



TD0010 – High fatigue performance steel concrete reinforcement bars originating in the People’s Republic of China

Comments of China Chamber of International Commerce

The comments are submitted by the China Chamber of International Commerce (CCOIC) concerning the transition review TD0010 of the anti-dumping measures applicable to high fatigue performance steel concrete reinforcement bars (HFP rebar or goods subject to review) originating in the People’s Republic of China.

The comments are submitted on the following issues:

- The WTO’s consistency of the UK’s maintenance of the EU trade remedy measures is in doubt;
- The ongoing transition review being conducted by the TRA fails to comply with the obligations in the ADA regarding the principle of due process and transparency;
- The alleged “particular market situation” does not exist;
- Chinese imports did not cause injury to the UK industry;
- There would be no threat of injury if the measure is removed;
- It is in the UK’s interest to remove the measure.

1. The WTO's consistency of the UK’s maintenance of the EU trade remedy measures is in doubt.

1.1 Condition for adopting trade remedy measures.

CCOIC submits that the UK is not entitled to adopt the EU measures via its unilateral transition approach without abiding by the WTO rules, *i.e.*, Articles 1 and 5 of the Anti-dumping Agreement (ADA).

As stipulated in the ADA, WTO members must meet the following conditions to justify the imposition of anti-dumping duties:

- an investigation shall be duly initiated and conducted in accordance with the ADA;
- based on the results of the investigation, it shall be determined that:
 - (1) dumping is occurring;
 - (2) domestic industry producing like goods in the importing country suffers from a material injury, the threat of material injury or material retardation; and
 - (3) there is a causal link between dumping and injury.

However, no evidence with regard to the above conditions has been provided at this stage.

1.2 The so-called “transition review” is not a review within the meaning of the ADA and shall be terminated immediately.

In order to avoid a trade defense vacuum, the UK has set forth a transition review part in the Trade



Remedies (Amendment) (EU Exit) Regulations 2019 (Regulations), all in an attempt to make the transition appear to be WTO-compliant. However, the unilateral act or legislation does not grant the UK the right to adopt the measures without WTO-compliant proceedings.

CCOIC submits that the transition anti-dumping review does not constitute a review investigation within the meaning of the ADA. The review under the ADA aims to determine whether the current measure in force shall be maintained, varied, or revoked, which means that all the determinations pertaining to the review must be established based on the existing measure. However, in the EU's Notice regarding the application of anti-dumping and anti-subsidy measures in force in the European Union following the withdrawal of the United Kingdom and the possibility of a review (2021/C 18/11), it clearly states that *“all anti-dumping and anti-subsidy measures in force apply from 1 January 2021 only to imports into the twenty-seven Member States of the European Union,”*¹ which means that the existing anti-dumping and anti-subsidy measures no longer apply to the UK from 1 January 2021. This renders the continuation of the transition review unjustifiable.

To sum up, CCOIC submits that the transition review, by its nature, is not a review under the ADA and shall be terminated immediately.

1.3 Even if the UK considers that the transition review is a “unique” review rather than an original investigation, its compliance with the WTO rules remains questionable.

There will be a gap, which may be longer for measures with later expiration dates, between the end of the transition period and the publication of the transition review determination. During this period, the UK will continue to apply the original EU measures to the imports with no investigation in place, which is an undisputed violation of the WTO rule.

For instance, in the anti-dumping investigation against imports of Ceramic tableware/Kitchenware (AD586), where the UK determined to maintain the existing measures, the expiry date of the measure is 16 July 2024.² This means the original EU anti-dumping duties will continue to apply until the outcome of the transition review is released. Hypothetically, if the transition review of AD586 were initiated not long before 16 July 2024, the anti-dumping duties would be in place until 2025, or even later.

In this regard, it shall be pointed out that the current effective measures are the trade remedy measures imposed by the European Commission in the EU customs union, which was determined by taking into consideration the situation and statistics of the EU28, rather than that of the UK market only. Following Brexit, the market condition of the EU changes. The impacts of the changes in the EU's market include (1) the initial dumping margin determination may be inappropriate, and (2) the injury determination may be inaccurate.

To facilitate the TRA's understanding of the impacts brought by market change, CCOIC hereby takes

¹ Official Journal of the European Union. (2021, January 18). EUR-Lex - 52021XC0118(05) - EN - EUR-Lex. [https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52021XC0118\(05\)](https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52021XC0118(05)).

² <https://www.gov.uk/government/publications/trade-remedies-notice-202030-anti-dumping-duty-on-ceramic-tableware-and-kitchenware-from-china/taxation-notice-202030-anti-dumping-duty-on-ceramic-tableware-and-kitchenware-originating-in-the-peoples-republic-of-china>.



the current investigation as an example. In the current case, the now-effective 22.5% residual duty applying to the HRP rebar from China is indeed the injury margin determined by the European Commission after taking into account the information from both the EU and UK producers. Specifically, the European Commission sought and verified all the information deemed necessary for a determination of dumping, injury, and Community interest and carried out verifications at the premises of 4 EU companies. The EU producers, respectively located in the UK, Spain, France, and Portugal.³ In addition, considering the fact that the UK and Ireland are the only two markets where HFP rebar is exclusively used, the European Commission adjusted the determination of undercutting and underselling to the price comparison at the point where the goods from both China and the Union have landed in the UK or Ireland.⁴

However, after the end of the transition period, the EU's determination will no longer be an appropriate and reasonable proxy. The UK no longer belongs to the EU Customs Union, but a completely different market. Most importantly, it is worth noting that the EU measure that the UK has decided to maintain has expired on 30 July 2021.⁵ This is exactly what happens as the old Chinese saying goes, "if the skin doesn't exist, how can the hair be attached?" It is therefore submitted that the transition review shall be terminated immediately.

2. The ongoing transition review being conducted by the TRA fails to comply with the obligations in the ADA regarding the principle of due process and transparency.

CCOIC submits that even without considering the legality and compliance of the UK's succession or continued implementation of the EU's original trade remedies measures, the transition review being conducted by the TRA failed to comply with the obligations of the ADA with respect to principles of due process and transparency.

2.1 The information and evidence gathered in the call for evidence process have a hiatus between the evidence collected in the call for evidence and the POI of transition review, which questions the information and evidence in terms of relevance, credibility, and reliability.

Pursuant to Article 5.3 of the ADA, "the authorities shall examine the accuracy and adequacy of the evidence provided in the application to determine whether there is sufficient evidence to justify the initiation of an investigation (emphasis added)." Article 11.3 of the ADA also emphasizes that a duly substantiated request made by or on behalf of the domestic industry is needed.

Moreover, in *Mexico — Anti-Dumping Measures on Rice*, the panel held that:

This fifteen month gap between the end of the period of investigation and the initiation of the investigation amounts to a relatively lengthy hiatus. A great deal

³ COMMISSION REGULATION (EU) 2016/113 of 28 January 2016 imposing a provisional anti-dumping duty on imports of high fatigue performance steel concrete reinforcement bars originating in the People's Republic of China, recital 14.

⁴ 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, recital 42.

⁵ https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:JOC_2021_303_R_0010&from=EN.



could have happened – or changed – over a fifteen month period, and there is simply no evidence on record in respect of it. A hiatus of such a duration is, in our view, sufficiently long as to impugn the reliability of the period of investigation to deliver, for the purposes of a determination, evidence that has the requisite pertinence or relevance (see para. 7.55 supra). In other words, given the passage of time and the uncertainty about the factual situation in that relevant interim, the information lacks credibility and reliability, thereby failing to meet the criterion of "positive evidence" pursuant to Article 3.1 of the AD Agreement (emphasis added). ⁶

In this regard, CCOIC submits that, firstly, although the Department for International Trade (DIT) has launched the call for evidence to identify whether there is a UK interest in the existing EU trade remedy measures, it failed to disclose the exact period and details regarding the information received in connection to a particular case, which renders the accuracy and relevance of these data questionable.

Secondly, CCOIC questions the relevance of the evidence collected during the call for evidence procedure. According to the report published by the DIT, the call for evidence was opened from 28 November 2017 to 24 August 2018, which implies that the information collected is at least more than four years ago.⁷ Take the current transition review as an example, the gap between the POI of the investigation and the call for evidence is more than two years, not to mention the POI for the transition review that has not yet been initiated.

Thirdly, CCOIC notes that the DIT may argue that there are updates regarding the level of the EU measures, based on which the Secretary of State may reassess its determination in the call for evidence after considering the changes during the transition period.⁸ However, CCOIC submits that those updates are neither comprehensive nor appropriate since they are only concerned with the changes before the transition period, rather than the possible changes thereafter. In addition, CCOIC is not aware of any interested party who has submitted evidence to prove the changing statistics no longer justify the maintenance of the measure at issue. On the contrary and from the perspective of the normal commercial logic, domestic industries are inclined to demonstrate that changed circumstances met the criteria of the call for evidence, just as the UK bicycle manufacturers have done.

In summary, CCOIC submits that the gap between the evidence collected in the call for evidence and the POI of transition review is too long to ensure the certainty, credibility, and reliability thereof, which fails to comply with Articles 5.3 and 11.3 of the ADA.

2.2 The failure to disclose the information received in the call for evidence is inconsistent with Article 6.1 and 6.2 of the ADA and therefore failed to respect interested parties' rights

⁶ WTO Panel Report, *Mexico — Anti-Dumping Measures on Rice*, para. 7.64.

⁷ <https://www.gov.uk/government/consultations/call-for-evidence-to-identify-uk-interest-in-existing-eu-trade-remedy-measures/outcome/final-findings-of-the-call-for-evidence-into-uk-interest-in-existing-eu-trade-remedy-measures>.

⁸ <https://www.gov.uk/guidance/trade-remedies-transition-policy>.



concerning due process and transparency.

Firstly, although the current investigation was initiated by the DIT, no application or evidence, or even a non-confidential version thereof, was made available to the interested parties. In this respect, Article 6.1.3 of the ADA envisages that the disclosure of the application in the anti-dumping investigation is needed, which reads that:

As soon as an investigation has been initiated, the authorities shall provide the full text of the written application received under paragraph 1 of Article 5 to the known exporters and to the authorities of the exporting Member and shall make it available, upon request, to other interested parties involved (emphasis added).

Mexico — Anti-Dumping Measures on Rice further provides that:

*Extending the duty to give notice under Article 6.1 to exporters of which the investigating authority does not know, but of which it might have obtained knowledge, would imply that, under Article 6.1, the investigating authority is subject to a duty to undertake an inquiry, which may be extensive, to identify the exporters. We cannot find, in Article 6.1 or anywhere else in the Anti-Dumping Agreement, any legal basis for such an obligation, which in some circumstances could be onerous (emphasis added).*⁹

In this case, although no exporting producer from China has made them known to the TRA, the CCOIC, as the professional association did contact the TRA and submitted questionnaire replies and comments. Moreover, as affirmed by UK Steel, there do exist imports of the subjected goods from China during the POI, substantiating the existence of the exporters. Hence, the TRA, as the investigating authority, has the obligation under the ADA to identify them and provide the evidence for initiating the investigation in a due manner.

Secondly, CCOIC respects the domestic industry's demand for confidential treatment regarding the information provided during the call for evidence. However, the investigation authority's mere publication of the results thereof seriously infringes the right of interested parties to submit a meaningful comment concerning the reliability and veracity of the information provided, which is not in line with Article 6.2 of the ADA.

It is remarkable that in several WTO cases, the Appellate Body has emphasized the significance to respect the “fundamental due process rights”¹⁰, “full opportunity for the defense of [its] interests”¹¹ In particular, in *EC — Fasteners (China)*, the Appellate Body illustrates that:

[...] the investigating authority must seek to balance the submitting party's interest in protecting its confidential information with the prejudicial effect that

⁹ WTO Appellate Body Report, *Mexico — Anti-Dumping Measures on Rice*, para. 251.

¹⁰ WTO Appellate Body Report, *EC — Fasteners (China)*, para. 609.

¹¹ See also, WTO Appellate Body Report, *EC — Tube or Pipe Fittings*, para. 149; WTO Appellate Body Report, *US — Oil Country Tubular Goods Sunset Reviews*, para. 246; WTO Appellate Body Report, *EC — Fasteners (China)*, para. 481.



the non-disclosure of the information may have on the transparency and due process interests of other parties involved in the investigation to present their cases and defend their interests [emphasis added].¹²

The Appellate Body further states that:

... we disagree with the Panel that the “nature” of the obligations in Articles 6.2 and 6.4 of the Anti-Dumping Agreement is such that a complaining party need only list these Articles in order to satisfy the requirements in Article 6.2 of the DSU to “provide a brief summary of the legal basis of the complaint sufficient to present the problem clearly”, and to notify the respondent and third parties of the nature of the case raised. We are of the view that the obligations contained in Articles 6.2 and 6.4 of the Anti-Dumping Agreement are relatively broad in scope and apply on a continuous basis throughout an investigation (emphasis added).¹³

Hence, CCOIC submits that the TRA's mere act of disclosing the result of the call for evidence and the legal basis for initiating the case is not sufficient and does not satisfy the requirements of the ADA.

3. The alleged “particular market situation” does not exist.

CCOIC is disappointed that UK Steel has once again applied the “particular market situation” label into the Chinese steel sector, this time against the rebar industry in China.¹⁴ The allegation appears to be based on the following observations:

- Alleged distortions in the Chinese market affect rebar production and prices and;
- Other trade remedy authorities have made similar findings that Chinese steel markets, including those of rebar, are affected by significant distortions.

Apart from the assertion, no relevant evidence was provided to prove the existence of the alleged “particular market situation” concerning the rebar during the injury period. UK Steel only provides the guiding plan published by the Chinese government and determinations or reports from other jurisdictions and seems to adopt, by default, the view that the whole “Chinese steel industry” is distorted. However, there has been no quantitative or qualitative assessment of the effect of these “distortions” either to the whole “Chinese steel industry” or the rebar industry. CCOIC strongly disagrees with the view that the existence of such distortions or the fact that government intervention and market distortions may “affect” a particular industry, somehow renders the Chinese market for rebar as being subject to a “particular market situation”.

Additionally, under the UK legislation, the question is “whether the circumstances of the market in the exporting country permit a proper comparison between the like goods and the goods concerned”.

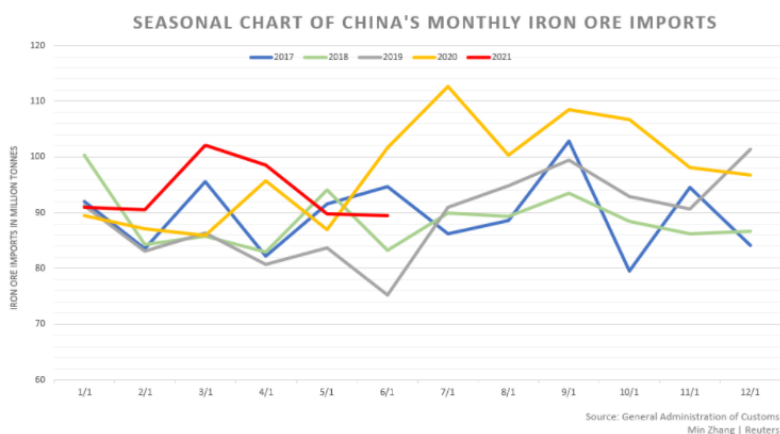
¹² WTO Appellate Body Report, *EC — Fasteners (China)*, para. 539

¹³ WTO Appellate Body Report, *EC — Fasteners (China)*, para. 598.

¹⁴ Appendix to UK Steel Questionnaire response, page 3.

The “market” in this context is indeed the market in which the like goods are sold. It is, therefore, necessary to assess market conditions in the market for the goods subject to review. The goods subject to review in this investigation is the HFP rebar. Hence, UK Steel’s accusation is simply irrelevant and ill-founded.

Furthermore, CCOIC notes that the UK Steel fails to acknowledge that the most influential factor in the cost of production and the prices of steel products in China is not the government’s policies, but the cost of iron ore. The Chinese steel industry is heavily reliant on foreign inputs, of which 80% of its iron ore demand is imported, mostly from Australia and Brazil.¹⁵



Source: Reuters¹⁶

Therefore, unless the behavior of the Chinese steel market is inconsistent with the market price of iron ore, it is clear that any policy by the Chinese government is unlikely to have a comparatively significant impact on the cost and price of Chinese steel products.

4. Chinese imports did not cause injury to the UK industry.

Items	201704-201803	201804-201903	201904-202003	202004-202103
Import value from PRC (£)	966,327.00	3,505,529.00	2,248,663.00	3,028,810.00
Import value from All (£)	216,474,296.00	242,168,905.00	214,455,844.00	150,726,077.00
Import quantity from PRC (ton)	873.03	6,961.51	3,669.10	3,616.87
Import quantity from All (ton)	482,009.34	444,150.80	446,769.45	316,563.75
Proportion of PRC import quantity	0.18%	1.57%	0.82%	1.14%

¹⁵ http://english.www.gov.cn/archive/statistics/202102/23/content_WS603461cfc6d0719374af94fd.html.

¹⁶ <https://www.reuters.com/article/us-china-economy-trade-idUSKBN2EJ09S>.

PRC Price (£/ton)	1,106.86	503.56	612.86	837.41
All Price (£/ton)	449.11	545.24	480.01	476.13

Source: UK Trade Info ¹⁷

According to the UK trade Info, during the injury period, the HFP rebar imported from China accounted for only 0.18%-1.57% of the total imports of the UK, which were lower than the threshold of 3% as defined in the ADA and the Regulations. Hence, on the one hand, the data demonstrates that the UK domestic industry can never suffer an injury caused by HFP rebar imported from China. On the other, immediate termination of the investigation is mandatory under Article 5.8 of the ADA and Regulation 64(b) of the Regulations.

5. There would be no threat of injury if the measure is removed.

CCOIC understands that the UK industry is concerned about the threat of injury to the UK market and UK producers from Chinese imports if the measures are removed. This is especially true given that the size of the British and Chinese steel industries is not at all on the same scale. In this regard, CCOIC submits that such concerns are completely unwarranted.

5.1 There is no possibility of large-scale export of Chinese steel products to overseas markets in the foreseeable years.

CCOIC submits that China's steel production capacity is indeed growing, but there is no possibility of continued large-scale exports to overseas markets in the foreseeable years. The reasons are as follows.

(1) Iron ore prices hit record highs.

It is noted that iron ore prices have continued to fluctuate at historic highs recently. Compared to \$164.5/t at the beginning of this year, the price increase of Platts 62% iron ore index has reached 29.36%. In 2020, the average price of 62% of Platts' iron ore was only US \$108 / ton, and now it has nearly doubled.



¹⁷ See Appendix 1.



Source: MarketWatch¹⁸

Moreover, CCOIC submits that the downstream demand of the domestic steel industry has been released more than expected since the end of 2020. Although the demand has decreased this year, since 2021, with China entering the peak season of the traditional construction industry, the domestic demand has continued to grow. In contrast, the overseas market is not a priority.

(2) Energy prices have reached an all-time high and the power supply is limited.

CCOCI submits that affected by the national coal shortage, high coal prices, coal and electricity price inversion, the majority of provinces in China are suffering from a power shortage.

As a result, on October 19, 2021, the National Development and Reform Commission organized a forum concerning coal, electricity, oil, gas, and transportation for key enterprises to ensure supply and price stability and put forward clear requirements for the next step at the same time. It is proposed to organize the implementation of orderly electricity consumption, limit the consumption of "highly polluting and energy-consuming industries", and resolutely restrict the use of electricity for high energy-consuming projects with outdated production capacity.¹⁹

Meanwhile, certain provinces have issued temporary energy consumption controls and power restriction measures.²⁰ This has significantly pulled down output in the steel industry. For instance, production in Jiangsu fell by over 80,000 tonnes per day, particularly for rebar. As the production reduction policy continued to intensify, the follow-up supply will be declining.²¹

(3) The Chinese government does not encourage the export of low value-added steel products.

CCOIC submits that the Chinese government does not encourage the export of low value-added steel products. For instance, from May 1, 2021, China has removed export tax rebates for 146 relatively high value-added steel products.²² From August 1, 2021, the export tax rebates for another 23 steel products including some cold-rolled coils and silicon steel which have higher added-value compared with carbon steel have been canceled.²³

The export tax rebate for rebar, a low value-added steel product, has been canceled since 2007. ²⁴ Moreover, in recent years, China's export volume of rebar to the world has decreased significantly and the price has increased dramatically.

¹⁸ <https://www.marketwatch.com/story/iron-ore-prices-hit-record-high-with-appetite-for-steel-far-beyond-expectations-11620320569#:~:text=Iron%20ore%20logged%20its%20highest%20price%20on%20record,of%20%24202.65%20per%20dry%20metric%20ton%20on%20Thursday>.

¹⁹ https://www.ndrc.gov.cn/fzggw/jgsj/yxj/sjdt/202110/t20211019_1300082.html?state=123&code=&state=123.

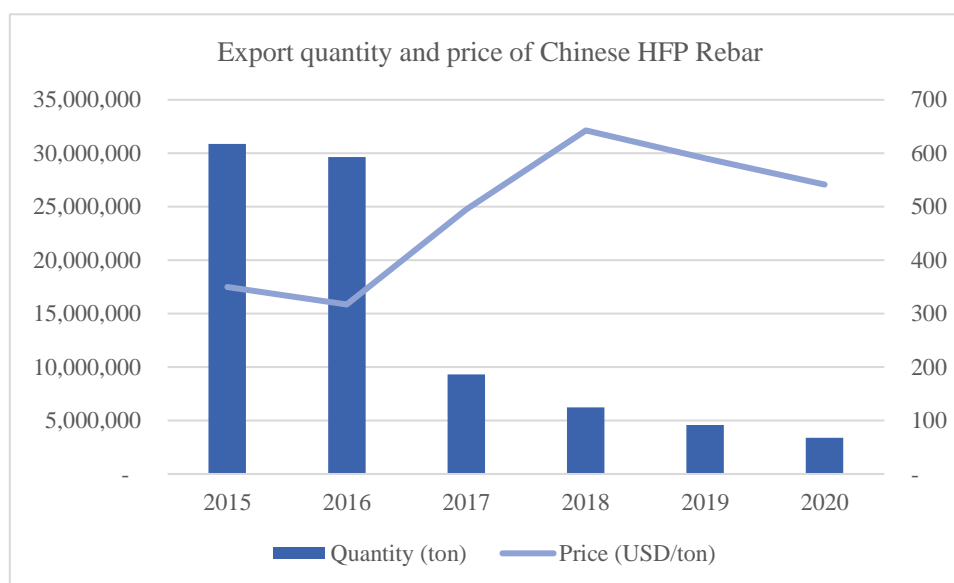
²⁰ For instance, on August 31, Inner Mongolia issued a document stating that the power shortage is expected to continue until the end of the year. It is recommended that industrial enterprises use electricity in an orderly manner from August to December, available at <https://static.cnfeol.com/doc/pvip/21/0830/1630288908421-89fdbcb02f947a8be75fe7f89b1a0df.pdf>.

²¹ <https://news.metal.com/newscontent/101611192/mm-survey-the-impact-of-power-rationing-on-the-steel-industry-chain>.

²² http://www.gov.cn/zhengce/zhengceku/2021-04/28/content_5603588.htm.

²³ <http://www.chinatax.gov.cn/chinatax/n377/c5167237/content.html>.

²⁴ <http://www.chinatax.gov.cn/chinatax/n377/c1099/content.html>.



Source: UN Comtrade ²⁵

5.2 The UK industry has steel safeguard measures in place, of which HFP rebar is included.

The safeguard measures applied to the HFP rebar are summarized as follows.

Notice No.	Duration	Duty	Goods category	Tariff code close to goods subject to review	Tariff code of goods subject to review
2021 No.1	2021.7.1-2024.6.30	25% ad valorem outside the quota	E [13]	72142000	7214200010
2021 No.2	2021.7.1-2022.6.30	25% ad valorem outside the quota	N [12]	72283041 72283049 72283061 72283069 72283070 72283089	7228304110 7228304910 7228306110 7228306910 7228307010 7228308910

Source: GOV.UK²⁶

On 30 June 2021, the Secretary of State for International Trade has announced the decision on the steel safeguards case, which provides for a 12-month extension of current protections for five of the nine product categories recommended for revocation by the TRA.²⁷ This means that the HFR rebar is classified under 72283049, 72283061, 72283069, 72283070, and 72283089, which cover part of the goods subject to review, will still be subject to safeguard measures. Moreover, in September 2021, the TRA has initiated a reconsideration of its recommendation to the Secretary of State for International Trade with regards to the UK transition review of the steel safeguard measure, which brings additional uncertainties about the level and duration of the safeguard measures.²⁸

²⁵ See Appendix 2.

²⁶ <https://www.gov.uk/government/publications/trade-remedies-notices-tariff-rate-quotas-on-steel-goods>.

²⁷ <https://www.gov.uk/government/news/tra-response-to-government-decision-on-steel-safeguards>.

²⁸ <https://www.gov.uk/government/news/tra-to-reconsider-findings-of-steel-safeguard-transition-review>.



In the safeguard measures adopted by the TRA, Notice 2021 No.2 for instance, other countries are only granted a quota of 7433 to 9804 tonnes from July 1 2021 to 30th June 2022, and an additional 25% ad valorem duty will be applied to steel goods imported outside of the quota, not to mention that the quota includes other non-goods subject to review.²⁹The same applies to Notice 2021 No.1, with only a small amount of quota available to other countries.³⁰

In this regard, CCOIC submits that under the condition with safeguard measures in place, it is unnecessary and unreasonable to continue imposing anti-dumping duties from China. The overprotection will not necessarily promote the progress of domestic industries in the UK but will instead undermine the level playing field and distort the market to some extent.

Furthermore, CCOIC notes that the chief executive of TRA, Oliver Griffiths has stated that he expected far fewer defense actions against imports as the post-Brexit UK opened its economy to the world. CCOIC welcomes the comments made by Mr. Griffiths and would like to see TRA maintaining its independence and continuing to make decisions based on the facts.³¹

5.3 The Chinese government's goal and determination to achieve carbon neutrality makes it impossible for the large-scale export of low value-added rebar in the foreseeable future.

As early as September 2020, China announced to the world at the United Nations General Assembly the goals of "reaching the peak of carbon" by 2030 and "reaching carbon neutrality" by 2060. ³²The announcement made by China reflects the requirements of "maximum efforts" of the Paris Agreement and China's greatest determination to deal with climate change.

Meanwhile, China has also issued iron and steel industry policies to actively promote the green, low-carbon, and high-quality development of the iron and steel industry.

For instance, in April 2019, the Ministry of Ecology and Environment and other five ministries issued the "*Opinions on Promoting the Implementation of Ultra-low Emission in the Iron and Steel Industry*", pointing out that new (including relocation) iron and steel projects nationwide should reach ultra-low emission levels. By the end of 2020, the transformation of ultra-low emissions of steel enterprises in key regions has made significant progress and strives to complete the transformation of about 60% of capacity. By the end of 2025, the transformation of ultra-low emissions of steel enterprises in key regions will be complete, and the country will strive to complete the transformation of more than 80% of capacity.³³

²⁹ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1023468/trn202102-trq-steel-goods.pdf.

³⁰ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1020179/trn202101-trq-steel-goods.pdf.

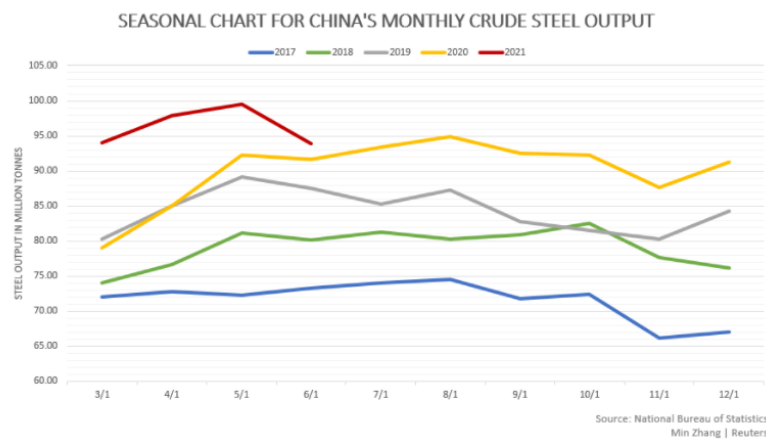
³¹ <https://www.ft.com/content/c2c9b8df-5b04-49d2-9bb1-033c772ed65e>.

³² The so-called "carbon peak" refers to that the carbon dioxide emissions caused by economic activities no longer increase and gradually decrease after reaching the peak. "Carbon neutralization" means that enterprises and other economic entities offset their own carbon dioxide emissions through energy conservation and emission reduction, so as to achieve "zero emission" of carbon dioxide.

³³ https://www.mee.gov.cn/xxgk/xxgk03/201904/t20190429_701463.html.



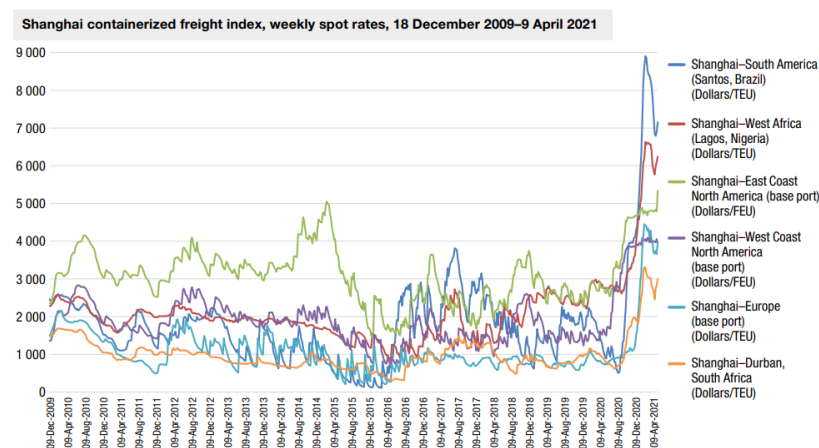
Furthermore, on April 17, 2021, the Ministry of Industry and Information Technology issued the revised *Measures for the Implementation of Capacity Replacement in the Iron and Steel Industry* (Measures), which took effect on June 1. The revised Measures stipulate that it is strictly prohibited to increase the total iron and steel production capacity in key areas of air pollution prevention and control. Provinces that fail to achieve the goal shall not accept the steel production capacity transferred from other regions. Moreover, it is forbidden to build or expand iron and steel smelting projects outside the compliance Park in the Yangtze River economic belt. The replacement ratio of key areas for air pollution prevention and control (the ratio of exiting capacity to construction capacity) shall not be less than 1.5:1, and that of other areas shall not be less than 1.25:1.³⁴



Source: Reuters³⁵

As a result, it is noted that China's steel production has seen a significant decline in the first several months of 2021 and will continue to decline for the foreseeable future.

5.4 COVID-19 disrupted the world supply chain, which greatly pushed up freight.



Source: UNCTAD³⁶

³⁴ http://www.gov.cn/zhengce/zhengceku/2021-05/07/content_5605092.htm.

³⁵ <https://www.reuters.com/article/us-china-economy-output-steel-idUSKBN2EL08A>.

³⁶ https://unctad.org/system/files/official-document/presspb2021d2_en.pdf.



CCOIC submits that the COVID-19 pandemic has driven shipping costs to record levels which further discourages Chinese companies from exporting low value-added goods, such as rebar, to the UK market. As provided by UNCTAD, it now costs up to five times more to ship a container from China to Europe than it did at the start of 2019.

From the perspective of commercial logic, exporting low-end steel products like rebar is equivalent to exporting resources and energy to some extent. As China relies heavily on imports of iron ore, producers use imported iron ore with a high price to reproduce rebar with high energy consumption, high pollution, and low technical content. However, the consumption of energy, pollution, and carbon emissions are domestic. The loss outweighs the gain.

6. It is in the UK's interest to remove the measure.

CCOIC submits that UK manufacturers are experiencing the worst supply shortages since the 1970s due to the lack of key materials and rising energy costs caused by COVID and Brexit, and it is not in the overall interest of UK producers to continue imposing trade defense measures.

For instance, with regard to the recent power price spikes, the Director-General of UK Steel, Gareth Stace commented that *"these extortionate prices are forcing some UK steelmakers to suspend their operations during periods when the cost of energy is quoted in the thousands per megawatt hour; last year, prices were roughly £50 per megawatt hour. Even with the global steel market as buoyant as it is, these eye-watering prices are making it impossible to profitably make steel at certain times of the day and night."*³⁷

CCOIC noted that recently UK steelmaker British Steel said although they were maintaining production at normal levels, huge extra costs can't simply be absorbed or ignored.³⁸ Moreover, it is forecasted that the energy prices will continue to increase, and the producers will have no choice but to raise the price.³⁹ Ultimately, the extra costs will have to be borne by the end-user.

In addition, although demand in the UK steel market is expected to rise, some companies have had to shut down production as price increase will not be a viable solution, which in turn has resulted in domestic demand not being met. As confirmed by the Construction Industry Council, *evidence suggests that some steel products may suffer continued shortages into the second half of the year.*⁴⁰

³⁷ <https://www.makeuk.org/news-and-events/news/news-from-uk-steel---recent-power-price-spikes>.

³⁸ <https://www.metalbulletin.com/Article/4009250/FOCUS-Steel-producers-express-concerns-over-rising-energy-costs-ahead-of-winter.html>.

³⁹ <https://www.constructionenquirer.com/2021/10/01/energy-and-transport-costs-blamed-for-new-steel-price-rise/>.

⁴⁰ <https://cic.org.uk/news/article.php?s=2021-04-28-construction-product-availability-statement>.