Trade Remedies Authority

Recommendation to the Secretary of State

Case TD0010

Transition Review of anti-dumping measures applying to certain High Fatigue Performance Steel Concrete Reinforcement Bars originating in the People's Republic of China (PRC)

Trade Remedies Authority

Contents

Trade Remedies Authority

SECTION A: Introduction

1. This section summarises the legal framework for this Recommendation and the Trade Remedies Authority (TRA)'s findings. The background to the review and further detail on all aspects are set out in the body of this report

2. This document sets out our recommendation and the essential facts on which we have based our recommendation. It should be read in conjunction with other public documents available for this case on the Public File. Its purpose is to set out our recommendation to the Secretary of State.

3. Until June 2021 the UK's trade remedies investigation functions were carried out by the Trade Remedies Investigations Directorate (TRID) as part of the UK Department for International Trade (DIT). On 1 June 2021 the TRA was formally and legally established as an independent arm's-length body of DIT. The recommendation will refer to 'the TRA' to cover all our activities associated to this transition review, both before and after our establishment as the TRA.

4. For further guidance and information regarding transition reviews please see our public guidance.

A1. Legal framework

5. This recommendation is made pursuant to regulations 100(1) and 100(2)(a)(i) of the Trade Remedies (Dumping and Subsidisation) (EU Exit) Regulations 2019 (the 'Regulations'). In accordance with regulation 100(2)(b) of the Regulations, this recommendation includes:
   - a description of the goods to which the recommendation relates;
   - the names of overseas exporters or, where impracticable, the exporting countries or territories;
   - a summary of the review; and
   - the reasons for the recommendation.

6. In addition, in accordance with regulation 100A(2) of the Regulations, when making a recommendation to vary the measure, we must:
   - be satisfied that the application of the anti-dumping amount meets the Economic Interest Test (EIT);
   - have had regard to the current and prospective impact of the anti-dumping amount; and
   - include the following information:
     - the anti-dumping amount;
     - the goods to which the anti-dumping amount applies; and
     - the period for which the anti-dumping amount is to apply.

A2. About this review

7. This recommendation is in respect of a transition review of a United Kingdom (UK) trade remedies measure under regulation 97(2)(b) of the Regulations. This UK measure gives effect to European Union (EU) Commission Implementing Regulation (EU) 2016/1246 of 28 July 2016[1].

8. This review concerns an anti-dumping measure applying to certain High Fatigue Performance Steel Concrete Reinforcement Bars (HFP Rebar) originating in the PRC. This review was initiated on 29 April 2021 and the Notice of Initiation (NOI) was published on that date.

9. The Period of Investigation (POI) for the review was 01 April 2020 to 31 March 2021. In order to assess injury, we have determined the Injury Period (IP) as being 01 April 2017 until 31 March 2021.

10. On 13 July 2022 pursuant to regulation 62 of the Regulations, we published our Statement of Essential Facts (SEF). We received submissions in response to the SEF, details of which are set out in Section C4.

11. In light of import data that had become available since the publication of the SEF and in receipt of submissions made in response to the SEF, we updated the Economic Interest Test (EIT) assessment, which changed our conclusion.

12. On 30 September 2022, we published a note to file to update interested parties and contributors on this change in intended recommendation. This note, in addition to the information contained and referenced within the note, is available on the Public File. We received a submission in response to this note to file, details of which are set in Section C4, paragraphs 61 to 63.

[1] European Union (EU) Commission Implementing Regulation (EU) 2016/1246 of 28 July 2016 available at: https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:32016R1246&from=EN

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SECTION B: Summary and Findings

Summary

B1. Interested parties and contributors

13. This review involves the following interested parties:

- Celsa Steel (UK) Ltd. (Domestic Producer)
- Liberty Speciality Steels Ltd. (Domestic Producer)[2]
- EEF Ltd. (UK Steel) (UK Trade Body)
- Ministry of Commerce of the PRC (Foreign Government)
- China Iron & Steel Association (PRC Trade Body)
- China Chamber of International Commerce (PRC Trade Body)

14. This review involves the following contributors:

- Community (UK Trade Union)
- Two anonymous downstream contributors
- Türkiye Ministry of Trade[3]

15. The following parties provided information relevant to this case, either by provision of a questionnaire response, a submission, or a response to TRA enquires:

- Celsa Steel (UK) Ltd. (Celsa)
- Liberty Speciality Steels Ltd. (Liberty)
- UK Steel
- Ministry of Commerce of the PRC (MOFCOM)
- China Chamber of International Commerce (CCOIC)
- China Iron & Steel Association (CISA)
- Community
- Two anonymous downstream contributors
- Türkiye Ministry of Trade

16. Relevant non-confidential submissions are published and available on the Public File.

[2] Liberty Speciality Steels Ltd. are not registered to the case on the Trade Remedies Service but remain an Interested Party.
[3] Türkiye Ministry of Trade are not registered to the case on Trade Remedies Service but remain a Contributor

B2. Scope

17. Regulation 99A(2)(a)(ii) of the Regulations makes provision for the TRA to consider, within the conduct of a transition review, whether the goods or the description of the goods to which an anti-dumping amount is applicable should be varied.

18. The NOI describes the Goods Subject to Review and sets out the scope of the measure under review as:

> High fatigue performance iron or steel concrete reinforcing bars and rods made of iron, non-alloy steel or alloy steel (but excluding of stainless steel, high-speed steel and silico-manganese steel), not further worked than hot-rolled, but including those twisted after rolling. These bars and rods contain indentations, ribs, grooves or other deformations produced during the rolling process or are twisted after rolling; The key characteristic of high fatigue performance is the ability to endure repeated stress without breaking and, specifically, 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[4].

19. Eight commodity codes define the scope of the measure. The individual code definitions are fully described in Section D: Scope.

20. We have not received any application for a review of the description of the goods or the scope of the measure. However, the TRA assessed the scope to ensure that it remained appropriate for the UK-specific context. Having conducted that assessment, we decided not to vary the description of the Goods Subject to Review or the scope of this transition review.

B3. Applicability

21. The transitioned measure applies to all PRC exporters of the Goods Subject to Review, however the rate of duty is not constant across exporters. The residual rate of *ad valorem* duty is 22.5%. Six PRC exporters were previously provided with an individual rate of duty by the European Commission during its original investigation. Of those six, two producers received an individual rate of *ad valorem* duty of 18.4%, while four producers received an individual rate that aligns with the residual rate. The applicable rates are detailed under in Annex 1.

[4] Mega Pascals – Standard S.I. Unit. See: https://www.bipm.org/en/publications/si-brochure

B4. Consideration of whether the anti-dumping amount is necessary or sufficient to offset the dumping[5]

22. Regulation 99A(1)(a) of the Regulations was amended with effect from 3 May 2022, removing the requirement to consider whether the application of the anti-dumping amount is necessary or sufficient to offset the dumping of the Goods Subject to Review.

23. In accordance with regulation 99A(1)(a) of the Regulations (as amended), we have considered whether the dumping of HFP Rebar would be likely to continue or recur if the anti-dumping amount were no longer applied to those goods.

24. To determine whether the measure should be varied or revoked, we have also considered whether injury would be likely to continue or recur if the measure was no longer applied, in accordance with regulation 99A(1)(b) of the Regulations.

B5. Likelihood of dumping assessment[6]

25. In accordance with regulation 99A(1)(a) of the Regulations we assessed the likelihood that dumping would be likely to continue or recur if the measure was no longer applied (the likelihood of dumping assessment).

26. We determined that it is likely, on the balance of probabilities, that dumping of HFP Rebar would recur if the measure was no longer applied.

B6. Likelihood of injury assessment[7]

27. In accordance with regulation 99A(1)(b) of the Regulations, we considered whether injury to the UK industry in the relevant goods would be likely to continue or recur if the anti-dumping amount no longer applied (the likelihood of injury assessment).

28. We determined that it is likely, on the balance of probabilities, that injury would recur if the anti-dumping amount on HFP Rebar were no longer applied.

[5] See also Section F: Likelihood of dumping assessment
[6] See also Section F: Likelihood of dumping assessment
[7] See also Section G: Likelihood of injury assessment

B7. Economic Interest Test (EIT)[8]

29. In accordance with regulation 100A(2)(a) of the Regulations and paragraph 25 of Schedule 4 to the Taxation (Cross-border Trade) Act 2018 (the Act), we considered whether we are satisfied that the application of the anti-dumping amount meets the economic interest test. We considered all evidence gathered, including that presented by interested parties and contributors, and all factors listed in the legislation.

30. At the SEF stage we concluded that the EIT was not met because we considered the protection offered by the maintenance of the anti-dumping measure to be relatively low due to the overlapping impacts of the steel safeguard measure, the revocation of an export rebate on certain types of Rebar by the PRC, and the high volume of sales by the UK producer to associated parties. We were also concerned that there could be supply chain issues which could negatively impact the construction sector.

31. Following the SEF, we received submissions of additional evidence from various parties. We also reviewed new import data and economic forecasts. On the basis of this new evidence, we no longer consider supply chain issues to be likely.

32. We therefore conclude that the EIT is met, and find that maintaining the measure is in the economic interests of the UK.

B8. Recommendation to the Secretary of State

33. In accordance with regulation 100(1) of the Regulations, the TRA must make a recommendation following a transition review to vary or revoke the application of the anti-dumping amount to the relevant goods.

34. Our recommendation is to vary the application of the anti-dumping amount under regulation 100A of the Regulations, so that it applies to the Goods Subject to Review imported to the UK until 30 July 2026 (five years from the date when the measure would have expired had no transition review been initiated, 30 July 2021[9]). As it has not been possible to recalculate the anti-dumping amount, we recommend maintaining the anti-dumping amount under regulation 100A(4)(b) of the Regulations.

[8] See also Section H: Economic Interest Test
[9] The appropriate date under regulation 94(1)(b)(ii) and as detailed in Taxation notice 2020/09: anti-dumping duty on high fatigue performance steel concrete reinforcement bar (rebar) originating in the People's Republic of China - GOV.UK (www.gov.uk)

35. We recommend the duties specified in Annex 1 be maintained and applied to the goods described or imported under the UK tariff codes listed.

36. We make this recommendation on the grounds that:

- It is likely, on the balance of probabilities, that dumping of HFP Rebar would recur if the anti-dumping amount were no longer applied, and
- It is likely, on the balance of probabilities, that injury to UK industry would recur if the anti-dumping amount were no longer applied.
- The application of the anti-dumping amount meets the EIT.

37. In reaching this final recommendation, and in accordance with regulation 100A(2)(b) of the Regulations, we considered the current and prospective impact of the anti-dumping amount.

SECTION C: Background

C1. Initiation of the transition review

38. The UK chose to maintain certain trade remedy measures once it was outside the EU's common external tariff. The Department for International Trade (DIT) identified which measures were of interest to the UK following a call for evidence.

39. For each of these measures, the Secretary of State for International Trade (the Secretary of State) published a Notice of Determination, under regulation 96(1) of the Regulations, setting out the decision to transition the corresponding EU trade remedies measure, and a Taxation Notice, on replacement of EU trade duty. We conduct transition reviews to determine if these measures should be varied or revoked in the UK.

40. On 31 December 2020 the Secretary of State published a Notice of Determination regarding the anti-dumping duty on HFP Rebar originating in the PRC, noting the decision to transition the EU anti-dumping measure so it continued to apply in the UK once the UK ceased to apply the EU's Common External Tariff. Taxation Notice 2020/09 gave effect to the transition of the EU anti-dumping duty on HFP Rebar originating in the PRC to become an additional amount of UK import duty.

41. On 29 April 2021, the Secretary of State published a Notice of Initiation to initiate a transition review of the relevant UK trade remedies measure relating to HFP Rebar originating in the PRC. This NOI had the effect of initiating the transition review.

C2. Previous measures in place

42. The European Commission (the Commission) imposed anti-dumping duties on imports of HFP Rebar originating in the PRC by Commission Implementing Regulation (EU) 2016/1246 of 28 July 2016. Annex 2 lists the duty rates that were applied. This was the measure transitioned under Taxation Notice 2020/09 to become the UK trade remedies measure that is subject to this transition review. The Commission allowed the EU measure to expire on 29 July 2021 without review.

Our transition review process[10]

C3. The transitioned measure

43. The EU measure transitioned into UK law and set out in the Taxation Notice took effect as a UK measure on replacement of EU trade duties. Under regulation 97C of the Regulations, this measure will continue until the Secretary of State publishes a notice accepting or rejecting a recommendation following a transition review to vary or revoke the application of the anti-dumping amount.

44. The transitioned measure applies to certain HFP Rebar from the PRC. The rate of anti-dumping duty which applies to the Goods Subject to Review exported by the relevant companies is detailed in Annex 1.

C4. Information from participants in the review

UK producers

45. A pre-sampling questionnaire response was received from the main producer of HFP Rebar in the UK:

- Celsa

46. Celsa were invited to submit and subsequently submitted a full questionnaire.

47. Following publication of the SEF, Celsa submitted a response. A non-confidential summary of the information received can be found on the Public File.

48. Liberty have advised that they have recently sporadically produced limited quantities of the Goods Subject to Review. Information received from Liberty has not been verified.

49. As part of the submission that the TRA received from UK Steel at the outset of this case, we were provided with a letter from Liberty Steel UK (Liberty) dated 28 May 2021. This advised that Liberty were an interested party in this case, and that they had begun producing HFP Rebar in October of 2020 at their Rotherham facility.

50. Liberty are not registered to this case, but are an interested party as defined by regulation 2 of the Regulations. Following publication of the SEF, Liberty

[10] Reg 100(2)(b)(iii)

submitted a response. A non-confidential summary of the information received can be found on the Public File.

51. Analysis in this review, to the extent that it refers to UK production, has been conducted with reference to the verified data of the one verified UK Producer – Celsa.

PRC exporters

52. No exporters engaged with this review.

Importers

53. No importers engaged with this review.

Foreign governments

54. The Ministry of Commerce of the Peoples' Republic of China (MOFCOM) registered to participate in this transition review and submitted a questionnaire. The non-confidential version of this document can be accessed on our Public File.

Other participants

55. Other interested parties and contributors registered their interest in the review and completed contributor registration forms:

- China Chamber of International Commerce (CCOIC)
- China Iron & Steel Association (CISA)
- UK Steel
- Community

56. We have also received evidence from two downstream businesses on condition of anonymity. Confidential information has been removed and evidence has been published on the Public File.

57. Following publication of the SEF, the following interested parties registered to the case submitted a response:

- UK Steel
- China Iron & Steel Association (CISA)

58. The information received is available on the Public File.

59. We have also received a submission in response to the SEF from the following participant, who is not registered to the case:

- Türkiye Ministry of Trade

60. Türkiye Ministry of Trade are not registered to this case, but are a contributor as defined by regulation 2 of the Regulations. A non-confidential summary of the information received can be found on the Public File.

61. We published a note to update interested parties and contributors on how evidence (published or referred to on the Public File) following the SEF had changed our assessment of the Economic Interest Test and intended recommendation. We received one submission in response to this note from the following interested party:

- CISA

62. A non-confidential version of this response can be found on the Public File. We have considered this evidence and addressed it within the injury likelihood and EIT sections where relevant.

63. As part of their submission CISA suggested that we consider the possibility of suspension of the measures recommended by the TRA in this review, given uncertainties related to the impact of energy costs on supply and demand. UK Steel submitted instead that suspension could be considered if there was evidence of future shortages. Based on the information available (including our findings in Section G: Likelihood of Injury Assessment below), we do not consider it appropriate to consider suspension of the proposed measures at present.

C5. How we have used submitted data

64. Throughout this transition review, we have used submitted data as part of our evidence base upon which we have made our assessments and formed our conclusions. We have compared submitted evidence against the totality of relevant evidence available to us – whether this is evidence submitted by other interested parties; evidence taken from TRA data subscriptions or publicly available data from governmental, industry and other sources.

65. We have also used submitted data to corroborate or gain a level of assurance as to that data itself, or other evidence either submitted to us or gathered by us.

66. Where possible we have used submitted non-confidential data to evidence our assessments and conclusions. However, in this review we encountered a high level of commercially sensitive data. It has not always been possible for those

submitting that commercially sensitive data to provide a non-confidential summary of that data.

67. In these circumstances we have received a statement of reasons from the relevant party[11]. We have accepted those reasons. Where this affects our ability to publish the evidence behind our assessment in this Recommendation, we have referenced this explanatory section.

C6. Verification of data

68. On site verification could not be conducted during this review due to restrictions caused by the COVID-19 pandemic. All verification activity took place remotely via email and video conferencing.

69. Submissions by the verified UK producer, Celsa were checked for consistency and completeness. During these checks, no deficiencies were identified.

70. Certain Celsa company information relevant to this case was already in the possession of the TRA in advance of verification. This had been obtained during the case TD0007 – Wire Rod from PRC. In the interest of streamlining our processes and reducing the burden on our interested parties where practicable, we agreed with Celsa that we would duplicate and utilise that relevant information to the verification process of this case. We received confirmation from Celsa that this information remained current, was accurate, and was identical to the information they would otherwise have submitted to this case. With Celsa's agreement, we thereafter treated this information as if it had been submitted and verified in this case. More detail regarding this transposed information can be found in the verification report on the Public File.

71. Verification meetings were held with Celsa between 13 October and 01 December 2021. During the meetings, Celsa provided information and data relating to their accounting systems, sales and costs data, processes, and transactions. Further information and source documentation relating to injury factors were also provided. Additional information was requested regarding sales data, management accounts, individual sales transactions, and injury factors. The requested information was provided by Celsa; any data not provided and/or considered to be verifiable is listed in the verification report which can be found on the Public File.

[11] In this case the Statement of Reasons has been transposed from a previous TRA case involving Celsa. For a full explanation of this process and the reasons for its implementation, please refer to our Note to the Public File Trade remedies (trade-remedies.service.gov.uk) of 16 June 2022 and paragraph 70.

72. Following verification activity undertaken, we have a reasonable level of assurance that Celsa's data is verifiable and can be treated as complete, relevant, and accurate for the purpose of this review.

73. We also had regard to information supplied by the other interested parties and contributors (where such information was verifiable). Secondary source information was used in accordance with the Regulations. This secondary information was treated with special circumspection and, where practicable, verified using independent sources. This included, but was not limited to, official import statistics and data pertaining to relevant markets. Where data has not been considered to be verifiable, we have highlighted the areas and drawn conclusions where possible.

SECTION D: The Goods and Like Goods

The goods

D1. Description of the goods

74. 'Goods Subject to Review' are defined in Regulation 2 of the Regulations as "the goods described in the notice of initiation of a review under paragraph 1 of Schedule 3."

75. The Goods Subject to Review in this transition review are defined in the NOI as:

> *High fatigue performance iron or steel concrete reinforcing bars and rods made of iron, non-alloy steel or alloy steel (but excluding of stainless steel, high-speed steel and silico-manganese steel), not further worked than hot-rolled, but including those twisted after rolling. These bars and rods contain indentations, ribs, grooves or other deformations produced during the rolling process or are twisted after rolling; The key characteristic of high fatigue performance is the ability to endure repeated stress without breaking and, specifically, 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.*

D2. Scope

76. Eight Commodity Codes are covered by the measure. These are:

- 72 14 20 00 10
- 72 28 30 20 10
- 72 28 30 41 10
- 72 28 30 49 10
- 72 28 30 61 10
- 72 28 30 69 10
- 72 28 30 70 10
- 72 28 30 89 10

77. Annex 4 provides the full definitions for the above commodity codes.

D3. Consideration of review of description and / or scope

78. Regulation 99A(2)(a)(ii) of the Regulations makes provision for the TRA to consider, within the conduct of a transition review, whether the goods or the description of the goods to which an anti-dumping amount applies should be varied.

79. Of the eight commodity codes covered by the measure, the TRA has verified in this transition review that one of these codes, 7214200010, is produced by the verified UK producer, Celsa.

80. Of the eight commodity codes covered by the measure, the TRA has received some evidence in this transition review that two of these codes, 7214200010 and 7228306910, are produced by the interested party, Liberty.

81. Of the eight commodity codes, the TRA conclude that these goods are interchangeable with the goods that fall under commodity codes 7214200010 and 7228306910, and that none of the codes cover any domestically produced goods that do not fall within the scope of the measure or the description of the Goods Subject to Review. We are therefore satisfied that the domestically produced goods, compared in this review against the Goods Subject to Review, are Like Goods.

82. Furthermore, the TRA did not receive any application for a review of description of the goods, nor the scope of the measure. However, we did assess scope to check whether the scope remained valid for the UK and concluded that it did.

83. Following our assessment, we took the decision not to vary the scope of this transition review. Accordingly, the description of the goods remains unaltered from that detailed in the NOI.

D4. Production process and HFP Rebar standards in the UK

84. The definition of the Goods Subject to Review does not directly correspond to the requirements within the British Standard BS4449, of steel for the reinforcement of concrete; the description of the Goods Subject to Review referencing fatigue performance withstanding in excess of 4.5 million fatigue cycles, and the BS4449 requirements referencing fatigue performance withstanding in excess of 5 million fatigue cycles.

85. BS4449 HFP Rebar will always meet the definition of the Goods Subject to Review as the standard is higher. The Goods Subject to Review may not necessarily meet the BS4449 standard. As such, HFP Rebar does not require to meet BS4449 to be categorised as the Goods Subject to Review.

86. We have identified two methods of manufacturing HFP Rebar; Quench and Self Tempered (QST), and Micro Alloy (MA). QST produced HFP Rebar is achieved through rapid water spraying and cooling, while MA produced HFP Rebar uses the addition of alloys. Both are accepted methods of producing BS4449 Rebar, and by extension, HFP Rebar.

87. The verified UK producer, Celsa, manufactures HFP Rebar using the QST production methodology, and their product is CARES[12] certified and meets the BS4449 standard. As such, in this review, the Like Goods may be of a higher quality than the Goods Subject to Review, but remain entirely interchangeable and directly comparable.

88. Using information from CARES, we have been able to identify that there are PRC producers who are certified to produce the Goods Subject to Review.

89. MA produced HFP Rebar is more expensive to produce, due to the variable costs associated with the addition of Micro Alloys.

90. MA produced HFP Rebar is capable of achieving a greater level of ductility than QST produced HFP Rebar, and as such may be preferred or a requirement in areas of greater seismic activity.

91. Generally, QST produced HFP Rebar falls under the 10-digit commodity codes contained within 721420, and MA produced HFP Rebar falls under the 10-digit commodity codes contained within 722830.

D5. Product specific antecedents

92. This section addresses data and nomenclature considerations specific to the Goods Subject to Review.

93. In this review, the Goods Subject to Review are defined by reference to commodity codes at ten-digit level and specific fatigue performance criteria. However, trade data is not available at the ten-digit level and the trade data that is available at either eight or six-digit level contains other products outside the scope of this review as well as HFP Rebar.

94. Not all rebar is comparable, even if it is practically interchangeable. Extrapolating the data which relates only to the Goods Subject to Review – High Fatigue

[12] UK Certification Authority for Reinforcing Steels - Home Page - Cares (carescertification.com)

Performance Rebar - is not possible from the data available to us. As such, we have conducted this review and formulated our conclusions using the facts available.

95. Whilst acknowledging that this issue is more aligned to the availability of data for the purposes of analysis, it does impact upon the definition of the product and an assessment of scope when viewed in the context of making UK / PRC comparisons and ensuring clarity of nomenclature.

96. For clarity, throughout the remainder of this Recommendation, we will use the term “HFP Rebar” to refer explicitly to the Goods Subject to Review or the Like Goods produced in the UK.

97. Any other reference to “Rebar” will refer to:

- goods which, though similar to the goods subject to review, either do not fall under the scope of this measure; or
- goods which cannot be confirmed or identified as falling under the scope of this measure based upon the evidence available to us; or
- products that fall within the higher-level commodity codes at six and eight-digit level above the ten-digit level codes forming the scope of this measure.

D6. Application of the measure to the Goods Subject to Review

98. The transitioned measure applies, in terms of *ad valorem* duty, equally to all PRC exporters of the Goods Subject to Review with the exception of:

- Jiangyin Ruihe Metal Products Co., Ltd, Jiangyin, and;
- Jiangyin Xicheng Steel Co., Ltd, Jiangyin,

who were previously each provided with an individual rate (18.4%) by the European Commission during its original investigation. Specifically listed exporters received individual rates which align to the residual rate of 22.5%. Those listed exporters are detailed in Annex 2.

Conclusion

99. The TRA has determined that there are PRC producers who have certification to produce goods that would, if produced in compliance with that certification, meet both the BS4449 standard and therefore, by extension, the description of the Goods Subject to Review. Those goods, if so produced in the PRC, would be directly comparable and interchangeable with the Like Goods produced in the UK. However, it is also possible that PRC producers who do not hold CARES

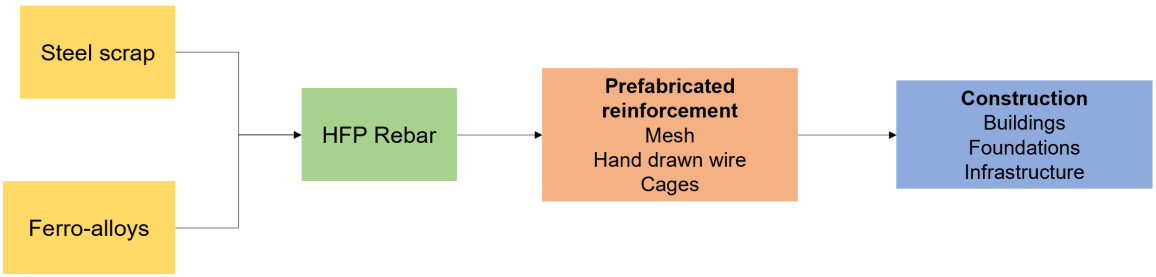
certification to produce product which complies with BS4449 may nonetheless be capable of producing product which meets the definition of the Goods Subject to Review by virtue of the fatigue performance exceeding 4.5 million fatigue cycles. Whether PRC produced product that is not CARES certified meets the description of the Goods Subject to Review may only ever be ascertained by testing or alternative certification.

SECTION E: The UK Industry and Market

E1. The UK industry

100. As shown in Figure 1, HFP Rebar is produced using scrap metal or iron ore and is used to make reinforcement materials for the construction industry. These are intermediary products rather than consumer products. The downstream businesses assembling the reinforcements are known as prefabricators.

Figure 1: Supply Chain for HFP Rebar



101. The UK industry for HFP Rebar is comprised of one verified producer, Celsa, who registered their interest in this case upon initiation. We estimate that Celsa employed an average of 700 employees across the IP and that their Gross Value Added (GVA) averaged £41m per annum.

102. We note that although Liberty have recently started to produce HFP Rebar, production is understood to be sporadic and in small and unverified quantities. As such, in this Recommendation we refer to Celsa as the sole verified producer.

103. We identified six suppliers of raw materials to Celsa. We estimate that these firms employed approximately 2,880 employees across the IP with a combined average GVA of £180m.

104. We identified 36 domestic importers of HFP Rebar. We looked at published accounts for eight of these and found they employed approximately 1,780 employees across the IP with approximately 95% of this employment being attributed to one business. We estimate that their combined GVA averaged £81m per annum across the IP.

E2. The UK market

105. The end use of, and UK market for HFP Rebar is in construction. Construction is a significant sector in the UK economy with an estimated 1.4[13] to 2.2[14] million employees and an estimated GVA of £108 bn per annum[15].

106. We identified 39 downstream prefabricators. We looked at published accounts for five of these and found they employed approximately 1,000 employees across the IP and had a combined GVA averaged £45m per annum across the IP.

E3. Trends

107. The domestic production of HFP Rebar has remained relatively stable across the IP. It reached its peak in 2018/19 and its lowest over the POI. Across the IP production capacity remained constant.

108. Domestic sales remained consistent between 2017/18-2019/20 but then fell in the POI below their 2017/18 level. Market share increased over the same period due to decreasing imports.

109. The market share of imports into the UK decreased across the IP, reaching their lowest proportion of share over the POI.

110. COVID-19 has had negative impacts on the UK and world economy, and we have evidence that suggests demand for steel in the UK has subsequently reduced. This is discussed further in Section H below.

E4. Consumer preferences

111. Both Celsa and Liberty have stated that HFP Rebar is a commodity product and is differentiated primarily through price. Within their questionnaire submission, Celsa stated that '*there is little product differentiation perceived by buyers – price is the most important parameter for fabricators*'.

112. Despite the chemical differences, Rebar identified as either alloy or non-alloy has the same end use. The observed increase in imports of Rebar from the PRC over the 2014 and 2015 periods, supports the views from both Celsa - the verified UK producer - and Liberty, that price is the most important parameter. The impact of

[13] Construction statistics annual tables - Office for National Statistics – 2020 dataset, tables 3.4 – 3.6
[14] Business population estimates 2020 - GOV.UK (www.gov.uk) – detailed tables, table 5
[15] GDP output approach – low-level aggregates - Office for National Statistics (ons.gov.uk) - Table 2a (2021 GVA of £122 bn)

consumer preferences on the UK industry, should the measure be revoked, is considered in section G5 under the likelihood of injury assessment.

113. We have no evidence to suggest that there is any demand in the UK specifically for MA produced HFP Rebar over QST produced HFP Rebar.

E5. Changes in technology

114. There has been no information received from interested parties and contributors in relation to changes in technology (to produce the Goods Subject to Review), and no substantive changes in technology identified by the TRA, in relation to the production of HFP Rebar and Rebar.

E6. Interchangeability / competition between goods

115. Through discussions with both UK industry and PRC contributors, together with research in respect of our scope assessment[16], while the production methodology differs (QST vs. MA) and there may be a preference for MA over QST in other jurisdictions, we conclude that both types of HFP Rebar are completely interchangeable for the UK market.

[16] See also Section D3

SECTION F: Likelihood of Dumping Assessment

F1. Analysis of dumping

116. During the POI, there were low levels of imports (as observed in table 1) of the Goods Subject to Review into the UK. As such, there has been no dumping, capable of meaningful assessment, of the Goods Subject to Review whilst the measure has been in place.

F2. Recalculation of the anti-dumping amount.[17]

117. Given the absence of exports of the Goods Subject to Review during the POI and the lack of exporter co-operation in this transition review, it would not be appropriate to recalculate the anti-dumping amount.

F3. Necessary or sufficient assessment

118. Regulation 99A(1) of the Regulations was amended with effect from 3 May 2022, removing the requirement to consider whether the application of the anti-dumping amount is necessary or sufficient to offset the dumping of the Goods Subject to Review. In addition, owing to the low levels of imports of the Goods Subject to Review into the UK during the POI, we were unable to determine definitively whether the measure is necessary or sufficient to offset dumping/importation of the goods subject to review.

F4. Likelihood of dumping

119. In accordance with regulation 99A(1)(a) of the Regulations (as amended), we have assessed whether the dumping of the Goods Subject to Review would be likely to continue or recur if the measure was no longer applied. In doing so, we have also had regard to the current and prospective impact of the anti-dumping amount, as required under regulation 100A(2)(b) of the Regulations.

120. We have considered the likelihood of dumping on a countrywide basis, rather than an exporter-by-exporter basis, as non-co-operation of PRC exporters meant no suitable data was available to the TRA on the individual companies.

121. Information obtained from secondary sources was used in accordance with Regulations where primary data was not available.

[17] Reg 99A(2)(a)(i)

122. Our likelihood assessment considered:

- whether dumped imports to the UK have continued whilst the measure has been in place
- whether the conditions for dumping exist, and
- whether incentives to dump exist.

123. In assessing whether dumping has continued whilst the measure has been in place, we examined import statistics from Her Majesty's Revenue and Customs (HMRC).

124. In assessing whether the conditions for dumping exist, we considered:

- whether a Particular Market Situation (PMS) exists in the PRC;
- whether exporters have levels of production allowing them to dump if the measure was revoked;
- the ability of exporters to shift production to the Goods Subject to Review.
- whether exporters have levels of production capacity (current or potential), allowing them to dump if the measure was revoked;
- whether exporters have inventories, allowing them to dump if the measure was revoked; and,

125. In assessing whether incentives to dump exist, we considered:

- the price comparison between PRC-produced and UK-produced goods;
- whether the conditions in the PRC domestic market are favourable for the Goods Subject to Review;
- whether PRC exporters are dumping in third countries and/or are subject to anti-dumping measures elsewhere;
- whether exporters would be likely to choose to export to the UK based on the attractiveness of the UK market; and,
- whether exporters have previously or habitually circumvented the effects of trade remedy measures.

126. We conducted this assessment to inform our determination as to whether the measure should be varied or revoked.

Continued dumping

F5. Whether dumped imports to the UK have continued whilst the measure has been in place

127. 3,600 tonnes of Rebar were imported from the PRC during the POI, corresponding to less than 1.1% of total imports of Rebar. This amount is insignificant compared to total UK consumption[18].

Table 1: Import volumes of Rebar from the PRC to the UK

	2017/2018	2018/2019	2019/2020	POI
Volume (kilotonnes)	0.8	6.9	3.6	3.6
Index 2017/18 = 100	100	797	410	414
Share of Imports	0.18%	1.57%	0.8%	1.14%
Index 2017/18 = 100	100	865	443	631

Source: HMRC import statistics – downloaded 01/02/2022

128. There have been volatile changes in relative terms but in absolute terms imports have been very low throughout the IP.

129. We conclude that there has been no dumping, capable of meaningful assessment, of the Goods Subject to Review whilst the measure has been in place.

Conditions for dumping

F6. Whether a Particular Market Situation exists in the PRC

130. We have received an allegation of a Particular Market Situation (PMS) in the PRC steel industry from UK Steel and Celsa. The TRA is aware of CCOIC's, MOFCOM's and CISA's objections to a PMS within the PRC, specific to the Goods Subject to Review.

[18] We are unable to disclose consumption values due to confidentiality requirements

131. If found, the presence of PMS would denote that Normal Value has not been naturally shaped by market forces, as a result of existing or historic distortions to costs and profits.

132. However, given the lack of PRC exporter co-operation and data, we have utilised submissions to form an indicative PRC domestic price, rather than relying upon the construction of a Normal Value. Ultimately the indicative PRC domestic price is a range.

133. Given the methodology of our review, by utilising a range of prices instead of a constructed normal value, the presence or otherwise of a PMS in the PRC steel industry – in the specific circumstances of this case – is not a material consideration as we are not utilising a normal value.

F7. Whether exporters have levels of production which would give them the ability to dump if the measure was removed

134. We assessed the production volumes of Rebar in the PRC using publicly available data.

135. Table 2 shows production of Rebar by the PRC industry over annual periods most closely aligning with the IP.

Table 2: Production of Rebar, PRC (kilotonnes).

	2017	2018	2019	2020
Production volume, PRC (kilotonnes)	191,579	222,266	249,716	266,391
Production volume *Index 2017 = 100*	100	109	130	139
PRC production as a proportion of Global production (%)	74	76	78	83

Source: World Steel Association – data download 11/02/2022

136. The PRC's production volumes have increased by 39% over the period indicated.

137. The PRC's production as a proportion of global production has increased by 9 percentage points over the period indicated.

138. Table 2 indicates an upward trend in the proportion of Rebar produced by the PRC globally. This trend may indicate an increasing ability to dump.

139. Through research of publicly available data, we have identified that Hong Kong[19] has Rebar standards that match the British Standard, meet the description of the Goods Subject to Review, and are therefore demonstrably HFP Rebar. Singapore[20] have additionally been identified as users of the British Standard, together with a Singapore standard that adopts specifications of the British Standard. However, it is noted the fatigue requirement for the Singapore standard is at a lower value of 2,000,000 fatigue cycles.

140. Over the period 2017 - 2020, approximately 2,800 kilotonnes of Rebar were exported from the PRC to these jurisdictions. These volumes exceed total UK production of HFP Rebar and suggest that a significant volume of the Rebar produced in the PRC is HFP Rebar, and that this volume would seem to be sufficiently large to allow dumping to occur. PRC Exports to Hong Kong alone exceeded the volume of total UK production of HFP Rebar over the equivalent period.

141. We assess that evidence on production supports a positive assessment that the conditions for dumping currently exist.

F8. Ability to shift production to the Goods Subject to Review

142. We have assessed the submissions provided to us by the trade bodies, UK Steel and CCOIC.

143. UK Steel claim that HFP Rebar, Rebar (and Wire Rod) are interchangeable in terms of production technology, and that any data and analysis for the Rebar market is identical to that for the HFP Rebar market.

144. We have not found any evidence to refute UK Steel's claim that the Rebar market is interchangeable with HFP Rebar. Additionally, to date we have not received any submissions refuting UK Steel's claims in this respect as published on our Public File.

[19] Construction Standard CS2:2012 (cedd.gov.hk)
[20] SS-560-2016_Preview.pdf (brc.com.sg)

145. We assess that there are no significant barriers to shifting production between Rebar and HFP Rebar and accordingly, assess that the PRC industry's ability to shift production to the Goods Subject to Review supports a positive assessment that the conditions for dumping exist.

F9. Whether exporters have levels of production capacity (current or potential), which would give them the ability to dump if the measure was removed

146. We have assessed the submissions provided to us by all parties.

147. UK Steel stated: "*While Chinese rebar production has hugely increased there is still a considerable amount of spare capacity that could come online going forward. Eurofer's submission for initiation of the expiry review for the same measure in the EU quotes CRU data showing Chinese rebar capacity at 286 million tonnes for 2019, implying 36 million tonnes of spare capacity*". We are not aware of an expiry review being initiated in respect of the European measure and indeed the pre-existing EU measure lapsed without review. UK Steel additionally referenced The Canadian International Trade Tribunal[21] as evidence of 112 million tonnes of excess capacity of Rebar in the PRC in 2015. Using the increase in production of Rebar from 2015 to 2019 in the PRC, UK Steel claim 67 million tonnes of spare capacity. We have been unable to verify the first claim in any publicly available information.

148. We have identified PRC exporters holding CARES certification to produce HFP Rebar to BS4449. In addition to their certified ability to produce the Goods Subject to Review to the British Standard, these exporters hold multiple additional jurisdictional accreditations to produce Rebar as well as PRC domestic accreditations. These producers are among the largest steel producers globally. We assess that, coupled with the ability of producers to shift production from other goods to the Goods Subject to Review[22], this indicates PRC exporters have significant levels of production capacity, leading to their ability to dump HFP Rebar if the measure was to be revoked.

149. We assess that as there are minimal obstacles to the PRC industry shifting production from Rebar to HFP Rebar, the PRC industry's Rebar production capacity supports a positive assessment that the conditions for dumping currently exist.

[21] CONCRETE REINFORCING BAR - Canadian International Trade Tribunal (citt-tcce.gc.ca) – Para 223.
[22] See also section F8 above

F10. Whether exporters have inventories, which give them the ability to dump if the measure was removed

150. We have assessed the submission provided to us by Celsa.

151. Celsa referenced a daily Platts analytics briefing for 2nd July 2021 which claims Rebar stocks of 7,630 kilotonnes.

152. Through research of publicly available data we identified multiple sources that suggest there are Rebar stocks, but this evidence references Rebar as opposed to HFP Rebar.

153. We are unable to conclude what proportion of inventories are comparable to HFP Rebar.

154. We do not have sufficient evidence to determine the proportion of inventories that are comparable with HFP Rebar, and therefore cannot make an assessment that this factor impacts whether conditions for dumping exist.

F11. Conclusion on conditions for dumping

155. Evidence of:

- increasing high production volumes; and
- minimal barriers to shifting production to the Goods Subject to Review; and
- significant spare capacity of Rebar, which is equally available for HFP Rebar production

in the PRC suggests that conditions for dumping exist.

156. We have found no evidence, nor have we received any submissions in response to information published on our Public File, to contradict this conclusion. On the balance of probabilities, the weighting of factors is in favour of the determination that the conditions for dumping exist.

Incentives for Dumping

F12. The price comparison between PRC produced goods and UK produced goods

157. We compared an indicative PRC domestic sales price, submitted by CCOIC using the PRC domestic HRB400 Rebar product, with the ex-works (EXW) weighted average sales price[23] of the sole verified UK producer to understand whether dumping is likely.

158. We note the following caveats:

- we have been unable to verify the indicative PRC domestic sales price;
- we have been unable to make adjustments to make the two prices directly comparable (*i.e.* to bring both to an EXW level and to account for different product compositions);
- we do not have information on the product composition of the indicative PRC domestic sales price, or how comparable HRB400 is to HFP Rebar.

159. We have used CCOIC's figures for the analysis of the indicative PRC domestic sales price as these figures were the only ones applicable throughout the entirety of the IP[24].

Table 3: Indicative PRC Domestic sales price of HRB400

	2017/2018	2018/2019	2019/2020	POI
Value (£/tonne)	395	404	385	395

Sources: Questionnaire responses.
PRC ¥ conversion to £ provided in CCOIC's submission, using Bank of England Spot exchange rate, Chinese Yuan into Sterling.

160. Throughout the IP, the EXW weighted average sales price of UK producers has been higher than the indicative PRC domestic sales price.

161. However, it is reasonable to expect there would be additional costs for PRC exporters to sell in the UK than domestically - such as greater transport costs. Our considered analysis indicates that the value of these additional costs is

[23] Weighted average domestic sales price is confidential and cannot be published – see also Section C5
[24] UK Steel's construction of normal value is only applicable for the POI.

greater than the difference between the UK industry's sales price and the PRC industry's indicative domestic price.

162. HFP Rebar is a commodity product, and as such competes primarily on price. If PRC exporters were to compete on the UK market, the resulting competitive EXW export price is likely to be lower than the current PRC industry's indicative domestic price, which would reflect a dumped price.

F13. Whether the conditions in the PRC domestic market are favourable for the Goods Subject to Review

163. We assessed the conditions in the PRC's domestic market of Rebar, and where possible, HFP Rebar, to understand the relative attractiveness of the domestic market versus export.

164. We have reviewed the interested parties' submissions, which differed in their assertions. CCOIC state that the removal of export rebates[25] will discourage exports of the goods subject to review, whereas UK Steel state that the removal of import duties[26] on raw materials for steel producers will result in higher levels of finished steel production and increased exports at lower prices.

165. Through research of publicly available data, we have identified that:

- the cost to export alloyed HFP Rebar may increase as the PRC has recently cancelled export rebates for 146 types of iron and steel products, including alloy HFP Rebar[27];
- the cost to import raw materials used in the production of Rebar/HFP Rebar may result in a decrease in price for both domestic and exported Rebar/HFP Rebar, due to the removal of import duties[28];
- indications of domestic demand within the construction sector have conflicting views, with recent reports suggesting both downward[29] [30] and upward[31] trends/forecasts; and

[25] Announcement on the cancellation of export tax rebates for some steel products_ Finance_ Chinese government website (www.gov.cn)
[26] Export tariff move seen stabilizing steel (www.gov.cn)
[27] PRC Government Notice No. 16/2021, which includes products 72283090. 72283090 appears as the only alloy rebar recognised in the PRC commodity system. 72283010, not within this scope, refers to rebar of Boron alloy steel – this export rebate was cancelled on January 01 2015.
[28] China cuts billet, scrap, pig iron import tax to zero: non-ASEAN semis sellers to benefit (steelorbis.com)
[29] China's Urbanization Strategy and Policy During the 14th Five-Year Plan Period (worldscientific.com)
[30] China's steel output caps to continue in 2022 despite easing emissions timelines | S&P Global Commodity Insights (spglobal.com)
[31] China - Design and Construction (trade.gov)

- exports[32] of HFP Rebar from the PRC indicate an increase prior to the cancellation of the export rebate, followed by a subsequent decrease in exports, post rebate cancellation.

166. We cannot determine whether the conditions in the PRC domestic market support a positive or negative assessment that there are incentives to dump into the UK.

F14. Whether exporters are dumping in third countries and/or subject to anti-dumping measures elsewhere

Global exports

167. We compared the range of indicative PRC domestic sales prices (see also section F12 above) with the PRC's average global export value of Rebar to assess whether exports are currently being made at a dumped price. The submitted ranges by UK Steel only applied to the POI, therefore any comparative data was aligned, where possible, to this period.

168. We note the following caveats:

- the range of indicative domestic sales prices in the PRC have not been verified; and,

- we have been unable to make adjustments to make the two values directly comparable (e.g. to bring both to an EXW level and to account for different product mixes).

169. We have used figures provided by CCOIC and UK Steel for the range of indicative PRC domestic sales prices, set out below in table 4, to allow us to compare to the global average export values. We are unable to disclose these calculations due to confidentiality requirements as set out in Section C5.

[32] Exports identified through; Download trade data | UN Comtrade: International Trade Statistics and International Import Export Trade Data: Global Trade Atlas | IHS Markit (note; subscription required to access data)

Table 4: Indicative PRC domestic sales prices for Rebar, POI

Sales Value	CCOIC	UK Steel Range
Average Value (£/tonne)	395	400 - 800

Sources: Questionnaire responses

170. Table 5 details the global average export values for goods falling under 721420 and 722830 commodity codes. The export values were above CCOIC's indicative PRC domestic price as well as within the range of UK Steel's indicative PRC domestic sales prices, meaning the data is inconclusive as to whether these exports are being made at dumped prices.

Table 5: PRC average world export values for Rebar, 2020

Sales Value	PRC World (CIF) 721420 and 722830	PRC World (CIF) - 721420	PRC World (CIF) - 722830
Average Value (£/tonne)	471	388	534

Sources: Questionnaire responses and UN Comtrade. data download 01/02/2022
PRC ¥ conversion to £ provided in CCOIC's submission, using Bank of England Spot exchange rate, Chinese Yuan into Sterling.
UN Comtrade $ values converted to £ Sterling using Bank of England Spot exchange rate, Chinese Yuan into Sterling.

171. The global average value of Rebar exports within commodity code 721420, is below CCOIC's and UK Steel's range of indicative PRC domestic sales prices, indicating Rebar exports within this composition may be at dumped prices.

172. The global average value of Rebar exports falling under commodity code 722830, is above CCOIC's indicative PRC domestic price, as well as within the range of indicative PRC domestic sales prices provided by UK Steel, meaning the data is inconclusive as to whether these exports are being made at dumped prices.

Exports to Third Countries

173. We compared the range of indicative PRC domestic sales prices submitted by both CCOIC and UK Steel (previous caveats apply as per section F12) with the average export value to the top four export markets (ordered by volume) for PRC exporters of Rebar to assess whether PRC exports are currently being made at a dumped price.

Table 6: PRC average export values to top four countries by export volumes for commodity code 721420 in 2020

Country	**721420 - Average CIF value** £/tonne
Hong Kong	352
Rep. of Korea	365
Singapore	355
Macao	418

Sources: Questionnaire responses, UN Comtrade.
UN Comtrade $ values converted to £ Sterling using Bank of England exchange rates.

174. The average CIF export values of Rebar under commodity code 721420 from the PRC, with the exception of Macao, is below the indicative PRC domestic sales prices submitted by both CCOIC and UK Steel, indicating that these may be at a dumped price.

Table 7: PRC average export values to top four countries by export volumes for commodity code 722830 in 2020

Country	**722830 - Average CIF value** £/tonne
Rep. of Korea	481
Myanmar	356
Philippines	434
Thailand	460

Sources: Questionnaire responses, UN Comtrade.
UN Comtrade $ values converted to £ Sterling using Bank of England exchange rates.

175. The average CIF export values of Rebar under commodity code 722830 from the PRC, with the exception of Myanmar, are within the range of indicative PRC domestic sales prices provided by CCOIC and UK Steel, meaning it is inconclusive as to whether dumping has occurred or not.

176. Hong Kong and Singapore, whose standards of HFP Rebar align with both the British standard BS4449:2005 and, by extension, meet the description of the

Goods Subject to Review, have throughout the IP[33] been at the lowest value per tonne among the top four importers. We would expect these export values to decrease further once adjusting from a CIF to an EXW price.

177. Of the jurisdictions identified in tables 6 and 7, none have anti-dumping or safeguard measures in place against the PRC for the importation of Rebar.

178. The CIF exports of Rebar from the PRC under commodity code 721420 to the jurisdictions Hong Kong, Rep. of Korea, and Singapore, are below the indicative PRC domestic sales price, indicating the likelihood of a dumped price. In view of both Hong Kong and Singapore adhering to the same standard of HFP Rebar as the UK, we conclude there is an increased incentive to dump.

Trade Remedies Measures Elsewhere

179. Multiple jurisdictions have made positive determinations of unfair trade practices and subsequently imposed anti-dumping or safeguard measures against Rebar exports from the PRC:

- European Union: (EU) 2016/1246[34]
- USA: 731-TA-873-875, 878-880, and 882 (third review) – publication 4838 (2018)[35]
- Australia: Report No. 300 (2016)[36] – extended (Report 560) (2021)[37]
- Canada: NQ-2014-001 (2015) – extended (RR-2019-003) (2020)[38]
- Pakistan: 48/2016/NTC/Rebars (2016[39])
- Malaysia: (P.U. (B) No. 263/2016)[40]
- Vietnam: 2968 / QD-BCT)[41] – extended (2020)

[33] Hong Kong and Singapore had the lowest average value per tonne of the top four jurisdictions indicated during 2017, 2018, and 2020. 2019 Hong Kong was the lowest, with Singapore the highest average value per tonne of the top four jurisdictions shown.
[34] COMMISSION 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 (europa.eu)
[35] U.S. Publication 4838
[36] 063_-_rep_300_0.pdf (industry.gov.au)
[37] 560 (industry.gov.au)
[38] Expiry Review Report Draft II (cbsa-asfc.gc.ca), Concrete Reinforcing Bar - Canadian International Trade Tribunal (citt-tcce.gc.ca)
[39] Effective for 5 years from 23 October 2017 ADC No (ntc.gov.pk)
[40] Media-Final_Determination_Of_Safeguard_Investigations_With_Regard_To_The_Imports_Of_Steel_Concrete_Reinforcing_Bar_(REBAR)_And_Steel_Wire_Rods_Deformed_Bar_In_Coils_(SWR_DBIC)_Into_Malaysia_Under_The_Safeguards_Act_2006.pdf (miti.gov.my)
[41] Vietnam extends Steel rebar/wire import tax until 2023 I galvanized steel manufacturers | Viet Nam Steel (steelvn.vn)

180. Rebar standards can be specific to jurisdictions, or in some cases where there are links between jurisdictions, the same standards can apply. We are unable to determine whether the above jurisdictions' Rebar standards (with the exception of the EU) meet the definition of HFP Rebar.

181. We have identified PRC producers of Rebar whom, based on their BS4449 accreditation, are able to produce HFP Rebar. In addition, some of those identified are also certified to produce Rebar to the standards of jurisdictions that have measures in place, including Australia, Pakistan, Australia and America.

182. Taken with the conclusion regarding the interchangeability identified in section F8, should the UK measure be revoked, production of Rebar can be switched to HFP Rebar, which may be more likely to be directed towards the UK than third countries with measures in place.

183. Additionally, given the application of anti-dumping measures against Rebar from the PRC, trade diversion from these closed markets to the UK if the measure was revoked may occur.

F15. Attractiveness of the UK market

184. To assess whether PRC exporters would be likely to choose to export to the UK over other markets, we analysed:

- historic imports of HFP Rebar from the PRC to the UK
- indicative PRC domestic sales price and UK average import value
- global and individual market average import value of Rebar from the PRC and UK average import value.

185. Historically, the UK has been an attractive market for PRC exporters of HFP Rebar, as can be seen in the volume of imports from the PRC during 2014 - 2015, before the measure was imposed.

Table 8: UK Imports of HFP Rebar from the PRC (shaded area marks imposition of the measure), commodity codes 721420 and 722830 shown separately

Year	2012	2013	2014	2015	2016	2017	2018	2019	2020
Volume (Tonnes) **721420**	2	47,803	254,583	365,409	44	2	4	57	810
Volume (Tonnes) **722830xx**[42]	4,564	1,249	7,522	7,250	1,242	957	1,970	6,775	4,394

Source: HMRC – downloaded 01/02/2022

186. Since the measure was imposed in 2015, the volume of imports of 72142000 dropped significantly. Imports of 722830xx also reduced, but to a lesser extent relative to 72142000.

187. A comparison of global CIF import values from the PRC with the average UK CIF import values allows us to assess whether a price incentive to export currently exists.

Table 9: Average CIF Rebar Import values from the PRC compared with Average UK CIF HFP Rebar import values, 2020

Name	Global CIF import values (average £ per tonne) – from the PRC	UK CIF Import value (average £ per tonne) – imports from the World
Range	337 – 515	370 – 563

Sources: UN Comtrade (6 digit), HMRC (8 digit)
UN Comtrade $ values converted to £ Sterling using yearly average conversion rates as per Bank of England. Ranges are drawn from jurisdictions whose total imports from the PRC accounted for 3%+ of total imports from the PRC, and jurisdictions whose total imports into the UK accounted for 3%+ of total imports into the UK.

188. The assessed range of global CIF import values from the PRC were within the range or lower than the assessed range of average UK CIF import values over the same period. This suggests the UK may be an attractive market on the basis of price.

F16. Whether exporters have previously or habitually circumvented the effects of the trade remedy measure

189. There have been no claims/examples of historical circumvention during this transition review.

[42] 722830xx covers the totals of all seven commodity codes within the scope.

190. We have received submissions stating UK users imported HFP Rebar, not knowing that it was alloyed with Boron, over the 2014 – 2015 periods. Open-source research[43] has supported these claims, however this is not independently verifiable beyond anecdotal reporting in trade press.

191. We assess that this historical conduct does not indicate circumvention, more anomalous trading between exporter and end user and potentially misclassification or miss-selling of the goods. It is noted that the period referred predates the IP. As such we place reduced weight on the significance of these submissions to the considerations in respect of this transition review.

192. In the previous section, we assessed whether PRC exporters would be likely to choose to export to the UK over other markets based on the attractiveness of the UK market. We found that the volume of HFP Rebar imports from the PRC dropped significantly once the anti-dumping measure came into force for each respective country, suggesting no evidence of absorption, while there additionally appears no evidence of circumvention posed in these instances.

F17. Conclusions on incentives for dumping

193. We have determined that:

- if PRC exporters were to compete on the UK market, the resulting competitive EXW export price is likely to be lower than the current indicative PRC domestic price, indicating a dumped price, and
- conditions in the PRC domestic market did not provide conclusive evidence of incentives to dump existing, and
- PRC exporters are exporting Rebar under 721420 to other jurisdictions at dumped prices, and
- other jurisdictions have found it necessary to institute trade remedies measures in respect of PRC exported Rebar to address unfair trading practices, and
- the UK may be an attractive market on the basis of import prices, and
- we have found no evidence of historic or habitual circumvention.

194. On the balance of the available evidence, we conclude that incentives for PRC exporters to dump the Goods Subject to Review to the UK exist.

[43] Steel producers warn on Chinese rebar (theconstructionindex.co.uk), Is Chinese steel safe? Industry meets to examine the evidence as row continues - Construction Management

Conclusion on likelihood of dumping assessment

195. We conclude that, on the balance of probabilities, both conditions and incentives for dumping exist. We therefore assess that, should the measure be revoked, dumping is likely to recur.

SECTION G: Likelihood of Injury Assessment

G1. Introduction

196. We are required under regulation 99A(1)(b) of the Regulations to consider whether injury to a UK industry in the relevant goods would be likely to continue or recur if the anti-dumping amount were no longer applied to those goods (the likelihood of Injury Assessment).

197. Information obtained from secondary sources was used in accordance with Regulations where primary data was not available.

198. In order to conduct the Likelihood of Injury Assessment, we considered:

- the current state of the UK industry;
- undercutting and/or underselling of the UK industry;
- domestic and international market conditions; and
- historic injury data.

199. We conducted this assessment to inform our determination as to whether the measure should be varied or revoked. The assessment of the likelihood of injury was concluded on the balance of probabilities.

The current state of the UK industry

200. In assessing the current state of the UK industry, we considered changes to the following injury indicators:

- the domestic consumption of HFP Rebar;
- the level of UK industry's domestic sales and market share;
- production, production capacity and production utilisation;
- prices and factors affecting domestic prices;
- the amount of HFP Rebar being retained in UK industry's inventories;
- the level of employment and productivity;
- the level of wages;
- net profit, cash flow and investment within the UK industry; and,
- other relevant factors.

G2. The domestic consumption of HFP Rebar

201. Consumption of HFP Rebar[44] decreased in 2018/19 and remained below its 2017/18 level for the remainder of the IP. Despite a marginal increase in 2019/20, consumption in the POI was below its initial level.

202. The value of consumption initially increased in 2018/19 and decreased in both 2019/20 and the POI. During the POI, the value of consumption was below its initial level.

203. The reduction in domestic consumption is likely to increase the vulnerability of the domestic industry.

G3. The level of UK industry's domestic sales and market share

204. Domestic sales marginally increased in both 2018/19 and 2019/20, then decreased in the POI, with sales during the POI decreasing to volumes below the 2017/18 period.

205. The UK industry's domestic market share[45] increased in 2018/19, and remained stable during 2019/20. Market share increased further during the POI.

206. A declining trend in domestic sales increases vulnerability of the UK industry. The trend in market share is positive, however we cannot determine the significance of this trend in isolation.

G4. Production, production capacity and production utilisation

207. Production initially increased in 2018/19 but subsequently decreased in both 2019/20 and the POI. During the POI, it was below its initial level.

208. Production capacity has remained consistent throughout the IP, whilst the utilisation of that capacity followed a similar trend to production.

209. The overall decrease in production and capacity utilisation can be partially attributed to the reduction in UK consumption, as outlined above.

210. These indicators contribute to the assessment that the UK industry may be vulnerable to injury.

[44] Consumption was estimated by combining the UK industry's domestic sales of HFP Rebar and total Rebar imports
[45] Market share was calculated as a percentage of the UK producers total domestic HFP Rebar sales against estimated total UK consumption

G5. Prices and factors affecting domestic prices

211. The average selling price per tonne initially increased in 2018/19 before decreasing in 2019/20 and then remaining stable in the POI. During the POI, it was below its initial level.

212. The unit cost of production increased in 2018/19 and remained above its 2017/18 level for the remainder of the IP. Despite a decrease in 2019/20, the unit cost of production in the POI was higher than its initial level.

213. The unit cost of production for the POI was higher than the average selling price over the same period, indicating that average sales values are below average costs.

214. As mentioned above in paragraph 111, HFP Rebar is a commodity product differentiated primarily through price.

215. Observing the same trend in the rise and fall of average price per tonne throughout the IP is a possible indication of UK industry responding to market forces that dictate competitive selling prices. The adjustment of UK producers to market forces suggests competition and flexibility, both indicative of a healthy industry.

216. However, the sales and cost comparison over the IP show a diminishing return on sales of HFP Rebar. Even with a reduction in unit cost of production in 2019/20, sales during the POI are below cost, indicating vulnerability of the UK industry.

G6. The amount of HFP Rebar being retained in UK industry's inventories

217. Stocks increased in 2018/19 and remained above the 2017/18 level for the remainder of the IP. Despite a decrease in 2019/20, stocks in the POI were above the initial level.

218. Stocks as a proportion of production followed a similar trend to overall stock levels.

219. The changes to stocks as a proportion of production show that despite decreasing HFP Rebar production, the absolute volume of stocks is still increasing – this means a greater proportion of production is going into stock rather than being sold, which reconciles with the decreasing volumes of sales observed. This may indicate vulnerability in the domestic industry.

G7. The level of employment and productivity

220. The total number of employees increased in 2018/19 and 2019/20, remaining relatively stable in the POI.

221. Number of employees for HFP Rebar followed the same trend as total number of employees, with the POI figure being higher than 2017/18.

222. Proportion of employees working on HFP Rebar remained stable throughout the IP.

223. Productivity decreased throughout the IP, with the IP figure being lower than in 2017/18.

224. We do not have evidence that would contribute to an assessment that the UK industry may be vulnerable to injury.

G8. The level of wages

225. Between 2017/18 and 2018/19 the median wage for full time employees in the industry nominally increased and remained at the higher level for the remainder of the IP.

226. We do not have evidence that would contribute to an assessment that the UK industry may be vulnerable to injury.

G9. Net profit, cash flow, and investments

227. Celsa reported a total net profit in 2017 (based on its own financial year). Increasing losses were then reported including in 2020, which is within the POI period.[46]

228. Celsa's total cash flow decreased in 2018/19 and remained below its 2017/18 level for the remainder of the IP. Despite an increase in 2019/20, cash flow in the POI was below its initial level.[47]

229. Celsa reported increased investment in 2018/19 with a subsequent reduction in 2018/19. During the POI there was a further increase to a level above the 2017/18 period.

[46] Companies House: Celsa Manufacturing (UK) Limited Annual Reports 2017, 2018, 2019, 2020
[47] This is set out in Celsa's non confidential questionnaire annex, available on the Public File

230. Decreasing trends in profits and cash flow indicate a negative trend for the UK industry and suggest the industry may be vulnerable to injury.

G10. Other relevant factors

Demand reduction

231. We assessed demand reduction by analysing statistical data for the construction industry, which has been identified by the UK industry as the principal end user of HFP Rebar.

232. Table 10 shows the approximate value of new orders for all goods made by the construction industry in the UK.

Table 10: New orders made by the construction industry

	2017/2018	2018/2019	2019/2020	POI
New Orders by Value (£ billion)	70	63	64	53
Index (2017/18 = 100)	100	90	91	76

Source: ONS Bulletin 'New Orders in the Construction Industry' Date Sourced: 01/12/2021

233. New orders made by the construction industry decreased in 2018/19 and remained below their 2017/18 level for the remainder of the IP. Despite a marginal increase in 2019/20, new orders in the POI were 24% below the initial level. This may be a contributing factor to the reduction of consumption identified previously.

234. As the construction industry is the principal end user of HFP Rebar, it is understandable that the decline in new orders witnessed in this industry over the IP mirrors the trend of domestic sales made by the UK industry, and consumption of HFP Rebar on the UK market. The decrease in new orders during the POI is likely to be in part the result of the COVID-19 pandemic.

Imports of Rebar from countries other than the PRC

235. We examined questionnaire responses and HMRC import statistics to assess imports of the Like Good from third countries.

236. As previously referenced in 'Product Specific Antecedents', we are unable to determine whether trade data refers specifically to HFP Rebar, as it is not available at the ten-digit level.

237. Major exporting countries to the UK include Portugal, Türkiye, Belarus, and Spain. Total imports of Rebar from third countries decreased by 34% (from 482 kilotonnes to 317 kilotonnes) over the IP. Over the IP, the average import value per unit has increased by 6%, from £449 to £476 per tonne.

238. Portugal, Türkiye and Belarus have been the largest exporters of Rebar into the UK throughout this period, with a combined share of total imports of 60%.

239. Belarus and Türkiye's average import value per tonne consistently remained below the UK industry's domestic sales price throughout the IP. Portugal's average import value per tonne was at similar values as the UK industry's domestic sales price during 2019/20 and the POI.

240. HFP Rebar is a commodity product, that primarily competes on price. Therefore, to retain market share, prices have to be competitive. We have observed that during the POI, the UK industry's average sales price was below cost. The observed average import values may be a constraining factor in the ability of the UK industry to increase its selling price – particularly above the average import value, therefore affecting the ability to positively influence profit margins.

241. Throughout the IP, the UK industry's average domestic sales price has been below the average import value per unit, however when compared to specific countries, it is at a similar price point. To remain competitive, the UK industry is limited in their ability to increase prices, as there is the risk of losing market share. A loss of market share may negatively affect the current state of the UK industry. Intrinsic market vulnerability resultant of third country imports only increases domestic industry vulnerability to challenges such as dumping.

<u>UK Export Market</u>

242. We have assessed export sales by analysing the trends that volumes and values form throughout the IP.

243. Export sales increased in both 2018/19 and 2019/2020. These subsequently decreased during the POI but were higher than the figure in 2017/18. This indicates an upward trend in relative terms but in absolute terms exports remained low throughout the whole period.

244. The average value per tonne increased in 2018/2019 before decreasing in both 2019/20 and the POI. During the POI, the average value decreased to below the 2017/18 period – indicating a downward trend. We also note the unit price during POI is below both the domestic unit price and unit cost of production.

245. Export sales as a proportion of total sales remained relatively consistent and during the POI were at the same level as 2017/18.

246. Celsa's export sales volumes did increase during the POI. However, when considering this increase against the unit price being lower than in 2017/18 alongside the proportion of total sales this represents, there is still a net loss in the UK industry's sales.

247. Whilst export sales represent a smaller portion of total sales than domestic sales, this factor nonetheless indicates increased vulnerability to injury as Celsa are less able to rely on the export market to mitigate challenges such as dumping.

G11. Conclusion on the current state of the UK industry

248. Over the IP, most of the injury indicators assessed pertaining to the state of the UK industry showed a negative trend. They suggested that the UK industry has decreasing sales volumes (as sales follow the negative trend of consumption), with those sales being made at prices such that profitability is negative, and that cash flow is falling. Additionally, indicators that showed a positive trend (market share, investment) were limited as the UK industry experienced losses in the sales it made.

249. These negative trends cannot be attributed to imports of the Goods Subject to Review as they were imported at insignificant volumes (as seen in HMRC import statistics) during these periods. However, the fact that UK industry has experienced negative trends in key indicators over the IP, signals vulnerability in the domestic industry.

250. We also assessed, demand reduction, imports of Rebar from countries other than the PRC and the export market. During the POI we have found that demand reduction and imports of Rebar from other countries, indicated a vulnerability to the UK industry.

251. This suggests that if the anti-dumping amount were revoked, and dumping recurred, the current state of the UK industry presents significant challenges to producers who may seek to mitigate the impact of that dumping.

Undercutting of UK industry

252. Price undercutting is where dumped goods are consistently priced lower than those of the like goods in the UK.

253. Price underselling is where dumped goods are consistently priced lower than the target price of the UK industry of the like goods.

254. In the event of undercutting, UK industry may be forced to reduce its prices to compete against the lower priced goods or risk losing market share. This may also prevent prices of like goods in the UK from rising to a level that the UK industry would otherwise achieve. This effect may also occur in the event of underselling.

255. We are unable to complete a robust assessment of undercutting or underselling due to the minimal PRC imports into the UK during the IP, meaning we are unable to determine a representative export price for the Goods Subject to Review.

256. Consequently, we cannot say whether the dumped export price would be below or above the UK industry price and cannot determine if there would be undercutting if the measure were to be revoked.

257. Additionally, given the lack of sufficient granular evidence mentioned above, and the lack of evidence regarding target profit for the UK industry, we are unable to conduct a robust underselling assessment.

Domestic and international market conditions

258. To assess the potential trends in market conditions we considered supply, demand and prices.

G12. Supply

259. UK production indicated a downwards trend with decreases in both 2019/20 and the POI after an initial increase in 2018/19.

260. Table 11, utilising data from World Steel Association, shows the production of Rebar, both worldwide and worldwide excluding the PRC.

Table 11: Production of Rebar, kilotonnes

	2017	2018	2019	2020
World Production	259,567	292,704	321,521	319,652
World Production *Index = 2017*	100	113	124	123
World Production excluding the PRC	67,988	70,437	71,805	53,261
World Production excluding the PRC *Index 2017 = 100*	100	104	106	78

Sources: World Steel Association - data download 11/02/2022

261. World production data shows year on year increases from 2017 to 2019, with a marginal decrease in 2020, but still 23% higher than the 2017 figure.

262. World production excluding the PRC shows a similar trend, with increases from 2017 to 2019, before decreasing 22% below the 2017 figure.

263. Both UK production and world production excluding the PRC showed an overall decrease during the POI, whilst total world production including the PRC showed an overall increase over the respective annual periods. The continuing increase in world production observed therefore stems directly from PRC Rebar.

264. Given the UK's trends in production – we assess that there may be an oversupply of HFP Rebar in the UK market – as consumption in the UK (UK demand) has decreased by a greater amount than production.

265. However, we have not accounted for imports of HFP Rebar – which have also decreased over the IP. Additionally, we note that production and supply are not the same. Therefore, we have reduced certainty regarding an oversupply of HFP Rebar.

266. Whilst there have been increases in world production of Rebar, due to insufficient granular data, we are unable to determine the current state of Rebar supply globally.

267. An initial assessment of the developments with respect to the Russian invasion of Ukraine indicated that it may impact on supply. From 2017 – 2021, Russia and Ukraine were responsible for 10% of Rebar imports to the UK. Belarus imports totalled 15% over the same period. Given the current/potential sanctions applied

by the UK to Russia and Belarus, a decrease in respective imports from these countries, as well as Ukraine, could have impacted the UK industry.

268. However, an assessment of recent import data[48] covering the period January 2022 to May 2022, indicates other countries have increased their exports in response to Russia, Ukraine and Belarus being unable to export to the UK. Therefore, we determine that the Russian invasion of Ukraine has had a limited impact on Rebar supply.

269. Domestic and international market conditions in respect of supply do not provide sufficient detail to attain either a positive or a negative determination of the likelihood of recurrence of injury.

G13. Demand

270. UK consumption concluded with the identification of negative trends in both its volume and value.

271. Table 12, utilising data from World Steel Association, shows the Apparent Steel Use (ASU)[49], of all steel products, both worldwide and worldwide excluding the PRC.

Table 12: Apparent Steel Use (ASU), kilotonnes

	2017	2018	2019	2020
Apparent Steel Use	1,636,363	1,711,988	1,776,680	1,773,844
Apparent Steel Use *Index = 2017*	100	105	109	108
Apparent Steel Use excluding the PRC	862,523	875,938	864,790	778,804
Apparent Steel Use excluding the PRC *Index 2017 = 100*	100	102	100	90

Sources: World Steel Association - data download 11/05/2022

272. ASU data shows year on year increases from 2017 to 2019, with an overall increase of 8% between the 2017 and 2020 figures.

[48] See Chart 1 in the EIT section
[49] ASU is obtained by adding deliveries (what comes out of the steel producers facility gate) and net direct imports

273. ASU data excluding the PRC shows relatively stable figures from 2017 to 2019, with an overall decrease of 10% between the 2017 and 2020 figures.

274. World ASU, excluding the PRC, showed an overall decrease during the POI, whilst total world ASU showed an overall increase over the respective annual periods. The continuing increase in world ASU observed therefore stems directly from the PRC's ASU.

275. Given the UK's trends in consumption – we assess that there has been a decrease in demand in the UK market. Additionally, given the decrease in world ASU excluding the PRC, we assess that there has been a decrease in demand globally.

276. However, we noted above that ASU data captures all steel data, which is insufficiently granular to provide for a robust assessment. Therefore, we have reduced certainty regarding a decrease in demand globally.

277. Domestic and international market conditions in respect of demand do not provide sufficient detail to attain either a positive or a negative determination of the likelihood of recurrence of injury.

G14. Prices

278. We concluded above (section G5) that the UK industry appeared vulnerable because the average UK domestic sales price was below average cost. We do not have supporting evidence to be able to conduct a similar assessment with regards to international prices, however we have been able to observe an average value per tonne globally of Rebar.

279. The average UK selling price remained relatively stable, but the extent to which this could be considered positive is dependent on changes in the cost of production. We observed an upward trend in this cost over the IP, and during the POI this was above the average UK selling price.

280. Table 13 shows the annual worldwide imports of Rebar, in both volume and value. An average value per tonne has subsequently been calculated. The period 2017 most closely aligns with the IP period 2017/18, continuing to the 2020 period most closely aligning with the POI.

Table 13: Worldwide imports of Rebar

	2017	2018	2019	2020

Volume *kilotonnes*	25,668	26,292	23,023	20,659
Value *£ million*	11,814	13,849	11,721	9,287
Av. Value per tonne *£/tonne*	460	527	509	450
Av. Value per tonne *Index 2016 = 100*	100	114	111	98

Source: UN Comtrade – Data download 26/01/2022

281. The average price per tonne initially increases in 2018 and subsequently decreases year on year thereafter. This trend mirrors that observed within the UK industry, with prices domestically and globally below the initial levels during the POI or POI equivalent.

Table 14: Worldwide imports of Rebar (excluding imports from the PRC)

	2017	2018	2019	2020
Volume *kilotonnes*	19,669	21,897	19,899	18,027
Value *£ million*	9,325	11,581	10,027	8,019
Av. Value per tonne *£/tonne*	478	531	505	446
Av. Value per tonne *Index 2016 = 100*	100	112	106	94

Source: UN Comtrade – Data download 26/01/2022

282. When excluding PRC exports, we observe similar trends in table 14 as we do in table 13 - the average price per tonne has again mirrored both the global, and UK industry trends – an increase in 2018, before a subsequent decrease.

283. Although we cannot comment on respective costs per tonne, the similarity in trends adds weight to our assessment that the UK's sales prices may be vulnerable due to the global market trends.

284. The above indicators offer additional weight to our earlier conclusions, however it must be noted that there are limitations to the data leading to the trends we have observed, including respective time periods, exchange rates of the reported

figures on UN Comtrade from which world-wide import values were calculated, as well as the composition of good.

285. Domestic and international market conditions in respect of prices do not provide sufficient detail to attain either a positive or a negative determination of the likelihood of recurrence of injury.

G15. Conclusion on domestic and international market conditions

286. While we have had limited commentary from the UK producers around these specific factors in their respective questionnaires, we have not had sufficient co-operation from other producers. Without this co-operation, or access to third party resources relating to these factors, we are unable to compare the information we do have alongside any potential trends.

287. Therefore, domestic and international market conditions do not provide sufficient detail to attain either a positive or a negative determination of the likelihood of recurrence of injury.

Historic injury data

288. Due to the elapsed time since the original measure came into effect, we are unable to complete an in-depth assessment of HFP Rebar specific information for the UK industry. Instead, we have reviewed the original EU Rebar case (EU investigation AD619 initiated on 30 April 2015) to assess its contemporaneous findings of injury, as they were relative to the UK up until the EU exit (31 January 2020).

289. The EU published its provisional measures on 28 January 2016. It found there had been an increase of HFP Rebar consumption in the period being considered. However, it was recorded that there had been a deterioration in the EU industry's economic position which meant it had been unable to benefit from this increase. It noted production and sales volume of the EU industry had stagnated and its market share dropped significantly – with the increased consumption being met by the rapid increase of PRC imports.

290. It was further noted that the EU industry's profitability and cash flow had been seriously affected by the price pressure which prevailed in the EU market. The EU industry had not been able to maintain its prices at a level necessary to reach the same level of profitability it had previously experienced and had become loss-making as a result. It therefore provisionally concluded that the EU industry had suffered material injury.

291. The definitive measures were subsequently published on 29 July 2016 and confirmed that the EU industry had suffered material injury.

G16. Conclusion on historic injury data

292. While we have been unable to conduct a conclusive assessment related solely to the UK industry, it remains that the EU HFP Rebar case was conducted with full consideration of the UK industry. Importantly, material injury was identified at the time the initial case was considered.

293. The limited analysis of the identified trends in the EU case when reconciled with our findings in this section supports and builds on those conclusions.

Conclusion on likelihood of injury assessment

294. In assessing the current state of the UK Industry, we observed that most of the injury indicators showed a negative trend. They suggested that the UK industry has decreasing sales volumes (as sales follow the negative trend of consumption), with those sales being made at prices such that profitability is negative, and that cash flow is falling. Additionally, indicators that showed a positive trend (market share, investment) were limited as the UK industry experienced losses in the sales it made. Further, demand reduction, import of Rebar from countries other than the PRC and the status of the export market all increased vulnerability. In the absence of imports of the Goods Subject to Review, this situation signals significant vulnerability in the domestic industry.

295. This suggests that if the anti-dumping amount were revoked, and dumping recurred, the current state of the UK industry presents significant challenges to producers who may seek to mitigate the impact of that dumping.

296. It was not possible to perform a worthwhile undercutting analysis as the import volumes from the PRC were limited.

297. Our analysis of trends reconciled with our findings as regards domestic industry vulnerability, which has provided us with additional weight to those conclusions.

298. We reviewed historical injury determinations from the EU commission, which involved application of the EU measure on HFP Rebar in the UK.

299. The EU determined that the EU industry – which then encompassed the UK industry for HFP Rebar – has suffered from material injury. This provides additional weight to our assessments of industry vulnerability.

300. It is the considered view of the TRA that, given our assessment as to the likelihood of dumping in Section F above, if the measure was to be revoked, injury is likely to recur to the UK HFP Rebar industry.

SECTION H: Economic Interest Test

Introduction

301. Under Regulation 100A(2)(a) of The Regulations, if we were to make a recommendation to vary the application of the anti-dumping amount, we must be satisfied that this variation meets the EIT.

302. The aim of the EIT is to determine whether varying the measure by maintaining the anti-dumping amount on the Goods Subject to Review imported from the PRC is in the economic interest of the UK.

303. In accordance with paragraph 25 of Schedule 4 to the Taxation (Cross-Border Trade) Act 2018 (the Act), the EIT is met in relation to the application of an anti-dumping remedy or anti-subsidy remedy if the application of the remedy is in the economic interest of the United Kingdom.

304. In line with paragraph 25(4) of Schedule 4 to the Act, we have taken account of the following factors in conducting the EIT:

- the injury caused by the dumping of goods to the UK industry of the goods and the benefits to that UK industry in removing that injury;
- the economic significance of affected industries and consumers in the UK;
- the likely impact on affected industries and consumers in the UK;
- the likely impact on particular geographic areas, or particular groups, in the UK;
- the likely consequences for the competitive environment, and for the structure of markets for goods, in the UK; and
- such other matters as the TRA considers relevant.

H1. Evidence base

305. We received questionnaire responses from:

- One domestic producer of HFP Rebar

- Three trade associations (one representing the UK steel industry and two representing Chinese exporters).

306. We then identified other affected businesses from the HMRC trader search and the questionnaire response from the domestic producer, and contacted 17 to seek their input. When selecting businesses for further engagement, we chose those who appeared to be most heavily linked to HFP Rebar based on the

available data. Following this engagement, we received submissions of evidence from:

- Two of the 39 known prefabricators.

307. No other parties submitted evidence. Having considered the evidence presented, we used facts available to supplement this evidence by conducting research using publicly available sources such as Companies House and Official Labour Market Statistics. Information used in the Economic Interest Test was verified wherever practicable.

308. Following the publication of the SEF, we received additional submissions of evidence from:
    - One domestic producer of HFP Rebar (Celsa Steel)
    - Two trade associations (CISA representing Chinese exporters and UK steel representing the UK steel industry)
    - The Ministry of Trade of the Republic of Türkiye

309. We assessed this additional evidence and adjusted our analysis and conclusions from the SEF accordingly.

310. Following publication of our update on the change to our intended recommendation at this stage, we received one additional submission from a trade association (CISA). We considered this submission and have adjusted this section accordingly

Injury caused by dumping and benefits to UK industry in removing injury

311. Section G sets out the injury likelihood assessment.

312. The injury likelihood assessment concluded that injury to UK industry would be likely to recur, should the measure no longer apply. It established that UK industry is already in a weak position and that increased competition from low priced imports would be likely to cause further injury to UK industry.

313. Our review of their accounts indicate that the verified UK producer has relatively weak turnover and profitability trends suggesting that they may be vulnerable to increased competition from lower priced imports. The benefits of removing injury are addressed in the Likely impacts on affected businesses and consumers.

Economic significance of affected industries and consumers in the UK

314. We have identified the following groups as potentially being affected by the measure:

- **Upstream businesses**: including suppliers of scrap steel and ferro-alloys
- **UK producers** of HFP Rebar
- **Importers** of HFP Rebar: some of these are wholesalers and some of these use HFP Rebar to create reinforcement products.
- **Prefabricators:** HFP Rebar is generally bought by prefabricators who use it to create reinforcement products**.**
- **Construction sector:** These reinforcement products are then used by the construction sector for a range of building projects
- **Consumers**: Consumers interact with final products produced using HFP Rebar by the Construction sector.

315. It should be noted that there is overlap between these groups. We have attributed all known businesses to one of these groups based on their predominant activity to avoid double counting.

316. We have identified known businesses in each of these groups and looked at a selection of them where it was not possible to fully investigate all known businesses in the timeframe of the review. The criteria for selection differed for each group and are set out in sections H3 to H5.

317. We collected accounts data for the IP from Companies House for the selected businesses. For each selected business, average annual employment, turnover, Gross Value Added (GVA) and profitability was calculated from all available accounts between 2017 and 2021.

318. Analysis of each of the affected groups cited, are addressed in turn.

H2. Upstream businesses

319. The raw materials used in the production of HFP Rebar include scrap steel and ferro-alloys such as silicon manganese and ferroboron. From the UK producer's questionnaire response, we have identified six UK businesses which provide materials to the UK producer.

320. Using the UK producer's questionnaire response and accounts published on Companies House, we found that the UK producer's raw material costs are less

than 0.2% of the turnover of the known upstream businesses and are therefore deemed insignificant.

H3. UK producers of HFP Rebar

321. The composition of the UK industry is detailed in Section E: The UK Industry and Market. One UK producer of HFP Rebar, Celsa Steel UK, submitted a questionnaire response. We analysed data from this response and the corresponding accounts to assess the economic significance of HFP Rebar to this producer.

322. From published accounts, across the IP Celsa Steel UK employed approximately 670 staff each year and averaged £16m in yearly profits. We estimate that Celsa's GVA is averaged £41m across the IP.

H4. Importers of HFP Rebar

323. The HMRC importer database lists businesses which have imported goods from outside the EU. From this database, we have identified 36 businesses that imported goods defined under the relevant commodity codes for HFP Rebar in the POI. We sampled the top 10 businesses when ranked by the number of times they appear in the database. As two of these were not UK based, we analysed eight. Data limitations prevent us from determining the representativeness of this sample.

324. Average annual imports of Rebar account for approximately 28% of the turnover of the selected importers. The imports relate to all importers but we have only compared to the turnover of the selected importers so this figure is likely to be an overestimate. Nevertheless, we conclude that HFP Rebar is a highly significant product to typical businesses who import it.

325. The eight importers employed approximately 1,780 staff in total across the IP with approximately 95% of this figure being attributable to the largest business. We estimate the average turnover of the selection across the IP to be £550m while we estimate that average GVA was £81m.

326. The financial data indicate positive average profits and profit margins for all of the selected importers across the IP.

H5. Prefabricators

327. From the UK producer's questionnaire responses, we are aware of 39 businesses who have purchased HFP Rebar from the UK producer. These

businesses typically transform the product by cutting and bending it to make reinforcement products such as mesh or cages.

328. We analysed the top five businesses when ranked by the value of their HFP Rebar purchases in the POI. These businesses represent approximately 73% of the total sales value of HFP Rebar by Celsa Steel UK.

329. The five selected businesses employ approximately 1,000 staff in total across the IP, approximately 200 on average per business. The total turnover of the selection across the IP was approximately £486m while the total estimated GVA is approximately £45m.

330. The financial data indicates positive average profits across the IP for all the selected businesses and positive average profit margins for all but one of the selected businesses. This implies resilience to the higher costs resulting from the existing measure.

331. In the POI, approximately 65% of Celsa Steel UK's HFP Rebar sales value went to associated parties (captive consumption). 79% of our selected prefabricators' purchases of HFP Rebar represent such captive consumption. These transactions might be expected to be less sensitive to price changes in the short run.

H6. Construction Sector

332. Celsa Steel UK noted that the construction sector is a major user of HFP Rebar. The construction sector in the UK is substantial having an estimated 992,000[50] known businesses, an estimated GVA of £108bn[51] and approximately 2.2 million employees[52] in 2020.

333. However, a 2017 report by the Department for Business Energy and Industrial Strategy (BEIS) into steel capabilities estimated that the total demand for steel from the construction sector in 2015 was £2bn[53].This represents 0.7% of the estimated turnover of the sector at the start of 2016[54]. Moreover, as HFP Rebar is a subset of steel products, the £2bn figure overestimates the demand for HFP Rebar. Consequently, although HFP Rebar is an essential input for the

[50] BEIS, Business Population Estimates 2020;
[51] ONS, GDP output approach – low-level aggregates - Office for National Statistics (ons.gov.uk) – Table 2a (2021 GVA of £122 bn)
[52] BEIS, Business Population Estimates 2020; – detailed tables, table 5
[53] Future Capacities and Capabilities of the UK Steel Industry, 2017 research paper
[54] BEIS, Business Population Estimates 2016;

construction sector, its costs are likely to be a relatively insignificant fraction of total costs in the sector.

334. In our initial assessment, as set out in the SEF, we detailed our concerns that the Russian invasion of Ukraine and the economic sanctions imposed by the UK would result in supply shortages of HFP Rebar. This was due to a high share of Rebar imports from Russia, Belarus and Ukraine during the period of investigation and injury period.

335. Following the release of new import data from HMRC , the evidence indicates that the risk of supply shortages as a result of the Russian invasion of Ukraine has not been realised. This is explained in more detail in the Impact on prices and quantities if the measure was maintained. Without the risk of supply shortages, we do not expect that the effect on the construction sector would be significant. Even if the sector needed to pay increased prices to ensure alternative sources of supply, the cost of HFP Rebar is insignificant relative to the total size of the sector.

H7. Consumers

336. We received little evidence concerning the final consumers of products created using HFP Rebar. HFP Rebar is largely used in the construction industry and thus is present in buildings used by the majority of people. There is no evidence to suggest that the cost of HFP Rebar is significant to the price of most final products.

H8. Summary table

337. Table 15 presents evidence on the economic significance of segments of the HFP Rebar supply chain. Based on the comparative metrics set out in the table, we believe that HFP Rebar is a significant product for the UK producer, prefabricators and importers.

338. From the available evidence, importers appear to employ significantly more people and have a higher GVA than both the UK producer and selected prefabricators.

339. Having reviewed the published accounts across the IP for the selected businesses, the UK producer, importers and downstream businesses appear resilient to changes in the HFP Rebar tariff regime given positive average profits and profit margins across the IP. However, the UK producer made, on average, losses throughout the IP on its sales of HFP Rebar. As such, the UK producer appears vulnerable to negative economic impacts.

340. One prefabricator claimed that they could encounter supply chain issues if they are unable to source HFP Rebar products due to import restrictions and insufficient domestic production. If prefabricators cannot purchase sufficient HFP Rebar to meet demand, there could be knock-on effects to the construction sector.

Table 15: Significance metrics for affected industries

	Upstream businesses	UK producers	Importers	Prefabricators	Construction
Total known businesses	6	1	36	39	992,000
Total selected	6	1	8	5	N/A
Estimated significance of HFP Rebar to this group	**Not significant** (UK producer raw material costs vs upstream business turnover)	**Highly significant** (HFP Rebar sales revenue vs whole business turnover)	**Highly significant** (value of imports of HFP Rebar vs importer turnover)	**Significant** (UK producer HFP Rebar sales revenue vs Prefabricator turnover)	**Not significant** (value of steel demand vs turnover)
Total employment of selected businesses	N/A	667	1,778	998	N/A
Total GVA of selected businesses (£ million)	N/A	£41m	£81m	£45m	N/A
Total turnover of selected businesses (£ million)	N/A	£417m	£549m	£486m	N/A
Average EBITDA margin for selected businesses (%)	N/A	4%	3%	2%	N/A

Vulnerability to negative economic impacts	N/A	**Medium** – Company is profitable but HFP Rebar production is vulnerable due to negative profits across the IP	**Low** – Due to positive profits and profit margins across the IP	**Low** – unless unable to source sufficient HFP Rebar	**N/A**

Sources: Questionnaire responses and Companies House

Methodology: The significance of HFP Rebar to each of the groups was estimated using the comparison metrics set out in brackets for each group's description. The significance metrics were derived by taking annual averages of all available financial data for the selected businesses from 2017-2021. GVA was estimated by adding operating profits, employment costs, depreciation and amortisation. EBITDA was estimated by dividing the sum of operating profit, depreciation and amortisation by the turnover. The assessment of vulnerability to negative economic impacts was made by looking at published accounts from 2016-2021.

Likely impact on affected industries and consumers

341. In this section we assess the overall impact that varying the application of the anti-dumping amount by maintaining it might have on the affected groups identified. We do this by looking at how prices and quantities of goods in the supply chain might change (i) if the measure were to be maintained, and (ii) if it were revoked. The likely impact of the measure is the difference between these two states. In the previous section, we concluded that HFP Rebar is not a significant product for upstream businesses or the construction sector, so these groups are not assessed here.

H9. Impact on prices and quantities if the measure was maintained

342. If the measure was maintained by extending it for five years, imports of HFP Rebar from the PRC would continue to face a tariff at the same level.

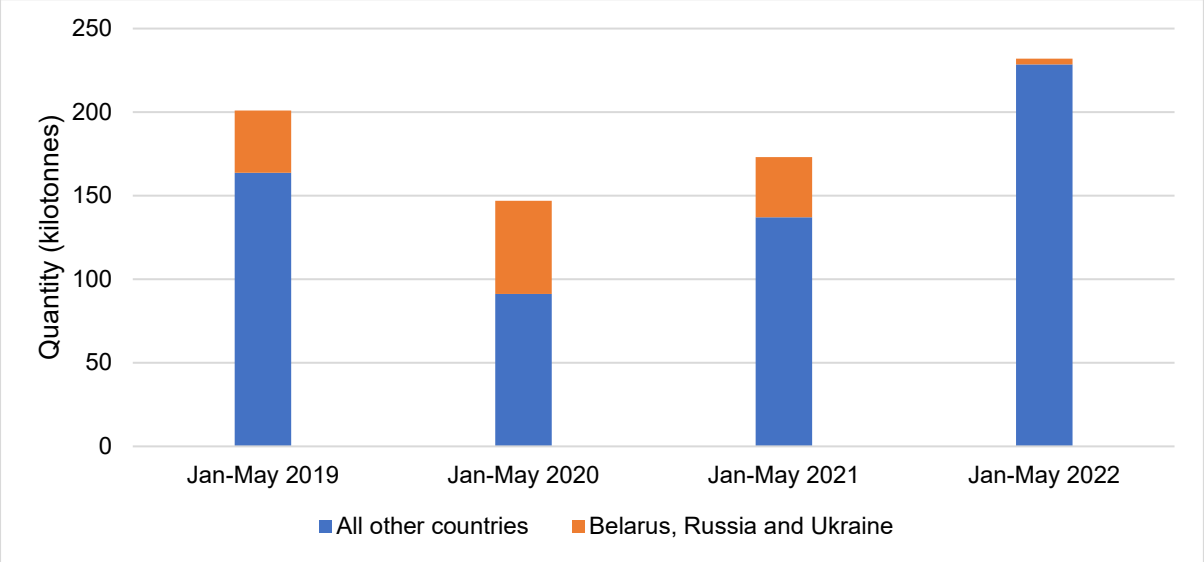
343. The COVID-19 pandemic has caused negative economic impacts for the construction sector and led to a 27% fall in demand for HFP Rebar in 2020 according to the trade union Community. They state that a full recovery in demand is unlikely until late 2022. Following the publication of the SEF, UK steel provided more recent evidence on the construction sector which suggests slowing growth due to shortages of labour, materials, and planning delays.[55] CISA stated that economic forecasts can change but we make decisions based on the best available evidence at the time of writing. The latest evidence suggests that UK economic growth is not likely to be as strong as previously predicted and that demand for HFP Rebar may not be as high as was expected when the SEF was published.

344. At the SEF stage, we identified a risk that the Russian invasion of Ukraine would lead to minimal imports from Russia, Belarus and Ukraine which have historically been significant sources of HFP Rebar for the UK market. New import data, which has become available since publication of the SEF and is shown in Chart 1, demonstrates that imports from Russia, Ukraine and Belarus have fallen as expected but that these have been replaced by imports from other countries including Türkiye and Portugal. The import data also shows no clear increase in the value per unit of imported Rebar following the Russian invasion which suggests that the replacement of imports from Russia, Ukraine and Belarus has not resulted in significantly increased costs for downstream businesses.

[55] ONS, Construction output in Great Britain, July 2022
Bank of England, Monetary Policy Report, August 2022

345. Consequently, the latest data suggests that the anticipated reduction in imports from Russia, Ukraine and Belarus has not led to an overall fall in HFP Rebar imports. CISA suggested that the impacts of the Russian invasion are still unclear. However, we have not been provided with any evidence that the supply shortages we were concerned about have materialized, and rather the most recent data is sufficient to allay our initial concerns about supply shortages.

Chart 1: Imports of Rebar in the first five months of each year (2019-2022)



Source: HMRC import data, extracted 03/08/22

Methodology: This chart uses import data at the 8 digit commodity code level rather than 10 digit level. This is because the 10 digit surveillance data was not available broken down by country. The 10 digit data shows the same trend for overall imports. It includes imports from the first five months of each year because only data up to May 2022 was available and a monthly time series was too variable for the trend to be clearly seen.

346. One prefabricator raised concerns about the resilience of domestic supply given there is only a single UK producer currently consistently producing HFP Rebar. In its response to the SEF, Celsa indicated that it had spare capacity and it could divert exports to the UK market. We do not have evidence that Celsa has enough spare capacity to substantially increase domestic sales. We have determined that Celsa's spare capacity is currently predominantly being used in the production of wire rod (which is a higher value product). We have no evidence to show that Celsa would decrease its wire rod production. Celsa's export volumes are small in relation to domestic HFP Rebar consumption and the ability to satisfy any demand increases are therefore considered to be limited. However the data in Chart 1 suggests that producers in other countries can increase their supply in response to falls in supply or changes in demand. Additionally, the Türkiye Ministry of Trade submitted evidence following the SEF indicating that they could increase supply if needed subject to their safeguard quota limit.

347. In their response to the Note to the Public File (published on 30 September 2022), CISA raised concerns that high energy prices in Europe could lead to EU

producers decreasing production. This is currently highly uncertain as it is an emerging issue. In addition, we have looked at historic imports of HFP Rebar and found that imports have come from a wide range of countries both within and outside of the EU. Therefore, we do not currently find any evidence that decreasing supply from Europe is likely, or that if it occurred it would necessarily have a significant impact on overall imports of HFP Rebar such that there would be supply issues in the UK.

348. The UK currently has a safeguard measure on certain steel products. This covers seven of the eight commodity codes in the scope of this measure. Six of these commodity codes fall under product category 12 of the safeguard measure and one falls under product category 13. The safeguard measure levies tariff rate quotas on the products in scope. The quotas are based on historic imports and, when they are exceeded, goods are subject to a 25% out-of-quota tariff and the anti-dumping duty is suspended accordingly[56]. While the steel safeguard measure is intended to address a different issue to the HFP Rebar anti-dumping duty, the effects of the measures will still overlap to some extent. Because the out-of-quota tariff is higher than the HFP Rebar anti-dumping duty, the safeguard measure is likely to significantly limit the ability of importers to import HFP Rebar once quotas are exceeded.

349. The PRC is currently exempt from these tariff rate quotas due to being a developing country and having low imports. If the PRC continued to be exempt, they would not be subject to those tariff rate quotas. However, these exemptions are reviewed periodically so, if import volumes increased, PRC imports could come into scope of the measure following a review. Celsa and UK Steel noted that in 2014 and 2015, before the original measure on HFP Rebar was imposed, PRC producers were able to increase their exports substantially in the course of a year. If PRC imports were to follow a similar trend to this, they could gain a market share of around 30% to 40% before the safeguard exemption could be revoked if the anti-dumping measures were no longer to apply.

350. UK Steel noted that the current tariff rate quotas are due to expire before the date on which the HFP Rebar measure would expire if it was maintained, 2026. The tariff rate quotas are in place until 2024 but it is possible that the safeguard measure could be extended up until 2026 following an expiry review.

351. Following the SEF, UK Steel and Celsa stated that safeguard quotas were not being used up during the first two quarters of 2022. HMRC import data indicates that the relevant quotas were largely used up in those quarters.

[56] The interaction between the safeguard measure and anti-dumping measures is set out in Regulation 94D of the D&S Regs

352. Historically there was an export rebate of 13% in the PRC on certain products covered by the HFP Rebar measure. However, both CCOIC and CISA have reported that this export rebate is no longer in place.[57] This means that there may now be a reduced incentive for Chinese producers to export HFP Rebar than was previously the case. In their submissions on the SEF, UK Steel and Celsa stated that PRC Rebar exports have not fallen since the export rebate was revoked. We analysed international trade data from UN Comtrade[58] and GTAS[59] which shows that exports from the PRC have decreased since the rebate was removed and suggests that the removal of the rebate may have had some effect.

353. If the measure were to be maintained, we expect that there would be minimal resulting impacts on prices or quantities of HFP Rebar or related products imported from the PRC, nor material impacts on the UK market for HFP rebar.

H10. Impact on prices and quantities if the measure was revoked

354. The measure currently in place on HFP Rebar is an ad valorem tariff of between 18.4% and 22.5% on imports from producers in the PRC. This means that the immediate impact of revoking the measure could be that prices of imports from the PRC drop by up to 16%-18%. However, this reduction in prices may be lower than this due to the revocation of the 13% export rebate, which would make it more expensive for PRC producers to export. In turn the impacts of the revoked export rebate will be offset to some extent by the reduction in import duties on raw materials but these impacts would be less direct than the export rebate.

355. Various parties agree that HFP Rebar is very price sensitive and that customers would be willing to switch to producers offering lower prices as there is limited product differentiation between imported and domestically produced HFP Rebar regardless of the production process used to make it. Therefore, it is likely that if the prices of HFP Rebar from the PRC decreased, those products would gain market share.

356. The ability of imports from the PRC to gain market share at the expense of the UK producer will be constricted to some extent by captive sales and by the steel safeguard measure. The questionnaire response from Celsa Steel UK indicated that a majority of their sales were to associated parties so it might be expected that these sales would be unaffected by cheaper imports from the PRC in the

[57] PRC Government Notice No. 16/2021
[58] Download trade data | UN Comtrade: International Trade Statistics
[59] International Import Export Trade Data: Global Trade Atlas | IHS Markit (note; subscription required to access data)

short term. In the longer term, there might be more pressure on these parties to switch or for the UK producer to drop their prices because the associated prefabricators will have to remain competitive with non-associated prefabricators.

357. Conversely, the steel safeguard measure may not limit imports from the PRC in the short term due to the developing country exemption. In the longer term, following a review, the PRC could fall in scope of the safeguard measure and this would limit importers' ability to import beyond the quota amounts while the safeguard measure is still in place. If the PRC is not exempt from the steel safeguard measure, only volumes equivalent to around 18% of UK consumption in the POI could be imported from the PRC before the 25% out of quota tariff would apply if the quotas were entirely used up importing HFP Rebar instead of other steel products which are also in scope of these quotas. This means approximately 82% of the market would still be protected from PRC imports if the HFP Rebar anti-dumping measure were to be revoked.

358. Lower priced imports from the PRC could lead to the market price of HFP Rebar falling which would lead to lower costs for prefabricators. However, for the reasons set out above, the overall price change might be fairly modest. Submissions from prefabricators suggest that they may pass on any cost changes to their customers (the construction sector) but any changes are likely to be small and it is unlikely that final consumers would see any significant price changes.

359. At the SEF stage, the evidence suggested that removing the measure might improve the resilience of supply for downstream businesses. While it might do so by increasing the number of low-priced PRC sources of supply, recent import figures suggest that the international supply of HFP rebar is already resilient as total imports have not been affected by a loss of imports from Belarus, Russia and Ukraine.

H11. Likely impacts on affected industries and consumers if the measure is maintained

<u>UK producers of HFP Rebar</u>

360. Maintaining the measure instead of revoking it would lead to some benefit for the UK producer by protecting them from cheaper imports from the PRC. However, the price differential between PRC and UK produced HFP Rebar may be less pronounced than when the measure was previously imposed because the PRC has now removed export rebates for certain types of HFP Rebar.

361. Similarly, while the measure might be expected to protect the market share of the UK producer, the significant proportion of sales to associated parties and the potential effects of the steel safeguards measure mean that PRC imports would be unlikely to significantly displace domestic sales following the revocation of the measure. Therefore, the net impact of maintaining the measure for the UK producer is likely to be a small benefit.

Importers of HFP Rebar

362. The measure makes HFP Rebar more expensive to import from the PRC, the country which produces the largest volume of Rebar, than would be the case if the measure was revoked. Hence, if importers cannot source sufficient Rebar from other countries they may incur these increased costs. The steel safeguard measure will reduce the likelihood that importers will switch to HFP Rebar from the PRC following if the measure were revoked.

Prefabricators

363. Prefabricators might face slightly higher costs than otherwise if the measure were maintained instead of being revoked but the evidence provided by two prefabricators suggests that these costs could be passed on to the construction industry in the form of higher prices so the net effect might not be significant. It is worth noting that a significant portion of prefabricators are associated parties of the only verified UK producer. In the short run these businesses may be less likely to change their behaviour than non-associated prefabricators.

Consumers

364. Impacts on consumers are likely to be negligible.

Table 16: Expected impacts on affected groups from maintaining the measure

Group	Expected impacts
UK producers	Small positive impact
Importers	Small negative impact on average
Prefabricators	Small negative impact on average
Consumers	Negligible impact on average

Likely impact on particular geographic areas, or particular groups in the UK

365. This section explores how impacts of a maintained measure would be likely to be geographically distributed and whether any particular groups might be disproportionately impacted.

H12. Likely impact on particular areas

366. Our geographical analysis considers the three groups for which the evidence suggests HFP Rebar is a significant product, UK producers, importers and prefabricators. We have assessed geographical significance, using employment, at the level of Local Authority Districts (LADs).

367. We used four sources of evidence for the employment analysis.

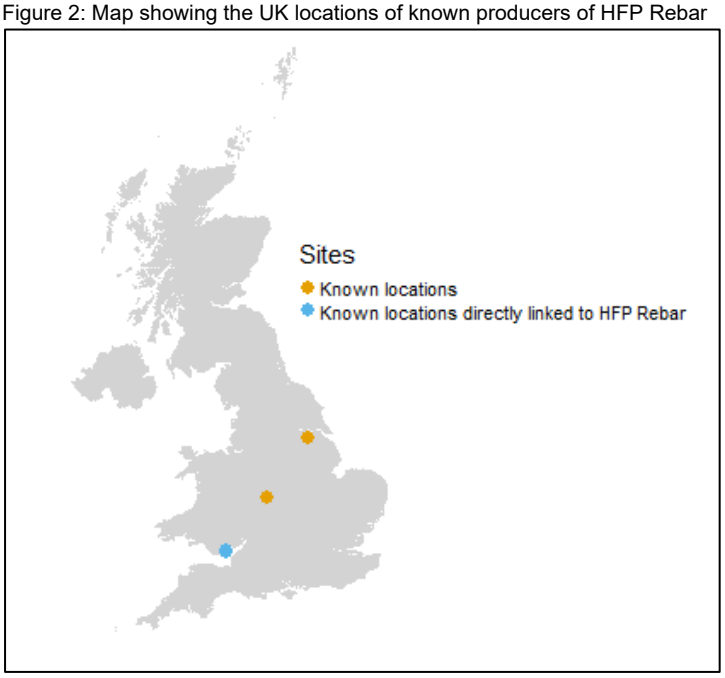
- Questionnaire responses: these included data on total employment by site and employment attributable to HFP Rebar production;
- Companies House: this provides data on total business employment; and
- Dun and Bradstreet business directory: this provides the location of additional sites and estimates of employment by site for listed companies.
- ONS estimates of working age population by LAD.

368. Questionnaire responses were our preferred source because those figures were verifiable. For businesses without questionnaire responses, we used the Dun and Bradstreet directory to determine employment by site but scaled down these estimates wherever the sum of employment from all sites exceeded the total employment in the most recent accounts on Companies House. Where sites were listed without employment figures, we assumed that the total employees were distributed equally between all sites. We have a greater confidence in our estimates of employment by site for the UK producer than for downstream businesses because they are primarily taken from questionnaire responses.

<u>UK producer of HFP Rebar</u>

369. Figure 2 shows the distribution of sites for the UK producer. The known locations directly linked to HFP Rebar, indicated in questionnaire responses, are highlighted in blue while other sites are highlighted in yellow. There are four known sites in Cardiff which are represented by one point in the map. Two of these four sites are known to be directly linked to HFP Rebar.

Figure 2: Map showing the UK locations of known producers of HFP Rebar



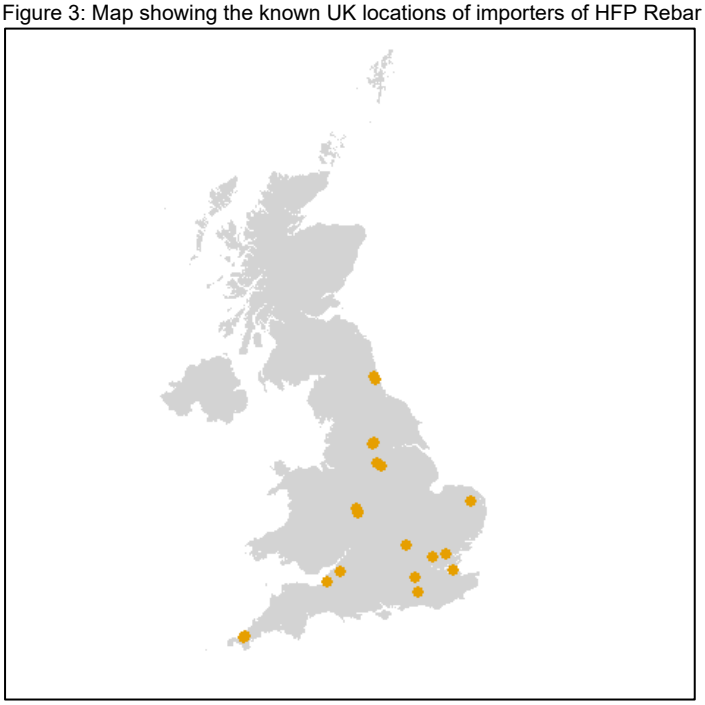
Sources: Questionnaires, Companies House, Dun and Bradstreet Business Directory
Note: Contains National Statistics data © Crown copyright and database right 2021, contains OS data © Crown copyright and database right 2021.

370. We calculated the estimated employment by LAD as a percentage of the working age population in the district. We found that employment was an insignificant proportion of total LAD employment at each of the three locations. The largest proportion was in Cardiff where the producer employs less than 0.5% of the total LAD working population.

UK Importers of HFP Rebar

371. Figure 3 shows the distribution of sites of selected importers of HFP Rebar. In the absence of questionnaire responses, we have no information on which sites are directly linked to HFP Rebar.

Figure 3: Map showing the known UK locations of importers of HFP Rebar



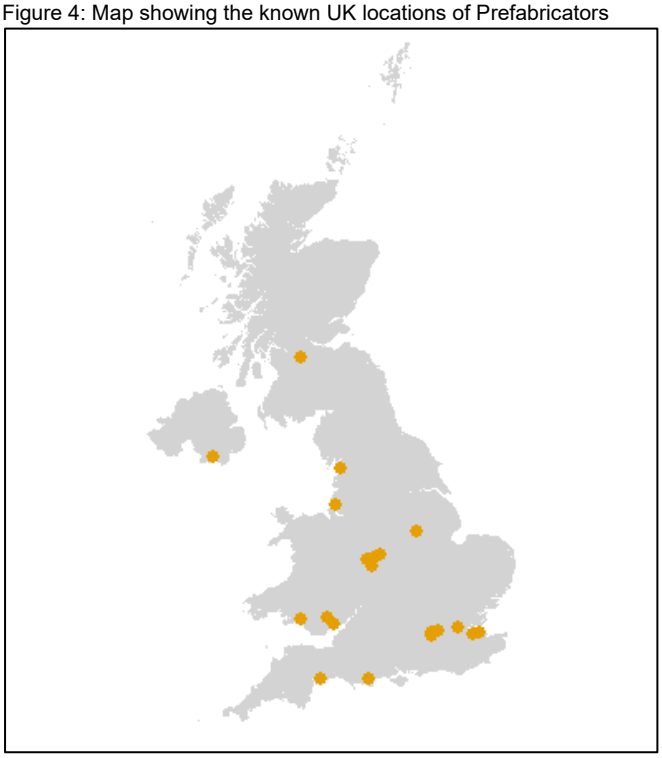
Sources: Companies House, Dun and Bradstreet Business Directory
Note: Contains National Statistics data © Crown copyright and database right 2021, contains OS data © Crown copyright and database right 2021.

372. We found that the employment attributable to UK importers was an insignificant proportion of total employment in each of the relevant LADs.

Prefabricators

373. Figure 4 shows the distribution of sites of downstream businesses in the HFP Rebar industry. In the absence of questionnaire responses, we have no information on which sites are directly linked to HFP Rebar.

Figure 4: Map showing the known UK locations of Prefabricators



Sources: Companies House, Dun and Bradstreet Business Directory
Note: Contains National Statistics data © Crown copyright and database right 2021, contains OS data © Crown copyright and database right 2021.

374. We found that the employment attributable to UK downstream businesses was an insignificant proportion of total employment in each of the relevant LADs. This was also the case when we looked at the broader regions.

375. Overall, we conclude that maintaining the measure is unlikely to significantly damage any particular geographic area. Similarly, revoking the measure is unlikely to confer a significant positive benefit to any local economy.

H13. Likely impact on particular groups

376. We considered the likely impact on particular groups including those with protected characteristics as defined by the Equality Act 2010.

377. We asked the producer to provide any relevant information concerning disproportionate impacts on protected groups. Neither the producer nor any other party provided any evidence with respect to potential impacts on any particular groups, either as workers or consumers. Moreover, we have no reason to believe that there is likely to be disproportionate impacts on any particular groups.

378. Therefore, we conclude that there are no obvious impacts on protected or other groups which might result from the revocation or variation of the measure.

Likely consequences for the competitive environment and for the structure of markets for goods in the UK

379. The assessment of likely consequences for the competitive environment and structure of the UK market considers four areas:

- The impact on the number or range of suppliers
- The impact on the ability of suppliers to compete
- The impact on the incentives to compete vigorously
- The impact on the choices and information available to consumers.

H14. Impact on the number or range of suppliers

380. There is only one verified UK producer of HFP rebar and 36 known importers over the past two years. We have sales data for the UK producer and data on imports from HMRC UK Trade Info. Combining the data from these sources, we estimate that Celsa has a large market share. Furthermore, a significant portion of imports come from countries where Celsa Group states it produces HFP Rebar so this market share may be even greater.

381. Given that there is only a single verified UK producer with a large market share, maintaining the measure could cause the market to be more concentrated than if the measure were revoked because it would help to protect the UK producer.

H15. The impact on the ability of suppliers to compete

382. In their response to the SEF, Celsa stated that there is spare capacity in the EU Rebar industry. We looked at where imports of Rebar have historically come from and found that countries exporting Rebar to the UK vary substantially from year to year which indicates that there could be reasonable competition between international suppliers. Revoking the measure would improve the ability of PRC exporters to compete in the UK market.

383. There is no evidence to suggest that maintaining the measure would impact the ability of suppliers to compete.

H16. The impact on the incentives to compete vigorously

384. There is no evidence to suggest that maintaining the measure would directly impact incentives to compete vigorously.

H17. The impact on the choices and information available to consumers

385. As set out in Section D4, there are two ways to produce HFP Rebar: Quench and Self Tempered (QST), and Micro Alloy (MA). Celsa only produces QST Rebar. Therefore, revoking the measure might increase the ability for prefabricators to buy MA Rebar. MA Rebar is of a higher quality than QST but is typically only specified for construction in areas with significant seismic activity and we have no evidence to suggest there is significant demand for this in the UK.

Such other matters as the TRA considers relevant

386. As part of the EIT, we consider any other factors additional to those set out in the legislation which have implications in concluding whether a trade remedy measure is in the economic interest of the UK.

387. UK steel stated that increased steel imports could lead to higher global carbon emissions. They claimed that UK CO_2 emissions per tonne of steel produced were 1.60 tCO_2 compared to the global average of 1.85 tCO_2. They also estimated that shipping resulted in an additional 0.28 tCO_2 per tonne shipped from the PRC to the UK.

388. In response to the SEF, Celsa provided evidence that its emissions were significantly lower than the UK average (0.65 tCO_2 per tonne of steel) due in part to its use of an electric arc furnace. This has been verified and our estimated environmental impacts have been adjusted accordingly. Celsa also suggested that PRC emissions were higher than those provided by UK steel but did not provide evidence to support this.

389. Due to the existing tariffs on HFP Rebar from the PRC, imports from the PRC were around 4,000 tonnes per year over the IP. If the measure were to be revoked, imports from the PRC could rise to a maximum level of around 107,000 tonnes per year before breaching the quota limits and being subject to an out-of-quota tariff. Given that the out-of-quota tariff for the steel safeguard measure is greater than the current tariff on HFP Rebar from the PRC, it is reasonable to assume that imports would be unlikely to significantly exceed quota limits.

390. If PRC steel production is as energy intensive as the international average and in a worst-case scenario PRC imports increased from current levels to fill all available quotas and replaced UK production, global carbon emissions could increase by a maximum level of around 154,000 tonnes per year. Using BEIS

carbon values[60] which are used for monetising changes in greenhouse gas emissions, we estimate that maintaining the measure could result in an international benefit of up to £19m to £57m in 2022. It is important to note that the EIT only considers the impacts on the UK economy so only a portion of these benefits are in scope of the EIT.

391. CCOIC noted that the PRC is making efforts to reduce the carbon emissions from its steel production but did not provide any evidence on the carbon intensity of steel production in the PRC.

392. UK steel also stated that dumped Rebar might impact on planned investment in an Electric Arc Furnace by the Ardersier Port Authority but from the evidence provided it is unclear when this furnace would be completed and how many jobs it would support.

Form of measure

393. The current measure is an ad valorem tariff of 18.4% to 22.5% covering all products imported under the commodity codes set out in section D2 from the PRC.

394. In the EIT we consider the most appropriate form of measure to recommend, in particular whether any changes to the length or coverage of the measure would minimise the negative impacts of the measure on some parties while retaining the overall benefits.

395. One of the prefabricators suggested that a quota be imposed instead of a tariff to allow them to import some HFP Rebar from the PRC in cases where there were domestic supply issues. However, because we have insufficient data to recalculate the anti-dumping amount, this is not something we were able to consider further.

Conclusion on Economic Interest Test

396. In accordance with paragraph 25 of Schedule 4 to the Act, we consider whether the application of a remedy would be in the economic interest of the UK. The Economic Interest Test is presumed to be met unless we are satisfied that the application of the remedy is not in the economic interest of the UK.

[60] BEIS, Valuation of greenhouse gas emissions: for policy appraisal and evaluation

397. Following the likelihood assessments, in sections F and G, we have considered whether maintaining the existing measure would be in the economic interests of the UK.

398. In the section Injury caused by dumping and the benefits to UK industry of removing that injury, we concluded that, while the UK industry is not currently experiencing injury, the revocation of the measure on HFP Rebar would likely lead to injury. This was established through analysis of the current state of the UK industry, and a review of historical import and export data.

399. In the section Economic significance of affected industries and consumers in the UK, we found that there are three groups who are significantly linked to HFP Rebar: the UK producer, importers and prefabricators. Importers appear to be the most economically significant group followed by prefabricators and the UK Producer. The UK producer appears to be more vulnerable to negative economic impacts.

400. In the section Likely impact on affected industries and consumers, we found that the net impacts of maintaining this measure are likely to be fairly small, due to the interactions with the steel safeguards measure and the sales to associated businesses. We estimate that the UK producer would experience some benefits, importers and prefabricators would experience some losses, and consumers would have negligible impacts.

401. When assessing the Likely impact on particular geographic areas, or particular groups in the UK, we found no evidence of significant impacts.

402. In the assessment of the Likely consequences for the competitive environment, we found that the market is highly concentrated and it is likely that maintaining the measure would maintain this situation and be worse for the competitive environment than removing the measure.

403. In the section covering other relevant matters, we estimated that maintaining the measure as recommended could lead to lower global emissions. This is an international benefit and so only partially in scope of the EIT.

404. We have identified the following key positive impacts of maintaining the measure:

- The UK producer will benefit to some extent but revoking the measure would not affect their overall viability.
- There could be reduced global carbon emissions but the benefit to the UK economy would be small.

405. The contrasting key negative impacts are:

- Importers and prefabricators are likely to incur higher costs than if the measure were revoked. They are less vulnerable to negative economic impacts but also more economically significant than the UK producer. These costs are unlikely to be large enough to affect the overall viability of these businesses.
- The market is highly concentrated and maintaining the measure is likely to protect a producer with significant market share.

406. It is likely that the sole verified UK producer would benefit to some extent from maintaining the measure but it is likely that importers and prefabricators would face costs of a similar magnitude. Given the protections provided by the steel safeguard measure; the significant portion of sales to associated parties; and the cancellation of the export rebate on some types of HFP Rebar by the PRC; we do not believe that the positive or negative impacts of the measure are likely to be substantial enough to significantly affect the economic viability of any of the affected groups.

407. At the SEF stage we identified that there was a risk that the supply of HFP Rebar might be insufficient to meet demand due to the Russian invasion of Ukraine. The latest import data suggests that reduced imports from Belarus, Russia and Ukraine have been replaced by imports from other countries. In addition, growth forecasts for the construction sector and the UK economy as a whole have changed since the SEF analysis meaning that demand for HFP Rebar may not be as high as was previously anticipated. Because of this new evidence, we no longer consider there to be a significant risk of undersupply of HFP Rebar.

408. Having considered the evidence provided, we conclude that the overall impacts of the proposed measure are likely to be relatively small and that the negative impact on the economy is not disproportionate to the need to remove injury caused to UK industry. Therefore, we find that maintaining this measure is in the economic interests of the UK.

SECTION I: Findings and Recommendation

Findings

409. The TRA has found that:

410. It is likely, on the balance of probabilities, that dumping of HFP Rebar would recur if the anti-dumping amount were no longer applied.

411. It is likely, on the balance of probabilities, that injury to UK industry would recur if the anti-dumping amount were no longer applied.

412. The application of the anti-dumping amount meets the EIT.

Final Recommendation

413. Our recommendation is to vary the application of the anti-dumping amount under regulation 100A of the Regulations. As it has not been possible to recalculate the anti-dumping amount, we recommend maintaining the anti-dumping amount under regulation 100A(4)(b) of the Regulations for a period of five years from 30 July 2021.

414. Annex 1 specifies the duties to be maintained and applied to the goods described or imported under the UK customs codes detailed therein. In the absence of any data to recalculate the anti-dumping amount, we have maintained the form and levels of the original EU measure that have been transitioned prior to this review.

Annex 1: Duty rates for Goods Subject to Review

Country	Exporter	Anti-dumping duty rate (ad valorem)	Definitive anti-dumping duty additional code[61]
PRC	Jiangsu Lianfeng Industrial Co., Ltd, Zhangjiagang	22.5%	C063
PRC	Jiangsu Yonggang Group Co., Ltd, Zhangjiagang	22.5%	C062
PRC	Jiangyin Ruihe Metal Products Co., Ltd, Jiangyin	18.4%	C061
PRC	Jiangyin Xicheng Steel Co., Ltd, Jiangyin	18.4%	C060
PRC	Zhangjiagang Hongchang High Wires Co., Ltd, Zhangjiagang	22.5%	C064
PRC	Zhangjiagang Shatai Steel Co., Ltd, Zhangjiagang	22.5%	C065
PRC	All other exporters	22.5%	C999

[61] From 1 January 2021, the UK initiated a new tariff regime entitled the UK Global Tariff (UKGT) to replace EU TARIC codes. The codes listed relate to the transitioned measure.

Annex 2: Definitive anti-dumping duties imposed by European Union (EU) Commission

Implementing Regulation (EU) 2016/1246 of 28 July 2016[62]

Country	Exporter	Anti-dumping duty rate (ad valorem)
PRC	Jiangyin Xicheng Steel Co., Ltd, Jiangyin	18.4%
PRC	Jiangyin Ruihe Metal Products Co., Ltd, Jiangyin	18.4%
PRC	Jiangsu Yonggang Group Co., Ltd, Zhangjiagang	22.5%
PRC	Jiangsu Lianfeng Industrial Co., Ltd, Zhangjiagang	22.5%
PRC	Zhangjiagang Hongchang High Wires Co., Ltd, Zhangjiagang	22.5%
PRC	Zhangjiagang Shatai Steel Co., Ltd, Zhangjiagang	22.5%
PRC	All other companies	22.5%

[62] Commission Implementing Regulation (EU) 2016/1246 of 28 July 2016

Annex 3: Information from participants in the review

UK industry

Party	Submission(s)
Celsa Steel	Pre-sampling Questionnaire Questionnaire Visit Report Response to the SEF
Liberty Speciality Steel	Note to Public File[63] Response to the SEF

Foreign Governments

Party	Submission(s)
Ministry of Commerce of the People's Republic of China	Contributor Questionnaire Comments on TD0010 Response regarding PMS

Trade Bodies

Party	Submission(s)
China Chamber of International Commerce	Contributor Questionnaire Comments of CCOIC
China Iron & Steel Association (CISA)	Contributor Questionnaire Meeting Presentation Response to Ad-hoc questions Response to the SEF Response to the Note to Public File
UK Steel	Contributor Questionnaire Response to Public File submissions Response to Public File submissions 2

[63] Interactions with Liberty Speciality Steel to the date of publication

	Response to the SEF Meeting Presentation

Contributors

Party	Submission(s)
Community	Contributor Questionnaire
Downstream Business 1	Downstream Questionnaire
Downstream Business 2	Downstream Questionnaire
Government of Türkiye	Response to the SEF

Annex 4: Full Commodity Codes Definitions

	Descriptor (first four digits)	**Descriptor** (digits five and six)	**Descriptor** (digits seven and eight if applicable)	**Descriptor** (digits nine and ten if applicable)
7214200010	Other bars and rods of iron or non-alloy steel, not further worked than forged, hot-rolled, hot-drawn or hot-extruded, but including those twisted after rolling	Containing indentations, ribs, grooves or other deformations produced during the rolling process or twisted after rolling	N/A	High fatigue performance concrete reinforcing bars and rods
7228302010	Other bars and rods of other alloy steel; angles, shapes and sections, of other alloy steel; hollow drill bars and rods, of alloy or non-alloy steel	Other bars and rods, not further worked than hot-rolled, hot-drawn or extruded	Of tool steel	High fatigue performance concrete reinforcing bars and rods, containing indentations, ribs, grooves or other deformations produced during the rolling process or twisted after rolling
7228304110	Other bars and rods of other alloy steel; angles, shapes and sections, of other alloy steel; hollow drill bars and rods, of alloy or non-alloy steel	Other bars and rods, not further worked than hot-rolled, hot-drawn or extruded	Containing by weight 0,9 % or more but not more than 1,15 % of carbon, 0,5 % or more but not more than 2 % of chromium and, if present, not more than 0,5 % of molybdenum Of circular cross-section of a diameter of 80 mm or more	High fatigue performance concrete reinforcing bars and rods, containing indentations, ribs, grooves or other deformations produced during the rolling process or twisted after rolling

7228304910	Other bars and rods of other alloy steel; angles, shapes and sections, of other alloy steel; hollow drill bars and rods, of alloy or non-alloy steel	Other bars and rods, not further worked than hot-rolled, hot-drawn or extruded	Containing by weight 0,9 % or more but not more than 1,15 % of carbon, 0,5 % or more but not more than 2 % of chromium and, if present, not more than 0,5 % of molybdenum Other	High fatigue performance concrete reinforcing bars and rods, containing indentations, ribs, grooves or other deformations produced during the rolling process or twisted after rolling
7228306110	Other bars and rods of other alloy steel; angles, shapes and sections, of other alloy steel; hollow drill bars and rods, of alloy or non-alloy steel	Other bars and rods, not further worked than hot-rolled, hot-drawn or extruded	Other Of circular cross-section, of a diameter of 80 mm or more	High fatigue performance concrete reinforcing bars and rods, containing indentations, ribs, grooves or other deformations produced during the rolling process or twisted after rolling
7228306910	Other bars and rods of other alloy steel; angles, shapes and sections, of other alloy steel; hollow drill bars and rods, of alloy or non-alloy steel	Other bars and rods, not further worked than hot-rolled, hot-drawn or extruded	Other Of circular cross-section, of a diameter of Less than 80 mm	High fatigue performance concrete reinforcing bars and rods, containing indentations, ribs, grooves or other deformations produced during the rolling process or twisted after rolling
7228307010	Other bars and rods of other alloy steel; angles, shapes and sections, of other alloy steel; hollow drill	Other bars and rods, not further worked than hot-rolled, hot-drawn or extruded	Other Of rectangular (other than square) cross-	High fatigue performance concrete reinforcing bars and rods, containing indentations, ribs, grooves or other deformations produced during

	bars and rods, of alloy or non-alloy steel		section, hot-rolled on four faces	the rolling process or twisted after rolling
7228308910	Other bars and rods of other alloy steel; angles, shapes and sections, of other alloy steel; hollow drill bars and rods, of alloy or non-alloy steel	Other bars and rods, not further worked than hot-rolled, hot-drawn or extruded	Other Other	High fatigue performance concrete reinforcing bars and rods, containing indentations, ribs, grooves or other deformations produced during the rolling process or twisted after rolling