (i.e. 100/75).
- SGA and profit are calculated from the annual report 2018-19 for ISWP (The Indian Steel & Wire Products Limited). See tab 4, ‘SGA and profit’, Annex 2 and Annex 3, ISWP annual report.

Constructed normal value is calculated in tab 1, Annex 2, ‘Dumping and undercutting calculation’.

10.3.4. Dumping calculation

Using prices from the main 5 Chinese export prices, it can be shown that dumping is likely to recur at significant levels.

Table 6 – Dumping Calculation Summary

	South-Korea	Philippines	USA	Saudi Arabia	Japan
Normal Value (EXW)	£ 919.01	£ 919.01	£ 919.01	£ 919.01	£ 919.01
Export Price (CIF)	£ 578.69	£ 447.08	£ 768.20	£ 629.09	£ 755.82
Export Price (EXW)	£ 536.99	£ 405.39	£ 640.29	£ 528.62	£ 714.13
Dumping Margin	£ 382.02	£ 513.62	£ 278.72	£ 390.39	£ 204.88
Dumping Margin as % of CIF export price	66%	115%	36%	62%	27%

See tab 1, Annex 2, Dumping and Undercutting Calculation

Prices from the two biggest volume Chinese export markets suggest that dumping of 66% to 115% would likely recur should the UK measure be removed. The lowest dumping margin based on the 5th largest export market is still highly significant at 27%.

It should be remembered that choices were made which under-estimate the dumping margins (i.e. proportion of manufacturing cost accounted for by wire rod and using 6 digit data which over-estimate Chinese export prices of product concerned).

Although this information is sufficient to establish that likely dumping would recur if the UK measures were removed, it is instructive to look at the UK import data from China for comparison purposes.



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Table 7 – Dumping Simulation Using 2019 UK Import Prices

	UK (ISSB)	UK (Eurostat)
Normal Value (EXW)	£ 919.01	£ 919.01
Export Price (CIF)	£ 871.53	£ 752.65
Export Price (EXW)	£ 790.65	£ 671.77
Dumping Margin	£ 128.36	£ 247.23
Dumping Margin as % of CIF export price	15%	33%

See tab 1, Annex 2, Dumping and Undercutting Calculation

The UK dumping margin based on 2019 prices is still 15%, even though it is suggested that the situation is significantly less injurious with the measures in place than in 2007/2009. However, in the case of the UK, because the more detailed 8-digit data is available, it is possible to use the lower Chinese export prices that are closer to the actual product concerned. This suggests that the current Chinese export price to the UK is actually dumping at 33%. Not only does this confirm that dumping is highly likely if the measures are removed, it also confirms that the above dumping margins based on the top 5 export markets almost certainly under-estimate likely dumping should the UK measures be terminated.

Appendix reference: Annexes 1 and 2

11. If you have any other information which may help us with this review, please provide it below.

This may include any views you may have about the possible existence of a particular market situation in the domestic market of the People's Republic of China such as:

- situations/distortions in the domestic market of the People's Republic of China where prices are artificially low;
- significant barter trade;
- prices reflect non-commercial factors; or
- any other reason

which means it is not appropriate to use the comparable price to determine the normal value of the goods subject to review.

Please provide any evidence to support your statement.

No further information to add at this stage.

Appendix reference:



SECTION B: Next steps and declaration

Next steps

Once you have completed all parts of the questionnaire, the declaration below should be signed.

Please submit this questionnaire through the Trade Remedies Service (www.trade-remedies.service.gov.uk) by **1st October 2020**.

A confidential and non-confidential version of the questionnaire must be submitted. You can find guidance on how to complete confidential and non-confidential versions at www.gov.uk/government/publications/the-uk-trade-remedies-investigations-process/an-introduction-to-our-investigations-process#handling-confidential-information.

Declaration

By signing this declaration, you agree that all information supplied in this questionnaire is complete and correct to the best of your knowledge and belief and that you understand that the information you submit may be subject to verification by TRID.

Company name: UK Steel (part of Make UK, the Manufacturers Organisation – legally registered as EEF Limited)
Company registration number (if applicable): 05950172

27.11.2020

Date

Signature of authorised official

N/A

Organisation's Stamp

XXXXXXXXXXXXXXXXXXXXXXXXXXXX
Richard Warren, Head of Policy and
External Affairs
XXXXXXXXXXXX

Name and title of authorised official