Trade Remedies Authority

Statement of Essential Facts

Case TD0014

Transition review of anti-dumping measures applying to certain heavy plate of non-alloy or other alloy steel originating in the People's Republic of China (PRC)

2 February 2023

Trade Remedies Authority

Contents

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SECTION A: Introduction

1. This section briefly summarises the legal framework for this Statement of Essential Facts (SEF) and the Trade Remedies Authority (TRA)'s main findings. The background to the review (see also Section C: Background) and further detail on all aspects are set out in the remaining sections.

2. This SEF sets out the essential facts on which we will base our recommendation. It should be read in conjunction with other public documents available for this case on the public file. The purpose is to set out our intended recommendation, provide interested parties with a summary of the facts considered during this review, and those facts which formed the basis of our intended recommendation. Additionally, we inform interested parties who have supplied information how we have used that information during the review, provide details of the analysis forming the basis of the intended recommendation and allow interested parties to make submissions in response.

3. Interested parties are invited to make submissions within 30 calendar days of the publication date of this SEF, *i.e.* before 23:59 hours Greenwich Mean Time on 4 March 2023.[1] We may consider submissions made after this date, but please note that we are not obliged to do so if we believe it would cause an unnecessary delay in the preparation of the final recommendation. Where we reject information for any reason, we will publish our reasons for rejection in our Final Recommendation.

4. Registered interested parties to the case can make any submissions on the Trade Remedies Service (TRS) online platform. All submissions must be accompanied by a non-confidential version or summary for the public file. In exceptional circumstances it may not be possible to summarise confidential information. If this is the case, you must provide a 'statement of reasons'.[2] Those not registered on the TRS may send submissions by email to TD0014@traderemedies.gov.uk.

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

A1. Legal framework

6. This SEF is made pursuant to regulation 62 of the Trade Remedies (Dumping and Subsidisation) (EU Exit) Regulations 2019 (S.I. 2019/450) (as amended) ('the D&S Regs.' or 'the Regulations').
It includes:

- the recommendation that the TRA intends to make;

[1] See Regulation 62(2) of The Trade Remedies (Dumping and Subsidisation) (EU Exit) Regulations 2019 (S.I. 2019/450) (as amended).
[2] A 'statement of reasons' means a statement setting out the reasons of a person supplying information to the TRA, explaining why summarisation of confidential information is not possible, as defined under Regulation 45(6)(b) of the Regulations.

- a summary of the facts considered during the transition review;
- those facts referred to in the summary which formed the basis of our recommendation;
- details of the analysis forming the basis of the intended recommendation; and
- details of how we have used the information supplied by interested parties in making the intended recommendation.

A2. About this review

7. This is a transition review of a United Kingdom (UK) trade remedies measure under regulation 97 of the Regulations. This UK measure gives effect to European Union (EU) Commission Implementing Regulation (EU) 2017/336 of 27 February 2017.[3]

8. This review concerns an anti-dumping measure applying to certain heavy plate of non-alloy or other alloy steel originating in the PRC. This review was initiated on 25 January 2022 and the Notice of Initiation (NoI) was published on that date.

9. The Period of Investigation (PoI) for the review was 1 January 2021 to 31 December 2021. In order to assess injury, we have determined the Injury Period (IP) as being 1 January 2018 until 31 December 2021.

[3] European Union (EU) Commission Implementing Regulation (EU) 2017/336 of 27 February 2017 available at: https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:32017R0336&from=EN

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SECTION B: Summary and Findings

Summary

B1. Interested parties and contributors

10. This review involves the following interested parties:

- Spartan UK Ltd (domestic producer)
- Liberty Steel Dalzell Ltd (domestic producer)
- Kromat Trading Ltd (importer)
- Ministry of Commerce of the PRC (foreign government)
- EEF Ltd. (UK Steel) (UK trade body)

11. This review involves the following contributors:

- Community
- Siemens Gamesa Renewable Energy Ltd
- Scottish Government
- British Steel Ltd

12. The following party registered to the case but did not provide a response to the questionnaire issued to them:

- Jiangyin Xingcheng Special Steel Works Co., Ltd

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

B2. Scope

14. 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.

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

> *Flat products of non-alloy or alloy steel (excluding stainless steel, silicon-electrical steel, tool steel and high-speed steel), hot-rolled, not clad, plated or coated, not in coils, of a thickness exceeding 10mm and of a width of 600mm or more or of a thickness of 4.75mm or more but not exceeding 10mm and of a width of 2.05m or more.*

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

17. We have not received any application for a review of the description of the goods or the scope of the measure. We therefore did not consider whether the goods or the description of the goods to which the anti-dumping amount applies should be varied in this transition review.

B3. Applicability

18. The transitioned UK 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 73.7%. 15 PRC exporters were previously provided with an individual rate of duty by the European Commission during its original investigation. Of those 15, 11 producers received an individual rate of *ad valorem* duty of 70.6%, while four producers received an individual rate that aligns with the residual rate. The applicable rates are detailed in Annex 1.

B4. Likelihood of dumping assessment[4]

19. In accordance with regulation 99A(1)(a) of the Regulations we assessed whether dumping of the goods subject to review would be likely to continue or recur if an anti-dumping amount was no longer applied (the likelihood of dumping assessment).

20. We determined that it is likely, on the balance of probabilities, that dumping of heavy plate would recur if the measure was no longer applied.

B5. Likelihood of injury assessment[5]

21. In accordance with regulation 99A(1)(b) of the Regulations, we considered whether injury to a 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).

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

B6. Economic Interest Test (EIT)[6]

23. Having considered all evidence gathered, including that presented by interested parties and contributors, and all factors listed in the legislation, we have concluded that the EIT is met for the proposed measure.

[4] See also Section F: Likelihood of dumping assessment
[5] See also Section G: Likelihood of injury assessment
[6] See also Section H: Economic Interest Test

B7. Intended Recommendation to the Secretary of State

24. 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.

25. Our intended 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 1 March 2027 – that is, five years subsequent to the date when the measure would have expired (1 March 2022) had no transition review been initiated. As it has not been possible to recalculate the anti-dumping amount, we intend to recommend that the rates of measure remain unchanged, under regulation 100A(4)(b) of the Regulations.

26. The description of the goods to which the measure applies is set out in Section B2. We have not varied the description of goods to which the measure applies. We intend to recommend that the duties specified in Annex 1 shall be maintained and applied to the goods under the UK tariff codes listed.

27. We intend to make this recommendation on the grounds that we have assessed that it is likely that dumping would recur if the measure we no longer applied; we have determined that injury would recur to UK industry if the measure were no longer applied; and that the application of the varied measure meets the EIT.

28. In reaching this intended recommendation, we considered the current and prospective impact of the measure.

SECTION C: Background

C1. Initiation of the transition review

29. 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.

30. 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.

31. On 31 December 2020 the Secretary of State published a Notice of Determination regarding the anti-dumping duty on heavy plate 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 2020/12 gave effect to the transition of the EU anti-dumping duty on heavy plate originating in the PRC to become an additional amount of UK import duty.

32. On 25 January 2022, the TRA published a Notice of Initiation to initiate a transition review of a UK trade remedies measure relating to heavy plate originating in the PRC. This NoI had the effect of initiating the transition review.

C2. Previous measures in place

33. The European Commission (the Commission) imposed anti-dumping duties on imports of heavy plate originating in the PRC by Commission Implementing Regulation (EU) 2017/336 of 27 February 2017. Annex 2 lists the duty rates that were applied. This measure was transitioned under Taxation Notice 2020/12 to become the UK trade remedies measure that is subject to this transition review. The Commission is conducting an expiry review into the EU measure.[7]

Our transition review process[8]

C3. The transitioned measure

34. 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

[7] https://tron.trade.ec.europa.eu/investigations/case-view
[8] Reg 100(2)(b)(iii)

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.

35. The transitioned measure applies to certain heavy plate 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

36. Non-confidential versions of information received can be accessed on our Public File.

UK producers

37. The TRA received a pre-sampling questionnaire response from the two producers of heavy plate in the UK:

- Spartan UK Ltd (hereafter referred to as "Spartan")
- Liberty Steel Dalzell Ltd (hereafter referred to as "Liberty")

38. Both Spartan and Liberty were invited to submit and subsequently returned a full questionnaire.

39. Analysis in this review, to the extent that it refers to UK production, has been conducted with reference to the data of the two UK producers – Spartan and Liberty. Verification of these producers is discussed in C6.Verification of data.

PRC exporters

40. Jiangyin Xingcheng Special Steel Works Co., Ltd returned a contributor pre-sampling questionnaire response but did not provide a response to the full questionnaire subsequently issued to them.

Importers

41. The TRA received a pre-sampling questionnaire response from Kromat Trading Ltd.

42. After communicating with the case team via email, Kromat were invited to submit and subsequently returned a condensed importer questionnaire.

Foreign governments

43. The Ministry of Commerce of the Peoples' Republic of China (MOFCOM) registered to participate in this transition review and returned a pre-sampling questionnaire.

44. MOFCOM were invited to submit a full questionnaire but informed the TRA they had no further information to add.

Other participants

45. Other interested parties and contributors registered their interest in the review. The following parties completed contributor registration forms and questionnaires:

- EEF Ltd. (UK Steel)
- Community
- Siemens Gamesa Renewable Energy Ltd
- Scottish Government
- British Steel Ltd

C5. How we have used submitted data

46. 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.

47. 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.

C6. Verification of data

48. The TRA conducted both on-site and remote verification during this review.

49. Submissions by the two UK producers, Spartan and Liberty, were checked for consistency and completeness. During these checks, we identified various deficiencies with both parties but these were resolved.

50. Verification meetings were held with Spartan between 22 June and 17 August 2022. The TRA conducted an initial site visit and accounting walkthrough in June. After this, we took the decision to conduct the following verification remotely. Spartan provided information and data relating to their accounting systems, sales and costs data, and processes, and transactions. Source documentation for selected transactions was provided by Spartan on request.

51. Following verification activity undertaken, we have a reasonable level of assurance that Spartan's data is verifiable and can be treated as complete, relevant, and accurate for the purpose of this review. Our verification report documents the work we completed, the checks the case team carried out and

conclusions we reached about the reliability of information provided by Spartan.

52. Verification meetings were held with Liberty between 12 July and 2 September 2022. The initial meeting on 12 July was a site visit and accounting walkthrough. Following this, Liberty provided data relating to transactions we had selected. Further remote verification meetings were held 30 August to 2 September.

53. Following verification activity undertaken, we have obtained sufficient assurance regarding Liberty's company structure, associations and the goods produced. We have limited assurance that Liberty's data is verifiable regarding the injury trends relating to sales, output, stocks, productivity, employment, wages and capacity utilisation. Our verification report documents the work we completed, the checks the case team carried out and conclusions we reached about the reliability of information provided by Liberty.

54. We also had regard to information supplied by the other interested parties (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.

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SECTION D: The Goods and Like Goods

The goods

D1. Description of the goods

55. '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."

56. The Goods Subject to Review in this transition review are defined in the NoI as:

> *Flat products of non-alloy or alloy steel (excluding stainless steel, silicon-electrical steel, tool steel and high-speed steel), hot-rolled, not clad, plated or coated, not in coils, of a thickness exceeding 10mm and of a width of 600mm or more or of a thickness of 4.75mm or more but not exceeding 10mm and of a width of 2.05m or more.*

57. 'Like Goods' in this transition review are defined in relation to 'goods' under Schedule 4, Part 1, Paragraph 7 of the Taxation (Cross-border Trade) Act 2018 as:

> *(a) goods which are like those goods in all respects, or*
>
> *(b) if there are no such goods, goods which, although not alike in all respects, have characteristics closely resembling those of the goods in question.*

D2. Scope

58. Nine Commodity Codes are covered by the measure. These are:

- 72 08 51 20 10
- 72 08 51 91 10
- 72 08 51 98 10
- 72 08 52 91 10
- 72 08 90 20 10
- 72 08 90 80 20
- 72 25 40 40 00
- 72 25 40 60 10
- 72 25 99 00 45

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

D3. Consideration of review of description and / or scope

60. 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.

61. Of the nine commodity codes covered by the measure, the TRA has verified in this transition review that five of these codes - 7208512010, 7208519110, 7208519810, 7208908020, and 7225404000 - are produced by the domestic producers of the like goods, Spartan and Liberty.

62. The TRA conclude that the nine commodity codes covered by the measure are interchangeable with the goods that fall under the five commodity codes produced by the domestic producers. All of these five codes cover domestically produced goods that 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.

63. Furthermore, the TRA did not receive any application for a review of the description of the goods, nor the scope of the measure.

64. For these reasons, we decided not to vary the goods or the description of the goods in this transition review. Accordingly, the description of the goods remains unaltered from that detailed in the NoI.

D4. Production process

65. Heavy plate is produced from steel slab. When selecting slab, producers consider the specification required to make the desired grade and size of heavy plate.

66. The slab is heated in a furnace, and then descaled using high pressure water jets. After this, the slabs are transferred to a rolling mill where they are rolled into steel plates of the required dimensions. Once rolled, each plate goes through further processing as necessary to arrive at the desired specification.

67. Both UK producers – Spartan and Liberty – follow this same process.[9]

[9] Spartan UK Website: Heavy Plate Production Process;
Liberty Steel Dalzell - YouTube: Overview;
Liberty Steel Dalzell - YouTube: Heavy Plate Production Detail.

D5. Product specific considerations

68. In this review, the Goods Subject to Review are defined by reference to commodity codes at the 10-digit level. However, trade data is not available at the 10-digit level and what is available at either 8 or 6-digit level contains other products outside the scope of this review.

69. In addition, we have identified an issue with the 8-digit HMRC data for commodity code 72259900 which is not produced within the UK. Trade data for this code shows a large increase in exports from the UK during the POI which we have established is not related to exports of heavy plate. We have therefore excluded this commodity code from our market share calculations to ensure our estimates are as representative as possible.

Conclusion

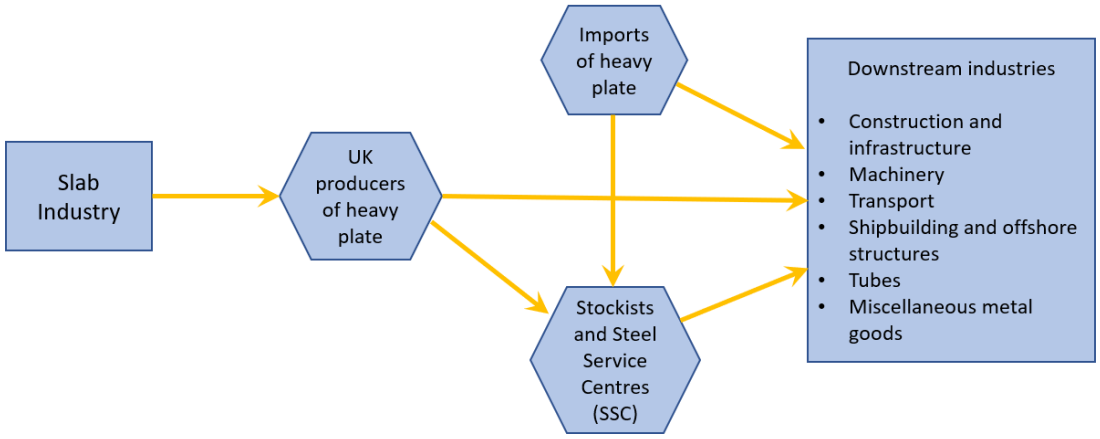
70. The TRA has determined that the relevant goods produced in the PRC are comparable and interchangeable with the Like Goods produced in the UK and fall within the description of the Goods Subject to Review.

SECTION E: The UK Industry and Market

E1. The UK industry

71. As shown in Figure 1, heavy plate is produced using steel slab and is used for construction and infrastructure, machinery, transport, shipbuilding and offshore structures, tubes, and miscellaneous metal goods. Downstream industries use a mixture of UK produced and imported heavy plate.

Figure 1 Supply chain for heavy plate



72. The UK industry for heavy plate is comprised of two producers, Spartan and Liberty.

73. The latest figures from Companies House show that these two producers of heavy plate collectively employ around 300 people.[10] Their collective gross value added (GVA) was between £5m and £10m during the PoI.

74. British Steel said in their questionnaire response that they "sell slab to both the UK heavy plate mills". British Steel represents 100% of the domestic upstream business in the heavy plate supply chain.

75. British Steel employ 4,844 workers in North Lincolnshire. This number represents 6.5% of the total workforce in the area.

76. We identified 175 domestic importers of heavy plate during the injury period, under the nine 8-digit commodity codes in scope of this investigation.

[10] The latest figures available for Liberty are from their 2019 accounts.

E2. The UK market

77. The UK market for heavy plate consists of a number of industries. The two most dominant are construction and machinery. According to Spartan's questionnaire response, these two industries together account for over 70% of steel plate consumption in the UK. Construction in particular is a significant sector in the UK economy with an estimated 1.4[11] to 2.2[12] million employees and an estimated GVA of £108 bn per annum.[13]

78. Other significant downstream industries for heavy plate, as outlined by Spartan in their questionnaire response, include transport, shipbuilding and offshore structures, tubes, and miscellaneous metal structures.

79. We have identified 120 companies which have purchased heavy plate from UK producers during the PoI.

E3. Trends

80. Domestic demand for heavy plate decreased steadily throughout the IP, reaching its lowest value in the PoI (2021).

81. The domestic production of heavy plate has remained relatively stable across the IP. It decreased by 8% from 2018 to 2019, then remained at a similar level for the remainder of the period. Production capacity remained constant throughout the IP.

82. Domestic sales fluctuated throughout the IP, with no overall trend in sales volume. Between 2020 and the PoI, sales value increased substantially to a value 43% greater than in the base year (2018). The increase in sales volume was considerably smaller – a 4% increase in 2021 as compared to 2018.

83. The domestic market share increased throughout the IP. Due to the decrease in domestic demand, the increased domestic market share reflects a decrease in imports rather than an increase in domestic sales.

84. 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.

E4. Consumer preferences

85. Both UK producers of heavy plate indicate that price is an important factor to consumers when selecting a supplier.

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

86. Downstream business Siemens Gamesa state in their questionnaire response that material, labour, and transport costs, product specifications of their tower designs, local content requirements, and manufacturing capacity issues are all significant factors when it comes to supplier selection.

SECTION F: Likelihood of Dumping Assessment

F1. Analysis of dumping

87. 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[14]

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

F3. Necessary or sufficient assessment

89. 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 relevant goods.

F4. Likelihood of dumping

90. In accordance with the regulations, we have assessed whether the dumping of the Goods Subject to Review would be likely to continue or recur if the anti-dumping amount was no longer applied to those goods. In doing so, and in conjunction with our consideration of the Economic Interest Test, 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.

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

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

93. 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.

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

94. 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).

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

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

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

- the price comparison between PRC-produced and UK-produced goods;
- whether PRC exporters are dumping in third countries and/or are subject to anti-dumping measures elsewhere;
- whether the conditions in the PRC domestic market are favourable for the Goods Subject to Review;
- 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.

97. 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

98. Since the imposition of anti-dumping measures by the EU in 2016 there have been minimal imports of the goods subject to review.

Table 1 Import volumes of heavy plate from the PRC to the UK

	2018	2019	2020	PoI
Volume (tonnes)	123	245	114	393
Index (2018 = 100)	100	199	93	320
Share of imports (%)	0.03	0.07	0.04	0.16
Index (2018 = 100)	100	217	128	509

Source: HMRC Import statistics – downloaded 19/10/2022. Based on the nine 8-digit commodity codes in scope.

99. Table 1 shows that 393 tonnes of heavy plate were imported from the PRC during the PoI, corresponding to less than 0.2% of total imports of heavy plate.

100. In their submission, MOFCOM also identified that the level of Chinese imports to the UK in the injury period was negligible and asked that the TRA terminate the current investigation and revoke the relevant measures accordingly.[15]

101. Both producers in the UK declared in their questionnaire responses that they did not suffer injury from dumped goods during the PoI or in the years since the measure was imposed. One of the key arguments from domestic industry regarding future dumping is that there have previously been surges of dumped Chinese imports when the UK market was unprotected in 2013 – 2015 and 2005 – 2007 and they suggest this is likely to recur without the protection of the measure. This is discussed in more detail in Section F13.

102. The negligible levels of imports from the PRC, alongside the lack of cooperation from Chinese exporters, has meant we are not able to recalculate dumping margins or conduct a meaningful assessment as to whether the small amount of currently imported goods subject to review are being dumped.

103. We therefore conclude that due to the lack of evidence we are not able to assess whether there has been continued dumping and this factor will not impact our assessment.

Conditions for dumping

F6. Production capacity (current and future)

104. Significant spare capacity or evidence of plans to increase capacity in future for the goods subject to review among overseas exporters may indicate that they would be able to dump if the measures were removed.

105. According to the Organisation for Economic Co-operation and Development (OECD), there is significant spare capacity in the global steel industry and the PRC has by far the largest capacity in the world.[16] The PRC's crude

[15] Trade remedies (trade-remedies.service.gov.uk) The Comments on the PMS in TD0014
[16] OECD Latest developments in steelmaking capacity, September 2021

steelmaking capacity is approximately 96 times larger than the UK's. The European Commission's expiry review notice of initiation detailed a claim from the applicant that import levels from the PRC to the EU were likely to increase on account of 'unused capacity' in the Chinese heavy plate market.[17]

106. MOFCOM's submission stated that there are more than 40 heavy plate producers in the PRC compared to just two in the UK.[18] They also said the top five producers account for about 40 - 50% of total domestic heavy plate output. Our analysis from the Material Manufacturers database found 28 companies in the PRC producing steel in the categories Plate, Hot Rolled Plate and Rolled Plate.[19] This far exceeds the two UK producers.

107. In their submission, UK Steel made the argument that the PRC clearly has "the capacity to flood the market and cause material injury" if the current measures were removed.[20] They state there is little information available on steelmaking capacity at the product level but pointed to the findings of several other investigating authorities as evidence for spare capacity. The US International Trade Commission's 2015 investigation into cut-to-length carbon steel plate found that there was significant excess capacity in the PRC with numerous capacity expansions planned.[21] In 2018, the Canada Border Services Agency (CBSA) concluded that there was significant excess production capacity in the PRC's plate rolling industry with plate production capacity estimated at 353 million tonnes in 2017.[22] UK Steel say that even if this capacity has remained unchanged since 2017, it would leave 93 million tonnes of excess capacity that could be exported. They say there would be incentive to produce more and export at dumped prices as there would be efficiency gains for Chinese producers working at a higher capacity utilisation due to the capital-intensive nature of steel production. This is backed up by various recent articles that state that Chinese mills are currently running at over 90% capacity.[23]

108. In the 14th 5-year plan the Chinese government detailed support for industry to expand and further encouragement towards globalisation of industry markets with government loans available in order to "accelerate the construction of a manufacturing powerhouse" and enhance the competitive advantage of the manufacturing industry.[24] This follows the 13th 5-year plan which launched policies to ensure steady growth in foreign trade. Thus, we can see a continued desire in Chinese government policies to support foreign exports, which could include those of heavy plate, to other international markets including the UK.[25] Furthermore, there are several new steelmaking facilities coming online during 2022 and 2023 which will further increase production capacity in the PRC. The

[17] https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52022XC0225(01)&from=EN
[18] Trade remedies (trade-remedies.service.gov.uk)) MOFCOM response
[19] Material Database Search (eagle.org)
[20] Trade remedies (trade-remedies.service.gov.uk)) UK Steel appendix to response
[21] US ITC Cut-to-Length Carbon Steel Plate from China, Russia, and Ukraine pp.34 – 36 e
[22] CBSA Certain Steel Plate
[23] China's steel mill owners are in a bad mood as demand takes a hit (cnbc.com)
[24] t0284_14th_Five_Year_Plan_EN.pdf
[25] Full Text: Report on the Work of the Government (www.gov.cn)

latest figures from the PRC show that over the last year the PRC has increased its steel production capacity by 17.6% year on year.[26]

109. Whilst we have not received any data from companies in the PRC to base our assessment on, evidence discussed earlier in this section[27] from independent sources and from the 13th and 14th 5-year plans of the Chinese Government suggest that there is currently significant overcapacity in the PRC which does not have a thriving domestic market into which it could be sold.[28] Whilst it is suggested that present capacity is running at above 90% an increase in production of only 2% would be more than the total produced annually in the UK and would overwhelm the UK market if Chinese producers exported this to the UK. Therefore, the Chinese market has the capacity, now and in the future, to potentially increase exports to the UK. Overall, our analysis on production capacity indicates that Chinese producers would be able to dump if the measures were removed.

F7. Production Levels

110. High production levels of the goods subject to review may indicate that an exporter could dump were the measures removed.

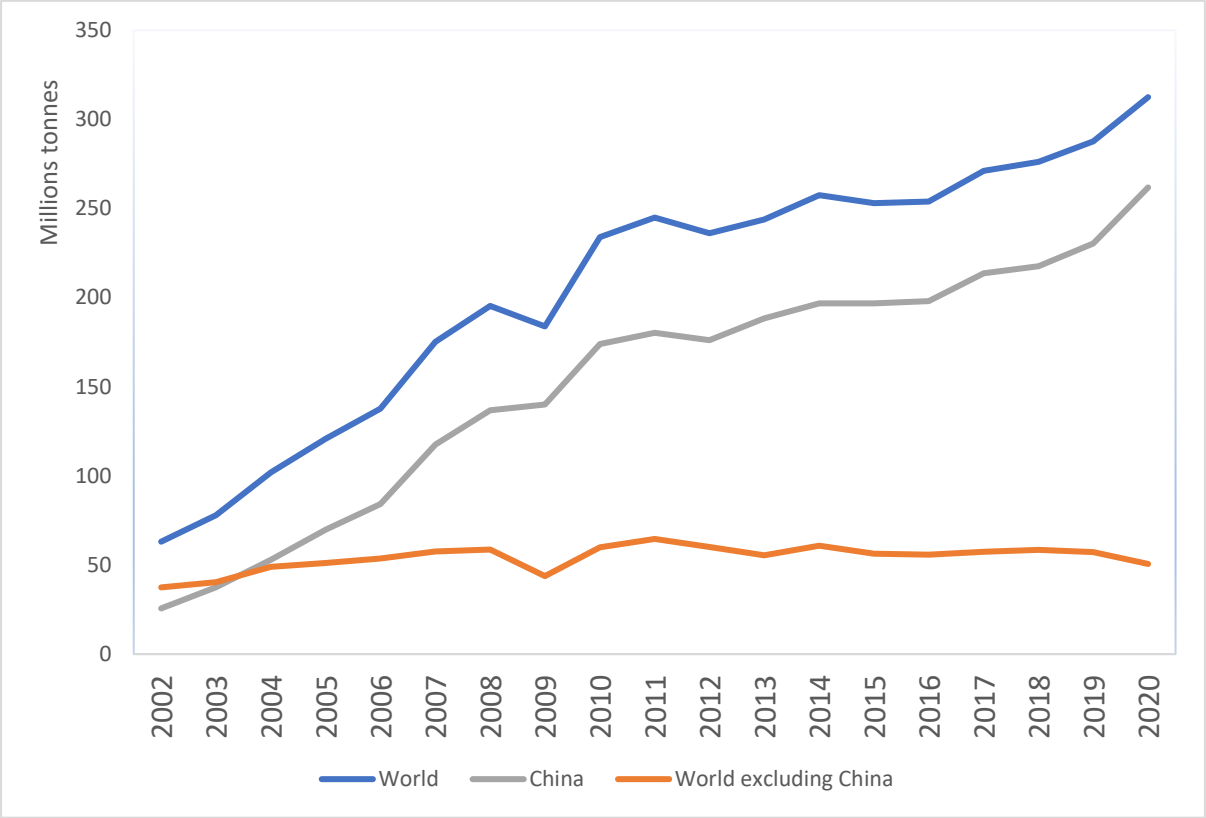
111. UK Steel's submission used data from World Steel to show that Chinese production of heavy plate has grown over the past 20 years, while the production of the rest of the world stayed relatively constant. The TRA's own analysis of world steel data was able to replicate this graph.

[26] China's newly commissioned iron and steel capacity add to supply pressure | 2022 S&P Global Commodity Insights (spglobal.com)

[27] Based on information from questionnaires submitted by UK Steel, Liberty Trade remedies (trade-remedies.service.gov.uk), Spartan Trade remedies (trade-remedies.service.gov.uk), MOFCOM, and Community Trade remedies (trade-remedies.service.gov.uk) and external sources OECD, S&P Global Commodity Insights, and CNBC

[28] Commodities 2023: China likely to tone down domestic steel capacity, targets ASEAN nations | © 2023 by S&P Global Commodity Insights, a division of S&P Global Inc. All rights reserved.;
China to expand economy, offset 'bullying' by turning domestic market into 'gravitational field' (scmp.com)

Figure 2 Global production of hot-rolled plate (⩾3mm) 2001 to 2020



Source: World Steel Association. Date Sourced: 17/01/2023

112. Further, UK Steel stated that Chinese plate production is 600 times larger than the UK plate market showing it has sufficient "capacity to flood the UK market" should the measure be removed.[29]

113. Table 2 demonstrates that UK production of hot-rolled plate (⩾3mm) as a percentage of Chinese production is less than 1%. This suggests that it would take a small amount of the Chinese produced hot-rolled plate to be exported to the UK to match domestic production.

[29] Trade remedies (trade-remedies.service.gov.uk)) UK Steel appendix to response

Table 2 Hot rolled plate (≥3mm) in the PRC and the UK

Year	PRC (thousand tonnes)	UK (thousand tonnes)	UK% of PRC production
2008	136,750	1,159	0.85
2009	140,068	746	0.53
2010	173,980	879	0.51
2011	180,296	949	0.53
2012	176,034	889	0.51
2013	188,353	845	0.45
2014	196,671	813	0.41
2015	196,677	715	0.36
2016	198,013	433	0.22
2017	213,623	490	0.23
2018	217,501	550	0.25

Source: World Steel. Data Sourced: 17/01/2023

114. We also assessed the production volumes in Table 3 which shows that from 2015 to 2020 production levels of hot-rolled plate in the PRC increased relative to the base year of 2015. The PRC also accounted for increasing proportion of global production.

Table 3 Chinese production volumes hot-rolled plate (≥3mm) and index growth; world production

	2015	2016	2017	2018	2019	2020
PRC (thousand tonnes)	196,677	198,013	213,623	217,501	230,420	261,776
Index growth	100	101	109	111	117	133
World (thousand tonnes)	252,939	253,823	271,116	276,042	287,691	312,424
PRC % global production	78	78	79	79	80	84

Source: World Steel data sourced 17/01/2023

115. UK production of heavy plate does not cover the current demands of UK industries. However, if tariffs were removed a very small increase in imports would eclipse current production and demand easily.

116. To conclude, the production levels in the PRC far exceed that of UK producers. Furthermore, the PRC's production volume is growing and taking an increasing share of world production of hot-rolled flat products. Whilst these figures apply

to a wider group of hot-rolled products, the data suggests that the PRC has sufficient production volumes to export to the UK market should the current measure be removed.

F8. Inventories

117. CNBC reported that Chinese steel mill owners are unhappy with the amount of inventory currently stockpiling in their warehouses. As a result of the recent fall in domestic demand due to pandemic lockdowns and reduced construction activity inventory levels are currently 12% higher than this time last year. Whilst these figures are for the overall steel market, it is an indication that the heavy plate market could be in a similar position, as the excess inventory is caused by the inability to shut down furnaces without leading to a long restart time.[30]

118. American Machinist reported that global steel inventories are dropping 3.9% year on year,[31] this is against a backdrop of a reported year on year increase in the PRC of 17.6% as of September 2022.[32] Exact figures vary according to the source but a significant increase from September 2021 to September 2022 in the PRC's output is consistently reported. This trend has continued to the end of 2022 rising another 0.25% to the end of November.[33]

119. Submissions from interested parties do not give any indication of inventory levels in the PRC and due to the lack of participation from Chinese exporters we do not have data from the PRC.

120. Although we have little information on this factor, our research suggests that it is likely that there are substantial levels of heavy plate inventories in the PRC which suggest the conditions for dumping exist.

F9. Ability to shift production to the goods subject to review

121. We did not receive any specific information on the ability of Chinese exporters to shift production to the goods subject to review through submissions.

122. As mentioned earlier, we are aware that there are more than 40 producers of heavy plate within the PRC. Many of these heavy plate producers are large integrated sites with the ability to make a variety of steel products.[34] It is therefore likely that these companies have the ability to increase or reduce production of the goods subject to review.

123. Furthermore, Chinese authorities have issued guidelines to the steel industry to aim for high quality sustainable development by 2025 using advanced technical equipment and a "high level of intelligentisation" to produce high quality

[30] China's steel mill owners are in a bad mood as demand takes a hit (cnbc.com)
[31] Global Steel Output Continues to Drop | American Machinist
[32] China's newly commissioned iron and steel capacity add to supply pressure © 2022 by S&P Global Commodity Insights, a division of S&P Global Inc. All rights reserved.
[33] CISA mills' daily steel output down 2.06 percent in early Dec (steelorbis.com)
[34] https://www.steelhome.cn/en/introduction.html

products to increase strong global competitiveness.[35] The Chinese domestic steel industry is also being encouraged to merge and re-organise to change the "small and chaotic" situation and "increase industrial concentration".[36] This could potentially further increase their ability to shift production to the goods subject to review.

124. We have already concluded that production levels of heavy plate are high in the PRC. Therefore, this factor is not a key part of our analysis, but it is likely that Chinese producers do have the ability to shift production to (and from) the goods subject to review.

Incentives for Dumping

F10. Market prices in the UK and the overseas exporters' market

Data Sources

125. We did not receive any submissions from Chinese exporters or any other organisation in the PRC that enabled us to calculate normal values. Spartan submitted information based on Platts data which we have been able to access via S&P Global Commodity Insights. We calculated our indicative PRC domestic sales price using this data. There are limitations to this analysis as this category from the Platts dataset is narrower than the scope of this investigation, but it does refer to a product within scope and was the best information available.[37]

Price Comparison

126. We compared the price that the Like Goods are sold for in the UK against our indicative PRC domestic price. Prices of heavy plate were slightly higher in the UK compared with the PRC in the first three years of the injury period. Based on this analysis, it is likely that exports from the PRC would occur at dumped prices as it is reasonable to expect there would be additional costs for PRC exporters to sell in the UK - such as transport costs. We did not receive any information from parties on the cost of delivery from the PRC to the UK, but we have estimated it to be approximately £86/t using online international shipping booking platforms.[38] This is greater than the difference in prices for the first three years of the injury period, suggesting that Chinese exporters may have needed to sell at dumped prices to enter the UK market.

[35] 【China issues roadmap for high-quality development of iron and steel industry】-National Development and Reform Commission (NDRC) People's Republic of China
[36] 6 key points about China's steel masterplan (fastmarkets.com)
[37] This data refers to "Plate Ex-stock Shanghai VAT inclusive" with grade Q235 which is equivalent to European grade S275JR and is within scope of our investigation © 2022 by S&P Global Commodity Insights, a division of S&P Global Inc. All rights reserved.
[38] https://www.freightos.com/ estimate based on quote (23/12/2022) for 40 foot container from Shanghai to Felixstowe at $3006 (£2,495) which has 29t capacity. Same price found at: https://www.honouroceanshipping.com/shipping-costs-from-china-to-uk/

127. In the PoI the price of heavy plate sold in the UK increased at a higher rate than the price in the PRC. This decreased the likelihood that exporters from the PRC would have had to sell at dumped prices in order to sell heavy plate in the UK market in that period.

Table 4 PRC average domestic sales price

	2018	2019	2020	PoI
PRC domestic sales price (£/t)	481	437	424	594

Source: © 2022 by S&P Global Commodity Insights, a division of S&P Global Inc. All rights reserved. 09/01/2023

Raw material costs

128. Spartan submitted figures showing that during 2022 the cost of steel slab (their main input) increased substantially. Neither of the UK heavy plate producers run on integrated sites and therefore have to buy steel slab to "re-roll" into heavy plate. In contrast, around 90% of Chinese steel production takes place at integrated mills and therefore Chinese plate producers are less likely to rely on external sources of slab.[39] This may minimise their exposure to increases in cost of production. Chinese producers without integrated mills are also unlikely to face the same price increases as UK producers as slab can be sourced locally from the increasing number of major suppliers within the PRC.

129. There are also significant levels of imports of Russian semi-finished steel to the PRC. This is likely to help keep raw material prices lower than in the UK where imports of Russian semi-finished steel have ceased and there is only one producer of steel slab which is not able to supply the whole UK market.[40]

130. Furthermore, the increase in slab cost has been driven by the conflict in Ukraine and is likely to predominantly impact European producers who have now lost access to both Ukrainian and Russian supply chains. This has impacted the UK market particularly, as Spartan previously relied on their parent company's Mariupol site in Ukraine to source their slab. Countries that have not brought sanctions against Russia are still able to trade with them, giving increasing competitive advantage over UK producers. Liberty have submitted that the continued conflict in Ukraine and the subsequent sanctions on Russia will hold slab prices above traditional levels which follows the increase in domestic price we saw in 2021.

131. Based on our analysis above, the rising cost of slab could mean that heavy plate prices in the UK are pushed high enough that exporters from the PRC would be able to export to the UK without dumping. However, during 2022

[39] Green Steel World
[40] https://www.fastmarkets.com/insights/china-shaping-up-to-be-major-steel-slab-source-amid-shortages-caused-by-ukraine-war; https://www.fastmarkets.com/insights/six-months-of-war-how-has-it-changed-the-global-steel-market

whilst slab prices remained high, plate prices began to reacclimatise back to pre-covid levels levelling out at about £700 per tonne in November 2022 following declining demand in the European market.[41]

Whether a Particular Market Situation exists in the PRC

132. We have submissions from UK Steel that allege a Particular Market Situation (PMS) exists in the PRC heavy plate industry. MOFCOM objected to this allegation and outlined in a submission why they believe no PMS exists in China's heavy plate market.

133. As we are not recalculating dumping margins, we have not conducted a full PMS assessment.

Conclusion on market prices in the UK and the overseas exporters' market

134. We noted that there are limitations to this analysis as we are relying on secondary source information and average prices. When examining PRC domestic prices from 2018 - 2020, our analysis suggests it is likely that Chinese producers would have needed to export heavy plate at dumped prices in order to enter the UK market. The UK domestic price increased during the PoI which was linked to increasing raw material costs. However, our research suggests UK prices are now beginning to level off which indicates there is still a likelihood of dumping. Overall, our analysis of market prices in the UK and the overseas exporters' market does suggest that PRC producers would be likely to sell into the UK at dumped prices.

F11. Exports to third countries

135. We analysed the price and quantity of exports from the PRC to third countries both with and without a trade measure in place.

136. This analysis was based on UK Steel's submission on the countries that currently have trade measures in place on exports of heavy plate from China: Canada, EU, Mexico, Turkey and the US. UK Steel have stated that these measures were put in place due to the continued and sustained threat of dumping from Chinese heavy plate exporters. We have verified the above list by locating the investigations on the relevant authority's website and checking reports.

[41] EU heavy plate prices soften on weak demand - EUROMETAL

Table 5 Total PRC exports to countries with measures in place (FOB prices)

	Quantity Exported (thousand tonnes)	Total Value (thousand £)	Price per tonne (£)
PoI	128,060	119,172	931
2020	66,232	54,243	819
2019	63,952	56,532	884
2018	71,400	64,011	897

Source: UN Comtrade FOB price downloaded 09/01/2023. Based on the five 6-digit commodity codes in scope.[42]

Table 6 Total PRC exports to countries without measures in place (FOB prices)

	Quantity Exported (thousand tonnes)	Total Value (thousand £)	Price per tonne (£)
PoI	3,295,720	2,125,670	645
2020	3,322,419	1,486,345	447
2019	4,984,197	2,237,960	449
2018	4,790,460	2,280,332	476

Source: UN Comtrade FOB price downloaded 09/01/2023. Based on the five 6-digit commodity codes in scope.

137. Tables 5 and 6 show that the price per tonne for exports to economies without a measure in place is considerably lower than the price per tonne to economies with a measure in place. This suggests that PRC producers are able to export at a lower price when a measure is not in place.

138. The volume of exports to countries without a measure is much higher over the PoI than the countries with a measure. This suggests that trade measures are having the effect of restricting the amount of Chinese imports, the decreased level of imports would also have potentially been affected by steel safeguard measures in place for some of these countries. However, we are not able to separate these factors. The country breakdowns shown in Table 7 below highlight again that there is an average lower price per tonne to countries without a measure. It seems likely that the PRC could export at lower prices to the UK if the current tariff were revoked. These lower prices increase the likelihood of dumping.

[42]Prices have been converted from USD to GBP using data from OFX https://www.ofx.com/en-gb/forex-news/historical-exchange-rates/monthly-average-rates/

Table 7 Highest FOB Imports by value from the PRC for countries with a measure in place

	2018 – 2021 total import value (thousand £)	Country	Average price per tonne over injury period (£)	2018	2019	2020	PoI
1	78,450	Turkey	840	876	1,073	697	881
2	48,554	Canada	777	742	784	807	780
3	39,325	Mexico	825	841	717	953	942
4	35,947	Italy	945	964	1,014	890	924
5	27,818	Belgium	872	807	888	844	1,084
6	22,470	Germany	1,545	1,456	1,435	1,504	1,730
7	9,403	Portugal	877	795	711	683	1,533
8	7,627	Poland	960	1,032	970	807	1,001
9	7,235	USA	1,007	838	943	1,552	962
10	4,804	Spain	1,031	796	1,065	1,008	1,334

Source: UN Comtrade FOB price downloaded 09/01/2023 [43]. Based on the five 6-digit commodity codes in scope.

[43] Mexico was listed as one of the top 10 importers from the PRC over the injury period however, UN Comtrade data did not have volumes for each year available. Due to this Mexico has been removed from this table.

Table 8 Highest FOB Imports by value from the PRC for countries without a measure in place.

	2018 – 2021 total import value (thousand pounds)	Country	Average price per tonne over injury period	2018	2019	2020	PoI
1	1,432,391	Viet Nam	450	445	404	399	584
2	757,437	Rep. of Korea	548	488	461	512	679
3	503,848	United Arab Emirates	473	447	437	474	563
4	478,437	Thailand	570	544	481	488	737
5	446,771	India	548	527	584	462	1,380
6	419,432	Philippines	447	441	398	374	624
7	355,860	Saudi Arabia	504	501	498	444	614
8	326,595	Chile	464	455	428	399	575
9	321,199	Indonesia	614	583	537	533	739
10	291,851	Peru	439	437	409	383	534

Source: UN Comtrade FOB price downloaded 09/01/2023. Based on the five 6-digit commodity codes in scope.

F12. Conditions in exporters' domestic market

139. The PRC announced in its 14th five year plan that industrial growth will be one of its top priorities alongside loans for updating equipment and an encouragement to transfer their production from furnace to steel arc welding which is considered to be emission friendly. Commissioning of new facilities is expected to accelerate and may lead to an expansion of market capacity. S&P global stated that Chinese net exports of finished and semi-finished steel increased by 155% year on year to 38.903 million metric tonnes (MMT) in 2021, indicating an increasing desire to export. There is also declining domestic demand due to declining property and construction markets.[44]

140. S&P Global also report a "sluggish" market during 2021 in the PRC and there are indications that there will be a decline in Chinese domestic demand for flat products during 2023, both of which suggest that Chinese producers will be looking for other markets into which they can sell their products.[45]

141. Increasing costs and falling domestic prices means that many Chinese businesses are facing difficulties in the current climate. Profits in the iron and steel markets have fallen by approximately 69% in the first half of 2022, this

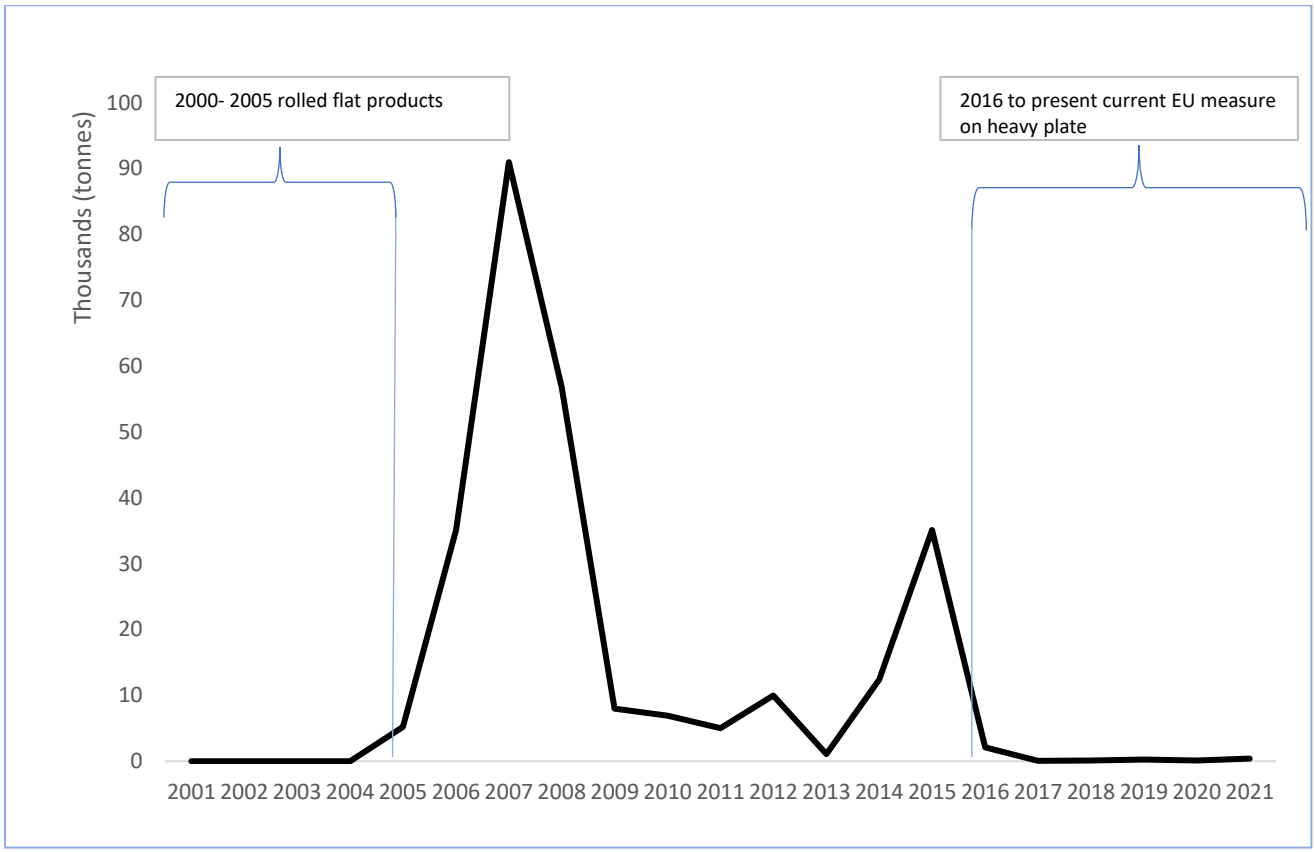
[44] 6 key drivers shaping China's steel sector in 2022 © 2022 _ by S&P Global Commodity Insights, a division of S&P Global Inc. All rights reserved.
[45] China's newly commissioned iron and steel capacity add to supply pressure |"© 2022 by S&P Global Commodity Insights, a division of S&P Global Inc. All rights reserved.

indicates that any market which becomes more open would be attractive to Chinese exporters.[46]

F13. Attractiveness of the UK market to exporters

142. Figure 3 shows that there were significant increases in imports from the PRC between 2005 and 2008 and again between 2013 and 2015. The initial spike followed the cessation of EU tariffs in 2005 and ended abruptly following the global recession in 2008. As the recession ended an increase in imports from the PRC can be seen from 2013 to 2015. This increase ceased as the EU dumping investigation commenced in 2015 falling to a consistently low level after the imposition of measures in 2016. Given that we have observed two rapid increases in imports from the PRC in the periods where the UK market was unprotected, we can observe that the market has historically been attractive to Chinese exporters which indicates that this may be repeated in future.

Figure 3 Import volumes of heavy plate from the PRC to the UK 2001 – 2021



Source: HMRC trade statistics. Data sourced 26/01/2022. Based on the nine 8-digit commodity codes in scope.

[46] Metals and Steel Industry Trends China - 2022 | Atradius

143. In addition, the UK market generally purchases heavy plate at a higher price than that of other countries to which the PRC trades (see section F11 Exports to third countries) and is an open and competitive market with a stable currency which could be attractive to foreign producers with large inventories and declining domestic demand.

144. Spartan, Liberty, Community and UK Steel claimed that the removal of the measure would be followed by surges in imports of heavy plate form the PRC. Besides the Chinese Government, we had no participation in the investigation from Chinese parties and therefore received very little information that contradicts these views.

145. Therefore, we conclude that if measures were to be removed the UK market would be attractive for Chinese imports which suggests dumping would be likely to recur.

F14. Whether exporters have previously or habitually circumvented or absorbed the effects of trade remedy measures

146. We did not receive any submissions regarding this factor and our desk research has uncovered no relevant information. We can conclude that this factor is not indicative of either an increased or a decreased likelihood of dumping were the measures no longer to apply.

Conclusion on likelihood of dumping assessment

147. In the assessment above we have concluded that there is significant overcapacity in the Chinese steel industry, and this is likely to apply to heavy plate. We analysed Chinese production levels and concluded that they were not only greater in comparison to the UK market, but they have been rising year on year.

148. We concluded that it is likely there are substantial inventories of heavy plate stockpiled in the PRC. We also noted how Chinese producers typically make a variety of products which means they could shift production to the goods subject to review.

149. Although pricing trends are difficult to predict, our analysis of market prices in the UK and the overseas exporters' market across the IP suggested that dumping would be likely if the measure were to be removed.

150. We noted that Chinese exports over recent years have exported heavy plate at lower prices and in greater quantities to countries that do not have trade measures in place and observed how prices to these countries are generally much lower than those with measures.

151. There is evidence of slowing demand in the Chinese domestic market and, in that context, we concluded that the UK would be an attractive market for

Chinese exporters. This conclusion was backed up by previous increases in Chinese imports when the UK market was unprotected, as well as looking at the favourable pricing situation and market conditions in the UK.

152. Overall, we conclude that, on the balance of probabilities, dumping would be likely to recur if the anti-dumping amount were no longer applied.

SECTION G: Likelihood of Injury Assessment

G1. Introduction

153. 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).

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

155. In order to conduct the likelihood of injury assessment, we considered:

- undercutting of the UK industry;
- the current state of the UK industry;
- other causes of injury (non-attribution);
- domestic and international market conditions; and
- historic injury data.

156. 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.

157. In this paper we will use evidence from submissions from interested parties as well as our own research to assess injury. Where we have used information from secondary sources, we have done so with special circumspection; and where practicable, verified such information from independent sources. Due to the conclusions of the Liberty verification report, we will only be using output, sales, stocks, employment, wages, productivity and capacity utilisation from their injury data.

158. It is important to note that there were low levels of imports from the PRC throughout the injury period and we deemed these levels to be insignificant compared to UK consumption. In addition, both domestic producers stated that they did not suffer injury from dumped imports during the injury period.

159. We will therefore conduct the following analysis in the context of a UK market that was being protected by the measure across the injury period. We will analyse what has happened with the injury factors during this time and consider what would happen if the measures were to be removed.

G2. Undercutting of UK industry

160. In this section we consider whether it is likely that the Goods Subject to Review would be priced lower than the domestic Like Goods if the measure were removed. If UK producers are likely to be undercut by exports of the goods subject to review, this increases the overall likelihood of injury.

161. We calculated average UK domestic sales prices for each year of the injury period based on the questionnaire responses of the two UK producers and compared this with average PRC export prices obtained from S&P Global. This data refers to "Plate Commercial Grade Free on Board (FOB)" with grade SS400 which is equivalent to European grade S275JR and is within scope of our investigation (this grade is listed in our PCN structure).[47] We acknowledge there are limitations to this analysis as this category is narrower than the overall scope of this investigation. We are also relying on average prices and note that the Chinese export prices are FOB, and therefore do not include delivery costs.

Table 9 PRC average export price

	2018	2019	2020	PoI
PRC export price (£/t)	439	395	381	600

Source: © 2022 by S&P Global Commodity Insights, a division of S&P Global Inc. All rights reserved..– *Plate Commercial Grade FOB[48]. 09/01/2023.*

162. The average PRC export price is consistently lower than the UK domestic price. We did not receive any information from parties on the cost of delivery from the PRC to the UK but we have estimated it to be approximately £86/t using online international shipping booking platforms.[49] If we take this figure and add it to the PRC export price above, the average prices are similar for 2018 and then for each of the remaining years of the injury period the price falls below the average UK price.

163. In Tables 10 and 11 we identified countries with and without a measure in place against heavy plate from the PRC and examined the difference in price over the injury period. This data uses 6-digit commodity codes at the Cost, Insurance, and Freight (CIF) level which includes shipping costs. We acknowledge this could include goods not subject to this review but this is the best available data.

[47] Equivalent grade: http://www.steelnumber.com/en/equivalent_steel_iron_eu.php?zname_id=3372, PCN structure can be seen in our questionnaires
[48] Platts category SB01180 – SS 400 Grade, 500-3,000 mtW 2000-3000 mm, T 12-20 mm FOB
[49] https://www.freightos.com/ estimate based on quote (23/12/2022) for 40 foot container from Shanghai to Felixstowe at $3006 (£2,495) which has 29t capacity. Same price found at https://www.honouroceanshipping.com/shipping-costs-from-china-to-uk/

Table 10 Import price (£/t) from the PRC to countries with a measure in place

Country	Average over injury period	2018	2019	2020	PoI
Turkey	742	693	659	657	821
Canada	684	666	699	543	753
Italy	913	822	1,204	853	930
Germany	1,198	1,212	1,119	1,197	1,326
Portugal	861	834	833	753	1,046
Poland	1,056	1,056	986	861	1,306
Czechia	1,526	1,381	1,499	1,296	1,867
Spain	718	987	618	800	1,176
Netherlands	467	376	326	391	1,112
Romania	786	1,887	2,413	699	850

Source: UN Comtrade CIF price downloaded 9/01/2022.[50] Based on the five 6-digit commodity codes in scope.

Table 11 Import price (£/t) from the PRC to countries without a measure in place

Country	Average over injury period	2018	2019	2020	PoI
Viet Nam	829	880	820	711	900
Rep. of Korea	517	499	462	454	722
Thailand	640	597	697	488	785
Indonesia	641	611	577	558	786
United Arab Emirates	518	495	491	445	712
Philippines	456	448	434	394	581
India	588	587	615	515	1,104
Saudi Arabia	546	537	532	485	668
Chile	512	508	481	442	602
Malaysia	562	545	485	466	730

Source: UN Comtrade CIF price downloaded 9/01/2022. Based on the five 6-digit commodity codes in scope.

164. Tables 10 and 11 show the difference in price per tonne over the injury period of countries with a measure in place against heavy plate imports from China compared to those without. Although prices vary, the prices to countries without measures in place are generally lower than those with.

165. We acknowledge that other factors such as distance from the PRC and steel safeguard measures may also affect export prices. Comparing two countries

[50] Mexico was listed as one of the top 10 importers from the PRC over the injury period however, UN Comtrade data did not have volumes for each year available. Due to this Mexico has been removed from this table.

with a similar distance from the PRC such as Turkey and Saudi Arabia, both of which are around 6,700 km from the PRC, should indicate how distance affects price. We can see that the average price in Turkey over the injury period (£742) was higher than the price in Saudi Arabia (£546). This indicates that it is not only the location of the destination country affecting price, rather it is dependent on whether there is a measure in place.

166. Based on our analysis above, it is likely that the price of the Goods Subject to Review would be lower than the UK domestic price of Like Goods if the measures were removed.

G3. The current state of the UK industry

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

- actual and potential decline in:
  - sales;
  - profits;
  - output;
  - market share;
  - productivity;
  - return on investment;
  - utilisation of capacity;
- factors affecting domestic prices
- actual and potential negative effects on:
  - cash flow;
  - inventories;
  - employment;
  - wages;
  - growth;
  - ability to raise capital or investments.

168. We have considered each factor individually to get an understanding of the current UK industry but our overall conclusion will be based on a holistic assessment of all relevant economic factors combined.

169. It is important to note that for certain injury factors we were only able to consider data for one domestic producer, Spartan. We were not able to verify Liberty's exact figures as we were not able to obtain sufficient and appropriate evidence to conclude that all of the information submitted was verifiable. This means we have limited assurance on a number of their injury trends. Detailed explanation on Liberty's verification can be found in their verification report.

The level of UK industry's domestic sales

170. Domestic sales volume increased from 2018 to 2019, decreasing in 2020 with sales in the PoI increasing to levels above 2018.

171. Domestic sales value followed a similar trend but with a larger increase in the PoI with a 43% increase in sales value in the PoI than in 2018.

Table 12 Domestic producers' sales volume and value 2018 – 2021

	2018	2019	2020	PoI
Domestic sales volume index	100	109	90	104
Domestic sales value index	100	108	83	143

Source: questionnaire responses – Spartan and Liberty

172. With the measure in place, and both producers stating that they had not experienced injury as a result of dumped imports since 2016, we can see that there were overall improvements in both sales value and volume across the injury period with the exception of 2020.

173. UK Steel described how the UK producers' domestic sales were negatively affected by COVID-19 as global demand dropped during the pandemic. This explains the dip in sales value and volume seen in 2020. UK Steel also stated that the demand recovery in 2021 was much quicker than expected and that is why producers were able to increase sales in 2021.

174. In their questionnaire response, Spartan provided projections for their 2023 – 27 domestic sales based on two scenarios: the first being a 'base case' where measures remain in place; and the second being a scenario where the measures are removed. They stated that they would be able to sell the same volume of heavy plate in both scenarios, but there would be price depression as a result of dumped imports and sales value would therefore decrease in future. Spartan's projections are not verifiable, therefore little weight is attached to them in our analysis.

175. We considered potential future undercutting of UK industry from PRC imports in "G2. Undercutting of UK industry". Given our conclusion that undercutting is likely, it is reasonable to believe there would be price depression and sales value would therefore decrease. In addition, the sales trends examined above show how demand and price are the dominant drivers affecting domestic sales. We can see that UK industry was vulnerable to demand shocks like those seen as a result of the pandemic and this would suggest vulnerability in the UK market if undercutting of prices from imports were to occur.

Profits

176. Spartan's net profit increased over the injury period. After making a loss in 2018, their profits improved in 2019. There was then a dip in 2020 before a large increase during the PoI.

Table 13 Domestic producer's net profit for like goods 2018 - 2021

	2018	2019	2020	PoI
Net profit (£)	-804,128	1,166,023	101,393	12,120,075
Net profit index	100	345	213	1707

Source: questionnaire response – Spartan

177. UK Steel claimed that dumped imports of heavy plate would directly impact the UK producers' profitability. Spartan made the same claim and provided projections regarding profits in their questionnaire response. They suggest that if the measure was removed, they would go into negative net operating profit (NOPAT). They based the figures on a projected 8% price drop which they say would push their NOPAT to negative 4 – 4.5%. Spartan's projections are not verifiable, therefore little weight is attached to them in our analysis but this does clearly illustrate UK industry's belief that they would suffer injury in the form of declining profits were the measure to be removed.

178. It is reasonable to consider price undercutting and potential price depression as a factor when assessing future trends in profits. In the previous section we concluded that if measures were removed, undercutting would be likely and domestic prices would be depressed. This correlates with the argument put forward by Spartan and UK Steel and it follows that profits would be likely to decrease if measures were removed.

179. The information above suggests the UK industry is in a vulnerable position regarding profit. For Spartan, we can see that their profits fluctuated from negative to positive across the injury period and they believe that if the measure were removed, they would have declining sales value and this would have a negative effect on their profits. Although we are unable to use Liberty's figures from the injury period, their questionnaire response does clearly indicate that they have been in a vulnerable state in terms of profitability across the injury period. Given our conclusion that removal of the measure would lead to likely price undercutting, it follows that domestic prices would be depressed and this would negatively impact profit margins. Overall, it is likely that UK producers would suffer injury in the form of declining profits were the measure to be removed.

Output

180. Production (output) of heavy plate decreased by 8% from 2018 and 2019 and then remained at similar levels for the remaining years of the injury period.

Table 14 Domestic producers' output 2018 – 21

	2018	2019	2020	PoI
Production volume (tonnes) index	100	92	91	91

Source: questionnaire responses – Spartan and Liberty

181. Within the UK market, both producers informed us that heavy plate is generally produced to order, and therefore production is closely related to demand and sales.

182. Liberty claim in their questionnaire response that removal of the measures would likely result in closure of their plate mill and therefore UK production would be significantly reduced if that were to happen. Spartan also stated that removal of the measures would threaten the sustainability of local plate producers. UK Steel made similar claims and pointed to previous closure of plate mills as evidence. TATA steel closed two steel plants in Scotland and one in Scunthorpe in 2015. Steel plant closures are discussed further in this paper.[51]

183. Although it is beyond the scope of our analysis to make a firm conclusion on whether Liberty's business is sustainable were the measure to be removed, we can see from this assessment that it is likely that there would be significant additional pressure which could result in closure of the Dalzell plate mill as they have claimed.

184. Even in the current protected state, the reduction in output over the injury period suggests there is some vulnerability in regard to this factor across both producers. It is therefore likely that UK producers would suffer injury in the form of continued declining output were the measure to be removed.

Market Share

185. Domestic market share of UK industry increased throughout the injury period.

[51] https://www.bbc.co.uk/news/uk-scotland-glasgow-west-34575423; https://www.bbc.co.uk/news/uk-england-34580178; https://www.insider.co.uk/news/government-accused-deception-over-liability-28658379

Table 15 UK demand and domestic producers' market share (volume)

	2018	2019	2020	PoI
Demand (tonnes) index	100	91	79	71
Domestic market share index	100	119	126	160

Source: questionnaire responses and HMRC trade statistics excl. 7225990. Based on the other eight 8-digit commodity codes in scope.

186. Earlier in this section, Table 12 showed how UK producers did manage to increase their domestic sales volume in 2019 and the PoI but generally sales volumes were steady across the injury period. The domestic market share in 2018 was between 30 – 40% and a continuous increase in market share seen in Table 15 is a reflection of falling demand and a reduction in imports coming into the UK market across the period.

187. Spartan and Liberty both indicated that their market share would be negatively affected if the measure was removed. Given our conclusions that removal of the measure would likely result in reduced sales in favour of cheaper imports, it follows that domestic producers' market share would also decline.

188. As we explore later in this paper (see G5. Domestic and international market conditions), future demand patterns are uncertain in the UK. Parties have identified factors that could increase demand, particularly around energy transition and security. On the other hand, there are significant challenges caused by global events such as the Ukraine conflict which could see construction projects disrupted and demand reduced, at least in the short term.[52]

189. Although there is no current sign of vulnerability in the market share figures, we do believe it is likely that producers would suffer injury in respect to declining market share were the measure to be removed.

Productivity

190. Productivity increased slightly from 2018 to 2019 then further increased through 2020 with productivity in the PoI being around 5% higher than in 2018.

Table 16 Domestic producers' output in volume per employee for the like goods

	2018	2019	2020	PoI
Average output in volume per employee index	100	102	102	105

Source: questionnaire responses – Spartan and Liberty

[52] https://www.constructionnews.co.uk/news/financial-news/ukraine-conflict-could-halt-uk-projects-due-to-supply-chain-disruption-08-03-2022/

191. The figures in Table 16 are calculated by dividing total output for the Like Goods by the total number of employees involved in producing the Like Goods. We saw earlier that both output and number of employees have declined, but the number of employees has fallen more sharply than total production, and hence the figures above show an upward trend.

192. This is a sign that the UK industry has become more efficient in the injury period but it could also suggest there is additional strain being put on a diminishing workforce. In isolation, this factor does not demonstrate current vulnerability in the industry. It is also difficult to conclude what would happen to productivity if the measure was removed.

Return on investment

193. Investments increased from 2018 to 2019 and then decreased in 2020. The level of investment during the PoI was then the highest seen across the injury period.

Table 17 Domestic producer's investments

	2018	2019	2020	PoI
Total investments (£)	1,349,035	2,422,223	486,084	1,992,113
Total investments index	100	180	36	148
Investments related to like goods (£)	1,327,509	2,405,190	467,589	1,975,132
Investments related to like goods index	100	181	35	149

Source: questionnaire response – Spartan

194. Spartan's return on fixed assets started as a negative figure in 2018 and although they improved in 2019 and 2020, they remained negative. The only year that Spartan was able to earn a positive return on fixed assets was the PoI. The large increase during the PoI is due to the increase in revenue and profit in this period.

Table 18 Domestic producer's return on investments

	2018	2019	2020	PoI
Return on fixed assets index	100	190	185	878

Source: questionnaire response – Spartan

195. Although we were not able to verify Liberty's investment figures, they did say that there would be no plans for future investment in plate production if the measure was removed as this would result in the likely closure of the Dalzell mill.

196. The figures in Table 18 rely on profits and therefore follow similar trends to those that were discussed earlier. We can see that domestic industry has been able to make investments in the injury period but return on investments have been volatile. This does suggest some current vulnerability in the market and as we concluded there was likelihood of injury in respect to profits, it is also likely domestic industry would suffer injury in the form of declining returns on investments were the measure to be removed.

Utilisation of capacity

197. The overall production capacity has remained consistent throughout the injury period, but capacity utilisation has decreased as seen in Table 19 below.

Table 19 Domestic producers' capacity utilisation

	2018	2019	2020	PoI
Capacity utilisation index	100	92	91	91

Source: questionnaire responses – Spartan and Liberty

198. The figures above demonstrate that there is spare capacity in the UK industry. Spartan generally operated at a higher capacity utilisation than Liberty which has significant spare capacity available. This is highlighted by UK Steel who discuss Liberty's spare capacity in their questionnaire submission. Whether Liberty would be able to meet this increased demand is not verifiable and we will therefore attach little weight to this in our analysis.

199. The decrease in capacity utilisation, as well as the decrease in volume of UK production, suggests current vulnerability in the UK industry. Given our conclusion that the removal of the measure would lead to a reduction in sales and production, it is also likely that domestic industry would suffer injury in the form of declining capacity utilisation were the measure to be removed.

Factors affecting domestic prices

200. The average selling price per tonne of heavy plate decreased from 2018 to 2020, This was followed by a large increase in the PoI up to levels well above

2018. We can see in Table 20 that these sales prices of heavy plate align closely with the cost of raw materials.

Table 20 Domestic producers' Like Goods selling price and steel slab cost

	2018	2019	2020	PoI
Average UK selling price index	100	99	92	138
Slab cost (£) index	100	93	83	148

Source: questionnaire responses – Spartan and Liberty total sales value/total sales volume, Spartan slab cost.

201. We consider future price trends and undercutting in G2. Undercutting of UK industry. We cannot make any firm conclusions regarding likelihood of injury from observing the domestic price trends here.

Cash flow

202. Cash flow fluctuated across the injury period. It increased from 2018 to 2019, decreased in 2020 and then increased during the PoI to levels similar to 2019.

Table 21 Domestic producer's cash flow

	2018	2019	2020	PoI
Cash flow index	100	347	212	346

Source: questionnaire response – Spartan

203. Changes to cash flow across the period were predominantly influenced by increases and decreases in inventory. In isolation, this factor does not indicate vulnerability in the UK industry and we did not have any submissions regarding future trends in cash flow were the measure to be removed.

Inventories

204. In terms of volume, stock levels decreased each year from 2018 to 2020. They then increased in the PoI but remained at levels below 2018. Liberty did not provide stock volume data so the figures relating to stock volume in Table 22 refer to Spartan only. Stock value for both producers decreased steadily from 2018 to 2020 before increasing in the PoI to levels above 2018.

Table 22 Domestic producers' stock volume and value

	2018	2019	2020	PoI
Stock volume at end of year index*	100	73	62	85
Stock value at end of year index	100	99	98	142

*Source: questionnaire response – Spartan and Liberty. *Spartan only data*

205. Stock levels as a proportion of UK production decreased from 2018 through 2019 and 2020 and then increased in the PoI to a level just below 2018.

Table 23 Domestic producer's stock as a proportion of production

	2018	2019	2020	PoI
Stocks as a proportion of production index	100	74	65	88

Source: questionnaire responses – Spartan stock levels against total Spartan production volume

206. The decrease in stock volume alongside the increase in stock value indicates the increased value of the heavy plate leading to the selling off of inventory stock. It should be noted that stock volume contains only Spartan data whereas stock value includes both Liberty and Spartan data. This does not indicate vulnerability of the UK industry. We also know that most heavy plate produced in the UK is made to order, therefore inventories are not a clear indicator of injury and not significant in our injury likelihood assessment.

The level of employment

207. The total number of employees decreased from 2018 through to the PoI to around 14% fewer employees compared to 2018. The number of employees for heavy plate decreased along the same trend as total number of employees with the lowest point being in the PoI, around 16% fewer employees.

Table 24 Domestic producers' employees

	2018	2019	2020	PoI
Total number of employees index	100	90	89	86
Number of employees for heavy plate index	100	88	86	84

Source: questionnaire responses – Spartan and Liberty

208. The decrease in employees for heavy plate across the injury period suggests vulnerability in the UK industry. As discussed earlier, domestic industry (Liberty, UK Steel, Community) also claimed in their questionnaire responses that removal of the measure would lead to closures of sites and therefore employment would reduce significantly.

209. Given our earlier conclusions that the removal of the measure would negatively impact various economic factors such as sales, production and profits, it is likely that domestic industry would have to reduce its workforce to react to that situation, or ultimately, close sites. The industry is already declining in employee numbers and cheap imports would likely exacerbate this situation. It is therefore likely that the domestic industry would suffer injury in the form of declining employment figures were the measure to be removed.

Wages

210. The median wage for full-time employees increased from 2018 to the PoI. There was a slight decline in 2020 during the COVID-19 pandemic but wages then rose to their highest levels in the PoI.

Table 25 Domestic producers' median wage for full-time employees

	2018	2019	2020	PoI
Median wage for full-time employee index	100	106	105	113

Source: questionnaires responses – Spartan and Liberty, weighted average by number of employees

211. According to the Bank of England inflation calculator the median wage for full time employees in 2018 was slightly higher than 2021.[53] Wages have therefore risen at a level slightly above inflation. This factor does not suggest vulnerability in the UK industry.

212. We received no specific claims regarding future trends in wages were the measure to be removed. Therefore, we cannot conclude that there is a specific likelihood that the domestic industry would suffer injury in the form of reducing wages were the measure to be removed.

Growth

213. In Table 15 we saw how domestic consumption decreased over the injury period. We did not receive any comments regarding expansion plans from either producer.

214. As discussed already, future demand is difficult to predict with opportunities and challenges (see G5. Domestic and international market conditions – domestic consumption).

215. Whilst we did not receive any specific comments regarding growth, we have already discussed how the removal of the measure would result in declines in various economic factors which could lead to the potential closure of at least one UK producer. Therefore, it is likely there would be a negative effect on growth if the measure were removed.

Ability to raise capital or investments

216. As mentioned throughout this paper, Liberty say that if the measure was removed it would likely lead to a closure of a plate facility.

217. The investment activities of the domestic producers are confidential and we received no specific claims regarding future trends in this area.

[53] Bank of England inflation calculator

Conclusion on situation of UK industry

218. There are limitations to our analysis as we could not use Liberty's data for each factor. The data gives a mixed picture of UK industry across the injury period with profits, market share, productivity and wages all increasing and domestic sales volume remaining steady. Alongside this, there were some signs of vulnerability in terms of declining output, capacity utilisation and employment figures.

219. Although we were not able to use their figures for factors such as profits, Liberty described in their questionnaire response how they had only recently moved back to being able to sell the Like Goods with a profit and they argued that were the measures to be removed, it is very likely their site would have to close. Spartan also provided projections that suggested they would suffer significant levels of injury were the measure to be removed.

220. Overall, we conclude that injury to the UK industry would be likely to recur if the anti-dumping amount were no longer applied in respect to: domestic sales; profits; output; market share; return on investments; capacity utilisation; employment; and growth. Other factors were either not relevant or inconclusive but there was no factor that strongly contradicted a conclusion of likely injury.

G4. Other causes of injury (non-attribution)

221. In the context of negligible imports and both producers stating they have not suffered injury, we have not attributed any injury suffered in the PoI to dumped imports of the goods subject to review. Therefore, this section considers factors that may have negatively impacted domestic industry over the injury period and looks forward to consider whether any of these factors are significant enough to detract from potential future injury that would occur if the measure was removed.

Demand reduction

222. In their submission, MOFCOM argued that the decline in heavy plate demand led to poor performance of the UK producers.

Table 26 UK demand, domestic producers' sales and market share (volume)

	2018	2019	2020	PoI
Demand (volume) index	100	91	79	71
Domestic sales volume index	100	109	90	104
Domestic market share index	100	119	126	160

Source: questionnaire responses and HMRC trade statistics excl. 72259900. Based on the other eight 8-digit commodity codes in scope.

223. Table 26 summarises various factors that have already been discussed in this paper. We can see that demand did drop but we can also see how UK producers managed to increase sales in 2019 and the PoI, as well as increase their market share across the period.

224. We also assessed the demand reduction by analysing the statistical data for the UK construction industry, which has been identified by the UK industry as the principal end user of heavy plate.

Table 27 New orders in the construction industry

	2018	2019	2020	PoI
New orders by value (£ billions)	61,652	63,168	55,631	72,578
Index	100	102	90	118

Source: ONS. Data sourced: 03/11/2022.

225. The new orders by the construction industry increased from 2018 to 2019 followed by a large decrease in 2020 which then rebounded in the PoI to levels above those in 2018. Spartan discuss in their questionnaire that the construction industry is not the only end use of heavy plate, but it is a large consumer of the product. In their questionnaire they mention the importance of the construction industry, “construction and machinery, are consuming over 70% of steel plate in the UK and any significant fluctuations in their activity lead to overall plate demand”.

226. Overall, we have seen how UK producers have been able to continue operating in a market with declining demand without suffering clear injury in the injury period. They were able to increase market share over the injury period suggesting a strong market position with a measure in place. Although new orders did fall in 2020, likely as a result of COVID-19 disruptions, there are signs of recovery in the construction sector for 2021. Demand is undoubtedly a significant factor that will influence UK producers’ performance but as mentioned in Spartan’s questionnaire this is normal in the heavy plate market. This factor does not contradict our conclusion that UK industry would likely suffer injury as a result of dumped imports if the measure was removed.

<u>Imports from countries other than the PRC</u>

227. We examined the questionnaire responses and HMRC import statistics to assess the imports of the like goods from third countries.

228. Table 28 shows EU imports of heavy plate decreased in both volume and value over the injury period. Decreasing by around 28% in value and 43% in volume from 2018 to the PoI. The average price per tonne has increased over the same period by around 26%.

Table 28 Imports of heavy plate from EU countries

	2018	2019	2020	PoI
Value (£)	229,109,969	183,960,498	147,829,873	164,088,533
Value index	100	80	65	72
Volume (tonnes)	336,562	261,454	220,051	191,832
Volume index	100	78	65	57
Average price per tonne (£)	681	704	672	855
Average price per tonne index	100	103	99	126

Source: *HMRC trade statistics. Data sourced 3/8/2022. Based on the nine 8-digit commodity codes in scope.*

229. Table 29 shows non-EU imports have not seen the same level of decrease as EU imports. The volume of heavy plate imports increased from 2018 to 2019 by 63% after which it decreased through 2020 and the PoI to a level below 2018. The value of these imports has increased over the same period by around 14% increase from 2018 to the PoI. The average price per tonne has also increased, by 24% from 2018 to the PoI.

Table 29 Imports of heavy plate from non-EU countries (excluding PRC)

	2018	2019	2020	PoI
Value (£)	34,419,085	57,139,846	33,833,190	39,306,263
Value index	100	166	98	114
Volume (tonnes)	65,596	106,620	72,575	60,292
Volume index	100	163	111	92
Average price per tonne	525	536	466	652
Average price per tonne index	100	102	89	124

Source: HMRC trade statistics. Data sourced 3/8/2022. Based on the nine 8-digit commodity codes in scope.

230. Spartan mention in their questionnaire that “EU producers (main players are Danish, Spanish, Swedish, German mills) are supplying a “full mix” of dimensions and grades, complementing the missing local positions”.

231. The top five largest importers from the third countries were analysed and compared to UK prices to look for any trends in Tables 30 and 31.

Table 30 Imports of heavy plate from third countries

	2018	2019	2020	PoI
France				
Volume (tonnes)	40,247	64,747	32,257	42,104
Value (£)	34,713,648	51,139,659	31,433,399	34,077,555
Germany				
Volume (tonnes)	76,687	31,811	54,749	23,367
Value (£)	52,262,389	23,762,921	33,246,661	20,422,778
Ukraine				
Volume (tonnes)	34,183	46,714	21,491	41,352
Value (£)	17,677,719	23,962,796	8,687,966	25,082,388
Netherlands				
Volume (tonnes)	51,747	42,923	23,421	9,395
Value (£)	32,220,146	27,017,694	13,504,262	8,842,211
Sweden				
Volume (tonnes)	37,179	28,413	16,234	23,896
Value (£)	31,228,037	24,486,631	14,897,993	24,407,403

Sourced: HMRC trade statistics. Data sourced 3/8/2022. Based on the nine 8-digit commodity codes in scope.

Table 31 Average price per tonne (£) from third countries

	2018	2019	2020	PoI
France	863	790	974	809
Germany	681	747	607	874
Ukraine	517	513	404	607
Netherlands	623	629	577	941
Sweden	840	862	918	1021

Source: HMRC trade statistics. Data sourced 3/8/2022. Based on the nine 8-digit commodity codes in scope.

232. Looking at the data on imports from third countries, except for Ukraine, all of the largest importers import at a higher average price per tonne than the domestic UK price. These countries show a variety of trends in imports with France and Ukraine importing a larger amount during the PoI than during 2018, compared with Germany, Netherlands and Sweden importing a smaller amount during the PoI than in 2018. This data indicates more expensive heavy plate is being imported that is potentially filling demand the UK market cannot fill.

UK export market

Table 32 UK producer's export sales

	2018	2019	2020	PoI
Export sales volume index	100	79	66	58
Export sales value index	100	78	59	78

Source: questionnaires, Spartan and Liberty

233. UK exports of heavy plate have decreased over the injury period. Export volume decreased from 2018 through 2019, 2020 and the PoI, down 42% from 2018. Export value decreased from 2018 through 2019 and 2020 and then increased during the PoI but remaining below 2018 levels. While exports are decreasing which could indicate vulnerability, they are still a relatively small part of the UK producer's business with nearly all the exports coming from Spartan alone. A decrease in export sales could indicate vulnerability in the UK market. However, this trend is unlikely to change if the measure was removed and is not likely to have a major impact on the likely injury caused by dumped imports.

G5. Domestic and international market conditions

234. Table 33 shows our estimates for both volume and value of total consumption for the UK market across the injury period.

Table 33 UK domestic demand

	2018	2019	2020	PoI
Volume (tonnes)	565,861	515,987	446,864	400,447
Volume index	100	91	79	71
Value index	100	90	73	86

Source: UK producer questionnaire responses, HMRC trade statistics excl. 7225990. Based on the other eight 8-digit commodity codes in scope.

235. Domestic consumption of heavy plate has decreased in both volume and value across the injury period. The domestic consumption volume decreased by 29% over this period, while the value decreased by 14% over this same period.

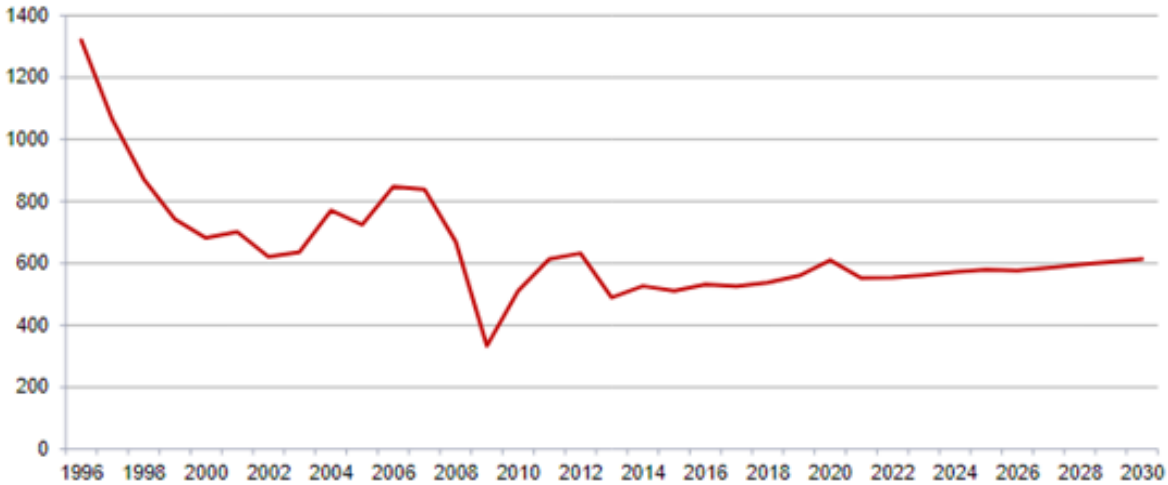
236. In their submission, UK Steel explained that COVID-19 had caused the greatest demand shock for years. This potentially explains the reduction in consumption we have observed in 2020 and 2021. They also cited World Steel Association figures which showed that the UK, EU and global steel market (outside China) had already experienced a reduction in demand before the pandemic in 2019.

237. Looking forward, UK Steel stated that there is uncertainty in the heavy plate market with the Ukraine conflict affecting steel and raw material markets. They say input and energy costs have increased massively and supply chains are being disrupted. They also state that construction projects are being delayed or cancelled which will negatively affect demand.

238. UK Steel did highlight that there are increasing opportunities around renewable energy and energy security in the UK market. They anticipate greater demand for wind turbines but also an increased number of oil field projects which will both require heavy plate. This could benefit UK producers, but UK Steel argue that the overall uncertainty in the market leaves domestic industry vulnerable and any potential injury as a result of dumped goods would be significant.

239. A 2017 report from BEIS forecasted that demand for plate will grow at 1.2% per annum to 615 kt in 2030 from 511 kt in 2015. This is displayed in Figure 4 below. Their forecasts were based on the outlook characteristics of the main consuming sectors of: pipes; construction; wind towers; and yellow goods. At the time of writing, they identified uncertainty around EU exit negotiations, the construction sector and government policy around power generation and yellow goods.[54]

Figure 4 Forecast demand for plate (kt)



Source: BEIS research paper – Hatch

240. The COVID-19 pandemic caused a shock in 2020 that could not have been predicted in 2017, but generally we have not seen the growth in demand that was predicted in Figure 4 (see Table 26). As we move away from COVID-19 disruption, the long-term predictions for steady growth in demand are still possible but there is much uncertainty, and it is difficult to predict whether it will indeed rise.

[54] BEIS report on future capacities and capabilities of the UK steel industry

241. Of the commodity codes in this investigation, eight fall under Category 7 of the safeguards measure on steel goods with one other commodity code falling under Category 4A. This places quotas on the amount of how much steel of each category can be imported to the UK before an additional duty is added, this measure is in place until at least 30 June 2024.[55]

Historic injury data

242. Closures of heavy plate plants occurred before the injury period. Plants such as Dalzell, Clydebridge and Scunthorpe were all closed down under Tata Steel. Dalzell and Clydebridge were later acquired by Liberty with only Dalzell coming back into full operation. Clydebridge does some heat treatment for the Dalzell plant but no heavy plate production.

243. There is currently an expiry review by the European Commission (EC) on the anti-dumping measures against China for heavy plate. As the data for that review is not available, we instead reviewed the original anti-dumping case initiated in 2016 - case AD631. The EC found the Chinese imports increased by over 200%, increased market share by 10% and decreased import price by 30%. They also found profitability, cash flow, investments and return on investments all dropped during the injury period. The EC concluded that the Union had suffered material injury and calculated injury margins for the participating exporters from 65 – 74% (dumping margins were higher, around 120 – 128%). As the UK was in the EU at this time it is likely the UK suffered injury caused by dumped imports. This shows the UK could have already suffered injury from dumped Chinese heavy plate in the past and increases the likelihood of injury if the measure was removed.[56]

Conclusion on likelihood of injury assessment

244. We considered whether Chinese imports would be likely to undercut domestic producers. As we had no Chinese exporter registered to the case, we relied on information from other parties' questionnaire responses and publicly sourced data. We noted that the indicative Chinese landed price we were able to calculate was generally lower than the UK domestic price. We also compared the price of Chinese exports to third countries with the UK domestic price. We noted that prices in markets with measures in place were higher than exports into markets that are unprotected. From this we concluded that if the measure was removed, Chinese prices would be likely to undercut the UK domestic price.

245. Using the data provided in the questionnaires we analysed injury factors for the UK heavy plate industry. We acknowledge the limitations of some of the injury factors as we could not use Liberty's data for all the factors. However, we are

[55] https://www.gov.uk/government/publications/trade-remedies-notices-tariff-rate-quotas-on-steel-goods/trade-remedies-notice-202202-safeguard-measure-tariff-rate-quota-on-steel-goods#summary-of-the-investigation-conducted-in-relation-to-the-matters-under-reconsideration

[56] European Commission anti-dumping measures against China

satisfied with the representation of the situation in the UK industry. Our analysis of the injury factors found that UK industry is likely to suffer injury if the measure were removed, likely leading to plant closures.

246. Other potential causes of injury were analysed to establish if a different factor could cause or potentially cause injury to the UK market. Looking at demand reduction, imports from third countries and the UK export market we could not identify an individual factor which would cause significant injury to the UK market.

247. The analysis of the domestic and international market found there was a reduction in demand for heavy plate in the domestic market, likely exacerbated by COVID-19. However, in the long-term future it is predicted that heavy plate demand will show a gradual increase which could provide opportunities for the UK domestic market.

248. Historic injury data has shown the previous heavy plate plants have already been forced to shut due to lack of demand. Review of the original EU case also found the UK likely suffered injury of dumped Chinese imports while the UK was part of the European Union indicating we could be a potential target if the measure was removed.

249. Overall, on the balance of probabilities, we conclude injury to the UK industry would be likely to recur if the anti-dumping amount no longer applied.

Trade Remedies Authority

SECTION H: Economic Interest Test

Introduction

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

251. 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.

252. 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.

253. 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

254. In the section Interested parties and contributors we have listed the companies who have submitted questionnaire responses.

255. We have supplemented these submissions with background research and collated additional data and information from sources such as Companies House, ONS (Nomis) and HMRC (Overseas Trade in Goods Statistics and Find UK Traders tool).

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

256. Section G sets out the injury likelihood assessment.

257. The injury likelihood assessment concluded that injury to the UK industry would be likely to recur were the measures to be removed. Section G established that

there is a mixed picture in terms of the strength of the UK industry. Certain factors for the UK producers improved over the injury period (profits, market share, productivity and wages) and others declined (output, capacity utilisation and employment figures). It was also concluded that the UK producers would be likely to suffer injury if the measure was revoked.

258. As both UK producers have a high proportion of their turnover in the UK heavy plate market we concluded that they are vulnerable to increased competition from lower import prices.

Economic significance of affected industries and consumers in the UK

259. This section sets out the relative size and economic significance of the relevant industries and consumers within the heavy plate supply chain.

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

- UK producers of the like goods;
- importers of the like goods and goods subject to review;
- downstream businesses;
- upstream businesses; and
- consumers.

H2. Upstream businesses

261. The main raw material used by UK producers to make heavy plate is slab. Although in their submissions the producers mentioned where they purchased energy from, they did not include data or evidence on these industries, so we have not included this in our analysis. The two UK producers are re-rollers (they do not produce heavy plate on integrated mill sites like most heavy plate producers in other countries), which requires them to buy slab from upstream businesses.[57] In the PoI Spartan bought slab overseas, whereas Liberty bought slab from a British Steel mill based in Scunthorpe. Therefore, within the UK, British Steel represents all the upstream businesses in our analysis.

262. Out of the business groups included in the significance analysis, British Steel has the highest Gross Value Added (GVA), but we estimate that below 5% of their turnover was based on heavy plate over the PoI. However, we note that British Steel submitted that their mill is an integrated site and therefore the removal of the measure could have unintended consequences for other product lines. British Steel employed 3,449 people in the financial year 2019/20.[58]

[57] A 2017 report by BEIS on the Future Capacities and Capabilities of the UK Steel Industry stated that *"Almost all modern plate mills globally have their own steel-making facilities, which gives them controls on the steel-making process and mitigates away any slab procurement risks".*

[58] Source: Companies House.

263. British Steel have submitted that they sell slab to both UK heavy plate producers. Spartan have submitted that they have started to buy their slab from alternative sources due to cessation of supply from Ukraine following the Russian invasion, and that they are unlikely to buy slab from Ukraine in the near future because their main supplier is idle indefinitely. The submission from Spartan showed that they sourced their slab exclusively from Ukraine throughout the injury period. The evidence therefore suggests that due to the war in Ukraine Spartan have started to source slab from British Steel. This increase in demand for slab from British Steel is likely to make the heavy plate supply chain more significant for them in the future. The submission from British Steel suggests that they would be able to meet this increase in demand from Spartan.

H3. UK producers of heavy plate

264. The composition of the UK industry is detailed in Section E: The UK Industry and Market.

265. The two producers of heavy plate employ around 300 people collectively. Their collective GVA was between £5m and £10m during the PoI. On average during the PoI, over 80% of their total turnover was accounted for by sales of heavy plate.[59]

266. From the HMRC data we found that the most frequent importer of heavy plate was Spartan. Spartan have stated that they buy finished heavy plate from companies in Ukraine to resell to their existing customer base. Spartan have submitted that the purchased heavy plate is of different dimensions to those produced by Spartan and complete the existing product range available to their customers. We have verified that these imported heavy plate are within the range of codes covered by the measure. Therefore Spartan can be viewed as both a producer and distributor of heavy plate. We have no information on how Spartan will now source the heavy plate of different dimensions following Russia's invasion of Ukraine.

H4. Importers of heavy plate

267. Using HMRC data, we identified 175 companies as having imported heavy plate using the injury period (2018-2021) under the nine 8-digit commodity codes in scope of this review. We shortlisted the 13 importers that had imported in at least six different months during the injury period for our sampling. Of those 13 we found that we were able to find sufficient data on Companies House to include seven in our final sample. With the available data, it is not possible to determine the representativeness of the selection.

268. These seven importers collectively employed around 822 staff, had a turnover of around £744.9m, and GVA of around £96.8m, of which we have estimated

[59] Based on data from the submissions from the two producers and presented as a range due to the confidentiality of the underlying data.

that around £0.2m (2%) is related to heavy plate. Our estimate is based on the frequency of heavy plate imports compared to total imports of the selected importers during the injury period.

269. An importer, Kromat, submitted that they can accommodate rises and falls in market and volume with their existing structure. We also found that only one sampled importer was identified as a manufacturer on Companies House, all the others had classifications in either wholesale trade or service activities. Based on this it seems that a majority of importers are intermediary businesses whose profitability would unlikely be impacted by the decision on whether to vary the measure as proposed or revoke it.

H5. Downstream businesses

270. From the UK producers' questionnaire responses, we are aware of 120 companies that have purchased heavy plate from UK producers in the PoI. Downstream businesses for the heavy plate industry vary considerably and are in the construction and infrastructure, machinery, transport, shipbuilding and offshore structures, tubes and miscellaneous metal goods industries.

271. We analysed all available financial data on Companies House from the latest four years submitted for a selection of 10 downstream businesses with the highest purchases of heavy plate, which collectively represent over 30% of the total value of sales of heavy plate by the two UK producers in the PoI.

272. We contacted downstream businesses and received one submission, but it did not provide compelling arguments for how downstream businesses could benefit from the removal of the measure.

273. The 10 selected businesses employ 13,137 in total. The total turnover for the selection is around £5,713.5m while the total estimated GVA was around £123.4m.

274. Of the 10 selected downstream businesses, purchases of heavy plate during the PoI as a proportion of average turnover ranged from 43% to 0%. Therefore, it seems that for certain downstream businesses the cost of heavy plate is significant and therefore the removal of the measure could be beneficial to them. Seven of the ten selected businesses were classified as manufactures on Companies House rather than a business that would store and/or redistribute heavy plate. Therefore these businesses would benefit from potentially cheaper input costs. However, sales of heavy plate to the 10 selected downstream businesses during the PoI as a proportion of their total turnover was only 1%.

H7. Consumers

275. Due to consumers of most of the downstream industries buying finished products which are far removed from the production of heavy plate, the input of

heavy plate into these products makes a small proportion of the overall cost of these finished products. There are no grounds for us to identify any particular consumer groups and assess their economic significance.

H8. Summary table

276. Table 34 presents evidence on the economic significance of industries which could be impacted by varying or revoking the measure. Based on the comparative metrics set out in the table, we believe that heavy plate is a significant product for the UK producers and the upstream business but less so for downstream businesses and importers.[60]

60 *Methodology: The significance metrics for the upstream business, importers and downstream businesses were derived by taking annual averages of all available financial data for the selected businesses from 2018-2021 or 2017-2020 where the financial data had not yet been submitted for 2021, apart from the upstream business (British Steel) for which only 2020 accounts were publicly available. GVA = operating profits + employment costs + depreciation and amortisation. EBITDA = operating profit + depreciation and amortisation / turnover. The assessment of vulnerability to negative economic impacts was made by looking at published accounts from 2018-2021 or 2017-2020 except British Steel for which only 2020 accounts were publicly available. The producer's significance metrics were generated from the data from their questionnaire responses apart from the employment numbers which are from the latest available data on Companies House. The metrics derived from the producers' questionnaires have been presented in ranges due to the confidentiality of the underlying data. It should also be noted that there was limited assurance in the data submitted by Liberty due to the lack of audited accounts. We believe that the ranges also reduce the risk of the potential errors in the underlying data from Liberty.*

Table 34 Significance metrics for affected industries

	Upstream businesses	UK producers	Importers	Downstream businesses
Total known business	1	2	175	120 (30 overlap between the 2 producers)
Registered interest in the investigation	1	2	1	1
Submitted full questionnaire response	1	2	1	1
Total sampled businesses for analysis	1	2	7	10
Estimated significance of heavy plate to this group	Slightly Significant – (heavy plate supply chain contributes less than 5% of British Steel's turnover in the PoI. They have submitted that their mill is an integrated site and the removal of the measure could have unintended consequence to other product lines).	Significant – (Sales of heavy plate as a proportion of total business turnover is over 80%).	Not significant – (estimated that 2% of the sampled importers GVA was contributed to imports of heavy plate.	Not significant – (UK producers of heavy plate sales to the sampled downstream businesses in PoI vs turnover of the sampled downstream businesses is 1%).
Total employment of selected businesses	3,449	≈300	822	13,137
Total GVA of selected businesses (£ million)	£413m	£10m-£20m	£99m	£123m
Total turnover of selected businesses	£844m	£200m-£250m	£746m	£5,713m
Average EBITDA margin for selected businesses (%)	34%	-10% -0%	5%	3%
Vulnerability to negative economic impacts	**Low to Medium -** Good profitability and turnover. Due to limited data unsure on current trends. Could have negative consequences if the measure was revoked.	**High –** One of the producers is in a poor financial position. Both have a high proportion of their turnover in the sales of heavy plate.	**Low** - None of the selected importers had declining profitability or turnover.	**Low**

Sources: questionnaire responses and Companies House

Likely impact on affected industries and consumers

277. 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 heavy plate is not a significant product for downstream businesses, importers and consumers, so these groups are not assessed here.

H9. Impact on prices and quantities if the measure was varied as proposed

278. If the measure was varied as proposed by extending it for five years, imports of heavy plate from the PRC would continue to face a tariff at the same level.

279. UK Steel have said that construction is by far the largest end-use market for heavy plate and the market outlook is highly uncertain. Both producers have also stated that the construction sector forms a highly significant proportion of heavy plate demand. This uncertainty of demand for heavy plate in the UK means that the likely impacts of varying the measure as proposed is also subject to uncertainty.

280. The main input used in the production of heavy plate in the UK is steel slab. The market for steel slab is currently deteriorating globally.[61] Liberty have submitted that the continued conflict in Ukraine and the subsequent sanctions on Russia will hold slab prices above traditional levels. Spartan agree with this as they have submitted that slab costs are expected to remain elevated for them in 2022 and beyond due to the war in Ukraine and having to purchase heavy plate from higher cost suppliers.

281. Liberty have submitted that their cost of production is heavily driven by the cost of slab. If this increasing trend of slab price continues and the measure is kept in place, the price of heavy plate in the UK could be pushed higher than international competitors due to these rising costs and the protection from the steel safeguard measure. If the safeguard quota is not sufficient to cover UK consumption then the price of heavy plate in the UK could be 25% (out of tariff quota) higher than international levels. This is due to both the subsequent rising input costs for the UK producers and the safeguards measure offering protection from imports of heavy plate from outside the UK (particularly Europe). The higher prices caused by the issues of slab procurement could be passed onto the downstream companies. We do not have any evidence to suggest this would impact the running of any businesses. Also, since the

[61] There are two articles on the Eurometal website from 2021 and 2022 which discuss deterioration of the slabs market and higher prices in the market causing issues for producers of heavy plate who use the re-roller process.
2021 Article: https://eurometal.net/european-plate-market-sees-further-hikes-amid-tight-supply-higher-slab-costs/
2022 Article: https://eurometal.net/steel-slab-suppliers-to-italy-seek-higher-prices-buyers-hold-back/

current safeguard measures are due to be in place until July 2024 and cannot be in place for longer than eight years,[62] we have no assurances that it will cover the extent of this anti-dumping measure.

282. Overall, the impact on prices and quantity of heavy plate in the UK is subject to the current uncertainty in the construction sector as well as the uncertainty of the slab market. If the measure were to be varied as proposed, we expect that there would be minimal resulting impacts on the price of heavy plate. However, if current trends continue the price of heavy plate in the UK could be pushed above international levels. We would expect that the quantities produced by the UK producers would remain constant dependent on the trends in the construction industry and slabs markets. We would expect the quantities produced by the upstream business "British Steel" to increase as Spartan are likely to increase purchases of slab from them due to the war in Ukraine.

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

283. We would expect the price of heavy plate imports to fall if the current measure was revoked. The tariff on heavy plate products from the PRC currently averages at around 70%. Were the measure to be revoked, we could expect import prices to fall by up to 42% compared to current prices.[63]

284. HMRC import data shows that imports of heavy plate from PRC were higher in 2015 but have declined considerably since the introduction of the measure.

285. Various parties agree that the heavy plate market is very competitive, with only two UK producers but many companies who process, distribute and trade in steel. This level of competition makes heavy plate extremely price sensitive. It therefore seems possible that heavy plate imports from the PRC would gain market share if the measure were to be revoked.

286. Steel safeguard measures apply to all commodity codes covered by the heavy plate anti-dumping measure. A 25% duty rate is applied to all imports once the safeguard quota for the quarter has been filled. However, the PRC currently falls into the developing country exception meaning the safeguard measures do not apply to heavy plate imports from the PRC. This exception would cease if heavy plate imports from the PRC amounted to more than 3% of total heavy plate imports into the UK.

287. However, even if the PRC is subject to safeguard measures, it is not clear whether this will prevent heavy plate imports from the PRC since the current anti-dumping duty (average 70%) is much greater than the out-of-quota safeguard duty of 25%.

[62] This is pursuant to regulation 35(9) of The Trade Remedies (Increase in Imports Causing Serious Injury to UK Producers) (EU Exit) Regulations 2019 (S.I. 2019/449).

[63] This is the maximum that prices could fall by without a measure in place. It is based on the assumption that with the measure in place heavy plate from the PRC is equal to the price in the UK market. Without the 70% increase in price the heavy plate from PRC could arrive at as low as 58% of the UK market price (a reduction of up to 42%).

288. If the measure was revoked we would expect lower-priced imports from the PRC which would lead to the market price of heavy plate in the UK decreasing. This would likely cause the quantity produced by the UK producers and imports from third countries to decline and to be replaced by cheaper imports from the PRC.

289. There is no evidence to suggest that heavy plate comprises a significant proportion of the downstream products it feeds into (e.g. buildings and ships). Even a substantial fall in heavy plate prices is unlikely to lead to a noticeable difference in the prices of most final products so overall demand is likely to be unaffected by the revocation of the measure.

H11. Likely impacts on affected industries and consumers

UK producers of heavy plate

290. As the heavy plate market is extremely price sensitive, UK producers are unlikely to be able to compete with the cheaper prices of imported heavy plate from the PRC if the measure were removed.

291. Furthermore, in Section F we concluded that it was likely that dumping would recur. We believe that it is possible that heavy plate from the PRC could arrive at prices below the price of slab for the two UK producers.

292. The UK heavy plate market is highly significant for both producers as a vast majority of the producers' turnover is generated from this market. Therefore, the removal of the measure is likely to be highly detrimental. If the measure was varied as proposed the producers would not face injury from the dumped imports therefore the net benefit to the producers is large.

Upstream businesses

293. British Steel have stated that they have started to sell slab to Spartan since Spartan can no longer source slab from Ukraine. Therefore, if the measure is varied as proposed and the conflict in Ukraine continues it is likely that demand for slab from British Steel will increase.

294. If the measure was revoked we would expect demand of slabs from the UK producers to decrease. British Steel have submitted that a reduction in production of UK heavy plate would damage their business as they could not replace domestic sales with exports due to high transportation costs.

Table 35 Expected impacts on affected groups from varying the measure as proposed

Group	Expected impacts
Upstream	Small positive impact
UK Producers	Large positive impact
Importers	Very small impact as a majority of importers of heavy plate are intermediary businesses.
Downstream	Very small impact but possible negative impact if prices of heavy plate in the UK are pushed above international levels.
Consumers	Negligible impact

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

295. 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

296. We have assessed geographic impacts using employment and indicators of deprivation at a Local Authority District (LAD) level for UK producers and upstream business.

297. We used questionnaire responses to obtain data on total employment by site and employment attributable to heavy plate production and Companies House for data on total business employment. We used ONS and NOMIS statistics to assess the level of deprivation in LADs where site employment was deemed significant.

<u>UK producers of heavy plate</u>

298. The two UK producers of heavy plate are located in Gateshead (Spartan) and North Lanarkshire (Liberty).

299. We estimated that each of them employ less than 1%[64] of the local workforce in these areas. This suggests that a revocation of the measure is unlikely to have a significant local impact, so we have not assessed deprivation metrics for these areas.

300. Note that our analysis conducted at the LAD level has limitations in relation to North Lanarkshire because this LAD is much larger than the town of Motherwell where Liberty is based. However, we have no evidence on how the job market

[64] "Number of employees for like goods (FTE)" from the PoI from the questionnaire responses/ Total Employment for that area (2019) from the ONS.

in North Lanarkshire or Motherwell operate in relation to each other and the surrounding area, so have not been able to explore this further.

Upstream business

301. British Steel employ 4,844 workers in North Lincolnshire, which accounts for 6.5% of the total workforce there. The British Steel mill based in North Lincolnshire is an integrated site and does produce other products, so it is hard to determine whether varying the measure as proposed is likely to confer a significant benefit to North Lincolnshire. Table 36 shows indicators of economic deprivation for North Lincolnshire.

302. If the measure was revoked and British Steel stopped supplying slab for the heavy plate supply chain there is a potential for job losses in North Lincolnshire. We have estimated that slab contributes less than 5% of British Steel turnover therefore these job losses would not form a significant proportion of the total workforce in North Lincolnshire.

Table 36 Deprivation indicators for North Lincolnshire

	Median earnings (£) (2020)	**Job density (2020)**	**% economic inactivity (2020)**	**% with no formal qualifications (2020)**
North Lincolnshire	25,175	0.82	22.5	11.3
Decile of UK LADs	7	6	4	1
National Average (United Kingdom)	25,780	0.84	21.2	6.6

Source: ONS and NOMIS

303. This indicates that North Lincolnshire is not a very deprived LAD. Job density and median earnings are in the top half of deciles of UK LADs. However, the percentage with no formal qualifications is high which would suggest that the local labour market may not respond well to external shocks.

H13. Likely impact on particular groups

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

305. We asked the producers 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.

306. 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

307. 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. Background

308. The UK market for heavy plates consists of two UK producers and 33 countries which export to the UK. However, since these countries have been identified from published HMRC data using 8-digit commodity codes and the measure is defined at the 10-digit level, it is possible that the actual number of countries is smaller.

309. We estimated that UK producers supplied between 50% to 60%[65] of the UK market in the PoI, with the rest supplied by imports. The market share of UK producers increased in the PoI[66] while the market size decreased. The largest importer countries include France, Ukraine, Spain, and Finland over the PoI, with around 76% of imports being from EU countries.

310. We have omitted one of the commodity codes when calculating market shares as UK steel submitted that products exported under the 8-digit code "72259900" does not necessarily describe a plate product, and exports were allocated to that code which were not heavy plate skewing the exports of heavy plate especially in the PoI.

311. The Herfindahl–Hirschman Index (HHI) is a measure of market concentration. A HHI higher than 2,500 implies a highly concentrated market.[67] We have assumed that imports from each country are equivalent to that of a single exporter as we do not have data on imports for individual firms. The HHI is estimated to be around 2,400 between 2019 to 2021. The true number of exporters is likely to be higher because there may be multiple exporters within

[65] Market share calculations: **Size of UK market (1)** = UK production adjusted by change in inventories (2) + Net imports to the UK. **UK producer's market share (3)** = (2) – producers' net exports / (1). **Importer market share** = (1) – (3).

[67] CC3 (Revised), Guidelines for market investigations: Their role, procedures, assessment and remedies (publishing.service.gov.uk) (pg.87-88)

each country, this means the real HHI is likely to be lower than 2,400 and therefore more competitive than this analysis indicates.[68]

H15. The impact on the range of suppliers

312. If the measure is varied, the UK producers will be able to continue supplying to the UK market and imports from third countries will continue to flow into the UK. Hence, we expect no change in the number or range of suppliers.

313. If the measure is revoked, it will become easier for PRC suppliers to serve the UK market in the short term. However, both producers have stated that they would lose profits and potentially have to exit the market if the measure were revoked, which could lead to cessation of a domestic source of supply over the longer term.

H16. The impact on the ability of suppliers to compete

314. Multiple parties have stated in their questionnaire responses that the market is competitive. If the measure is varied, we do not expect this to change.

315. Revoking the measure would increase the ability of PRC suppliers to compete in the UK market.

H17. Impact on the incentives to complete vigorously

316. We have no reason to believe that varying or revoking the measure would have any impact on the incentives of suppliers to compete vigorously in the UK market.

H18. Impact on the choices and information available to consumers

317. We have no evidence to suggest that there would be an impact on the information available to consumers if the measure was varied or revoked.

Such other matters as the TRA considers relevant

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

319. In relation to the environment, UK Steel have submitted that increased reliance on imported steel could lead to higher emissions if the imported steel is produced in more carbon-intensive steel plants. Community Union have

[68] A limitation of the HHI is that it is a simple measure that does not take into account the complexities of markets. The report linked above states that the thresholds of market concentration from the HHI index should be considered only as one factor in a wider assessment of competition.

submitted that removing the measures threatens the UK economy's green transition. However, we are unable to quantify the significance of UK steel for decarbonisation for the whole UK or verify these statements because no data was provided.

Form of measure

320. The current measure is an ad valorem tariff ranging from 65.1% to 73.7% covering all products imported under the commodity codes set out in section D2 from the PRC.

321. We have found no evidence suggesting that a form of measure, other than the variation we intend to propose, would be more appropriate. As there has been negligible imports from the PRC during the injury period we have insufficient data to recalculate the anti-dumping amount, therefore changes to the ad valorem tariffs was not something we could consider.

Conclusion on Economic Interest Test

322. In accordance with paragraph 25 of Schedule 4 to the Act, we considered 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.

323. Following the likelihood assessments, in sections F and G, we have considered whether varying the measure as proposed would be in the economic interest of the UK.

324. In the section Economic significance of affected industries and consumers in the UK, we found that there are two groups who are significantly linked to heavy plate: the two UK producers and an upstream business. The two producers are vastly more vulnerable to heavy plate supply chain than the upstream business. These two groups would be impacted in the same way if the measure was revoked.

325. In the section Likely impact on affected industries and consumers, we found that the impacts of varying the measure as proposed for the significant groups (upstream businesses and the two producers) were subject to the uncertainty of the UK construction sector and the future trends of the slab market internationally. If current trends continue, the financial position of the UK producers could worsen even with the measure in place.

326. We found that most of the importers in our analysis were involved in wholesale trade or service activities and therefore their profitability would unlikely be impacted by the decision to vary the measure as proposed or revoke it. We found that overall heavy plate did not form a significant proportion of the cost of production for the downstream industries. For certain downstream companies

heavy plate did seem to be significant in their cost of production therefore revoking the measure could be beneficial. We have no evidence to suggest that varying the measure as proposed would damage any business that imports or buys heavy plate on the UK market.

327. When considering the likely impacts if the measure was revoked, we concluded that prices would likely fall (by up to 42%) and therefore the UK producers would likely lose a substantial proportion of their market share. Various sources have stated that the heavy plate market is highly competitive and that buyers of heavy plate would switch to cheaper suppliers of heavy plate. When assessing the Likely impact on particular geographic areas, or particular groups in the UK, we found no clear evidence of significant impacts. It was only the upstream business British Steel that employed a significant proportion of the local workforce in North Lincolnshire (6.5%). However, since heavy plate accounts for less than 5% of the turnover of that site, it unlikely that removal of the measure could have a significant impact on that area.

328. In the assessment of the Likely consequences for the competitive environment, we found that the market is concentrated but also competitive with the major suppliers being UK and EU producers. If the measure was varied as proposed, we do not expect any change to the competitive environment. If the measure was revoked, we found that PRC suppliers would gain market share from UK producers and third countries.

329. In the section covering other relevant matters, we noted parties' arguments that varying the measure as proposed could lead to lower global emissions.

330. We have identified the following key positive impacts of varying the measure as proposed:

- It will offer the UK producers protection against injury from dumped imports of heavy plate from the PRC. If the price of heavy plate from the PRC was below the cost of slab for the UK producers they would be unable to compete and this would result in the closure of their plants.
- This protection against dumped imports could help avoid any potential job losses in North Lincolnshire and North Lanarkshire.

331. The contrasting negative impacts are:

- Revoking the measure could lead to prices of heavy plate from PRC falling by up to 42%, so varying the measure would mean that downstream businesses would not benefit from these lower prices.

332. Having considered the evidence submitted by interested parties and contributors, and in the absence of any evidence of the negative impacts being disproportionate to the positive impacts, we conclude that the economic interest test is met.

SECTION I: Findings and Proposed Recommendations

Findings

333. The TRA has found that it is likely, on the balance of probabilities, that dumping of heavy plate would recur if the anti-dumping amount were no longer applied.

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

335. The application of the anti-dumping duty meets the EIT.

Intended Final Recommendation

336. Our intended 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 measure under regulation 100A(4)(b) of the Regulations for a period of five years from 1 March 2022.

337. Annex 1 specifies the duties to be maintained and applied to the goods described or imported under the above 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[69]
PRC	Nanjing Iron and Steel Co., Ltd	73.1%	C143
PRC	Minmetals Yingkou Medium Plate Co., Ltd	65.1%	C144
PRC	Wuyang Iron and Steel Co., Ltd, and Wuyang New Heavy & Wide Steel Plate Co., Ltd	73.7%	C145
PRC	Other cooperating companies	70.6%	C146 – 156
PRC	All other companies	73.7%	C999

[69] 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) 2017/336 of 27 February 2017[70]

Country	Exporter	Anti-dumping duty rate (ad valorem)
PRC	Nanjing Iron and Steel Co., Ltd	73.1%
PRC	Minmetals Yingkou Medium Plate Co., Ltd	65.1%
PRC	Wuyang Iron and Steel Co., Ltd, and Wuyang New Heavy & Wide Steel Plate Co., Ltd	73.7%
PRC	Other cooperating companies	70.6%
PRC	All other companies	73.7%

[70] Commission Implementing Regulation 2017/336 on heavy plate from the PRC

Trade Remedies Authority

Annex 3: Information from participants in the review

UK industry

Party	Submission(s)
Spartan UK Ltd	Pre-sampling questionnaire response Producer questionnaire response Verification report
Liberty Steel Dalzell Ltd	Pre-sampling questionnaire response Producer questionnaire response Verification report

Foreign Governments

Party	Submission(s)
Ministry of Commerce of the People's Republic of China	Foreign Government Registration Form Comments on the PMS

Trade Bodies

Party	Submission(s)
UK Steel	Contributor Registration Form Contributor Questionnaire Response Response to Comments on the PMS

Contributors

Party	Submission(s)
Community	Contributor Registration Form Contributor Questionnaire Response
British Steel (upstream business)	Contributor Registration Form[71] Contributor Questionnaire Response
Siemans Gamesa (downstream business)	Contributor Registration Form Downstream Questionnaire Response
Kromat (importer)	Contributor Registration Form Importer Questionnaire Response
Scottish Government	Contributor Registration Form Contributor Questionnaire
Jiangyin Xingcheng	Contributor Registration Form

[71] Late date of the publication of this submission is due to an accidental omission by the TRA when the document was originally received.

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)
7208512010	Flat-rolled products of iron or non-alloy steel, of a width of 600 mm or more, hot-rolled, not clad, plated or coated	Other, not in coils, not further worked than hot-rolled, Of a thickness exceeding 10 mm	Of a thickness exceeding 15 mm	Of non-alloy steel, excluding tool steel
7208519110	Flat-rolled products of iron or non-alloy steel, of a width of 600 mm or more, hot-rolled, not clad, plated or coated	Other, not in coils, not further worked than hot-rolled, Of a thickness exceeding 10 mm	Of a thickness exceeding 10 mm but not exceeding 15 mm, of a width of 2,050 mm or more	Of non-alloy steel, excluding tool steel
7208519810	Flat-rolled products of iron or non-alloy steel, of a width of 600 mm or more, hot-rolled, not clad, plated or coated	Other, not in coils, not further worked than hot-rolled, Of a thickness exceeding 10 mm	Of a thickness exceeding 10 mm but not exceeding 15 mm, of a width of less than 2,050 mm	Of non-alloy steel, excluding tool steel
7208529110	Flat-rolled products of iron or non-alloy steel, of a width of 600 mm or more, hot-rolled, not clad, plated or coated	Other, not in coils, not further worked than hot-rolled, Of a thickness of 4.75 mm or more but not exceeding 10 mm	Other, of a width of 2,050 mm or more	Of non-alloy steel, excluding tool steel
7208902010	Flat-rolled products of iron or non-alloy steel,	Other	Perforated	Of non-alloy steel, excluding tool steel, of a

	of a width of 600 mm or more, hot-rolled, not clad, plated or coated			thickness exceeding 10 mm or of a thickness of 4.75 mm or more but not exceeding 10 mm and of a width of 2,050 mm or more
7208908020	Flat-rolled products of iron or non-alloy steel, of a width of 600 mm or more, hot-rolled, not clad, plated or coated	Other	Other	Of non-alloy steel, excluding tool steel, of a thickness exceeding 10 mm or of a thickness of 4.75 mm or more but not exceeding 10 mm and of a width of 2,050 mm or more
7225404000	Flat-rolled products of other alloy steel, of a width of 600 mm or more	Other, not further worked than hot-rolled, not in coils	Other	Of a thickness exceeding 10 mm
7225406010	Flat-rolled products of other alloy steel, of a width of 600 mm or more	Other, not further worked than hot-rolled, not in coils	Of a thickness of 4.75 mm or more but not exceeding 10 mm	Of a width of 2,050 mm or more
7225990045	Flat-rolled products of other alloy steel, of a width of 600 mm or more	Other	Other	Other