

**TD0010 Response to the Ad-hoc Request Issued by the UK Trade Remedies Authority**

Submitted on behalf of the China Iron & Steel Association (CISA)

20 April 2022

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

- 7214200010      · 7228302010      · 7228304110      · 7228304910
- 7228306110      · 7228306910      · 7228307010      · 7228308910

We understand the manufacturing difference between these two processes are: QST (Quench and Self-Tempered (water quenching/cooling)), and MA (Micro-Alloy). Both methods are capable of producing Rebar and HFP Rebar.

Can you please provide information, where possible, on the following:

- Is there a domestic sales value difference (in the PRC) for HRB400 Rebar that is QST produced (7214200010) compared to MA produced (722830xx10)? If possible, could you advise what the average domestic sales value is for either process, or if the domestic sales value is approximately the same for both methods - and if so, what that value is (at what Incoterm).

Answer: It is CISA's understanding that the main difference between the two codes is that the one starts with 721420 is for non-alloy steel and the one starts with 722830 is for "other alloy steel". Therefore, the difference between the two codes is not based on the manufacturing process.

CISA provides a screenshot from the database [www.mysteel.com](http://www.mysteel.com), which shows the price trend of HRB400 rebar. Please refer to [Annex 1](#).

It can also be consulted from: <https://index.mysteel.com/price/indexPrice.html>

There are three lines in this screenshot. CISA hereby provide further details:

- Red Line: Price in Shanghai
- Black Line: Price in Beijing

- Blue Line: Price in Guangzhou

All three lines refer to prices of rebar HRB400E with diameter of 20. This covers the period from 12 April 2021 to 28 March 2022. Please note all prices include 13% of Chinese domestic VAT. The currency is Chinese RMB.

CISA is not in the position to differentiate further price difference between QST and MA produced products.

- Similar to the question above, can you advise if there is any difference for HRB500 Rebar – and what the value(s) is(are).

Answer: such information is not available to CISA.

- What proportion of HRB400 Rebar is produced within the PRC using the QST method (7214200010) compared to the MA method (722830xx10)?

Answer: CISA understands that most mills are able to use both production methods, i.e., QST and MA. The issue relating to the proportion of the two is not available to CISA.

- What proportion of HRB500 Rebar is produced within the PRC using the QST method (7214200010) compared to the MA method (722830xx10)?

Answer: The issue relating to the proportion of the two is not available to CISA.

- Given the description of the goods subject to review in this review, can you advise which Rebar products produced in the PRC meet the key characteristic criteria of ‘the ability to resist in excess of 4.5 million fatigue cycles using a stress ratio (min/max) of 0.2 and a stress range exceeding 150 MPa’, and what the average domestic cost of that product is.

Answer: to CISA’s best knowledge, there is not such Chinese standards related to the key characteristic criteria mentioned in the above question. Therefore, such characteristic criteria are met by Chinese mills on an individual basis. The question related to “the

average domestic cost of that products” is not a practical one because cost is also linked to individual mill.

- Do you consider the British Standard of Rebar, BS4449, to be comparably closer to HRB400 or HRB500? Please could you provide your reasoning to support this.

Answer: such information is not available to CISA.

- What barriers/difficulties are there to shifting production of HRB400 / HRB500 to producing goods that align with the current measures definition of HFP Rebar (‘to resist in excess of 4.5 million fatigue cycles using a stress ratio (min/max) of 0.2 and a stress range exceeding 150 MPa’)?

Answer: It is CISA’s understanding that the description of “*to resist in excess of 4.5 million fatigue cycles using a stress ratio (min/max) of 0.2 and a stress range exceeding 150 MPa*” is from the British standard BS4449. To CISA’s best knowledge, such products are usually produced with the QST method (water quenching/ cooling). During the production, additional water quenching facilities are required, which is not the case for MA production method. In addition, it appears that the British standard BS4449 has specific requirements on ribs and grooves.

- What production processes/changes are required to shift production of HRB400 / HRB500 to the BS4449 (Grade B and/or Grade C)?

Answer: please refer to the response to the question above. Please also refer to the definitive determination concluded by the European Commission during the original EU investigation (AD 619), in particular in recitals 43, where the European Commission found that

*“The investigation has established that the matching product types are exclusively produced by the Union producers located in the continental Europe who deliver their products by sea to harbours in the UK and in Ireland. By contrast, the investigation also showed that HFP rebars produced in the UK are of a different grade than the imports from China and could thus not be compared to the imports from China”.*

Please refer to the European Commission's Implementing Regulation (EU) 2016/1246 of 28 July 2016 imposing a definitive anti-dumping duty on imports of high fatigue performance steel concrete reinforcement bars originating in the People's Republic of China, Official Journal of the European Union, 29 July 2016.

- Within the PRC, do you expect Rebar production for the domestic market to increase or decrease over the next five years? Please provide your reasoning to support this.

Answer: CISA considers that the Chinese rebar production for the domestic market will decrease over the next five years. In order to address rebar, it must first look at the overall steel production and crude steel production. In fact, China has lowered steel production and exportation amid environmental control measures adopted since 2021, which resulted in a significant drop of steel supply. According to the latest World Steel Association report issued in February 2022, China produced 10% less crude steel during January – February 2022, compared to the same period in 2021,<sup>1</sup> while the demand for steel products from downstream industries has continuously increased following the economic recovery. Second, China will continue to reduce its crude steel output in 2022. The overall target is to achieve a year-on-year decline in crude steel output in 2022. This applies in particular to those mills with poor environment protection performance, high energy consumption and relatively backward technology and equipment.<sup>2</sup> As explained above, with the overall reduction of crude steel production, CISA expects the rebar production will also decrease.

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<sup>1</sup> See February 2022 Crude Steel Production from World Steel Association published on 22 March 2022, (<https://worldsteel.org/media-centre/press-releases/2022/february-2022-crude-steel-production/>).

<sup>2</sup> See <https://www.steelorbis.com/steel-news/latest-news/ndrc-china-to-continue-to-reduce-crude-steel-output-in-2022-1241267.htm>