

Anti-Dumping Questionnaire for Contributors and Interested Parties

Transition review of anti-dumping measures

Case TD0011: Certain cold rolled steel products exported from the People's Republic of China and the Russian Federation

Period of Investigation (POI):	<input type="text" value="1 April 2020 to 31 March 2021"/>
Injury period:	<input type="text" value="1 April 2017 to 31 March 2021"/>
Deadline for response:	<input type="text" value="28 June 2021"/>
Contact details:	<input type="text" value="TD0011@traderemedies.gov.uk"/>
Completed on behalf of:	<input type="text" value="CHINA CHAMBER OF INTERNATIONAL COMMERCE"/>

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

- Confidential
 Non-confidential – will be made publicly available

Please note that you will have to provide a **Confidential** and a **Non-Confidential** version of both the questionnaire and annex, as well as any additional documents

you append. All documents should be uploaded to the Trade Remedies Service (www.trade-remedies.service.gov.uk) by **28 June 2021**.

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Introduction

About us, this case and this questionnaire

The Trade Remedies Investigations Directorate (TRID) investigates whether trade remedies are needed to prevent injury to UK industry.

TRID will carry out a transition review of each trade remedy measure active under the EU system that the UK has decided to maintain after EU exit. This transition review will consider whether the anti-dumping amount is necessary or sufficient to offset dumping of certain cold rolled flat steel products from the People's Republic of China and the Russian Federation and whether there would be injury to the UK industry if the measure was removed.

Why should I take part?

We are asking contributors and interested parties to complete this questionnaire to inform our review of whether the current anti-dumping amount should be maintained, varied or discontinued.

Please refer to our online guidance to understand more about [how we carry out transition reviews into EU measures](#) the [differences between interested parties and contributors](#).

How do I respond?

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

Please provide all the information requested by **28 June 2021**. We may send a notice asking for clarification or supplementary information where necessary. Make sure you provide the sources for any information or data you don't own and clearly state any restrictions on sharing it.

Where can I find more information?

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

If you have any specific questions relating to the case, now or while you're completing the questionnaire, please contact the Case Team at TD0011@traderemedies.gov.uk. For general information about trade remedies processes, please see our [online guidance](#).

You can also find out more about the regulatory basis of our investigations. TRID investigates cases under the provisions of [Trade Remedies \(Dumping and Subsidisation\) \(EU Exit\) Regulations 2019](#) as amended by the [Trade Remedies \(Amendment\) \(EU Exit\) Regulations 2019](#) and under the [Taxation \(Cross-border Trade\) Act 2018](#).

Instructions on completing this questionnaire

Preparing your response

This section sets out guidance on how to complete this questionnaire

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

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

Preparing confidential and non-confidential copies

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

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

In preparing your response, please note the following:

- It is your responsibility to ensure that the non-confidential version does not contain any confidential information.
- Remember to include a statement explaining why information obtained in your response should be treated as confidential e.g. the data is commercially sensitive.
- Provide the source for all information or data you don't own and clearly state any restrictions on sharing it.
- If you do not provide a non-confidential summary (or a statement of reasons why you cannot provide this) each time you provide confidential information, TRID may disregard the information you give us.
- Please ensure that you remove or redact any personal data (including but not limited to names, signatures, contact details and job titles) from the non-confidential version of the questionnaire, which is to be uploaded to the public file

by TRID. Where personal data has been removed, please note this in the non-confidential summary/version of the questionnaire.

All information provided to TRID in confidence will be treated accordingly and only used for this investigation (except in limited circumstance as permitted by regulation 46 of the *Trade Remedies (Dumping and Subsidisation) (EU Exit) Regulations 2019*) and will be stored in protected systems. The non-confidential version of your submission will be placed on the public file, which is available on www.trade-remedies.service.gov.uk/public/cases.

How to complete this questionnaire

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

Please also note the following points:

- Do not leave any questions blank. If the question is not relevant to your organisation, please explain why. If the answer to a question is “zero”, “no” or “none”, please write this.
- Please provide all formulas and calculations used within your questionnaire response.
- If there is insufficient space in any part of the questionnaire to provide the details requested, or we ask for copies of additional information, please submit this information as appendices. Please ensure that any attachments are given a corresponding appendix reference in the title of the document and that these are referenced in the boxes provided.
- Any documents not in English should be accompanied by an English translation.
- Please provide all dates in the format DD/MM/YYYY (e.g. 23/05/2019).
- Unless otherwise stated, ‘year’ or ‘calendar year’ refers to the period 1 January – 31 December and ‘quarter’ refers to the associated three-month periods e.g. 1 January – 31 March, 1 April – 30 June, etc.
- Identify all units of measurement and currencies used in tables, calculations and lists, if not provided by the corresponding instructions, and use units of measurement consistently (e.g. do not use kg and metric tonnes interchangeably).
- For all numerical figures, where appropriate please express every third number with a comma (e.g. ‘1,300’ for one-thousand three hundred, ‘1,300,000’ for one million and three-hundred thousand). Please ensure that all numbers which represent increasing costs and sales are reported as positive figures, and decreasing costs and sales are reported as negative figures.
- Please limit all sales/currency/income figures to two decimal places, apply a full point as a decimal separator and use the appropriate currency symbol or abbreviation (e.g. £1,300.00).

- Provide all costing figures as actual amounts. Where actual amounts cannot be provided and you have reported standard costing instead, please indicate this in the relevant answer, and explain the variance from actual costs, if any.
- All figures should be reported net of recoverable tax unless otherwise stated.
- Please refer to the case number, **TD0011**, in any correspondence with TRID.

What happens next

Once you have completed your questionnaire responses, you must upload confidential and non-confidential versions along with any additional documents you're providing through our [Trade Remedies Service](#). Following this:

- you will receive an email confirming the documents have been uploaded successfully;
- the Case Team will contact you if further information is required; and
- the non-confidential responses will be placed on the public file.

For further information please refer to our guidance on [how we carry out transition reviews into EU measureshow we carry out a dumping investigation](#).

The scope of this review

Goods subject to review

This review covers **certain cold rolled flat steel products** exported from **the People's Republic of China and the Russian Federation**, described as:

Flat-rolled products of iron or non-alloy steel, or other alloy steel but excluding of stainless steel, of all widths, cold-rolled (cold-reduced), not clad, plated or coated and not further worked than cold-rolled (cold-reduced);

excluding:

- flat-rolled products of iron or non-alloy steel, of all widths, cold-rolled (cold-reduced), not clad, plated or coated, not further worked than cold-rolled, whether or not in coils, of all thickness, electrical;
- flat-rolled products of iron or non-alloy steel, of all widths, cold-rolled (cold-reduced), not clad, plated or coated, in coils, of a thickness of less than 0.35 mm, annealed, also known as 'black plates';
- flat-rolled products of other alloy steel, of all widths, of silicon-electrical steel; and
- flat-rolled products of alloy steel, not further worked than cold-rolled (cold-reduced), of high-speed steel.

These **cold rolled flat steel products** are currently classifiable within the following TARIC codes:

72 09 15 00 90

72 09 16 90 00
72 09 17 90 00
72 09 18 91 00
72 11 23 30 99
72 11 23 80 19
72 11 23 80 95
72 09 25 00 90
72 09 26 90 00
72 09 27 90 00
72 09 28 90 00
72 11 23 30 10
72 25 50 80 00
72 26 92 00 10
72 11 23 80 99
72 11 29 00 19
72 11 29 00 99
72 11 23 30 91
72 09 18 99 90
72 26 92 00 90¹.

These codes are only given for information.

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

¹ As set out in the UK Global Tariff. For more details on the UK Global Tariff and the commodity codes above, please [click here](#).

SECTION A: About the case

A1 General information

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

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

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

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

2. Please explain your interest in this review.

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

A2 Information about this review

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

1. Please provide any information about the goods subject to review that you consider relevant.

CCOIC would like to submit that the Ministry of Finance and State Administration of Taxation of China has announced on April 26, 2021, that the export rebates for most steel products will be cancelled from May 1, 2021.² Most of these products were enjoying a full rebate of 13% VAT on export. CCOIC notes that some of the goods subject to review are under the HS Codes which have had the rebates cancelled. Please refer to the chart below for more details:

HS CODE	Name of Goods	VAT Rebate Rate before 2021.5.1	VAT Rebate Rate from 2021.5.1
72092500	厚度≥3mm的冷轧非卷材(除冷轧外未进一步加工,宽≥600mm,未包、镀、涂层) Cold rolled flat products of iron or non-alloy steel, of a width of ≥ 600 mm, not in coils, simply cold-rolled, not clad, plated or coated, of a thickness of ≥ 3 mm	13% (start from 2013.1.1)	0%
72092600	3mm > 厚度 > 1mm的冷轧非卷材(除冷轧外未进一步加工,宽≥600mm,未包、镀、涂层) Cold rolled flat products of iron or non-alloy steel, of a width of ≥ 600 mm, not in coils, simply cold-rolled, not clad, plated or coated, of a thickness exceeding 1 mm but less than 3 mm	13% (start from 2013.1.1)	0%
72092700	1mm ≥ 厚度 ≥ 0.5mm的冷轧非卷材(未进一步加工,宽≥600mm,未包、镀、涂层) Cold rolled flat products of iron or non-alloy steel, of a width of ≥ 600 mm, not in coils, simply cold-rolled, not clad, plated or coated, of a thickness exceeding or equal to 0.5 mm but less than or equal to 1 mm	13% (start from 2013.1.1)	0%
72092800	厚度小于0.5mm的冷轧非卷材(除冷轧外未进一步加工,宽≥600mm,未包、镀、涂层) Cold rolled flat products of iron or non-alloy steel, not in coils, of a width ≥ 600 mm, and < 0.5 mm thick, simply cold-rolled, not clad, plated or coated	13% (start from 2013.1.1)	0%
72269200	宽度 < 600mm冷轧其他合金钢板材(除冷轧外未经进一步加工) Cold rolled flat products of iron or non-alloy steel, simply cold-rolled, of a width < 600 mm	13% (start from 2020.3.20)	0%

As provided in the announcement, almost all steel products were covered by the rebate adjustment. CCOIC notes that although certain steel products, including some of the goods subject to review, are excluded from the policy, the export rebate rate

² Ministry of Finance, State Administration of Taxation. (2021, April 26). Announcement on the Cancellation of Export Tax Rebates for Certain Steel Products. Central People's Government of the People's Republic of China. http://www.gov.cn/zhengce/zhengceku/2021-04/28/content_5603588.htm.

will be cut to 4% or 9% from the current 13% according to market sources.³ Hence, there is no doubt that the cancellation of the rebate, which has been seen as a major stimulus to export, will significantly discourage Chinese companies from exporting the above steel products.

In addition, the Ministry of Finance announced another policy to remove the import duties on pig iron, DRI, steel scrap, ferrochrome, carbon steel billets, and stainless-steel billets with effect from May 1. At the same time, export duties on ferrosilicon, ferrochrome, high purity pig iron, and other products have been increased by about 5%.⁴

“The measures are conducive to reducing the export of steel products, expanding the import of steel resources, supporting the reduction of domestic crude steel production and promoting the transformation, upgrading and high-quality development of the steel industry,” the ministry said.

In this case, CCOIC submits that this would likely lead to an increase in export prices and a decrease in the volume of exports of steel products, including the goods subject to review. Therefore, even if the measures were removed, it is not likely that the dumping and injury would occur.

Appendix reference:

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

According to the Guidance on carrying out transition review into EU measures, the TRA may consider a number of factors. In this regard, CCOIC submits the following:

- The Chinese export price to the world is higher than the domestic price during the injury period

As the export prices to the UK for the injury period are insignificant and therefore unrepresentative, CCOIC compares export prices to the world and domestic prices in China for the same period (the information for the POI is not available). As T-by-T data is not available, CCOIC bases its analysis on the best information available, i.e., the domestic market guiding prices for cold-rolled sheet published by CISA and export prices for the closest HS codes in Trade Map. In any case, CCOIC submits that this comparison shall be a meaningful one.

³ Mb, F. (2021, April 28). NEWSBREAK: China to cancel some steel export tax rebates from May 1 | Metal Bulletin.com. <https://www.metalbulletin.com/Article/3986628/NEWSBREAK-China-to-cancel-some-steel-export-tax-rebates-from-May-1.html>.

⁴ State Administration of Taxation. (2021, April 27). Announcement of the State Administration of Taxation on the Adjustment of Tariffs on Certain Steel Products. Central People’s Government of the People’s Republic of China. http://www.gov.cn/zhengce/zhengceku/2021-04/28/content_5603591.htm.



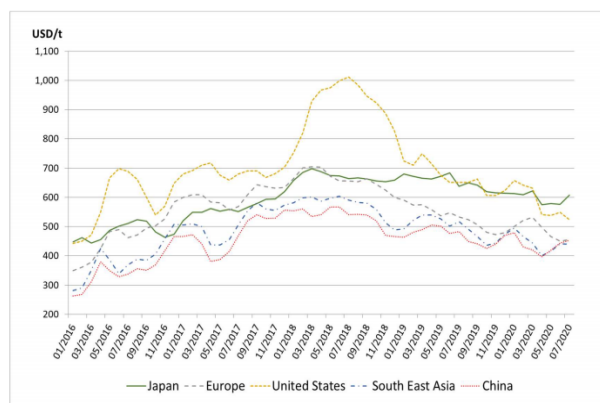
Source: UK Customs Statistics and CISA

As noted, China's export prices to the world have always been higher than its domestic prices except for 2017.4.1-2018.3.31 with an insignificant difference of 4%. It is noted that this trend was even more widened during 2019.4.1-2020.3.31. Hence, CCOIC respectfully submits that this fact shall be taken into consideration when assessing the likelihood of dumping and injury to the UK market from China.

- Steel price for flat products in China is in line with the price of the EU market

CCOIC submits that the steel price for flat products in China is deeply integrated with the global iron and steel industry. This integration and close interaction can be seen through the correlation between Chinese steel prices and other major steel regions around the world, including the EU.

Figure 12. Steel price for flat products, by region



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

As shown by the diagram above⁵, although the steel price of Chinese flat products has been lower than other players for a certain period, the fluctuating trend of Chinese steel price is always in line with other players. Moreover, the price variation of 2020 shows that the Chinese flat product price is increasing step by step, while the prices in other markets such as the US and EU are gradually decreasing.

Therefore, CCOIC submits that, if the measure is lifted, it is foreseeable that there would be no likelihood of dumping since the Chinese export price to the world is higher than its domestic price during the injury period, let alone its export price is increasing.

Appendix reference: Appendixes 1 and 2
[Confidential Treatment Requested - Data]

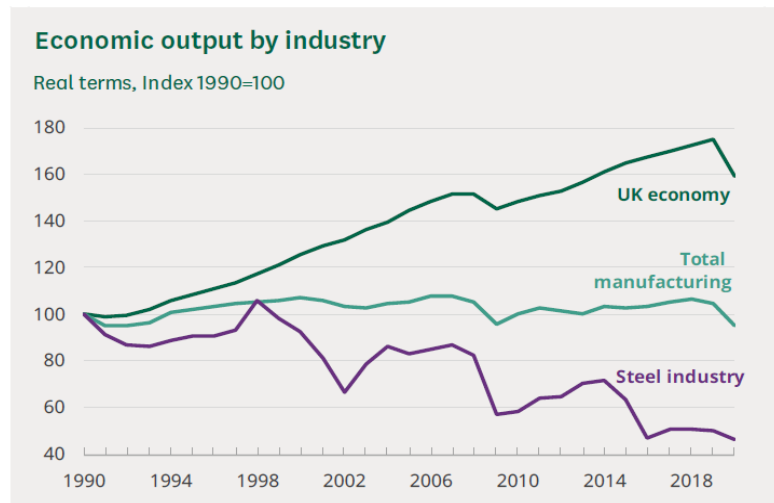
3. Do you think there would be injury to the UK industry if the existing anti-dumping measure for the goods subject to review no longer applied? Provide any information supporting your conclusions including what the cause of this injury would be. You can refer to our [guidance on how we assess injury](#)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

CCOIC submits that there would be no injury to the UK industry if the existing anti-dumping for the goods subject to review from China no longer applied.

According to the response to Question 2, on the one hand, the average export price from China to the world is higher than domestic sales price during the injury period. On the other, the steel price for flat products in China is projected to increase gradually in the following year. On this basis, CCOIC submits that there would be no injury to the UK industry if the existing anti-dumping for the goods subject to review from China no longer applied.

Moreover, CCOIC submits that even if the UK industry would suffer from injury, it shall not attribute to the imports from China.

⁵ OECD STEEL MARKET DEVELOPMENTS q4 2020, page 37.
<http://www.oecd.org/industry/ind/steel-market-developments-Q4-2020.pdf>.



Source: ONS, GDP output approach – low-level aggregates series KL65, KL8V, KL8A, 12 May 2021.

According to a report published by the House of Commons Library, the UK steel industry has been on a downward trend, with economic output falling by almost 60% since 1990, well before the trade remedy measures were introduced. Moreover, the decline of the steel industry over the past 30 years contrasts with the fortunes of the manufacturing sector as a whole, in which output has been reasonably stable.⁶ Although the above table does not directly relate to the goods subject to review, an analysis of the economic output of the UK steel industry as a whole over the last thirty years gives an overview of the economic situation of the UK domestic industry.

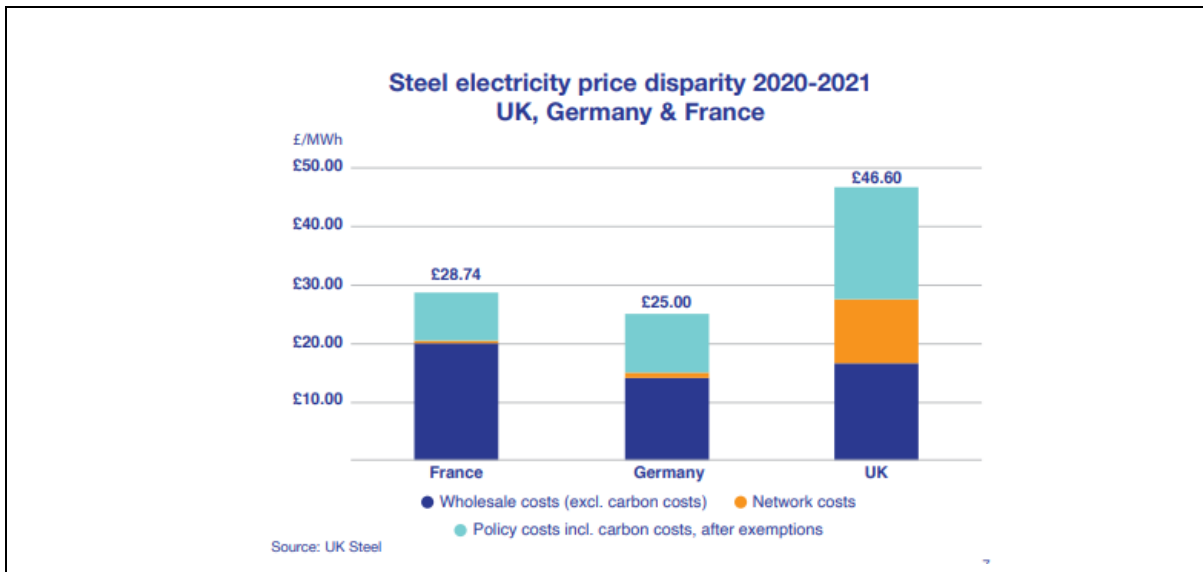
On this basis, CCOIC submits that it would not be fair and reasonable for one to hold the view that the negative performance of the UK Steel industry is caused by the Chinese imports. On the contrary, CCOIC would like to draw the TRA's attention to other factors that could injure the UK domestic industry, such as the structure of the UK economy, the choice of workers, and the restructuring of industries in different countries. CCOIC notes that this situation is also well acknowledged by the UK itself. For instance, the same report stated that the following factors may contribute to the decline of employment in the steel industry in the UK, i.e., “employees in the modern steel industry are likely to work in high value roles which attract higher salaries and require higher skill levels than traditional manufacturing roles. The structure of the UK economy has changed, with the service sector becoming more dominant.”⁷

In addition, the high cost of electricity may also be a major concern for the UK domestic industries and its long-term sustainability in the past, present, and future. As provided by UK Steel, the UK's energy intensive industries face some of the highest industrial electricity prices in the world. This severely damages the steel sector's competitiveness, as it is both electro-intensive and highly exposed to international competition, meaning it cannot pass on additional costs to customers.⁸

⁶ Rhodes, C. (2021, June 22). UK steel industry: statistics and policy. House of Commons Library, page 7. <https://commonslibrary.parliament.uk/research-briefings/cbp-7317/>.

⁷ *Ibid*, page 9.

⁸ Make UK. (2021a, February 4). UK Steel Electricity Price Report, page 3. <https://www.makeuk.org/insights/publications/uk-steel-electricity-price-report>



As demonstrated in the graph published by UK Steel, there is a significant electricity price disparity the UK Steel sector faces compared to its competitors. Moreover, as confirmed by the director of UK Steel, “electricity is one of the biggest costs for the steel industry, it undermines our competitiveness and it damages our ability to invest when we are consistently forced to pay significantly more than our closest competitors ...All options available to us will hugely increase electricity consumption across the sector – how on earth can companies attract massive investment for such a transition in a country with the highest industrial power prices in Europe?”⁹

Furthermore, it is worth noting that the reform in the UK energy regulator, which will be implemented before 2022, could further increase the electricity cost of the UK steel producers to over £100 m. In this respect, CCOIC submits that this seems to be an issue of far greater momentousness and urgency which would lead to injury to the UK steel industry and jobs it provides in the long run.¹⁰

CCOIC therefore respectfully requests the TRA to make a comprehensive assessment on the causes for the poor economic indicators of the UK domestic industry.

Appendix reference:

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

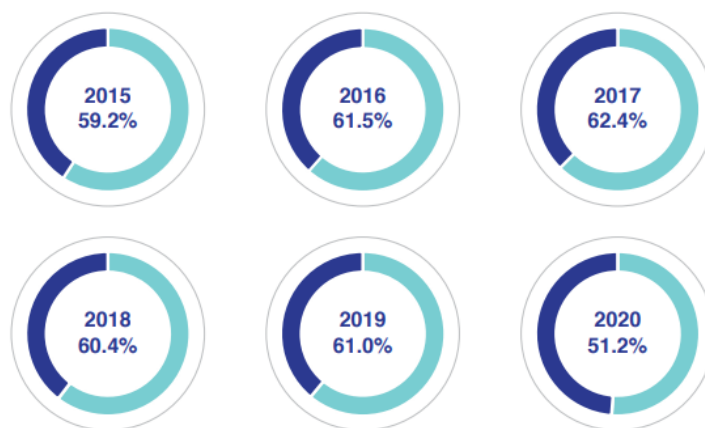
Since the TRA has not disclosed any information regarding the performance of the UK domestic industry of the goods subject to review, CCOIC requests the disclosure of such information, and this shall not preclude CCOIC’s right to submit comments on this matter as soon as more information is available.

⁹ Make UK. (2021b, February 4). UK Steel Electricity Price Report. <https://www.makeuk.org/insights/publications/uk-steel-electricity-price-report>.
¹⁰ *Ibid*, page 4.

In addition, CCOIC would like to draw the TRA's attention to the fact that the UK domestic industry is unlikely to have the capacity to meet the domestic demand. As provided by the Statement of Intended Final Determination of the TF0006 case, the total known average consumption of the UK from 2017-2019 is 634 kilotonnes while the average annual imports of UK is 389 kilotonnes, i.e., more than 60%(!) of the non-alloy and other alloy cold rolled sheets need to be met by imports.¹¹

Moreover, the Key Statistics Guide April 2021 published by Make UK pointed to the same conclusion.¹²

Share of UK demand met through imports



Furthermore, CCOIC's assumption is somewhat corroborated by the pre-sampling questionnaire submitted by STEMCOR DISTRIBUTION LIMITED, who stated that "importer of these products, having imported significant quantities from both China and Russia prior to the anti-dumping duties being imposed. Currently, our customer base struggles to source enough supply of this product from local producer or other countries."¹³

On this basis, CCOIC submits that from the perspective of the competition law, an open and fair market with a reasonable level of competition for all players is more conducive to the healthy development of the UK domestic industry, on the one hand, and with more abundant and appropriately priced products available to the downstream users on the other.

Appendix reference:

5. If you have any other information which may help us with this review, please provide it below. These comments may include but need not be limited to:

¹¹ TRA's Recommendation to the Secretary of State, Transition review TF0006 – Safeguard measure on certain steel products, page 82.

¹² Make UK. (2021, April 26). UK Steel Key Statistics Guide 2021, page 13.

<https://www.makeuk.org/insights/publications/uk-steel-key-statistics-guide-2021>

¹³ TD0011 Pre-Sampling questionnaire - STEMCOR DISTRIBUTION LIMITED, page 7.

- The potential impact on upstream and downstream industries if the existing anti-dumping measure on the goods subject to review were no longer applied.
- Whether a particular market situation (PMS) exists in the People's Republic of China and/or the Russian Federation that affects the goods subject to review.

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

- Competition is an important factor in promoting the economic development

CCOIC notes that in the Statement of Intended Final Determination of the TF0006 case, the TRA has recommended maintaining the safeguard measures against non-alloy and other alloy cold rolled sheets, whose commodity codes closely resemble the goods subject to review of this case. On this basis, CCOIC submits that there is no need for the UK industry to be protected by continuing imposing anti-dumping duties on the imports from China, otherwise, the measure will likely be used as a protectionism tool which would result in market distortion that should have been prevented.

The overprotection will not necessarily promote the progress of domestic industries in the UK but will instead undermine the level playing field to some extent. For instance, protection may be granted to less efficient industries. However, does it mean that less efficient industries should also be protected? The answer is a resounding no. CCOIC notes that this obvious but indispensable rule is well acknowledged by the UK Competition and Markets Authority who indicates in its report just published a few months ago that *"when a market is well-functioning, we would expect it to be possible for new more efficient firms to enter the market and displace older less efficient firms, which exit the market."*¹⁴

As a former EU member state, CCOIC notes that the UK has always advocated a free and open trade policy. For instance, the UK had explicitly opposed the EU's changes to the application of the lesser duty rules in its trade remedy law.¹⁵ Therefore, although balancing the interests of the domestic industry with a competitive environment in the market has always been a challenge for the investigating authorities, CCOIC believes that the TRA will be able to make a reasonable and impartial determination.

- Market distortion

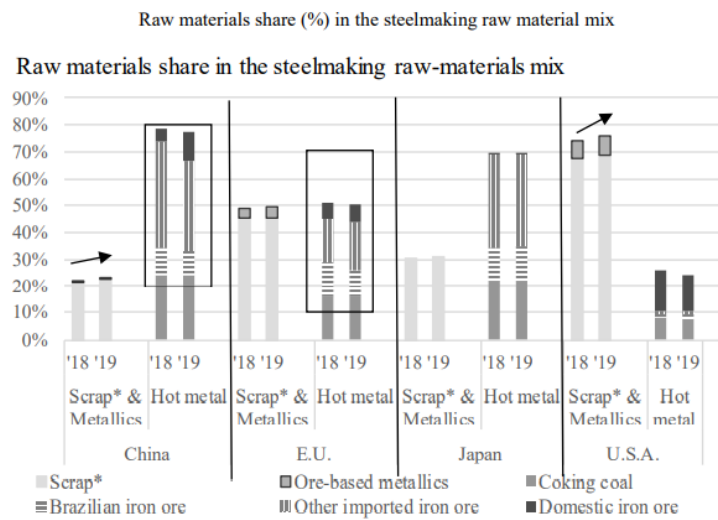
CCOIC is not aware of any market distortions in the domestic market of China which may affect the production of the goods subject to review during the POI. CCOIC explicitly rejects any assertion (if any) regarding the market distortions in the domestic market of China in the absence of any legal and factual evidence. In particular, CCOIC submits that:

¹⁴ The State of UK Competition, page 31, paragraph 2.56, available at: <https://www.gov.uk/government/publications/state-of-uk-competition-report-2020>.

¹⁵ UK Parliament, available at: <https://publications.parliament.uk/pa/cm201719/cmselect/cmeuleg/301-xxi/30110.htm>.

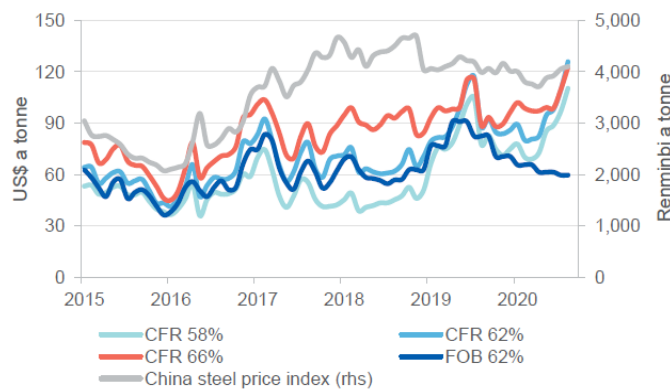
The Chinese iron and steel industry is highly competitive, and the price of the goods is based on supply, demand, and prevailing market conditions. As provided in the OECD Steel Market Developments Report for Q4-2019¹⁶, the iron ore industry in China is import-oriented, which means that one of the most significant factors which can significantly affect the cost and selling price of steel products (including the goods subject to review) is the import price of iron ore from abroad, particularly from Australian and Brazil.

Figure 14. Raw materials in steelmaking by volume, averages by economy



Moreover, as also noted by the authority from Australia, the steel price in China is closely aligned with its benchmark price regarding the main material, iron ore. ¹⁷

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



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

¹⁶ OCED Steel Market Developments Report for Q4-2019. <https://www.oecd.org/sti/ind/steel-market-developments-Q4-2019.pdf>.

¹⁷ Resources and Energy Quarterly. (2020, September). Office of the Chief Economist, Australian Government. <https://publications.industry.gov.au/publications/resourcesandenergyquarterlyseptember2020/index.html>.

The report further states that Chinese steel price is dependent on the global demand, supply condition, and domestic consumption. For instance, it reads that “*the fundamental driver of price growth remains the nexus between volatile and disrupted supply from Brazil, against robust and consistent demand from China. Seaborne supply remains tight as a result, forcing prices to adjust even as broader global economic conditions remain uncertain.*”¹⁸In this case, it is not surprising to note that the fluctuation of steel prices in China and that of iron ore prices are very similar in recent years.

Figure 4.4: Iron ore price vs China steel production growth



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

Based on the foregoing, CCOIC submits that there is no market distortion in the Chinese steel market and the price and cost of the steel products, including the goods subject to review and other raw materials.

Appendix reference:

¹⁸ Resources and Energy Quarterly. (2020, September). Office of the Chief Economist, Australian Government, page 33. <https://publications.industry.gov.au/publications/resourcesandenergyquarterlyseptember2020/index.html>.

