

Anti-Dumping Questionnaire for Interested parties and Contributors Case TD0007: Wire Rod exported from the People's Republic of China

Period of Investigation (POI):	1 April 2019 to 31 March 2020
Injury period:	1 April 2016 to 31 March 2020
Deadline for response:	13 January 2021
Contact details:	James Iddiols or Chris Reid TD0007@traderemedies.gov.uk
Completed on behalf of:	CHINA CHAMBER OF INTERNATIONAL COMMERCE

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

- Confidential
 Non-confidential – will be made publicly available

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 **13 January 2021**.

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Introduction

About us, this case and this questionnaire

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 wire rod from 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/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

How do I respond?

Detailed guidance on how to complete the questionnaire is provided in the [instructions](#) section.

Please provide all the information requested by **13 January 2021**. 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.

Where can I find more information?

Our [trade remedies guidance](#) provides more information about our investigations and processes we follow.

If you have any specific questions relating to the case, now or while you're completing the questionnaire, please contact the Case Team at TD0007@traderemedies.gov.uk. For general information about trade remedies processes, please see our [online guidance](#).

TRID investigates cases under the provisions of *Trade Remedies (Dumping and*

Subsidisation) (EU Exit) Regulations 2019 as Amended by the Trade Remedies (Amendment) (EU Exit) Regulations 2019 and under the Taxation (Cross-border Trade) Act 2018.

Instructions on completing this questionnaire

Preparing your response

This section sets out guidance on how to complete this questionnaire

If you think you won't be able to complete the questionnaire within the required time, please contact the Case Team ahead of the deadline using the contact details on the cover of this questionnaire. You should outline the length of extension you need and the reasons why. We will notify you of our decision.

If we can accommodate an extension, we will publish a note on our [public file](#) to record both the request and the extension granted.

Preparing confidential and non-confidential copies

You will need to submit one confidential version and one non-confidential version of your questionnaire and the corresponding spreadsheet annexes by the due date. We will publish the non-confidential version on the public file. **Please ensure that each page of information you provide is clearly marked either “Confidential” or “Non-Confidential” in the header.**

Please see our guidance on [how to submit information](#) for further details on what can be considered confidential and how to prepare a non-confidential version of this questionnaire.

In preparing your response, please note the following:

- It is your responsibility to ensure that the non-confidential version does not contain any confidential information.
- Remember to include a statement explaining why information obtained in your response should be treated as confidential e.g. the data is commercially sensitive.
- Provide the source for all information or data you don't own and clearly state any restrictions on sharing it.
- If you do *not* provide a non-confidential summary (or a statement of reasons why you cannot provide this) each time you provide confidential information, TRID may disregard the information you give us.

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.

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 also note the following points:

- Do not leave any questions blank. If the question is not relevant to your organisation, please explain why.
- If the answer to a question is “zero”, “no” or “none”, please write this rather than leaving the answer blank.
- Please complete the spreadsheet annexes as requested. Annexes are named to correspond to the relevant sections of this questionnaire and must be completed with reference to the instructions provided. If you feel you cannot present the information as requested, please contact your Case Team as soon as possible.
- Please provide all formulas and calculations used within your questionnaire response.
- If there is insufficient space in any part of the questionnaire to provide the details requested, or we ask for copies of additional information, please submit this information as appendices. Please ensure that 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).
- Unless otherwise stated, ‘year’ or ‘calendar year’ refers to the period 1 January – 31 December and ‘quarter’ refers to the associated three-month periods e.g. 1 January – 31 March, 1 April – 30 June, etc.
- Identify all units of measurement and currencies used in tables, calculations and lists, if not provided by the corresponding instructions, and use units of measurement consistently (e.g. do not use kg and metric tonnes interchangeably).
- For all numerical figures, where appropriate please express every third number with a comma (e.g. ‘1,300’ for one-thousand three hundred, ‘1,300,000’ for one million and three-hundred thousand). Please ensure that all numbers which represent costs are reported as positive figures (e.g. for costs of £1,300.00 please enter £1,300.00 and not - £1,300.00).
- Please limit all sales/currency/income figures to two decimal places, apply a full point as a decimal separator and use the appropriate currency symbol or abbreviation (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, please indicate this in the relevant answer, and explain the variance from actual costs, if any.
- All figures should be reported net of tax unless otherwise stated.
- Please refer to the case number, TD0007, in any correspondence with TRID.
- For any exchange rate you may list in the annex(es), please submit an appendix proving the date and source for this rate.

What happens next

Once you have completed your questionnaire responses including the corresponding annex(es) and any additional documents requested, you must upload confidential and non-confidential versions through our [Trade Remedies Service](#). Following this:

- you will receive an email confirming the documents have been uploaded successfully;
- the Case Team will contact you if further information is required;
- the non-confidential responses will be placed on the public file; and
- the Case Team may contact you to arrange a visit to verify the information contained in your responses.

The scope of this review

Goods subject to review

This review covers wire rod exported from People's Republic of China, described as:

Bars and rods, hot-rolled, in irregularly wound coils, of iron, non-alloy steel or alloy steel other than of stainless steel.

These goods subject to review are currently classifiable within the following commodity code(s):

7213 10 00
7213 20 00
7213 91 10
7213 91 20
7213 91 41
7213 91 49
7213 91 70
7213 91 90
7213 99 10
7213 99 90
7227 10 00
7227 20 00
7227 90 10
7227 90 50
7227 90 95

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.

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):	<i>[Confidential Treatment Requested - Contact information]</i>
Address:	No.2, Huapichang Hutong, Xicheng District, Beijing 100035, China
Telephone No:	<i>[Confidential Treatment Requested - Contact information]</i>
Email:	<i>[Confidential Treatment Requested - Contact information]</i>
Website:	http://www.ccoic.cn/

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

Company registration number:	<i>[Confidential Treatment Requested - Business Proprietary information]</i>
Place of registration:	No.2, Huapichang Hutong, Xicheng District, Beijing 100035, China
Legal name of organisation:	China Chamber of International Commerce
Legal structure (e.g. limited company, sole trader, partnership etc):	Professional association
Position in the organisation:	Legal Representative
Year of establishment:	1988
Other operating names:	None

2. Please explain your interest in this review.

<p>China Chamber of International Commerce (hereinafter referred to as the CCOIC" submits that as a national commerce organization, many members in CCOIC were involved in the current transition review. Hence, CCOIC would like to serve as a consultant on behalf of the Chinese producers and exporters, to promote economic and trade exchanges and cooperation between China and foreign countries and facilitate enterprises to participate in international competition and cooperation.</p>
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 that you consider relevant.

CCOIC provides the following information to assist with the TRID's investigation:

1. About the goods subject to review (hereinafter referred to as the PUR)
Wire rod is a hot-rolled iron or steel semi-finished product manufactured by hot rolling billets on continuous rolling mills. It has a circular or approximately circular cross-section with a typical diameter of 5- 19 mm and is sold in wound coils, primarily for subsequent drawing and finishing.

The manufacturing process of wire consists of several stages: (1) steel/iron making; (2) casting the steel/iron into billets; (3) hot rolling the billets into long and thin wires; (4) the wires are wound on a special winder; and (5) cooling through the air or special fans.

2. About the wire rod export volume

[Confidential Treatment Requested - Number].

According to UK Customs Statistics, from 2010 to 2020 (up to October), the Chinese producers hardly exported the PUR to the UK under the protection of the EU measure. Therefore, since China exports almost no PUR to the UK, CCOIC would like to see the analysis and basis regarding the accusations against the alleged dumping of Chinese imports and the injury caused to the UK industry thereout.

Appendix reference: Appendix 1
[Confidential Treatment Requested - Data]

2. Provide any information which you think could help us assess the likelihood of dumping occurring if the existing anti-dumping measure for the goods subject to review no longer applied.

CCOIC submits that there is no likelihood of dumping occurring if the existing anti-dumping measure for the PUR no longer applied.

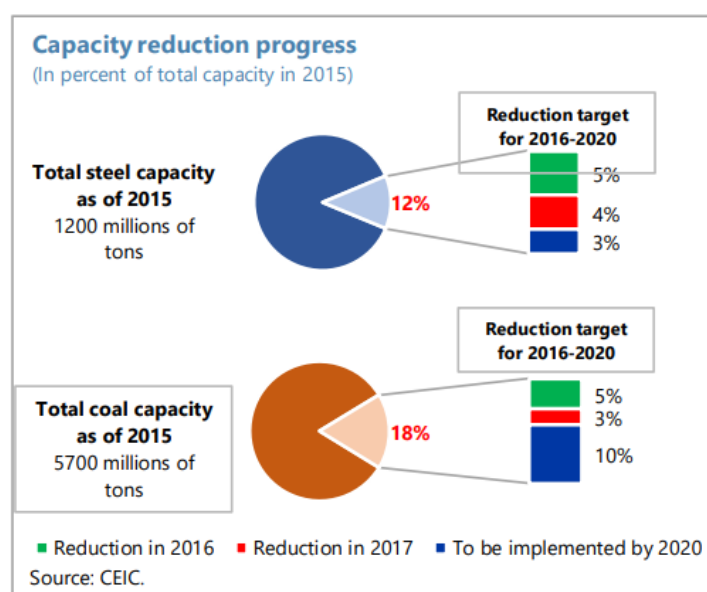
1. Export market is not a priority for Chinese producers

Firstly, CCOIC submits that during 2016-2019, when China's wire rod industry production remains stable with a slight increase, the products have been largely consumed on the domestic market.

[Confidential Treatment Requested - Number].

As can be seen from the chart that domestic production is mostly captured by rising consumption, which consumed more than 90% of the wire rod products. In 2017, for instance, wire rod production was about *[Confidential Treatment Requested - Number]* tonnes with domestic consumption accounted for more than 95%, reaching *[Confidential Treatment Requested - Number]* tonnes, and exports accounted for *[Confidential Treatment Requested - Number]* tonnes. The difference has been further widened since then, with the share of domestic sales having risen to 96% and 97% in 2018 and 2019 respectively, despite the fact that the production has been increasing continuously.

Secondly, CCOIC submits that the Chinese government has been taking strong measures with reduction goals to deepen the supply-side structural reform of the steel industry.



Source: IMF ¹

In accordance with the “Highlights of the Work to Eliminate Excess Capacity of Steel in 2020” published by the government of China, China's regional governments, management departments, central enterprises shall ensure the completion of the production capacity reduction goal, prevent the overcapacity has been eliminated from resuming to production, and strictly control the expansion of new production capacity.²

¹ Chen, L., Ding, D., & Mano, R. (2018). China's Capacity Reduction Reform and Its Impact on Producer Prices. IMF Working Papers, 18(216), 1, page 5. <https://doi.org/10.5089/9781484375914.001>.

² The Government of the People's Republic of China. (2020, June 12). 关于做好2020年重点领域化解过剩产能工作的通知_其他_中国政府网. http://www.gov.cn/zhengce/zhengceku/2020-06/19/content_5520429.htm.

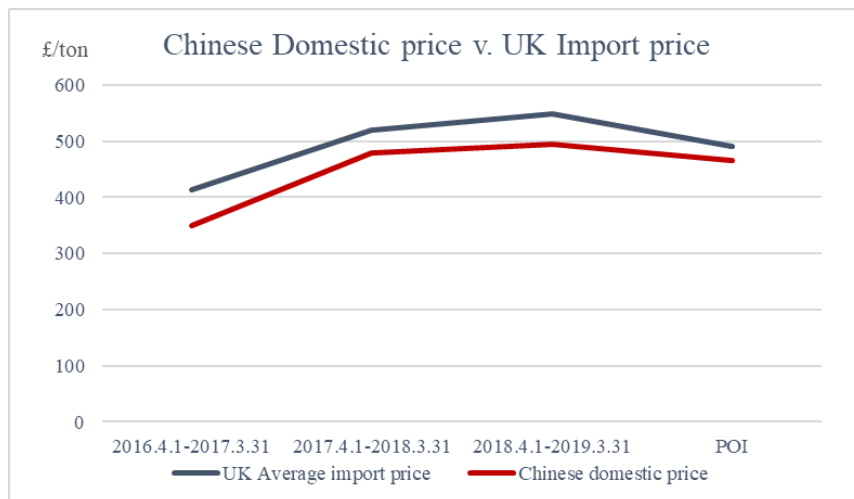
Thirdly, as the outlook of the steel industry is highly correlated with the development of construction, infrastructure, machinery, and automobile sectors, the market size of the steel industry in China has increased rapidly during the past five years due to the sustained macroeconomic strength and the significant growth in the scale of construction and infrastructure in China.

As confirmed by the Short Range Outlook published by the World Steel Association on June 2020, it expects Chinese steel demand to increase by 1.0% in 2020, and the benefit from infrastructure projects initiated in 2020 will carry over and support steel demand in 2021.¹

Based on the foregoing, CCOIC believes that the production capacity of Chinese steel products will gradually decline under the government's capacity removal measures. Even if there is spare capacity, it is undoubtful that the Chinese companies will prioritize domestic sales in the face of growing domestic demand.

2. The domestic price of wire rod in China is in line with the average UK import price

CCOIC would like to submit that during the injury period, the domestic price of wire rod in China is in line with the average UK import price. As demonstrated in the graph below that the trends regarding the prices of domestic wire rod products in China and the average import prices of the PUR in the UK are almost identical without significant differences during the injury period.² It is noted that the UK price decreased more sharply when the two prices were almost the same during the POI.



Source: UK Customs Statistics and CISA

Taking all these factors into consideration, CCOIC submits that, on the one hand, if the measure is lifted, it is foreseeable that there will not be a large number of PUR exports to the UK market. On the other, since the prices of the wire rod products in

¹ The World steel Association. (2020, June 4). world steel | Short Range Outlook June 2020. <https://www.worldsteel.org/media-centre/press-releases/2020/worldsteel-short-range-outlook-june-2020.html>.

² China Iron and Steel Association. (n.d.). 中国钢铁工业协会. Retrieved January 9, 2021, from <http://www.chinaisa.org.cn/gxportal/xfgl/portal/list.html?columnId=17b6a9a214c94ccc28e56d4d1a2dbb5acef3e73da431ddc0a849a4dcfc487d04>.

the domestic market of China were to be basically the same as the average prices in the UK, there would be no likelihood of dumping occurring.

Appendix reference: Appendixes 2 and 3
[Confidential Treatment Requested - Data]

2. 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? 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.

Pursuant to the “Guidance on how we assess injury”, CCOIC notes that the TRID may consider the following factors when assessing injury:

- the volume of the dumped goods during the injury period;
- whether the prices of the dumped goods are significantly undercutting prices of like goods produced in the UK;
- the performance of the UK industry;
- other relevant injury factors.

On this basis, CCOIC respectfully submits the following:

1. The volume of the dumped goods during the injury period;

CCOIC submits that the volume of imports from China during the injury period is negligible.

[Confidential Treatment Requested - Number].

Pursuant to the UK Customs statistics, during the injury period, Chinese imports of the PUR accounted for much less than 1% of the total imports of the UK, which were lower than the 3% threshold stipulated by the Trade Remedies (Dumping and Subsidisation) (EU Exit) Regulations 2019 (the Regulations). In this case, according to the Regulations, the investigation shall be terminated immediately.

Moreover, if the TRID decides that it will not terminate the investigation, CCOIC submits that as mentioned in the response to question 1, Chinese producers have barely exported the PUR to the UK even starting from 2010. Hence, CCOIC does not believe that such a small quantity of imports is a relevant influencing factor to the alleged injury (if any) suffered by the UK industry.

2. Price undercutting

Regarding the effect of price undercutting, it is submitted that the analysis of price undercutting would be unnecessary and unrepresentative in the case of such a small volume of imports from China. However, as an alternative, CCOIC suggests the TRID refer to the comparison of Chinese domestic prices and UK import prices in the re-

sponse to question 2, which clearly illustrates that there will scarcely be no price undercutting effects if the Chinese PUR could export the PUR with a representative quantity to the UK.

3. The performance of the UK industry

For the comments regarding the performance of the UK industry, please refer to the response to question 4.

4. The UK wire rod market is not attractive to Chinese exporting producers

CCOIC submits that the European wire rod market, not to mention the UK, is not so attractive to Chinese exporting producers since the UK market does not have an advantage in terms of price and demand compared to the Asian markets, for instance, Korea, Thailand, Philippines, etc.



Source: UN Comtrade and UK Customs Statistics

As demonstrated in the graph above, Korea, Thailand, Philippines, Japan, Malaysia, Singapore, and Indonesia were the 7 largest importers of the PUR from China during the injury period, accounting for a total of 44% of imports from all countries, while EU-28 accounted for 0.03% and the UK accounted for 0.0004%. Moreover, the import prices of these seven countries are 34%-63% higher than those of the UK [Confidential Treatment Requested - Number]¹. Besides, the UK import price is 38% lower than the average price of the 7 countries [Confidential Treatment Requested - Number] and 56% lower than the average import price of all countries [Confidential Treatment Requested - Number].

The regional price differences can be further substantiated by the report published by the US International Trade Administration, which clearly illustrates that the UK market

¹ Please note that the actual UK import price (either from UK customs or UN Comtrade) during the injury period is unrepresentative since the price is abnormally high. As an alternative and for the purpose of conducting a reasonable comparison, we use here the data of UK imports of the subjected goods from all sources during the injury period according to the UK Customs statistics, and calculate the average import prices thereof.

is not a prime focus of Chinese producers from the perspective of the overall steel industry market.¹



Hence, CCOIC submits that in the case where the anti-dumping measures are repealed, Chinese imports are unlikely to cause injury to the UK domestic industry of the like product.

Appendix reference: Appendixes 3 and 4
[Confidential Treatment Requested - Data]

3. Please provide any information about the possible economic effects on the UK if the existing anti-dumping measure on the goods subject to review were no longer applied.

Since the TRID has not disclosed any information regarding the performance of the UK domestic industry of the like product, CCOIC requests the disclosure of such information and this shall not preclude CCOIC's right to submit comments on this matter as soon as more information is available.

Since the iron and steel industry is the upstream industry of PUR, CCOIC would like to submit that the underlying facts show that there is a very healthy UK steel industry continuing to be in a favorable position over the injury period.

Firstly, according to the Manufacturing Outlook Report for Q4 2020 published by Make UK², the economic position of the UK steel industry has remained stable during the period when the original measures were in effect. Although there has been a significant decline recently due to the impact of the global epidemic, business performance and economic conditions have substantially improved in the previous quarters. Moreover, on December 24, 2020, the UK and the EU have reached a trade agreement that will ensure tariff-free trading for most products between the two parties after the end of the Brexit transition period on December 31, 2020. The deal

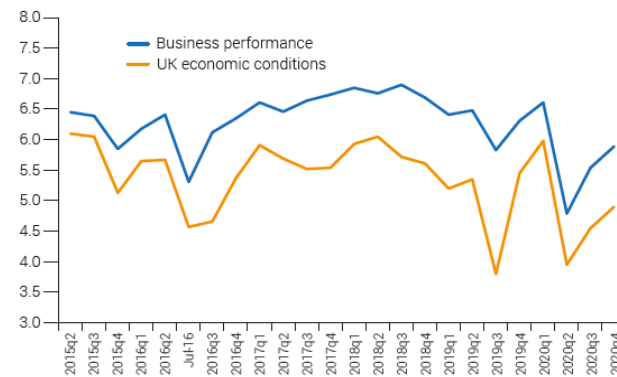
¹ For the Steel Export Report of China, please refer to <https://legacy.trade.gov/steel/archives/index.asp>.

² Manufacturing Outlook Report for 2020 Q4, Make UK, available at <https://www.makeuk.org/insights/reports/manufacturing-outlook-2020-q4>.

eases steel producers' concerns about logistical paralysis and material shortages, which is a good news for the market participants.

Confidence continues to pick up following Q2 crash

Confidence in the next 12 months 1 = substantially worse, 10 = substantially better



Source: Make UK Manufacturing Outlook Survey

The positive trend is also substantiated by the OECD Steel Market Development Report for Q4 2020. The report reads that “European Union steel production experienced a sharp decline of 17.9% y-o-y over the first half of 2020. Amongst the larger steel producers, the contraction was more profound in France (-26.6%), Spain (-26.4%), and Italy (-19.7%), followed by Poland (-16.1%), Germany (-15.7%) and the United Kingdom (-8.7%).” ¹It is clear that UK steel production is in the best position among its European peers.

Secondly, it is reported that several UK steel producers have installed or are planning to install new wire rod production lines. For instance, the UK long steel producer British Steel has upgraded its wire rod line in England in 2019, which equals to a £50 million investment scheme. As said by the Deputy CEO Paul Martin of British Steel that “*our wire rod business has a growing order book and this investment will let us build on this by guaranteeing the tighter tolerances and improved surface qualities customers demand, particularly in the automotive sector (emphasis added).*” ² Moreover, LIBERTY has announced that it will also install a new Rod Block to produce wire rod and de-bar in coil.³ This further illustrates that domestic industry producers are optimistic about the prospects of the UK wire rod industry.

Furthermore, CCOIC submits that the demand for wire rod from downstream industries will pick up and further increase in the future compared to the injury period, which will put the UK domestic industry in an even better position. For instance, according to an article released by Eurometal in December 2020, steel supply is

¹ OECD STEEL MARKET DEVELOPMENTS q4 2020. <http://www.oecd.org/industry/ind/steel-market-developments-Q4-2020.pdf>.

² British Steel. (2018, July 18). announces £50 million investment to upgrade wire rod business. <https://britishsteel.co.uk/news/british-steel-announces-50-million-investment-to-upgrade-wire-rod-business/>.

³ Sehra, D. (2020b, December 15). LIBERTY Steel to make further investments at its South Yorkshire GREENSTEEL plant doubling production. LIBERTY Steel Group. <https://libertysteelgroup.com/news/greensteel-plant-doubling-production/>.

expected to remain tight in the European steel market in the first half of 2021 as automotive demand will boost demand.¹ CCOIC notes that the UK steel industry has the capacity to produce far more wire rod than the UK itself require while significant volume was exported to the EU.² It is therefore not unpredictable to see several UK producers' strategy arrangements to install new production lines.

On this basis and to the best of the CCOIC's knowledge, the Chinese producers are not motivated to export to the UK when the market is already saturated. In addition, as emphasized in question 2 that the UK market is not attractive in terms of both prices and demand. CCOIC submits that there would be no possible economic effects on the UK if the existing anti-dumping measure on the PUR were no longer applied.

Appendix reference:

4. Do you have knowledge of any market distortions in the domestic market of the People's Republic of China affecting the production of the goods subject to review during the POI? Please describe the nature of the market distortions in detail, including any impacts on the level of production of the goods.

Please provide evidence to support your response.

CCOIC is not aware of any market distortions in the domestic market of the People's Republic of China which may affect the production of the PUR during the POI. CCOIC explicitly rejects any assertion (if any) regarding the market distortions in the domestic market of China in the absence of any legal and factual evidence. CCOIC submits as follows:

The Chinese iron and steel industry is highly competitive, and the price of the goods is based on supply, demand, and the prevailing market conditions. As provided in the response to question 5, the iron ore industry in China is import-oriented, which means that one of the most significant factors which can significantly affect the cost and selling price of steel products (including the PUR) is the import price of iron ore from abroad, particularly from Australian and Brazil.

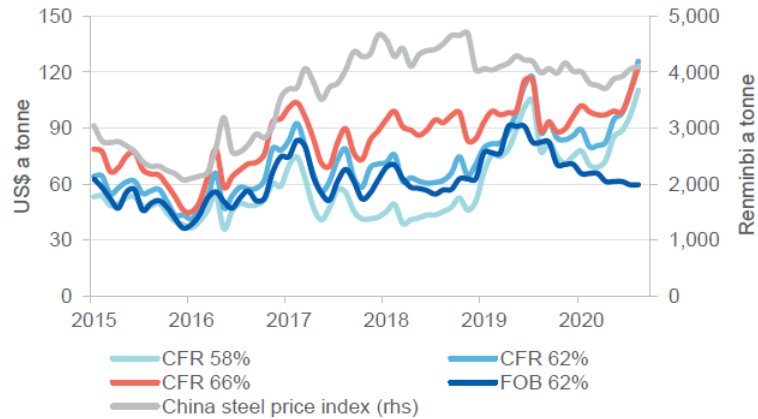
Moreover, as also noted by the authority from Australia, the steel price in China is closely aligned with its benchmark price regarding the main material, iron ore. ³

¹ Steel supply tightness in EU to linger, auto to boost 2021 demand: Jefferies. EUROMETAL. <https://eurometal.net/steel-supply-tightness-in-eu-to-linger-auto-to-boost-2021-demand-jefferies/>.

² Make UK. (2020, May). UK Steel Policy Paper - Free Trade Agreement Priorities of the UK Steel Sector. <https://www.makeuk.org/insights/publications/uk-steel-fta-priorities>.

³ Resources and Energy Quarterly. (2020, September). Office of the Chief Economist, Australian Government. <https://publications.industry.gov.au/publications/resourcesandenergyquarterlyseptember2020/index.html>.

Figure 4.3: Iron ore price by grade and China steel price index



Notes: The OCE forecasts the FOB (free on board) Australia iron ore price, not the benchmark CFR (cost and freight) North China iron ore price.
 Source: Bloomberg (2019) Metal Bulletin; Department of Industry, Science, Energy and Resources (2020)

The report further states that Chinese steel price is dependent on the global demand, supply condition, and domestic consumption.¹ For instance, it reads that “*the fundamental driver of price growth remains the nexus between volatile and disrupted supply from Brazil, against robust and consistent demand from China. Seaborne supply remains tight as a result, forcing prices to adjust even as broader global economic conditions remain uncertain.*”² In this case, it is not surprising to note that the fluctuation of steel prices in China and that of iron ore prices are very similar in recent years.

Figure 4.4: Iron ore price vs China steel production growth



Notes: China import Iron ore fines 62% Fe spot (CFR Tianjin port)
 Source: Bloomberg (2020) China import prices; World Steel Association (2020)

Based on the foregoing, CCOIC submits that there is no market distortion in the Chinese steel market and the price and cost of the steel products, including the PUR and other raw materials are influenced by the economic condition of the Chinese and international market force.

Appendix reference:

¹ *Supra* note 1.
² *Ibid*, page 33.

5. Please describe how any market distortions affected the price of goods subject to review, including any raw material or inputs, in the domestic market of the People’s Republic of China during the POI. Provide examples and evidence to support your response, including any evidence concerning the following:

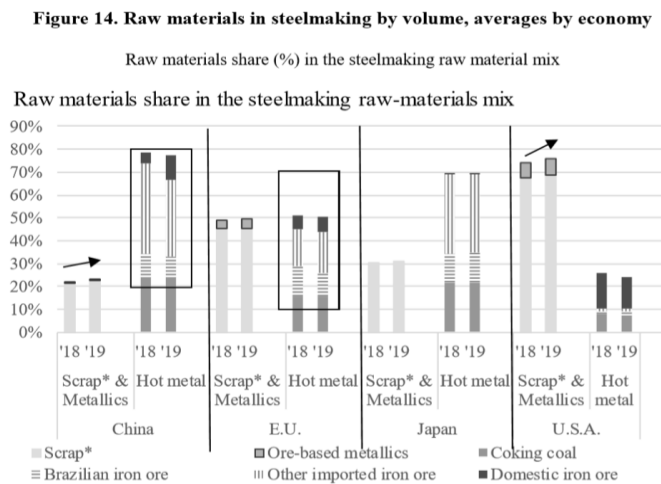
- situations/distortions in the domestic market of the People’s Republic of China where prices of the goods subject to review are artificially low; and
- situations/distortions in the domestic market of the People’s Republic of China where prices of the goods subject to review reflect non-commercial factors.

Please provide evidence to support your response.

CCOIC is not aware of any market distortions which may impact the price of the PUR and its raw materials in China. However, CCOIC would like to submit the following:

Firstly, assuming the alleged “any” market distortion existed, it could not have affected the prices of the PUR given that the Chinese wire rod market is a competitive one and the PUR are sold in the ordinary course of trade with purchase prices fully reflected the market forces.

Secondly, regarding the raw materials, CCOIC submits that Chinese steel producers mainly sourced iron ore from abroad, rather than the domestic market, as shown by the chart below contained in the OECD Steel Market Developments Report for Q4-2019.¹ Therefore, measures regarding iron ore imposed by the Chinese Government, if any, will not affect the cost of iron ore for Chinese steel producers or distort the price of steel in the Chinese market.

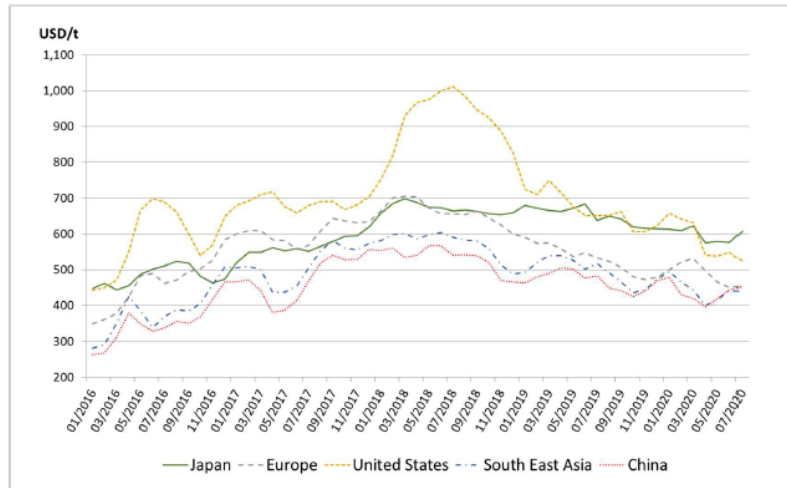


Thirdly, CCOIC submits that the Chinese wire rod and the broader iron and steel industry is deeply integrated with the global iron and steel industry. This integration

¹ OCED Steel Market Developments Report for Q4-2019. <https://www.oecd.org/sti/ind/steel-market-developments-Q4-2019.pdf>.

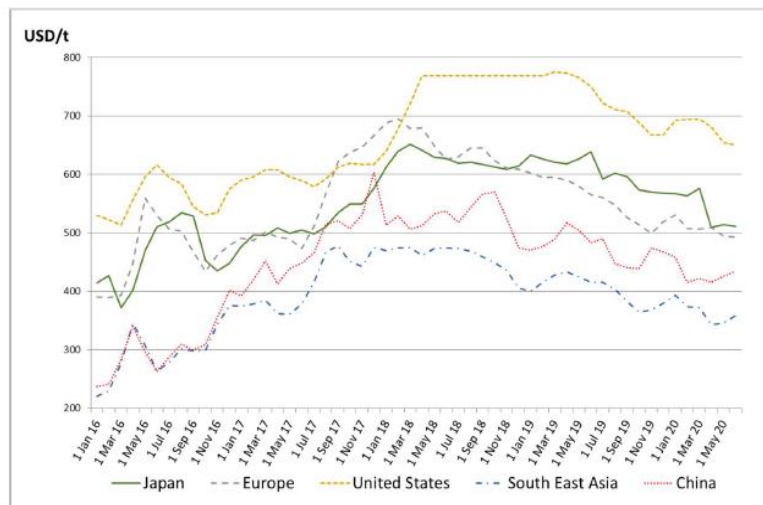
and close interaction can be seen through the correlation between Chinese steel prices and other major steel regions around the world.

Figure 12. Steel price for flat products, by region



Note: Latest price: July 2020, with the exception of Russia (June 2020)
 Source: Platts Steel Business Briefing.

Figure 13. Steel price for rebar products, by region



Note: Latest price: June 2020
 Source: Platts Steel Business Briefing.

As shown by the diagrams above, although the market price of Chinese steel products has been lower than other players for a certain period of time, the fluctuating trend of Chinese steel price is always in line with other players.¹ Moreover, the price variation of 2020 shows that the Chinese steel price is increasing step by step, while the prices in other markets such as the US and EU are gradually decreasing.

Appendix reference:

¹ OECD STEEL MARKET DEVELOPMENTS q4 2020. <http://www.oecd.org/industry/ind/steel-market-developments-Q4-2020.pdf>.

6. Please describe how any market distortions affected the level of exports of the goods subject to review, during the POI. In your response, you may refer to any international markets, which you may be aware of, that are affected by differential levels of exports of the goods subject to review by the domestic market of the People's Republic of China.

Please provide evidence to support your response.

CCOIC is not aware of any market distortions that may affect the level of exports of the PUI, during the POI. To the best of CCOIC knowledge, the level of export in the international market is influenced by a combination of various factors, including economic conditions, supply and demand, and macro policies, etc.

Meanwhile, CCOIC is not in the opinion that these macro indicators are within the reach of one or several market participants in the Chinese steel industry. CCOIC submits that Chinese steel producers even do not have the pricing rights of the iron ore, although it has been the world's largest iron ore importer and consumer for decades. The pricing right and mechanism of iron ore is largely monopolized by the world's major mines, such as Vale SA, Rio Tinto and BHP over a long period of time.

In 2010, the end of the annual benchmark pricing system was confirmed.¹ The trend of short-term pricing modes such as quarter pricing, month pricing, and indices pricing have emerged and are increasingly used to set prices for iron ore products. Currently, the IODEX index, TSI index, and MBIO index have been the most significant market pricing reference for seaborne iron ore.² However, the indexes offer heavy weight to the pricing of the mining company. For instance, the TSI index is based on the actual transaction data of the day from 74 enterprises composed of mines, traders, and steel factories are collected and calculation by using the weighted average method.³ It is not difficult to imagine the extent to which the aforementioned largest mining companies will influence the price of the indexes.

However, CCOIC has to admit that because the grade of China's iron ore resources is low, Chinese steel producers rely heavily on imported iron ore, especially from Vale SA, Rio Tinto and BHP. For instance, it is reported in 2020 that *"about 80% of China's iron ore imports come from the four largest mining companies -- Brazil's Vale S.A. and Australia-based Rio Tinto, BHP Group Ltd., and Fortescue Metals Group."*⁴

Furthermore, CCOIC submits China's steel industry, from steel production to distribution channels, has a low level of industry concentration, and therefore possesses very limited bargaining power when negotiating with larger iron ore companies. Shen Bin, the chairman of China Iron and Steel Industry Association and Shagang Group,

¹ OECD, 05.XII.2011, Iron Ore, page 1, paragraph 5, available at: <https://www.oecd.org/sti/ind/49214005.pdf>.

² Iron Ore Index – IODEX, available at: <https://www.spglobal.com/platts/en/our-methodology/price-assessments/metals/iodex-iron-ore-metals-price-assessment>.

³ Ge, Y., Cao, T., Jiang, R., Liu, P., & Xie, H. (2019). DOES CHINA'S IRON ORE FUTURES MARKET HAVE PRICE DISCOVERY FUNCTION? ANALYSIS BASED ON VECM AND STATE-SPACE PERSPECTIVE. *Journal of Business Economics and Management*, 20(6), 1083–1101. <https://doi.org/10.3846/jbem.2019.10604>.

⁴ China's opportunities and risks in Africa's giant iron ore field, available at: <https://asia.nikkei.com/Spotlight/Caixin/China-s-opportunities-and-risks-in-Africa-s-giant-iron-ore-field>.

held that the deep-seated problem of low industry concentration of the Chinese steel industry has not been solved, the system and mechanism obstacles restricting the self-discipline of the industry have not been broken, and the enterprises are numerous and scattered, therefore resulting in difficulties to cope with the market crisis in a coordinated way.¹ Moreover, the low bargaining power and lacking pricing rights of Chinese steel producers are also recognized by other international sources.²

Based on the foregoing, CCOIC respectfully submits that since the price of the most vital raw material has not been determined by Chinese steel producers, CCOIC does not believe the market distortion (if any) could affect the level of ex-ports of the PUR.

Appendix reference:

7. Please provide any additional information which you think could assist the assessment of market distortions in the domestic market of the People's Republic of China; this could include:

- situations/distortions in the domestic market of the People's Republic of China where there is significant barter trade;
- situations/distortions in the domestic market of the People's Republic of China where there are subsidies involved in the production of the goods subject to review;
- any other reason, which could evidence that the comparable price cannot be used to determine the normal value of the goods subject to review.

Please provide evidence to support your response.

CCOIC is not aware of any market distortions in the domestic market of the People's Republic of China.

CCOIC is deeply concerned with and will pay close attention to the TRID's methodology in the determination of the normal value of Chinese exports for the purposes of calculating the dumping margin.

CCOIC reserves its right to make further comments regarding the issue of the market distortions.

Appendix reference:

¹ The Sixth Second Council of the China Iron and Steel Association, available at: http://www.csteelnews.com/xwzx/djbd/202007/t20200731_36371.html.

² For instance: Porter's Five Forces of Baoshan Iron and Steel, available at: <https://www.google.com/search?q=chinese+steel+low+bargaing+power&oq=chinese+steel+low+bargaing+power&aqs=chrome..69i57.10339j0j4&sourceid=chrome&ie=UTF-8>; Wan, X.-Y. (2017). An analysis of measuring market power in the international iron ore trade. *Journal of Interdisciplinary Mathematics*, 20(3), 749–759. <https://doi.org/10.1080/09720502.2016.1259890>; Chen, W., Lei, Y., & Jiang, Y. (2016). Influencing factors analysis of China's iron import price: Based on quantile regression model. *Resources Policy*, 48, 68–76. <https://doi.org/10.1016/j.resourpol.2016.02.007>.

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

CCOIC provides the following information to assist with the TRID's investigation:

CCOIC submits that anti-dumping and anti-subsidy measures normally expire automatically after 5 years unless it is determined in an 'expiry review' that measures should remain in force. Thus, the general rule in a sunset review is that anti-dumping duty should not be continued. However, if the anti-dumping duty is continued under the present review, it would result in a possibility of continuation of anti-dumping duty for more than 15 years period.¹

In this case, as emphasized in this questionnaire response, it is obvious that there is no need for UK industry to be protected by continuing imposing anti-dumping duties on the imports from China, otherwise, the measure will likely be used as a protectionism tool which would result in market distortion that should have been prevented. Moreover, from the perspective of the competition law, an open and fair market with a reasonable level of competition for all players is more conducive to the healthy development of the UK domestic industry, on the one hand, and with more abundant and appropriately priced products available to the downstream users on the other.

The overprotection will not necessarily promote the progress of domestic industries in the UK but will instead undermine the level playing field to some extent. For instance, protection may be granted to less efficient industries. However, does it mean that less efficient industries should also be protected? The answer is a resounding no. CCOIC notes that this obvious but indispensable rule is well acknowledged by the UK Competition and Markets Authority who indicates in its report just published a few months ago that "*when a market is well-functioning, we would expect it to be possible for new more efficient firms to enter the market and displace older less efficient firms, which exit the market.*"²

As a former EU member state, CCOIC notes that the UK has always advocated a free and open trade policy. For instance, the UK had explicitly opposed the EU's changes to the application of the lesser duty rules in its trade remedy law.³ Therefore, although balancing the interests of the domestic industry with a competitive environment in the market has always been a challenge for the investigating authorities, CCOIC believes that the TRID will be able to make a reasonable and impartial determination.

Based on the foregoing, CCOIC hopes that the comments in this questionnaire response could be taken into consideration by the TRID deliberately.

Appendix reference:

¹ Anti-dumping duty was imposed on the PUR from China on 7 February 2009. The anti-dumping duty was originally imposed for a period of 5 years and was extended pursuant to the first sunset review vide Commission Implementing Regulation (EU) 2015/1846 dated 14 October 2015 which should have been expired on 16 October 2020.

² The State of UK Competition, page 31, paragraph 2.56, available at: <https://www.gov.uk/government/publications/state-of-uk-competition-report-2020>.

³ UK Parliament, available at: <https://publications.parliament.uk/pa/cm201719/cmselect/cmeuleg/301-xxi/30110.htm#footnote-021>.

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:

13 Jan, 2021

Date

Confidential Treatment - Personal Information

Signature of authorized official

Confidential Treatment - Personal Information

Name and Title of authorized official