Trade Remedies Authority

Statement of Essential Facts

Case TD0026

Transition review of an anti-dumping measure applying to certain hot-rolled flat and coil products originating in the Russian Federation, Ukraine, Federative Republic of Brazil and Islamic Republic of Iran

08 March 2023

Contents

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 33 calendar days of the publication date of this SEF, *i.e.* before 23:59 UK (United Kingdom) time on 10 April 2023[1]. We may consider submissions made after this date, but please note that we are not obliged to do so if we find it would cause an unnecessary delay in preparing 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 submissions on the Trade Remedies Service (TRS) online platform. All submissions must be accompanied by a non-confidential version for the public file. In exceptional circumstances it may not be possible to summarise confidential information. If this is the case, the party must provide a 'statement of reasons'[2]. Those not registered on the TRS may send submissions by email to TD0026@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 reasons of a person supplying information to the TRA, explaining why we should treat the information as confidential and 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 UK trade remedies measure under regulation 97 of the Regulations. The Taxation Notice 2020/17[3] gives effect to the European Union (EU) Trade Remedies measure specified in the Notice of Determination 2020/17[4]. The relevant EU measure was the European Commission (EC) Implementing Regulation 2017/1795 on 5 October 2017[5].

8. This review concerns the anti-dumping measure applying to certain hot-rolled flat and coil products (HRFC) originating in the Russian Federation (Russia), Ukraine, Federative Republic of Brazil (Brazil) and the Islamic Republic of Iran (Iran). The Notice of Initiation (NOI) was published on 24 June 2022. The scope of the measure transitioned by this review, as detailed within the NOI, is defined in section D.

9. The Period of Investigation (POI) for the review was 1 April 2021 to 31 March 2022. To assess injury, we examined the period 1 April 2018 to 31 March 2022 as the Injury Period (IP).

[3] Taxation Notice 2020/17: anti-dumping duty on certain hot-rolled flat products of iron, non-alloy or other alloy steel originating in Brazil, Iran, the Russian Federation and Ukraine.

[4] Notice of Determination 2020/17: anti-dumping duty on certain hot-rolled flat products of iron, non-alloy or other alloy steel originating in Brazil, Iran, the Russian Federation and Ukraine.

[5] Commission Implementing Regulation (EU) 2017/1795 of 5 October 2017 imposing a definitive anti-dumping duty amount on imports of certain hot-rolled flat products or iron, non-alloy or other alloy steel originating in Brazil, Iran, Russia and Ukraine.

SECTION B: Summary and Findings

B1 Interested parties and contributors

10. The following interested parties and contributors registered to the transition review:

Table 1: Interested parties and contributors.

Name	Abbreviation	Country	Category
TATA Steel UK	TSUK	UK	Producer of the like goods in the UK
Liberty Steel Limited	Liberty	UK	Producer of the like goods in the UK
Ministry of Economic Development of the Russian Federation	Government of Russia	Russia	Foreign Government
Ministry for Development of Economy, Trade and Agriculture of Ukraine	Government of Ukraine	Ukraine	Foreign Government
Embassy of Brazil in London	Government of Brazil	Brazil	Foreign Government
Severstal PAO	Severstal	Russia	Exporter
Novolipetsk	NLMK	Russia	Overseas Producer
Gerdau	Gerdau	Brazil	Overseas Producer
EEF Limited	UK Steel	UK	Trade Body

Community	Community	UK	Trade Union

11. Relevant non-confidential submissions made to this review are available on the public file, and are listed in Annex 3.

B2 Scope

12. 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.

13. The NOI describes the goods subject to review and sets out the scope of the measure under review as:

Certain flat-rolled products of iron, non-alloy steel or other alloy steel whether or not in coils (including 'cut-to-length' and 'narrow strip' products), not further worked than hot-rolled, not clad, plated or coated. The following product types are excluded:

- products of stainless steel and grain-oriented silicon electrical steel; products of tool steel and high-speed steel
- products, not in coils, without patterns in relief, of a thickness exceeding 10mm and of a width of 600mm or more
- products, not in coils, without patterns in relief, of a thickness of 4.75mm or more but not exceeding 10mm and of a width of 2.05m or more

These hot-rolled flat products are classifiable within the following commodity code(s):

72 08 10 00 00	72 08 40 00 00	72 11 19 00 00
72 08 25 00 00	72 08 52 10 00	72 25 19 10 90
72 08 26 00 00	72 08 52 99 00	72 25 30 90 00
72 08 27 00 00	72 08 53 10 00	72 25 40 60 90
72 08 36 00 00	72 08 53 90 00	72 25 40 90 00
72 08 37 00 00	72 08 54 00 00	72 26 19 10 90
72 08 38 00 00	72 11 13 00 00	72 26 91 91 00
72 08 39 00 00	72 11 14 00 00	72 26 91 99 00

The commodity code 72 26 19 10 90 was replaced by commodity codes 72 26 19 10 91 and 72 26 19 10 95 on 9 July 2021.

14. 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

15. The transitioned UK measure applies to all exporters of the goods subject to review in Russia, Ukraine, Brazil and Iran, but the rate of duty is not constant across exporters. The applicable rates for each exporter are detailed in Annex 1.

B4 Likelihood of dumping assessment[6]

16. 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). We determined that it is likely, on the balance of probabilities, that:

- dumping of the goods subject to review from Russia would recur if the measure were no longer applied.
- dumping of the goods subject to review from Ukraine would not recur if the measure were no longer applied.
- dumping of the goods subject to review from Brazil would recur if the measure were no longer applied.
- dumping of the goods subject to review from Iran would recur if the measure were no longer applied.

B5 Likelihood of injury assessment[7]

17. In accordance with regulations 99A(1)(b) of the Regulations, we considered whether injury to the UK industry in the relevant goods would be likely to continue or recur if the measure were no longer applied (the likelihood of injury assessment). We determined that it is likely, on the balance of probabilities, that:

- injury would recur if the measure were no longer applied to Russia.
- injury would not recur if the measure were no longer applied to Ukraine because of the conclusion that dumping would not recur.
- injury would recur if the measure were no longer applied to Brazil.
- injury would recur if the measure were no longer applied to Iran.

[6] See also Section F: Likelihood of dumping assessment.

[7] See also Section G: Likelihood of injury assessment.

B6 Economic Interest Test (EIT)[8]

18. Having considered all evidence gathered, including that presented by interested parties and contributors, and all the factors listed in the legislation[9], we have concluded that the economic interest test (EIT) is met for the proposed measure overall.

B7 Intended recommendation to the Secretary of State

19. 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.

20. Our intended recommendation for the goods subject to review originating from Ukraine is to revoke the application of the anti-dumping amount under regulation 100B of the Regulations. We intend recommending that the anti-dumping amount is revoked from 7 October 2022 in accordance with regulation 100B(2) of the Regulations.

21. We intend to make this recommendation on the grounds that we have assessed that it is not likely that dumping would recur from Ukraine if the measure were no longer applied. As such, we have determined that it is unlikely that there would be injury caused to the UK industry from Ukraine if the measure were revoked.

22. Our intended recommendation for the goods subject to review originating from Russia, Brazil and Iran is to vary the application of the anti-dumping amount under regulation 100A of the Regulations so that it applies until 7 October 2027 – that is, five years subsequent to the date when the measure would have expired (7 October 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 the measure remain unchanged, under regulation 100A(4)(b) of the Regulations.

23. The description of the goods to which the measure applies is set out in section D. 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 described or imported under the UK tariff codes listed.

24. We intend to make this recommendation on the grounds that we have assessed that it is likely that dumping would recur from Russia, Brazil and Iran if the measure were no longer applied; that injury would recur to the

[8] See also SECTION H: Economic Interest Test (EIT).

[9] See paragraph 25 of schedule 4 of the Taxation (Cross-border Trade) Act 2018 (the Taxation Act).

UK industry if the measure were no longer applied; and that the application of the varied measure meets the EIT.

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

SECTION C: Background

C1 Initiation of the transition review

26. The UK chose to maintain some trade remedy measures once it was outside 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.

27. 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 the EU trade duty. The TRA conducts transition reviews to determine if the measures in the Taxation Notice should be varied or revoked in the UK.

28. On 31 December 2020, the Secretary of State published a Notice of Determination[10] regarding the anti-dumping duty on certain hot-rolled flat and coil products originating in Russia, Ukraine, Brazil and Iran, 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 2020/17[11] gave effect to the transition of the EU anti-dumping duty on HRFC from Russia, Ukraine, Brazil and Iran to become an additional amount of UK import duty.

29. On 24 June 2022, the TRA published a Notice of Initiation[12] to initiate a transition review of the UK measure relating to certain hot-rolled flat and coil products from Russia, Ukraine, Brazil and Iran[13]. This NOI had the effect of initiating the transition review.

C2 Previous measure in place

30. The EC imposed anti-dumping duties on imports of certain hot-rolled flat and coil products originating in Brazil, Iran, the Russian Federation and Ukraine by Commission Implementing Regulation (EU) 2017/1795 of 5

[10] Notice of Determination 2020/17: anti-dumping duty on certain hot-rolled flat products of iron, non-alloy or other alloy steel originating in Brazil, Iran, the Russian Federation and Ukraine.

[11] Taxation Notice 2020/17: anti-dumping duty on certain hot-rolled flat products of iron, non-alloy or other alloy steel originating in Brazil, Iran, the Russian Federation and Ukraine.

[12] Trade Remedies (trade-remedies.gov.uk) Notice of Initiation.

[13] Trade remedies (trade-remedies.service.gov.uk).

October 2017[14]. Annex 2 lists the duty rates that were applied. This measure was transitioned under Taxation Notice 2020/17 to become the UK trade remedies measure that is subject to this transition review. The EC is conducting an expiry review of the EU measure.[15]

C3 Our transition review process

C3.1 The transitioned measure

31. 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[16], this measure will continue until the Secretary of State publishes a notice accepting or rejecting a recommendation following a transition review.

32. The transitioned measure applies to certain hot-rolled flat products of iron, non-alloy or other alloy steel originating from Russia, Ukraine, Brazil and Iran. The rate of anti-dumping duty which applies to the goods produced by the relevant companies is summarised in Annex 2.

C3.2 Information from participants in the review

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

UK producers

34. We received submissions from two UK producers:

- TSUK[17]; and
- Liberty[18].

Liberty Steel provided a deficient non-confidential version of their questionnaire response, and so the information provided has not been considered in our analysis, with the exception of their sales data which provided us with additional assurance on the market shares of domestic

[14] Commission Implementing Regulation (EU) 2017/1795 of 5 October 2017 imposing a definitive anti-dumping duty on imports of certain hot-rolled flat products or iron, non-alloy or other alloy steel originating in Brazil, Iran, the Russian Federation and Ukraine.

[15] Notice of initiation of an expiry review of the anti-dumping measures applicable to imports of certain hot-rolled flat products of iron, non-alloy or other alloy steel originating in the Federative Republic of Brazil, the Islamic Republic of Iran, the Russian Federation and Ukraine.

[16] The Trade Remedies (Dumping and Subsidisation) (EU Exit) Regulations 2019 (legislation.gov.uk).

[17] Trade remedies (trade-remedies.service.gov.uk) TSUK registration of interest.

[18] Trade remedies (trade-remedies.service.gov.uk) Liberty registration of interest.

producers. A note concerning the deficient questionnaire submission is available on the public file[19].

35. It was not necessary to use the sampling provision as contained in the Regulations. The information submitted by TSUK and Liberty is listed in Annex 3.

Foreign governments

36. We received submissions from the following foreign governments:

- Russia[20];
- Ukraine[21]; and
- Brazil[22].

37. The information submitted by the foreign governments is listed in Annex 3.

Exporters

38. We received submissions from one Exporter:

- Severstal[23].

39. The information submitted by Severstal is listed in Annex 3. As Severstal did not provide a non-confidential version of their confidential questionnaire submission we found their questionnaire response to be deficient. As such, their questionnaire response has not been placed on the public file and we have disregarded their submission. This is in accordance with regulation 47(4) of the Regulations[24] under which the TRA may disregard information which we treat as confidential where the supplier has not supplied a non-confidential summary or statement of reasons.

Contributors and further interested parties

40. We received submissions from the following contributors and further interested parties:

- NLMK[25];
- Gerdau[26];

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[19] Trade remedies (trade-remedies.service.gov.uk) Liberty incomplete questionnaire
[20] Trade remedies (trade-remedies.service.gov.uk) Russia registration of interest.
[21] Trade remedies (trade-remedies.service.gov.uk) Ukraine registration of interest.
[22] Trade remedies (trade-remedies.service.gov.uk) Brazil registration of interest.
[23] Trade remedies (trade-remedies.service.gov.uk) Severstal registration of interest.
[24] The Trade Remedies (Dumping and Subsidisation) (EU Exit) Regulations 2019 (legislation.gov.uk).
[25] Trade remedies (trade-remedies.service.gov.uk) NLMK registration of interest.
[26] Trade remedies (trade-remedies.service.gov.uk) Gerdau registration of interest.

- EEF Limited (UK Steel) [27]; and
- Community Trade Union[28].

41. The information submitted by contributors and further interested parties is listed in Annex 3.

C3.3 How we have used submitted data

42. 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.

43. 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.

44. In addition to information submitted, 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.

C3.4 Verification of data

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

46. We checked TSUK's submissions for consistency and completeness. During these checks, we identified deficiencies relating to responses and non-confidential submissions. All deficiencies were resolved where necessary before verification work commenced.

47. We visited TSUK's manufacturing facility in Port Talbot from 22 to 23 August 2022 to carry out an initial walkthrough of their manufacturing facility to gain knowledge of their products, business, and accounting systems. We then conducted a verification visit at the Port Talbot facility from 12 to 14 September 2022. Further verification activity took place around this visit via email and video conferencing. Details of the verification work completed can be found in our verification report on the public file[29]. As a result of verification, we obtained sufficient assurance to conclude that the information provided by TSUK is verifiable and that it is reasonable for

[27] Trade remedies (trade-remedies.service.gov.uk) UK Steel registration of interest.
[28] Trade remedies (trade-remedies.service.gov.uk) Community registration of interest.
[29] Trade remedies (trade-remedies.service.gov.uk) Verification report TSUK.

us to treat the information as complete, relevant and accurate for the purpose of this review.

48. Subsequent to the verification visit conducted at TSUK's Port Talbot facility and the publication of the verification report, we also conducted verification of a confidential market data source specialising in commodity analysis which was submitted by interested parties, which we found the be complete, relevant and accurate for the purpose of this review.

49. We did not verify Liberty Steel's data as their non-confidential questionnaire response was deficient. We did use their sales data to gain assurance on our understanding of the market shares of the domestic producers.

SECTION D: The Goods and Like Goods

D1 Description of the goods

50. "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".

51. The goods subject to review in this transition review are defined in the NOI and set out in section B2, above.

D2 Like Goods

52. '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.

53. To assess whether, in this transition review, the goods manufactured in the UK have sufficiently similar characteristics to constitute like goods, we considered:

- physical likeness, such as physical characteristics; and
- commercial likeness, including competition and distribution channels.

D3 Assessment of the Goods

54. We did not receive any submissions that the goods manufactured in the UK were not like the goods subject to review. Further, our own analysis of questionnaire responses and sales data demonstrated that the like goods have characteristics closely resembling or identical to the goods subject to review.

55. Having considered the goods manufactured in the UK compared to the goods subject to review, we are satisfied that the goods manufactured in the UK are like goods for the purposes of this transition review.

SECTION E: The current UK industry and market

E1 Overview

56. TSUK and Liberty Steel are the only known UK producers of HRFC for the UK market. TSUK has the largest share of the UK production of HRFC.

57. Both UK produced HRFC and imported HRFC are important as sources of supply in UK consumption of HRFC.

E2 Market size and structure

58. Over the IP, Gross Value Added (GVA) from the production of HRFC was circa £174 million per year.

59. TSUK are the UK's largest integrated iron and steel manufacturer with sites in south Wales and the Midlands, with an average workforce of around 8,188 over the IP.

60. In addition to two UK producers of HRFC, we identified 45 businesses that imported HRFC in 2021. Imported HRFC is an important source of supply.

61. HRFC is most frequently used as an input in the production of other steel products.

62. More than 50% of HRFC produced by TSUK is used in the TSUK's own production of other steel products, including tubular products, tin plate and products requiring cold reduction.

63. A significant proportion of the downstream businesses that TSUK sell HRFC to are intermediaries. These intermediaries include distribution centres, which are owned by TSUK, and independent Steel Service Centres (SSCs).

64. These intermediaries, which sell to downstream buyers, largely act as storage facilities and traders but they may also make minor adjustments to the HRFC such as slitting, decoiling and blanking to specific requirements.[30]

[30] See Tata Steel (Service Centres) and Chainbridge Steel (Processing Capabilities).

65. Of TSUK's sales of HRFC which it does not use to produce other steel products, between 60 and 80% are to the SSCs. This, however, could vary depending on market demand.

66. We identified 42 SSCs and we analysed the financial accounts of 13 SSCs published during the IP. We found that over the IP these 13 SSCs employed a total of 1,029 employees and had a combined GVA of circa £93m.

67. The downstream businesses, which purchased HRFC directly from TSUK, include those in the automobile, engineering, and tubes and pipes industries.

68. We identified 13 downstream direct buyers and analysed the financial accounts of 4 businesses published during the IP. We found that over the IP these 4 businesses employed a total of 2,519 employees and had a combined GVA of circa £93m.

69. There are other downstream industries that use HRFC as inputs into production, which normally purchase HRFC from intermediaries or import. For example, HRFC is also purchased and used by construction industry.

E3 Market trends

70. TSUK's share of the HRFC market and their UK sales of HRFC remained relatively stable over the IP. Conversely, TSUK's export sales of HRFC more than doubled between 2018/19 and 2021/22.

71. Total UK imports of HRFC have fluctuated considerably over the IP with the quantity and the value of imports falling between 2018/19 to 2020/21 before rising during 2021/22.

Table 2: UK imports of HRFC over the IP.

	2018/19	2019/20	2020/21	2021/22
Quantity of total UK imports of HRFC (tonnes)	967,275	660,737	500,388	724,097
Quantity of total UK imports of HRFC (2018/19=100)	100	68	52	75
Value of total UK imports of HRFC (£ '000s)	537,829	331,775	241,738	574,884
Value of total UK imports of HRFC (2018/19=100)	100	62	45	107

Source: HMRC, Overseas Trade in Goods Statistics, 2022.
Notes: 2018/19 corresponds to a twelve-month period, from 1 April 2018 to 31 March 2019. 2019/20 = 1 April 2019 to 31 March 2020. 2020/21 = 1 April 2020 to 31 March 2021. 2021/22 = 1 April 2021 to 31 March 2022 (POI).

E4 Competition in the market

72. UK produced HRFC competes with HRFC imported from other countries.

73. UK import data shows that the value of UK imports of HRFC during the POI amounted to circa £575m.

74. Over the IP, the main source countries of imported HRFC included the Netherlands, Belgium, Sweden, Germany and Türkiye. Together these countries accounted for 63% of total UK imports of HRFC by volume.

75. Russia was the sixth largest source of imported HRFC, with 6.5% share of UK imports of HRFC over the IP. Imports of HRFC from Brazil and Ukraine were considerably smaller, with share of UK imports of HRFC not exceeding 0.1%. There were no recorded imports of HRFC from Iran during the IP.

E5 Conclusion

76. We have concluded that the UK industry is comprised of two producers of HRFC: TSUK and Liberty Steel. TSUK is a considerably larger UK producer of HRFC than Liberty Steel.

77. The UK market for HRFC also consists of importing businesses, which are important as a source of supply in UK consumption of HRFC.

78. HRFC is used as an input in the production of other steel products, with numerous downstream businesses.

SECTION F: Likelihood of Dumping Assessment

F1 Introduction

79. In accordance with regulation 99A(1)(a) of 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 were no longer applied to those goods. In doing so, and in conjunction with our consideration of the EIT, 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.

80. For all countries subject to this review (Russia, Ukraine, Brazil and Iran) we assessed the likelihood of dumping on a countrywide basis only, rather than an exporter-by-exporter basis. For Russia and Brazil, this was due to an absence of any complete submission from any Russian or Brazilian exporters, which resulted in no suitable data being available to the TRA on individual companies. For Ukraine and Iran, this was due to a lack of participation of Ukrainian or Iranian exporters, which resulted in no suitable data being available to the TRA on individual companies. The assessment considered at country level:

- whether there was continued dumping;
- production capacity (current and future);
- production levels;
- inventory levels;
- ability to shift production to the goods subject to review;
- conditions in the exporters domestic market and market prices in the UK compared to the exporters domestic market;
- exports to third markets;
- how attractive the UK is to exporters;
- whether exporters have previously circumvented or absorbed measures; and
- any other relevant factors.

81. We conducted this assessment individually for each country to inform our determination as to whether the measure should be varied or revoked. We conducted the assessment of the likelihood of dumping of the goods subject to review continuing or recuring on the balance of probabilities.

F2 Russia

82. Due to the imposition of UK sanctions on Russia from 25 March 2022, in response to the invasion of Ukraine on 24 February 2022, an additional duty of 35% has been applied to goods of Russian origin. Additionally, as noted in section F2.8, there are prohibitions on commerce with Russian entities, Russian banks have been cut off from SWIFT international

financial system and Russian flagged vessels are unable to enter UK ports. The sanctions against Russia are intended to be a temporary measure, are political in nature, and have been implemented for reasons other than to obviate the likelihood of dumping. Therefore, this assessment considers whether dumping is likely to recur but for these sanctions, if the anti-dumping measure were removed.

F2.1 Continued dumping

83. The EC imposed definitive measures against Russia on 5 October 2017. The EC calculated dumping margins of 5.3% to 33% for Russian exports and set the duties between £14.73 and £80.76 per tonne; more details can be found in Annex 1.

84. HMRC have recorded that, between 2014 and the imposition of the anti-dumping measure in 2017, Russian imports of HRFC to the UK averaged 7% of total UK imports of HRFC. Between 2018 and 2021, imports of the goods subject to review from Russia have remained 7% on average of UK's total imports[31]. This is shown in the table below:

Table 3: UK imports of HRFC from Russia between 2014 and 2022.

	2014	2015	2016	2017	2018	2019	2020	2021	2022 (January-March)
UK imports of HRFC from Russia (tonnes)	**94,541**	**53,367**	**72,043**	**24,602**	**31,206**	**67,182**	**47,693**	**39,477**	**11,249**
UK total imports of HRFC (tonnes)	**928,369**	**876,384**	**761,103**	**786,980**	**843,825**	**815,698**	**494,129**	**681,089**	**209,867**
Russia's share of UK imports of HRFC	**10.2%**	**6.1%**	**9.5%**	**3.2%**	**3.7%**	**8.2%**	**9.7%**	**5.8%**	**5.4%**

Source: HMRC, Overseas Trade in Goods Statistics, 2022.

85. Table 3 shows that import shares from Russia as a percentage of total UK imports have remained relatively high despite the anti-dumping measure in place, recovering in 2019 to levels seen prior to the imposition of measures. As market share has remained relatively consistent, especially when compared with import levels from Ukraine, Brazil and Iran, it is

[31] Russia's share of UK imports of HRFC averaged 7.25% for years 2014 to 2017 and 6.85% for years 2018 to 2021. These figures were then rounded to 7%.

reasonable to determine that the duties imposed on Russian producers have not reduced imports.

F2.2 Production capacity

86. Confidential data from a market source specialising in commodity analysis allowed us to estimate that the average annual Russian production capacity of HRFC during the IP was 22.5 times larger than annual UK consumption[32]. Furthermore, this data shows that Russia's spare capacity exceeds total UK consumption by a factor of 4.

87. We found production capacity utilisation rates in Russia relating specifically to HRFC were on average 82% over the POI. However, since the onset of the conflict with Ukraine in February 2022, there are reports of capacity utilisation rates decreasing further. One Russian official was quoted as saying that "capacity utilisation rates for Magnitogorsk Iron & Steel Works and for Severstal stood at 62% and 72% respectively" [33].

88. Despite low-capacity utilisation rates we have found that there are plans to increase production capacity in Russia further. OECD[34] reports that these plans, if achieved, could increase steelmaking capacity in Russia by a further 3.2 million tonnes by the end of 2024.

89. In conclusion, we have seen data which shows Russia has a total production capacity almost 22.5 times larger than average UK consumption over the IP. From 2017-2020, Russia's spare capacity exceeded total UK consumption by a factor of 4. Due to declining domestic demand, Russian production capacity utilisation rates have fallen further, leaving additional spare capacity.

F2.3 **Production** levels

90. Confidential data from a market source specialising in commodity analysis allowed us to calculate that Russian HRFC production levels exceed UK consumption many times over[35]. We also observed that HRFC production volumes in Russia have shown an overall increase between 2011 and 2020.

91. We have found that the Russian Government draft strategy for development of the metallurgical industry[36] reported on 7 October 2022, that steel production in Russia is projected to contract between 5.5% and 10% compared to last year. However, the Russian Steel Association

[32] We are unable to disclose figures from paid data sources due to access requirements.
[33] FastMarkets (Six Months of War: How has it changed the global steel market?).
[34] OECD (Latest Developments in steelmaking capacity 2021) page 16.
[35] We are unable to disclose figures from paid data sources due to access requirements.
[36] Metallurgprom (Russian steel production in 2022 may fall by 10% - government forecast).

reports that steel demand is forecast to contract domestically by up to 30% in 2022[37]; well above the decrease in production levels.

92. In summary, the data we have seen demonstrates that Russia has significantly large production levels of HRFC, particularly when compared to UK consumption figures. While it has been noted that Russian production levels may decrease, Russian domestic consumption is forecast to decrease at a much faster pace, with production exceeding domestic consumption in Russia by a wider margin in 2022.

F2.4 Inventories

93. Confidential data from a market source specialising in commodity analysis allowed us to estimate that on average, production levels of HRFC exceeded domestic consumption by 22.75% during the IP. This trend in Russian production levels persistently greater than domestic consumption is likely to lead to either an accumulation of inventory or more goods destined for the export market.

94. Since sanctions have been imposed on Russia, in response to the conflict with Ukraine beginning in February 2022, exporting HRFC has become more challenging. There have been reports of Russian steel producers selling at a loss to offload piling stocks[38].

95. In TSUK's written submission[39], they argue that as Russian domestic demand decreases, exporters are looking for ways to dispose of built-up inventories. As per paragraph 89 above, we have found steel demand in Russia may contract by up to 30%, in addition to the loss of 10 million tonnes of steel that can no longer be exported to traditional markets due to sanctions[40].

96. In conclusion, the confidential data shows an overcapacity in Russian production when compared with domestic consumption which, given the impact of sanctions on Russia's ability to export to traditional export markets and reports of declines within domestic consumption, is likely to lead to growing inventory levels, in excess of likely domestic need.

F2.5 Ability to switch production to the goods subject to review

97. HRFC is a raw material for a range of downstream products including, but not limited to; cold rolled products; galvanised products; tubes; pipes; and tin plates. Therefore, if the UK HRFC market were to become more open through the removal of the anti-dumping measure and be attractive to

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[37] GMK Center (Russia's domestic steel consumption down 30% in 2022, forecasts Russian Steel).

[38] Bloomberg (Steel buyers are demanding huge discounts from Russian producers).

[39] Trade Remedies (trade-remedies-service.gov.uk) TSUK's written submission paragraph 74.

[40] S&P Global (Russian steel demand may slump 30% in 2022).

Russian producers/exporters, it could be argued that more of this product could be kept as HRFC and less manufactured into the downstream product lines.

98. As a result, Russian producers may have the ability to shift production to the goods subject to review, by virtue of not producing the downstream products, and could potentially dump if the incentives were in place for them to do so.

99. However, due to a lack of submissions made or data available regarding this factor, it does not contribute to our assessment.

F2.6 Conditions in exporters' home market

100. We have found that conditions in Russia's domestic market are unfavourable due to weak domestic demand. Evidence indicates that the reduction in domestic demand is driven by the stagnation of domestic production. In particular, demand is likely to reduce dramatically because 8 of 14 Russian auto plants have suspended their activities, and the decline in the automobile industry could be as much as 50%[41].

101. As noted in section F2.4: inventories, there is evidence to suggest that Russian steel producers have been selling at a loss to offload piling stocks, with some foreign buyers seeking discounts of up to 40%[42].

102. Therefore, the evidence indicates that the conditions in Russia's domestic market suggest that Russian producers may be incentivised to dump were the measures no longer to apply.

F2.7 Market prices in the UK and the exporters' domestic market

103. We were unable to calculate an accurate and representative Normal Value in Russia for comparison with UK prices as we did not receive verifiable transactional data from a Russian exporter.

104. In the absence of accurate and available data, we reviewed S&P Global Platts reports. One showed that in June 2022, Severstal's profits were negative by a 46% margin in export sales, though positive by a 1% margin in the domestic market sales[43]. This indicates that this Russian producer may be willing to take on loss in the export market.

105. UK Steel alleged there is significant government intervention in the Russian steel sector, citing evidence that State-Owned Enterprises (SOEs), such as energy provider Gazprom and Russian Railways Operator 'RZD', artificially

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[41] GMK Center (Russia's domestic steel consumption down 30% in 2022, forecasts Russian Steel).

[42] Bloomberg (Steel buyers are demanding huge discounts from Russian producers).

[43] EuroMetal (Steel production unprofitable in Russia: report).

impact the cost basis in the production of steel which may constitute a Particular Market Situation (PMS) [44].

106. The US Department of Commerce found that there are a number of market distortions relating to the costs of production of steel, and have revoked Russia's market economy status due to "extensive" government involvement in the Russian economy[45].

107. If we were recalculating Normal Value and a dumping margin, UK Steel's PMS allegation, if upheld, may result in the transportation and energy costs being adjusted to reflect normal market practices. As we are not recalculating the dumping amount or Normal Value in this investigation, it is not necessary to investigate PMS further.

108. Additionally, we have not been able to source accurate market prices in the Russian domestic market for HRFC. Therefore, we have been unable to assess the likelihood that Russian exports of HRFC have been sold at dumped prices throughout the IP when compared to UK market prices, and as such it does not contribute to our assessment.

F2.8 Exports to third markets

109. Export data from the Observatory for Economic Complexity (OEC) indicates Türkiye, Vietnam, Poland, Uzbekistan and Belarus were the top five importers of Russian produced HRFC by trade value in 2020. These countries accounted for 50.2% of Russian exports collectively[46]. This export data was corroborated by the UN Comtrade database which listed the same top five export destinations for Russian HRFC by value and net weight[47].

110. By 2021, UN Comtrade data indicated that Poland was the second largest export destination and Italy the fourth, despite the EU applying anti-dumping duties against Russian HRFC. However, following the imposition of sanctions by the EU in response to Russia's conflict with Ukraine, export levels to these countries are likely to decrease significantly.

111. Within UK Steel's written submission they highlight that the EU, USA, Thailand, Indonesia and Mexico have anti-dumping duties in place for HRFC imported from Russia[48]. This has been corroborated by our own

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[44] Trade Remedies (trade-remedies-service.gov.uk) UK Steel written submission section 2.3.

[45] Reuters (US Department of Commerce revokes Russia's market economy status).

[46] OEC (Where does Russia export hot-rolled to? 2020).

[47] UN Comtrade (Global Trade Flows) UN Comtrade provides data at the level of 6-digit HS codes and this includes codes which are not within the scope of our investigation.

[48] Trade Remedies (trade-remedies-service.gov.uk) UK Steel written submission Table 3.

research (EU[49]), (USA[50]), (Thailand[51]), (Indonesia[52]) and (Mexico[53]). The definitive anti-dumping import duty rates form these five countries ranges from 5.58% to 184.56%, indicating historical behaviour of dumping in third markets.

112. NLMK stated in their submission, that under present conditions with UK sanctions on Russia, the prohibition of commerce with Russian entities and the exclusion of Russian financial institutions from the global payment system, SWIFT, that they intend to seek alternative third countries for export other than the UK[54]. However, the circumstances cited could change at any time. It has been reported that Russia has sought re-entry into the SWIFT payment system, as part of ongoing negotiations of the Black Sea Grain Initiative, which allows the free passage of Ukrainian agricultural and food items from blockaded Black Sea ports[55]. As such, this demonstrates that the limitation on Russian producers exporting their goods to the UK, or other third markets may be temporary.

113. Although Russia is still able to export some HRFC to Türkiye, India and the Gulf Cooperation Council (GCC) members, reports suggest the process has become much more difficult for the mills[56]. Where they are able to source an international buyer, they may still be forced to sell at a significant discount as compensation for the increasing risks of dealing with steel of Russian origin. We have seen evidence to indicate that Russian producers are exporting HRFC to Türkiye for around $610 per tonne free-on-board (FOB), compared to Turkish ex-works prices of $675 per tonne[57].

114. While there is evidence of Russia seeking alternative markets that are not subject to sanctions, mainly in Asia, these markets are not as lucrative as the traditional European markets. There is evidence that spot prices in China were 50% lower than in Europe, suggesting Russian exporters accept significantly lower prices in these markets[58].

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[49] EC Implementing Regulation 2017/1795: imposing a definitive anti-dumping duty on imports of certain hot-rolled flat products of iron, non-alloy or other alloy steel originating in Brazil, Iran, Russia and Ukraine.

[50] US Federal Register: Certain Hot-Rolled Flat-Rolled Carbon-Quality Steel Products From the Russian Federation.

[51] GMK Center (Thailand extends import duties on Russian HRC for another five years).

[52] Global Trade Alert (Indonesia: Extension of antidumping duty on imports of hot rolled coil from Belarus, China, Chinese Taipei, India, Kazakhstan, Russia and Thailand).

[53] Global Trade Alert (Mexico: Extension of definitive antidumping duty on imports of flat hot-rolled steel products from Russia and Ukraine).

[54] Trade Remedies (trade-remedies.gov.uk) NLMK Submission.

[55] Reuters (Russia says no agreement yet to extend Black Sea grain deal).

[56] SteelOrbis (Russian steel exports down 20% in Q2 due to sanctions).

[57] Eurometal (Russian mills chase slab and HRC orders in the Black Sea market)TSUK's written submission paragraph 74.

[58] S&P Global (Russian steel demand may slump 30% in 2022).

115. In summary, a number of third countries have anti-dumping measures applied against Russian HRFC. The magnitude of the margin of dumping found in these markets, as highlighted in previous paragraphs, ranges from 5.58-184.56%. Although NLMK argue that the exclusion of Russia from SWIFT effectively prevents commerce with Russian entities, we cannot be sure how long this situation will persist. Furthermore, there is current evidence that cheap Russian imports of HRFC are having an impact on third country markets. Therefore, the evidence on exports to third countries suggests that Russian exporters may be incentivised to dump should exports to the UK be possible and the measure were no longer to apply.

F2.9 Attractiveness of the UK market

116. NLMK noted in their written submission that there have been several changes within the UK market for Russian exports of HRFC since the introduction of sanctions on Russian companies and financial restrictions as a result of the ongoing war against Ukraine[59]. They highlight that:

- Import, acquisition, supply and delivery of iron and steel products originating or located in Russia are prohibited;
- Technical assistance and financial services relating to iron and steel products originating or consigned from Russia are prohibited;
- Several Russian banks have been banned from the international SWIFT system, which facilitates international monetary transactions; and
- Russian flagged vessels are prohibited from accessing UK ports.

117. NLMK argue that the above factors have led Russian producers to seek out alternative export destinations, namely: Türkiye, Iraq, Jordan, Vietnam, China and India and this reorientation is of a "lasting nature" [60]. While this is corroborated by the previous section, these markets are not as lucrative and Western markets are likely to be preferred in the absence of sanctions [61].

118. While these sanctions are presently a technical barrier to Russian exports, they have been implemented for political reasons and as such, may be removed at any time as they do not consider the impact of dumping.

119. UK Steel[62] and TSUK[63] highlight in their submissions that the existence of trade defence measures in third countries may lead to the UK becoming an attractive destination for exports should the UK remove its equivalent measures. Our findings in section F2.7, that there are currently trade

[59] Trade Remedies (trade-remedies.gov.uk) NLMK Submission.
[60] Trade Remedies (trade-remedies.gov.uk) NLMK Submission.
[61] Kallinish (Asian competition pressures Russian HRC prices).
[62] Trade Remedies (trade-remedies-service.gov.uk) UK Steel written submission page 7.
[63] Trade Remedies (trade-remedies-service.gov.uk) TSUK written submission page 21.

defence measures in place against Russian HRFC imports amongst third countries, support this.

120. TSUK noted in their written submission that "the UK market, due to its size and open/competitive nature, with a stable and strong currency, is clearly an attractive target" for Russia's HRFC exporters[64]. Whilst the UK market is not particularly large in comparison to the EU and US, the majority of the UK's domestic consumption is met by imports. Therefore, it is reasonable to suggest that the UK market is relatively open and competitive.

121. TSUK submitted that UK consumption has begun to recover following the impacts of COVID-19 pandemic on the economy. They add that the existing and forecasted demand for HRFC would likely attract exporters from Russia should the current anti-dumping measure be revoked by the UK. We found evidence that domestic demand for steel was significantly subdued during the first COVID lockdown in early 2020[65]. However, there is uncertainty surrounding UK steel demand and consumption post-COVID. UK Steel advised that demand is likely to reduce further in 2023 following a 6% reduction in demand between 2021-2022[66]. This is supported by further reports that subdued UK demand is likely to have knock-on effects on consumers' confidence and spending[67].

122. Based on the evidence and facts available, we conclude that the prevalence of anti-dumping measures in third countries has reduced Russian exporters' access to export markets. An absence of any measure in the UK, in addition to the UK's relatively open and competitive market, suggests that the UK may be an attractive market for Russian exporters should the measure no longer apply and exports to the UK be possible.

F2.10 Have exporters previously circumvented or absorbed measures

123. UK Steel stated in their submission[68] that Russian imports of HRFC have continued to enter the UK despite the imposition of measures, and as Table 3 shows, between 2018 and 2021 Russian imports averaged 7% of UK HRFC imports over the period. UK Steel suggested that Severstal may have been able to absorb the anti-dumping duty, which at £14.72 per tonne is less than a third of the next nearest exporter rate (NLMK at £44.605).

124. In the EC's HRFC case[69], the European Steel Association (EUROFER) applied for a partial interim review of Severstal. They cited an "increase in

[64] Trade Remedies (trade-remedies-service.gov.uk) TSUK written submission page 22.

[65] House of Commons (UK Steel industry: statistics and policy).

[66] GMK Center (Challenges for the UK Steel sector today).

[67] S&P Global (UK steel output to hit 'record low' this year; 2023 prospects uncertain: UK Steel Forum).

[68] Trade Remedies (trade-remedies-service.gov.uk) UK Steel written submission page 2.

[69] EC (Notice of initiation of a partial interim review of the anti-dumping measures applicable to imports of certain hot-rolled flat products of iron, non-alloy or other alloy steel originating in Russia) 2021/C18/10.

export volumes" despite the imposition of measures, "plans to increase the capacity despite weak domestic demand" and that the "dumping margin appears to be significantly higher than the dumping margin… established in the original investigation". The EC accepted this application and stated that "import statistics appear to corroborate the increase in volumes". However, this review was withdrawn by the applicant at a later stage without explanation. As it is not clear why the applicant withdrew and in the absence of any affirmative evidence, we are unable to conclude whether Russian exporters are absorbing the anti-dumping duty.

125. There have been reports of Russian producers circumventing sanctions to import steel into the EU[70]. Whilst this does not necessarily equate to circumvention of trade remedies, it may suggest that Russian producers may be willing and able to also circumvent anti-dumping duties.

126. There is data which shows a considerable increase in imports from Russia to Türkiye, rising from $2.5bn in July 2021 to $4.4bn in July 2022, becoming the largest source of Turkish imports[71]. Given that Türkiye does not have sanctions on Russia, it is becoming an increasingly popular destination for Russian HRFC. It was reported that between July 2021 and July 2022, Russian imports of HRFC to Türkiye rose 39.9%[72]. However, Deputy US Treasury Secretary raised concerns with his Turkish counterpart, that Russian entities and individuals are attempting to use Türkiye to evade sanctions by the US and 30 other countries[73].

127. Furthermore, there are reports of Russian steel producers continuing to export to the EU, despite sanctions, through the use of European subsidiaries. It is reported that NLMK are still active in the EU market despite sanctions against Russian entities[74]. In the same report UK Steel publish data to show that, "recent import statistics indicate that there could be as much as 500,000 mt/year of hot rolled coil imported into the UK from Russian slab rolled elsewhere".

128. Due to a lack of concrete, positive data available and in the absence of submissions made regarding this factor, it does not contribute to our assessment.

F2.11 Other factors

129. As discussed at the beginning of section F2, there are sanctions on Russian producers/exporters of HRFC as a result of the war with Ukraine. Our assessment is that these sanctions aretemporary, as they are political

[70] GMK Center (Russian steel producers continue to export to the EU in sanctions' violation).
[71] POLITICO (U.S flags Turkish-Russian relations).
[72] Kallinish (Russia drives Turkey's July hot-rolled flats imports' growth).
[73] The Economic Times (US warns of sanctions against Turkey over Russia ties).
[74] Eurometal (UK steel sector urges government to stop imports of Russia-origin processed steel).

in nature. This does not mean that they cannot have any medium or long term impacts, for example inventories built up as a result of current export restrictions may persist in the medium or long term after sanctions are lifted. At the same time, some of the impacts would be expected to cease immediately upon the sanctions being lifted – namely the ability to export to the UK.

130. We have distinguished between the effects that the war in Ukraine has on Russia and Ukraine: the sanctions have a temporary impact on Russia's ability to export, which we would expect to return immediately upon sanctions being lifted; on the other hand, in the event of the war ending we would not expect Ukraine to immediately be in a position to resume exporting, because the issue here is not political sanctions but longer term impacts on production, demand and infrastructure, including transport links. This is explored in more detail in F3 below.

F2.12 Conclusion

131. Taking these factors holistically, we found that Russia has significant production capacity and production levels that far exceed their domestic demand. Due to the impact of sanctions on Russia's ability to export at present, in tandem with their weak domestic demand, there may have been an accumulation of inventory. Where Russian producers and exporters have been able to import HRFC to third countries, exports have been at a significantly lower price than those in the domestic market. These factors suggest that Russia has the ability and incentive to dump HRFC. Given the clear and continued levels of Russian imports of HRFC to the UK, despite the imposition of measures, and the prevalence of third country measures, we believe the UK market would be an attractive destination for Russian exports if the anti-dumping measures were removed. We therefore conclude that dumping of HRFC from Russia to the UK would be likely to recur were the measure removed.

F3 Ukraine

F3.1 Continued dumping

132. The EC imposed definitive measures on Ukraine as of 5 October 2017[75]. The EC calculated a dumping margin of 19.4% for Ukrainian exports and set the duty at £50.63 per tonne; more details can be found in Annex 1.

133. HMRC data shows that HRFC imports from Ukraine were low (<0.5%) prior to the imposition of the anti-dumping measure, however, imports noticeably reduced after 2017; showing the measure has had an impact on Ukrainian imports.

[75] EC Implementing Regulation (EU) 2017/1795.

Table 4: UK imports of HRFC from Ukraine between 2014 and 2022.

	2014	2015	2016	2017	2018	2019	2020	2021	2022 (January-March)
UK imports of HRFC from Ukraine (tonnes)	**2,485**	**1,245**	**1,378**	**2,961**	**30**	**69**	**801**	**0**	**2,121**
UK total imports of HRFC (tonnes)	**928,369**	**876,384**	**761,103**	**786,980**	**843,825**	**815,698**	**494,129**	**681,089**	**209,867**
Ukraine's share of UK imports of HRFC	**0.3%**	**0.1%**	**0.2%**	**0.4%**	**0.0%**	**0.0%**	**0.2%**	**0.0%**	**1%**

Source: HMRC, Overseas Trade in Goods Statistics, 2022.

134. Table 4 shows that the UK has not been a significant export destination for Ukrainian HRFC historically, not exceeding 1% of UK imports from 2014 onwards.[76]

135. Therefore, we conclude there is no evidence to suggest continued dumping from Ukrainian exporters.

F3.2 Production capacity

136. Confidential data from a market source specialising in commodity analysis allowed us to estimate that, on average, Ukrainian production capacity of HRFC between 2017 and 2020 was 6 times larger than annual UK consumption[77].

137. This data has allowed us to calculate that Ukrainian production capacity was twice that of apparent domestic consumption in 2020. This trend was consistent across the IP and is assessed further in section F3.4 inventories.

138. On 24 February 2022, Russia invaded Ukraine[78] and has since annexed four regions; Zaporizhzhia, Donetsk, Luhansk and Kherson[79]. The Russian invasion has had a significant impact on steel production capacity within

[76] We note that imports of HRFC from Ukraine represent 1% of total UK imports of HRFC in 2022 Q1, which is more than in previous years. 2022 Q1 figure may not be representative of the full year of 2022.

[77] We are unable to disclose figures from paid data sources due to access requirements.

[78] The Guardian (Russia has invaded Ukraine: what we know so far), published 24 February 2022.

[79] The Guardian (Putin annexes four regions of Ukraine in major escalation of Russia's war), published 30 September 2022.

Ukraine, as noted in the TRA Suspension Investigation Final Recommendation of Hot-rolled Flat and Coil Products from Ukraine[80].

139. Through our research we identified four primary producers of HRFC in Ukraine. Azovstal[81] and Ilych[82] plants are both located in Mariupol, and Zaporizhstal[83] and Kamet Steel[84] located in Zaporizhzhia and Kamianske respectively. All four producers appear to be owned by Metinvest.

140. Due to the damage sustained in the conflict with Russia, Azovstal and Ilych have both been destroyed and are now in Russian occupied territory[85]. These two producers collectively contributed to an estimated 36% of hot rolled steel production capacity in Ukraine before the conflict[86]. Zaporizhstal and Kamet Steel are now reportedly operating at 40-50%[87] and 33%[88] production capacity respectively.

141. Of the identified producers of HRFC within Ukraine, all are now either operating at reduced levels or are within annexed territory as a result of the conflict. This has resulted in a reduction in HRFC production capacity by at least 40%.

142. In TSUK's written submission, they assert that Ukraine is likely to return to an excess capacity situation in the medium term, which will continue to be exported at dumped prices[89]. TSUK additionally refer to comments made directly from METINVEST CEO suggesting a likelihood of the facilities in Mariupol (Ilych and Azovstal) being restored to capacity in the medium term.

143. We find the prospect of TSUK's claims to be uncertain as it is difficult to qualify: (a) how long the conflict will endure and (b) how long it would take to repair the damaged infrastructure and restore capacity. The Ukraine Steel Producers Federation stated that even "after de-occupation, it will be impossible to reopen these [Azovstal and Ilyich Steelworks] enterprises" due to the damage caused by the conflict[90].

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[80] SR0025 Final Recommendation, Hot-rolled Flat and Coil Products from Ukraine, published 31 August 2022.

[81] METINVEST (Azovstal).

[82] METINVEST (Ilyich Steel).

[83] METINVEST (Zaporizhstal).

[84] AGMetalMiner (Kamet Steel).

[85] GMK Center (In 2022, steel production in Ukraine may fall to 7.6 million tons).

[86] METINVEST (Azovstal & Ilyich Steel).

[87] EuroMetal (Restarted Ukrainian Zaporizhstal steelworks runs at half of capacity).

[88] EuroNews (Ukraine's Kametsal steel plant faces challenges as Black Sea blockade continues).

[89] Trade Remedies (trade-remedies-service.gov.uk) TSUK's written submission pages 19-20.

[90] Reuters (Producers say Ukraine lost 40% of its steel industry due to Russian invasion).

144. Given the scale of damage to Ukraine's steel industry, "even after an end to the conflict, these plants may not go back to the status quo" [91]. Therefore we determine, given the challenges in re-opening these production facilities as and when they return to Ukrainian control, the rebuild of capacity and infrastructure is unlikely to occur in the medium term even if annexed regions are re-claimed.

145. We conclude that, despite the high levels of production capacity of HRFC relative to UK consumption observed between 20017 and 2020, the impacts of the Russian invasion in February 2022 have led to profound decreases in HRFC capacity levels equivalent to at least 40% due to destroyed infrastructure and annexation of territory.

F3.3 Production levels

146. Confidential data from a market source specialising in commodity analysis allowed us to estimate that the average annual Ukrainian production levels of HRFC during the IP was over 5 times larger than annual UK consumption[92].

147. However, as noted in the prior section on production capacity, the Russian invasion of Ukraine on 24 February 2022 has had a significant impact on steel production. Based on the four producers of hot-rolled steel products in Ukraine that have been identified, there is now limited production.

148. The Azovstal and Ilych steel plants, both based in Mariupol, were damaged by Russian artillery and aircraft in the first months of the war and subsequently fell under Russian control in May 2022[93]. The majority shareholder of SCM Holdings (who own METINVEST), stated that "Mariupol can only be restored under Ukrainian control" and that "No SCM business will ever operate under Russian control" [94].

149. Zaporizhstal was placed into standby mode at the beginning of the conflict due to the proximity of the Russian frontline. When it became safe to do so, two of the four blast furnaces were returned to operational status in April 2022[95]. Yet by the end of 2022, production of hot rolled steel was down by 60.4% compared to 2021[96]. The company explained that "The decrease in the level of production compared to the same period last year is related to the shortage of raw materials and logistical problems caused by full-scale military operations on the territory of Ukraine. In addition, due to massive

[91] GLG Insights (Steel Market: The impact of Russia's invasion of Ukraine).

[92] We are unable to disclose figures from paid data sources due to access requirements.

[93] The Guardian (Russian army takes control of Mariupol's Azovstal steel plant).

[94] GMK Center (Azovstal and Ilyich Iron and Steel Works damage cost $11 billion, SCM says).

[95] EuroMetal (Restarted Ukrainian Zaporizhstal steelworks runs at half of capacity).

[96] GMK Center (Zaporizhstal produced 1.3 million tons of rolled steel in 2022).

missile attacks on energy infrastructure facilities and, as a result, a shortage of power in the power system, the plant reduced production" [97].

150. KametSteel in Kamianske is faced with similar issues to Zaporizhstal. It is located outside Russian control, and whilst the plant has not been materially damaged in the conflict, production was temporarily suspended in November 2022 due to damage to the energy infrastructure as a result of shelling by Russian troops[98].

151. We have seen evidence that damage to the energy infrastructure in Ukraine has had a significant impact on production levels, since the production process of steel depends on electricity. It was reported that by December 2022, Russia has destroyed 50% of Ukraine's energy infrastructure resulting in regular black outs and power cuts which is forcing heavy industrial consumers such as steel plants to further scale back production[99]. Furthermore, as of January 27 2023, Ukrenergo (Ukraine's national energy provider) have applied emergency shutdowns in 10 oblasts, one of which Zaporizhstal is located[100].

152. In addition to the impact of damage to the energy grid, there are logistical barriers affecting the production and export of steel in Ukraine. With the Black Sea ports blockaded by Russia, the ports of Romania and Poland are the most accessible. However, the restrictive factors are the poor capacity of Ukrainian ports on the Danube and railway border crossings, rail car congestions and competition with grain exports[101]. Due to the wider track gauge operated in Ukraine, compared with neighbouring countries, the existing railway infrastructure will not be able to replace the Black Sea ports (see section F3.7 exports to third countries).

153. This not only limits Ukraine's ability to export HRFC, but also hampers the import of raw materials such as coal. In Ukraine today, only hard coking coal is mined and other grades of coal required for coking (soft, semi-soft and anthracite) depended on imports from Russia. Coal from Kazakhstan is unable to be transported as it would require crossing Russia, and coal in Europe is supplied under long-term contracts[102]. Therefore, there does not appear to be any significant supply of coal on the spot.

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[97] GMK Center (Zaporizhstal produced 1.3 million tons of rolled steel in 2022).

[98] GMK Center (Kametstal resumed steel production after a forced shutdown in November).

[99] VOA (UN: Half of Ukraine's Energy Infrastructure Destroyed by Russian Attacks).

[100] Ukrainian News (Emergency power outages applied in 10 regions of Ukraine due to exceeding limits ukrenergo).

[101] GMK Center (The end of hopes: steel production in Ukraine to fall because of low prices).

[102] GMK Center (The end of hopes: steel production in Ukraine to fall because of low prices).

154. This section has considered: (a) the damage to energy, transport and steelmaking infrastructure which has a long-term character to it and presents significant challenges to Ukrainian steel production; and (b) the Black Sea Port blockades which are technical barriers that are more temporary in nature.

155. In summary, two of the identified producers of HRFC within Ukraine are within annexed territory; Azovstal and Ilych steel plants. While Zaporizhstal and Kamet Steel were operating at 40-50% and 33% of their production capacity respectively. The reduction in production levels have been compounded by the significant damage to the energy grid and severe logistical problems.

F3.4 Inventories

156. Without submissions from Ukrainian exporters, we lack the ability to directly examine their levels of inventory. In order to assess the impact of inventories on the likelihood of dumping, we have had to rely on facts available and information provided by the UK industry.

157. Within TSUK's written submission, they make reference to a potential stockpile of HRFC due to overcapacity in the production of HRFC prior to the conflict[103]. The submission cites data, which we have verified, that estimates that between 2017 and 2020 Ukrainian HRFC production volumes were able to satisfy apparent domestic consumption by an average of 194%[104].

158. Inventory levels within Ukraine could be increasing further since the onset of the conflict with Russia. It has been reported that the effects of Russia's naval blockade on Ukraine's Black Sea ports has led to stock accumulating at the METINVEST Group's Kamet Steel plant[105], despite operating at a reduced capacity.

159. Although access to and supply of raw materials is a factor that can influence inventory levels, the CEO of METINVEST Group was reported as stating that they "have enough raw materials inside Ukraine to keep pumping out rolls of sheet metal and bars of cast iron" [106]. Despite this claim by the METINVEST CEO, the referenced article does not provide further details regarding the quantity of raw materials held by the METINVEST group as inventories.

160. Furthermore, the CEO of METINVEST Group goes on to state that the central challenge to Ukrainian steel producers is their lack of access to

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[103] Trade Remedies (trade-remedies-service.gov.uk) TSUK written submission page 26.

[104] We are unable to disclose figures from paid data sources due to access requirements.

[105] EuroNews (Ukraine's Kametstal steel plant faces challenges as Black Sea blockade continues).

[106] NPR (Russia's war in Ukraine pushes Ukrainian steel production to the brink).

international markets. As a result, reports suggest that “METINVEST and other Ukrainian steel producers now have huge backlogs of processed metal sitting in Ukrainian warehouses” [107].

161. In conclusion, data shows historical overcapacity pre-conflict which would lead to a stockpile of inventory. This may be compounded by output of HRFC being maintained at minimal levels whilst exports of the goods are restricted via traditional export routes.

F3.5 Ability to switch production to the goods subject to review

162. Our assessment here mirrors that in section F2.5. As such, due to a lack of submissions made or data available regarding this factor, it does not contribute to our assessment.

F3.6 Conditions in exporters home market

163. The conflict in Ukraine led to a 30% contraction in GDP in 2022 according to Ukraine’s Economic Minister[108]. Despite factors such as high inflation, reaching 24.4% in September 2022[109], there have been reports that domestic demand for rolled steel began to recover from May 2022 onwards[110] mainly driven by producing and construction companies.

164. It has been reported that Ukrainians have been rebuilding homes and towns damaged by Russian forces[111]. Whilst we cannot estimate the remaining length of the conflict, it is evident there would be a considerable rise in domestic demand and consumption of steel should hostilities cease. Total documented damages had reached an estimated $108 billion by August 2022, with around $185 billion required to rebuild destroyed assets, infrastructure, and housing stock[112] . This will require a significant amount of steel, perhaps more than Ukraine produces. There are reports Ukraine would likely become a net importer of steel products during post-war reconstruction[113].

F3.7 Market prices in the UK and the exporters domestic market

165. We were unable to calculate an accurate and representative Normal Value in Ukraine for comparison with UK prices, due to insufficient levels of imports in relation to UK production. Additionally, we did not receive

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[107] NPR (Russia's war in Ukraine pushes Ukrainian steel production to the brink).

[108] Reuters (Ukraine suffers biggest economic fall in independent era due to war).

[109] Reuters (Ukraine's central bank says inflation reaches 24.4% y/y in Sept).

[110] GMK (Demand for steel in Ukraine began to recover from May).

[111] Independent (In Ukraine, rebuilding starts with neighbors' help).

[112] Kyiv School of Economics (The total amount of documented damages has reached $108.3 billion, minimum recovery needs for destroyed assets — $185 billion).

[113] Fast Markets (Ukraine to turn steel importer once post-war reconstruction starts, think tank says).

transactional data from a Ukrainian exporter for us to determine an accurate Normal Value.

166. Furthermore, we have not been able to source market prices in the Ukrainian domestic market for HRFC in order to assess the likelihood that Ukrainian exports of HRFC have been sold at dumped prices throughout the IP when compared to UK market prices. Given the high inflation rates along with the range of production challenges, it is unclear what the price of Ukrainian HRFC may be.

167. Therefore, due to a lack of submissions made or data available regarding this factor, it does not contribute to our assessment.

F3.8 Exports to third markets

168. Export data from the Observatory for Economic Complexity (OEC) indicates Türkiye, Russia, Poland, Egypt and China were the top five importers of Ukrainian produced HRFC by trade value in 2020. These countries accounted for 44.1% of Ukrainian exports collectively[114]. This export data was corroborated by the UN Comtrade database which listed the same top five export destinations for Ukrainian HRFC by value and net weight[115].

169. Given their invasion of Ukraine, Russia is unlikely to remain within the top 5 export destinations of Ukrainian produced steel. Since Russia accounted for a share of 8.2% of total exports in 2020[116], it's likely this share will be diverted to other export markets should production and exportation resume to pre-conflict levels in Ukraine.

170. The EU[117], Thailand[118] and Mexico[119] have anti-dumping duties in place for HRFC imported from Ukraine. The EU have suspended their measures against Ukraine until 3 June 2023[120].

171. However, whilst the previous paragraphs may indicate that dumping may be likely should the anti-dumping measure be revoked, there are significant challenges to the export of the goods subject to review from Ukraine since the Russian invasion on 24 February 2022.

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[114] OEC (Where does Ukraine export hot-rolled to? 2020).

[115] UN Comtrade (Global Trade Flows) 6-digit data.

[116] OEC (Where does Ukraine export hot-rolled to? 2020).

[117] Commission Implementing Regulation (EU) 2017/1795 of 5 October 2017 imposing a definitive anti-dumping duty amount on imports of certain hot-rolled flat products or iron, non-alloy or other alloy steel originating in Brazil, Iran, Russia and Ukraine.

[118] Steel Orbis (Thailand maintains AD duties on HRC from 14 countries).

[119] Yieh Corp (Mexico makes final ruling of fourth AD sunset review on hot-rolled plates from Russia & Ukraine).

[120] Agence Europe (Suspension of tariffs on imports from Ukraine comes into force).

172. We have seen evidence that Ukraine's sea trade routes have been blockaded by Russian naval forces and prior to the conflict, an estimated 90% of Ukrainian exports left through deep sea ports in the Black Sea[121]. The only known exception to the blockade imposed by Russian forces is the Black Sea Grain Initiative brokered by Türkiye and the UN that allow the ports of Odessa, Chornomorsk and Yuzhny to facilitate the export of food and fertilizer to stave off a global food shortage[122]. However, it has been reported that these ports were working only at 25-30 percent of their capacity by the end of October 2022[123].

173. The closure of the Black Sea ports and blockade by the Russian military on sea trade could lead to Ukraine using alternative logistical arrangements for the export of HRFC. However, logistical issues with rail freight are compounded due to the differences between the Ukrainian and European railway track gauges[124].

174. However, a new intermodal terminal has been constructed and opened on the border between Hungary and Ukraine at a cost of $95 million as of 20 October 2022[125]. The East-West Gate (EWG) terminal will help alleviate congestions with trans-shipment of wagons between the two railway gauge types. This report notes specifically that it will be the "largest rail hub for Ukrainian food exports". Despite this, the EWG does demonstrate a material development in logistical capability that could be utilised for HRFC exportation and an example of how Ukraine is diversifying its export hubs in response to the conflict.

175. The duration of the conflict is unknown, as is the timeframe in which these logistical obstacles facing Ukraine could be resolved. However, evidence suggests it is possible that these barriers could be overcome within the medium term (e.g. the five years that a measure would typically be in place) due to the construction of the aforementioned EWG intermodal terminal.

176. Based on the evidence above, we conclude that this factor would contribute to an assessment that dumping would be likely should the anti-dumping duties be removed. Equivalent anti-dumping measures exist within third countries indicating that Ukraine had dumped prior to the conflict, and with the likely loss of Russia as an export destination, the UK would be one of few remaining accessible markets if the EU maintains measures and the UK revokes its. Despite the challenges Ukraine currently faces in regard to exporting HRFC, we believe there is a reasonable

[121] BBC (How can Ukraine export its harvest to the world?).
[122] UN (UN welcomes new centre to put Ukraine grain exports deal into motion).
[123] Reuters (Ukraine accuses Russia of blocking full implementation of grain deal).
[124] RailTech (EU wants standard European track gauge for all member states).
[125] RailJournal (New intermodal terminal opens on the Hungary-Ukraine border).

possibility that these issues could be resolved within the possible five-year period that any measure may be in place.

F3.9 Attractiveness of the UK market

177. As we have established in section F3.7, there are currently trade defence measures in place against Ukrainian HRFC imports amongst third countries. Both UK Steel[126] and TSUK[127] submit the existence of such trade defence measures in third countries would likely lead to the UK becoming an attractive destination for exports should the UK remove its equivalent measures.

178. We concluded in F2.9 that it is reasonable to suggest that the UK market is relatively open and competitive. Based on the evidence and facts available, we conclude that the prevalence of anti-dumping measures in third countries, along with any absence of any measure in the UK, in addition to the UK's relatively open and competitive market, may mean that the UK may be an attractive market for Ukrainian exporters should the measure no longer apply and should Ukraine be in a position to export.

F3.10 Have exporters previously circumvented or absorbed measures

179. We have not received any information regarding this factor and were unable to find any evidence that Ukraine has been the subject of a circumvention or absorption review. Therefore, this factor does not contribute to our assessment.

F3.11 Other factors

180. The TRA has not identified any other factors that can contribute to this likelihood assessment.

F3.12 Conclusion

181. The UK has in the past been an attractive destination for Ukrainian steel exports, and we consider it remains one. However, we have found that Ukraine has a severely reduced production capacity due to the invasion, which is unlikely to return in the medium term. Of the capacity that remains, production levels have been considerably decreased due to several factors related to the conflict, though there has been some building of inventories. We assess that the HRFC products which are being produced and have been stockpiled would likely be consumed domestically in the efforts to rebuild the country. Moreover, considerable challenges stand in the way of exporting HRFC in significant volumes. While there is some evidence that some of the challenges to export can be addressed within the medium term, we cannot be confident that they will be resolved, nor that Ukraine will have sufficient production capacity to export. We therefore conclude

[126] Trade Remedies (trade-remedies-service.gov.uk) UK Steel written submission page 7.
[127] Trade Remedies (trade-remedies-service.gov.uk) TSUK written submission page 21.

that Ukraine is unlikely to dump the goods subject to review if the anti-dumping measure were to be revoked.

F4 Brazil

F4.1 Continued dumping

182. The EC imposed definitive anti-dumping duties on Brazil as of 5 October 2017[128]. The EC calculated dumping margins of 16.3% to 73% for Brazilian exports to the EU, and set the duties for Brazilian exporters between £44.69 and £52.72 per tonne; more details can be found in Annex 1.

183. HMRC import data shows import volumes from Brazil to the UK were low, averaging 0.361% of total world imports of HRFC in the 3 years preceding the imposition of anti-dumping duties in 2017. We can observe a decrease in exports following the imposition of anti-dumping duties in 2017, with imports reaching zero by 2019.

Table 5: UK imports of HRFC from Brazil between 2014 and 2022.

	2014	2015	2016	2017	2018	2019	2020	2021	2022 (January-March)
UK imports of HRFC from Brazil (tonnes)	25	5,958	3,050	1,316	315	0	0	0	0
UK total imports of HRFC (tonnes)	928,369	876,384	761,103	768,980	843,825	815,698	494,129	681,089	209,867
Brazil's share of UK imports of HRFC	0.0%	0.7%	0.4%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%

Source: HMRC, Overseas Trade in Goods Statistics, 2022.

184. Table 5 suggests the anti-dumping measure imposed by the EC has been effective. We therefore conclude that there has been no continued dumping of HRFC from Brazil during the IP.

F4.2 Production capacity

185. Confidential data from a market source specialising in commodity analysis [129]allowed us to estimate that current annual Brazilian production capacity of HRFC is 14.5 times larger than annual UK consumption.

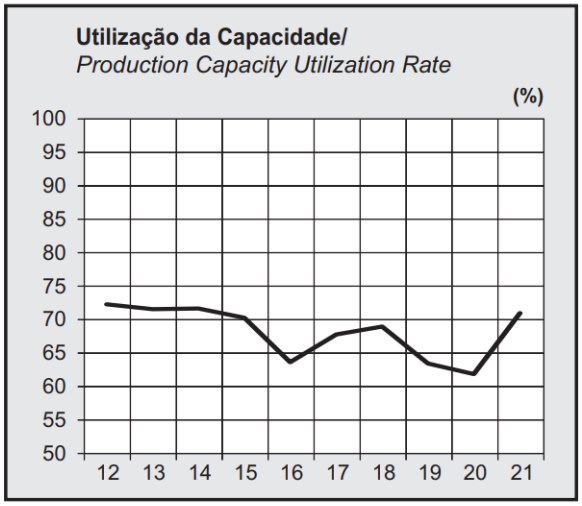
186. We found production capacity utilisation rates in Brazil relating specifically to HRFC were comparable with crude steel production capacity utilisation

[128] EC Implementing Regulation (EU) 2017/1795, published 6 October 2017.

[129] We are unable to disclose figures from paid data sources due to access requirements.

rates reported within the Brazilian steel industry. They range from 62% to 71% between the years 2017 to 2021[130] (see: Figure 1).

Figure 1: Production capacity utilisation rate (%), Brazil.[131]



187. Despite low capacity utilisation rates we found there are plans to expand steel capacity in Brazil further. Six planned capacity expansions in Latin America are due to add 8 million tonnes of steel capacity by 2024; 4 of those projects are Brazilian and account for 85% of capacity expansion within the region[132].

188. We found additional supporting evidence of capacity expansion developments in Brazil relating to HRFC production specifically, as referenced in the United States International Trade Commission's (USITC) anti-dumping Expiry Review of hot-rolled steel from Brazil and other countries[133]. These capacity expansion plans (Table 6) correlate to at least 250,000 tonnes of additional HRFC capacity annually at steel producer Gerdau's Ouro Branco plant alone by 2024.

[130] Instituto Aco Brasil (Brazil Steel Databook 2022) page 15 published July 2022.
[131] Instituto Aco Brasil (Brazil Steel Databook 2022) page 15 published July 2022.
[132] OECD (Steel Market developments: Q4 2022) published 16 December 2022.
[133] US International Trade Commission (Expiry Review) page IV-55, published November 2022.

Table 6: Capacity expansion plans of hot-rolled steel within Brazil.[134]

Item	Firm	Event
Expansion	CSN	In November 2020, CSN resumed operating one of its furnaces at its Presidente Vargas plant, allowing it to increase slab production by 11 percent in one quarter.
Expansion	USIMINAS	In its second quarter 2021 financial results presentation, USIMINAS announced plans to invest $377 million over the next three years to upgrade its number three blast furnace.
Expansion	Aperam South America	In 2021, Aperam announced plans to invest $42.6 million to expand production capacity at the company's Timóteo plant in state of Minas Gerais which produces stainless, electrical, and special carbon steel flat products.
Expansion	Gerdau	Gerdau has announced that its annual production capacity of hot-rolled coils will expand by 250,000 tons per year at its Ouro Branco plant in Minas Gerais state, with commercial startup slated for early 2024.

Source: CSN 2Q21 Financial Results Presentation, attached at Exhibit 15 in the domestic interested parties response to the Notice of Institution; Steel Orbin, "Aperam investing $42.6 million in Brazilian plant," April 2021, SteelOrbis. SP Global, "Gerdau to expand HRC, beam production capacities in Brazil: CEO," August 2021, S&P Global.

189. We therefore conclude that the evidence suggests low capacity utilisation rates in HRFC production in Brazil, in combination with planned capacity expansions within Brazilian HRFC production specifically.

F4.3 Production levels

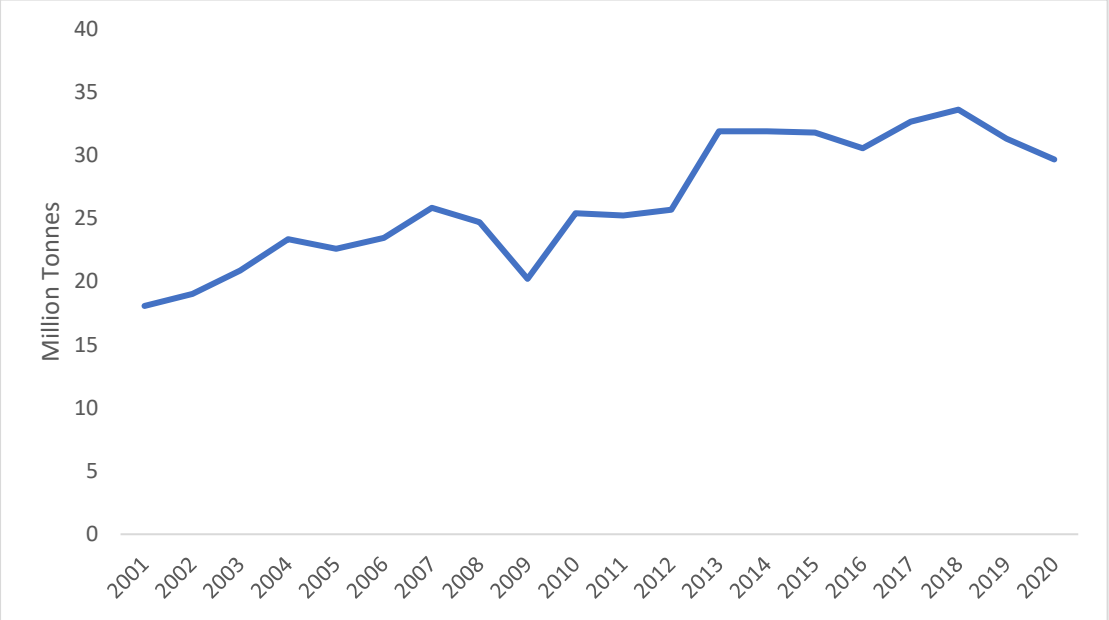
190. Confidential data from a market source specialising in commodity analysis[135] allowed us to calculate that Brazilian HRFC production levels exceed UK consumption many times over.

191. We have observed that HRFC production volumes in Brazil have shown an overall increase between 2001 and 2020, shown in Figure 2 below.

[134] See table IV-19 US International Trade Commission (Expiry Review) page IV-55, published November 2022.

[135] We are unable to disclose market sensitive figures from interested parties owing to confidentiality.

Figure 2: Brazilian HRFC production volume (tonnes), 2001-2020.



Source: World Steel Association, 2022 – data sourced on 12 October 2022.

192. Brazilian crude steel production in 2023 is forecast to grow by 2%[136], equating to 35.3 million tonnes, driven mainly by consumption within civil construction, capital goods and the automotive industry. As crude steel is the primary input for HRFC, the reported growth in crude steel production is likely to translate into higher production volumes of HRFC. [137]. However, there have also been reports of waning domestic steel demand within Brazil in 2022[138] due to high inflation, elevated interest rates and a weakened economy.

193. As for the longer term, steel consumption in Brazil is predicted to double over the next 10 years[139]. Opportunities within renewable energy, oil and gas assets, housing and infrastructure projects are reportedly driving investments worth $10.2 billion over the next 4 years to modernize and expand production within Brazil[140]. Significant investment is planned despite projected steel consumption decreases of 11% due to economic pressures within Brazil[141].

[136] S&P Global (Brazilian steel industry sees modest growth in 2023: Aço Brasil) published 30 November 2022.

[137] GSteel (Steel knowledge).

[138] DatamarNews (The steel market in Brazil is operating at a slower pace in 2022) published 3 May 2022.

[139] Bloomberg (Brazil Steel Demand May Double Within Decade, ArcelorMittal Says) published 24 August 2022.

[140] GMK Center (ArcelorMittal expects Brazilian steel demand to double during a decade) published 25 August 2022.

[141] S&P Global (Brazilian steel industry sees modest growth in 2023: Aço Brasil) published 30 November 2022.

194. Due to conflicting reports we determine steel consumption within Brazil over the coming years remains uncertain, but despite this, Brazilian steel production has been increasing over the last twenty-year period and there are ongoing investment plans to increase production levels further, with a likelihood this would translate into higher volumes of HRFC. It appears Brazilian production volumes could increase beyond the uncertain apparent domestic demand observed in Brazil.

F4.4 Inventories

195. There are reports of full inventories in Brazil within the POI[142] as a result of falling domestic demand and economic deceleration in Brazil. We found these reports consistent with TSUK's assertion within their submission that Brazilian exporters are looking for ways to dispose of built-up inventories[143]. The article quotes a mill source commenting on hot-rolled coils specifically: "Demand is not showing recovery signs, it is only falling" which is consistent with findings regarding domestic demand in Brazil in sections F4.2 production capacity and F4.3 production levels.

196. Despite the decision to end anti-dumping duties on Brazil, the USITC expiry review cites evidence of capacity expansion, an overall increase in gross production of HRFC between 2016-2021 and an increase in end-of-year-inventories from 2016 to 2021[144] within Brazil. These findings were based on data submitted by the 3 Brazilian participant producers: AccelorMittal Brasil SA, Companhia Siderúgica Nacional SA (CSN) and Usinas Siderúrgicas de Minas Gerias SA (USIMINAS).

197. We have assessed that full inventory levels reported within the POI, weak domestic demand in Brazil and increases in production capacity are likely to lead to an accumulation of inventory. This is further supported by the findings of the United States International Trade Commission (USITC).

F4.5 Ability to switch production to the goods subject to review

198. Our assessment here mirrors that in section F2.5. As such, due to a lack of submissions made or data available regarding this factor, it does not contribute to our assessment.

F4.6 Conditions in exporters home market

199. UK Steel asserted in their submission that the Brazilian steel industry has been traditionally export focused. We found this consistent with secondary sources which demonstrated that exports accounted for 40% of Brazilian

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[142] S&P Global (Brazil's slowing demand to limit pricing in 2022) published 20 January 2022.

[143] Trade Remedies (trade-remedies-service.gov.uk) TSUK written submission page 19.

[144] US International Trade Commission (USITC Expiry Review) pages IV-51 to IV-70, published November 2022.

steel production in 2018 and that Brazil experienced a 62% growth in annual exports from 2009 to 2018[145].

200. Despite a 1.2% forecasted GDP growth in 2023[146], a multitude of factors such as rising inflation, the Russian invasion of Ukraine, a slow market recovery from COVID-19 pandemic and tight financial controls have resulted in a decline in household purchasing power and eroded business confidence which should strongly dent domestic demand[147]. It is reported that increased energy prices, vulnerability of global supply chains and excess steel capacity worldwide have led to concerns amongst the associates of Instituto Aco Brasil (the Brazilian Steel Institute)[148]. We determine these factors lead to a particularly high degree of uncertainty regarding the domestic market in Brazil.

201. We determine that there is evidence of a particularly high degree of uncertainty regarding domestic demand for steel in Brazil which, taken together with evidence of high production, capacity and inventories in previous sections, may suggest that HRFC producers in Brazil may be incentivised to dump.

F4.7 Market prices in the UK and the exporters domestic market

202. We were unable to calculate an accurate and representative Normal Value in Brazil for comparison with UK prices, due to insufficient levels of imports in relation to UK production. Brazilian imports to the UK have been well below 3% of total imports throughout the IP. Additionally, we did not receive transactional data from a Brazilian exporter for us to determine an accurate Normal Value.

203. Furthermore, we have not been able to source accurate market prices in the Brazilian domestic market for HRFC. Therefore, we have not been able to assess the likelihood that Brazilian exports of HRFC have been sold at dumped prices throughout the IP when compared to UK market prices. Given the lack of data on Brazil's domestic market, it is unclear what the price of Brazilian HRFC may be.

204. Therefore, due to a lack of submissions made or data available regarding this factor, it does not contribute to our assessment.

F4.8 Exports to third markets

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[145] US International Trade Commission (Global Steel Trade Monitor, Steel Exports Report: Brazil) page 1 published May 2019.

[146] OECD (Brazil projection note OECD Economic Outlook November 2022) published 22 November 2022.

[147] OECD (Steel Market Developments, Q2 2022) page 15 published 5 July 2022.

[148] SteelOrbis (Brazilian steel institute reports major concerns from its associates) published 15 September 2022.

205. Due to a lack of submissions from Brazilian exporters we assessed this factor using submissions supplied by other interested parties and secondary sources.

206. Export data from the Observatory of Economic Complexity (OEC) indicates Portugal, Chile, Ecuador, Colombia and Türkiye were the top five importers of Brazilian produced hot-rolled steel products by trade value in 2020. These countries accounted for 73.4% of Brazil's exports collectively[149]. This export data was corroborated with the UN Comtrade database which listed the same top five export destinations by trade value and net weight[150].

207. Both data sources above placed Portugal as the top export destination in 2020 by trade value and net weight. This is despite the EU's anti-dumping duties in place[151] for HRFC imported from Brazil, pending an initiated expiry review[152]. This could suggest Brazilian exporters may be willing and able to absorb the current anti-dumping duties in place to remain competitive with Portuguese domestic producers.

208. Within UK Steel's written submission[153] they reference that, in addition to the EU, anti-dumping measures are currently in place for hot rolled flat products imported from Brazil by Canada[154], who recently extended measures following an expiry review[155] and Thailand[156]. This suggests Brazil has previously dumped in third countries. This would leave the UK as one of a few substantial open markets that could be targeted for Brazilian hot-rolled exports in the event the UK revokes it's anti-dumping duty.

209. The Canada Border Services Agency's (CBSA) Statement of Reasons[157] cites evidence in support of their decision to extend anti-dumping measures against Brazil which includes an increase in production capacity of hot-rolled steel, exports from Brazil to other markets at potentially dumped prices, an inability for Brazilian exporters to compete in Canada at non-dumped prices and uncertainty across the domestic industry regarding steel demand in Brazil.

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[149] OEC (Where does Brazil export hot-rolled to? 2020).

[150] UN Comtrade (Global Trade Flows) 6-digit data.

[151] EC Implementing Regulation (EU) 2017/1795, published 6 October 2017.

[152] EC (Notice of initiation of an expiry review of the anti-dumping measures 2022/C384/03).

[153] Trade Remedies (trade-remedies-service.gov.uk) UK Steel written submission Table 3.

[154] Canada Border Services Agency (Certain Flat Hot-Rolled Carbon and Alloy Steel Sheet and Strips dumping [Brazil and China]).

[155] Canada Border Services Agency (Certain Flat Hot-Rolled Carbon and Alloy Steel Sheet and Strips dumping [Brazil and China]).

[156] Global Trade Alert (Thailand: Definitive antidumping duty on imports of flat hot rolled in coils and not in coils from Brazil, Turkey and Iran).

[157] Canada Border Services Agency (Statement of Reasons).

210. We have reviewed the evidence within CBSA's publication and determine these findings provide an additional level of assurance to the conclusions we have made in previous sections of this assessment, specifically section F4.2 production capacity, section F4.3 production levels and section F4.4 inventories. Due to a lack of submissions from Brazilian exporters, we also have no evidence to the contrary.

211. The evidence in relation to this factor demonstrates that Brazil has been found to have exported HRFC at dumped prices to export markets in the past. We conclude Brazilian producers of HRFC also have reduced access to third country markets due to trade defence measures in place by the large economies of the EU member states, Canada and Thailand. This would leave the UK as one of a few substantial open markets that could be targeted for Brazilian HRFC exports.

F4.9 Attractiveness of the UK market

212. As we have established in section F4.7, there are currently trade defence measures in place against Brazilian HRFC imports amongst third countries. Both UK Steel[158] and TSUK[159] believe the existence of such trade defence measures in third countries would likely lead to the UK becoming an attractive destination for exports should the UK remove its equivalent measures.

213. We concluded in F2.9 that it is reasonable to suggest that the UK market is relatively open and competitive. Based on the evidence and facts available, we conclude that the prevalence of anti-dumping measures in third countries, along with any absence of any measure in the UK, in addition to the UK's relatively open and competitive market, may mean that the UK may be an attractive market for Brazilian exporters should the measure no longer apply.

F4.10 Have exporters previously circumvented or absorbed measures

214. As per F4.8, Brazil has been found to have exported HRFC at dumped prices to export markets in the past.

215. We have not received any information regarding this factor and were unable to find any evidence that Brazil has been the subject of a circumvention or absorption review.

216. As mentioned previously in section F4.7 of this assessment, OEC export data corroborated by the UN Comtrade database demonstrates Portugal as Brazil's top export destination for HRFC in 2020 by trade value. This is despite the EU having anti-dumping duties in place. This may suggest Brazilian exporters are willing and able to absorb the existing anti-dumping

[158] Trade Remedies (trade-remedies-service.gov.uk) UK Steel written submission page 7.
[159] Trade Remedies (trade-remedies-service.gov.uk) TSUK written submission page 21.

duties in place by the EU. Alternatively, it could suggest that Brazilian exporters of HRFC consider markets like Portugal with existing anti-dumping measures in place tolerable and therefore markets without trade defence measures would consequently be more appealing.

217. Whilst we believe the above assertions to be logical based on the evidence observed we do not have access to the relevant price information to assess this fully, so will not rely on this in our assessment.

F4.11 Other factors

218. The TRA has not identified any other factors that can contribute to this likelihood assessment.

F4.12 Conclusion

219. Brazil's domestic demand is uncertain, whilst production has increased steadily over the preceding twenty-year period. Production volumes of HRFC are likely to continue to increase due to significant capacity expansion plans. This is despite evidence of existing spare capacity in Brazil's HRFC production and reports of built-up inventories during the POI. This evidence suggests that Brazil may have the ability and incentive to dump. When assessed in tandem with the prevalence of anti-dumping duties in place by third countries and the open and competitive nature of the UK market, and given we have found evidence that Brazil has exported at dumped prices in the past, we conclude that dumping of HRFC from Brazil to the UK would be likely to recur if the current anti-dumping measure were revoked.

F5 Iran

220. Iran has faced and continues to face a number of sanctions, implemented mainly by the US which up until recently made Iran the most sanctioned country in the world[160].

221. Following America's unilateral withdrawal of the Iran Nuclear Deal in May 2018, citing Iranian breaches of the accord in the pursuit of uranium enrichment, further sanctions have been reimposed on Iran with some Iranian banks cut off from the SWIFT international financial system[161]. We have seen evidence of third countries or entities sanctioned by the US for conducting business with Iran[162].

222. The UK Government website's official advice is that "UK companies must also consider whether their proposed activity is subject to US sanctions"

[160] Bloomberg (Russia Is Now the World's Most-Sanctioned Nation).
[161] Al Jazeera (US reinstates tough Iran sanctions amid anger in Tehran)
[162] Reuters (U.S. targets Chinese, UAE firms in new Iran oil sanctions).

and “how payments will be made”[163]. The presence of these factors contributes to the limitation of Iran exporting the goods subject to review into the UK.

223. Sanction-induced trade and financial restrictions have had a profound effect on global trade with Iran. It has been reported that foreign companies have been reluctant to supply even certain specialised medical and humanitarian goods for fear of consequences, including possible criminal prosecution and financial penalties[164]. As such, the existence of US sanctions is likely to hinder the export of non-vital commodities like HRFC.

224. Therefore, the sanctions against Iran represent a significant but temporary obstacle to export, particularly as the sanctions against Iran and third countries and entities who conduct business with Iran, have been imposed by the US. This obstacle is of a temporary nature, shaped by the US rather than the UK, and is subject to change between administrations.

225. Given these sanctions are intended to be temporary, are not designed to address the risk of dumping and cannot be relied upon to remain in place indefinitely, this assessment considers whether dumping is likely to recur but for these sanctions, if the anti-dumping measure were removed.

F5.1 Continued dumping

226. The EC imposed definitive anti-dumping duties on Iran as of 5 October 2017[165]. The EC calculated dumping margins of 17.9% for Iranian exports and set the duties for Iranian exporters at £48.12 per tonne; more details can be found in Annex 1.

227. HMRC import data shows import volumes from Iran to the UK were low, averaging 2.1% of total world imports of HRFC in the 3 years preceding the imposition of anti-dumping duties in 2017. We can observe a cessation of exports following the imposition of anti-dumping duties in 2017.

[163] GOV.UK (Doing business in Iran: trade and export guide).

[164] United Nations Human Rights (Iran: Unilateral sanctions and overcompliance constitute serious threat to human rights and dignity – UN expert).

[165] EC Implementing Regulation (EU) 2017/1795.

Table 7: UK imports of HRFC from Iran between 2014 and 2022.

	2014	2015	2016	2017	2018	2019	2020	2021	2022 (January -March)
UK imports of HRFC from Iran (tonnes)	27,032	17,116	11,113	0	0	0	0	0	0
UK total imports of HRFC (tonnes)	928,369	876,384	761,103	768,980	843,825	815,698	494,129	681,089	209,867
Iran's share of UK imports of HRFC	2.9%	2.0%	1.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Source: HMRC, Overseas Trade in Goods Statistics, 2022.

228. As we can observe a total lapse in Iranian imports of HRFC since the implementation of the anti-dumping measure in 2017 we conclude that there has been no continued dumping during the IP.

F5.2 Production capacity

229. Subscription data from a market source specialising in commodity analysis allowed us to estimate that current annual Iranian production capacity of HRFC is almost nine times larger than annual UK consumption[166].

230. We found capacity utilisation rates within Iranian HRFC production to be especially high throughout the IP, except for 2019, in which the annual capacity utilisation rate was 18 percentage points lower than the average of the three other years within the IP. We found this to be significant given the US formally withdrew from the Comprehensive Plan of Action (Iran Nuclear deal) a year earlier in 2018[167].

231. Despite high HRFC production capacity utilisation rates across the IP in Iran, we assessed that Iran had high spare capacity levels relative to apparent domestic consumption. This endorses TSUK's claim that Iran has significant overcapacity[168]. Overcapacity higher than domestic consumption

[166] We are unable to disclose figures from paid data sources due to access requirements.
[167] Al Jazeera (Donald Trump declares US withdrawal from Iran nuclear deal), published 8 May 2018.
[168] Trade Remedies (trade-remedies-service.gov.uk) TSUK written submission page 16.

can lead to either an increase in inventory or an increase in goods destined for the export market.

232. There is evidence that Iran is seeking further capacity expansions. A 2021 OECD report[169] found that steelmaking capacity is increasing swiftly in the Middle East region and is set to continue over the next few years "mainly due to capacity expansions in Iran".

233. The 2022 OECD reports that 83 of the 94 planned capacity expansions in the Middle East are Iranian[170] and would contribute to an increase of around 8% by 2025 compared to the capacity level at the end of 2022, equivalent to 67.3 million tonnes of crude steel capacity by 2025. It is not clear which projects may relate specifically to HRFC as we have limited data to verify these plans. However, we would expect overall steel capacity increases to reflect that of HRFC, as HRFC is the primary input for most downstream products such as cold-rolled, galvanised, pickled, annealed and durbar.

234. Confidential market data submitted by interested parties show Iranian domestic consumption of steel has remained relatively flat despite the actual and planned increases in production capacity[171]. We were able to corroborate this data with reports of "sluggish" steel demand within Iran because the market is waiting for a nuclear agreement and there is uncertainty about foreign exchange rates[172].

235. We conclude that although capacity utilisation rates are presently high within Iranian HRFC production, this may decrease in the future given the above capacity expansion plans unless Iran can establish new export markets. This is due to production levels consistently exceeding domestic consumption, as observed within submitted and verified data.

F5.3 Production levels

236. Confidential data from a market source specialising in commodity analysis has allowed us to calculate that Iranian production volumes of HRFC exceeded UK consumption by over six times on average from 2017 to 2020[173].

237. Industry data concerning production volumes of HRFC submitted by interested parties demonstrates Iranian production levels doubled between 2009 and 2020.

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[169] OECD (Latest developments in steelmaking capacity 2021) page 17.

[170] OECD (Latest developments in steelmaking capacity 2022) page 42.

[171] We are unable to disclose figures from paid data sources due to access requirements.

[172] Iran International (Iran Losing Steel Export Markets, Industry Insider Says).

[173] We are unable to disclose figures from paid data sources due to access requirements.

238. Recent sources report production of crude steel in Iran increased by 8.5% in the first 11 months of 2022 compared with the equivalent period in 2021[174]. This growth supports the year-on-year production increase trend observed between 2015 and 2021 observed in data submitted by interested parties. Although the report relates specifically to increases in crude steel production, it is likely that HRFC production volumes will increase as a result given HRFC's position within the steel making cycle, as noted in section F5.5.

239. In summary, Iran produced over six times the amount of HRFC that the UK market consumed on average from 2017 to 2020. Iran's production levels of HRFC have increased year-on-year in recent years and crude steel has increased by 8.5% in the first 11 months of 2022, without any accompanying apparent increase in domestic consumption as noted in section F5.2.

F5.4 Inventories

240. We do not have specific data relating to inventories to examine due to a lack of submission from Iranian exporters.

241. Confidential market data submitted by UK industry has allowed us to calculate that Iranian HRFC production volumes were able to satisfy apparent Iranian domestic consumption by an average of 140% between 2017 and 2020[175]. As a result, 40% of annual Iranian HRFC production not consumed domestically will either be exported or accumulate as stock.

242. As explored within section F5.7 exports to third markets; we determine that Iran is unable to export this spare production volume entirely and therefore we deem it likely that spare production volumes will accumulate as inventories. In the absence of data from Iranian exporters relating to inventory levels we have no evidence to refute this conclusion.

243. In summary, we have found that on average, 40% of annual production levels between 2017 and 2020 of HRFC in Iran which have not been consumed domestically are more likely to accumulate as inventories rather than be exported to international markets, and therefore conclude that Iran has large inventories of HRFC available.

F5.5 Ability to switch production to the goods subject to review

244. Our assessment here mirrors that in F2.5. As such, due to a lack of submissions made or data available regarding this factor, it does not contribute to our assessment.

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[174] Islamic Republic News Agency (Iran steel production up 8.5% in 11 months).

[175] We are unable to disclose figures from paid data sources due to access requirements.

F5.6 Conditions in exporters' home market and market prices in the UK and the exporters domestic market

245. The OECD steel market developments report highlights "state intervention in the Iranian steel sector" in the form of the Iranian 6th Economic, Social and Cultural Development Plan (2017-2021) and the Comprehensive Program for Steel[176]. It is reported that the purpose of such initiatives is to reach an annual production output of 55 million tonnes by 2025. This is despite our findings documented in section F5.4 inventories which illustrates Iranian consumption does not appear to be increasing in line with planned increases in production capacity and volumes.

246. Additionally, we have found within the OECD report that Tehran is creating Special Economic Zones, to maintain the upward trend in steel production and industry in spite of sanctions[177].

247. If we were calculating Normal Value and a dumping margin, we would be required to consider whether the alleged state intervention in the steel sector constitutes a Particular Market Situation (PMS). However, we were unable to calculate an accurate and representative Normal Value in Iran for comparison with UK prices, due to there being zero imports between 2017 and 2022 as shown in Table 7. Additionally, we did not receive transactional data from an Iranian exporter for us to determine an accurate Normal Value.

248. As we are not recalculating the dumping margin, we are unable to make any conclusions regarding the impact of Iranian state intervention on the price of HRFC. If we were calculating Normal Value and a dumping margin, this PMS allegation may result in the costs being adjusted to reflect normal market practices. Furthermore, we have not been able to source accurate market prices in the Iranian domestic market for HRFC. Therefore, we have not been able to assess the likelihood that Iranian exports of HRFC have been sold at dumped prices throughout the IP when compared to UK market prices. Given the lack of data on Iran's domestic market, it is unclear what the price of Iranian HRFC may be.

249. In summary, we have assessed that conditions are challenging for Iranian producers in their domestic market, who experience low demand relative to production levels. While this may be offset by a strong export market, we currently see that the export market is extremely limited given international sanctions against Iran as explored in section F5.7 and F5.10. However, we consider sanctions to be a temporary barrier as they have been implemented for political reasons and not to reduce the likelihood of dumping, and as such they may be removed at any time. The domestic

[176] OECD (steel market developments Q4 2021).
[177] OECD (steel market developments Q4 2021).

conditions in Iran indicate that, but for the sanctions currently in place, dumping may be likely if the anti-dumping measure were removed.

F5.7 Exports to third markets

250. Export data from the Observatory for Economic Complexity (OEC) indicates China, Türkiye, United Arab Emirates, Spain and Armenia were the top five importers of Iranian produced HRFC by trade value in 2020. These countries accounted for 98.5% of Iranian exports collectively[178]. The total value of these exports was worth $28.8m in 2020, down from $423m in 2018 before the US withdrew from the Iran Nuclear Deal and reimposed sanctions.

251. This data also shows that in 2020, China was not only a new export destination for Iranian HRFC but the largest by almost a factor of four to the next nearest importing country, Türkiye[179]. This is a trend that may be likely to continue as China and Iran agreed a 25-year cooperation deal in January 2022 and Iran's central bank listed the Chinese Yuan as one of the country's main foreign exchange currencies[180]. This was noted by UK Steel in their written submission, highlighting the 'China-Iran Strategic Cooperation Agreement', through which China commits to investing over $400 billion in various sectors of the Iranian economy over 25 years, in exchange for a regular supply of oil in return[181].

252. However, with almost two thirds of Iranian exports of HRFC destined for China, this leaves Iran particularly exposed to fluctuations in Chinese demand. Notably, with the 'Zero-Covid' policy there has been a marked decrease in Chinese domestic consumption[182] and with present production levels in Iran, it is likely this may have led to a stockpile of inventory.

253. Within UK Steel's written submission[183] they make reference to anti-dumping measures applied to HRFC imported from Iran to the EU[184] and Thailand[185], both imposed in 2017. We determine this is evidence that, in the absence of sanctions, Iran has previously dumped in third countries.

254. Based on confidential data we have seen relating to Iranian spare production relative to consumption[186], we have been able to assess

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[178] OEC (Where does Iran export hot-rolled to? 2020).

[179] OEC (Where does Iran export hot-rolled to? 2020).

[180] Global Times (China's yuan set to play a larger role in trade settlement).

[181] Trade Remedies (trade-remedies-service.gov.uk) UK Steel written submission page 6.

[182] Peterson Institute for International Economics (China's zero-COVID policies are crippling its economic outlook).

[183] From 1 January 2021, the UK initiated a new tariff regime called the UK Global Tariff (UKGT) to replace EU TARIC codes. The codes listed are the tariffs that applied at the time of the measures.

[184] COMMISSION IMPLEMENTING REGULATION (EU) 2017/1795.

[185] Kallinish (Thailand applies anti-dumping duties to some HRC imports).

[186] We are unable to disclose figures from paid data sources due to access requirements.

whether this was likely being exported or stored as inventory. We did not have data on export volumes, so instead we used the total export value of Iranian HRFC in 2020[187]. We calculated that if this figure represented the whole production surplus, that surplus would be being exported at an unrealistically low price. We assessed that it was very unlikely that Iran would be exporting at these prices, and as such inferred that a substantial portion of the production surplus must be being retained as inventories

255. In summary, we have found that Iran has a limited export market which lacks diversity, leaving it acutely exposed to Chinese demand. Due to the impacts of COVID-19 pandemic on China, this is likely to have had an impact on Iranian inventory levels.

F5.8 Attractiveness of the UK market

256. As we have established in section F5.7, there are currently trade defence measures in place against Iranian HRFC imports amongst third countries. Both UK Steel[188] and TSUK[189] believe the existence of such trade defence measures in third countries would likely lead to the UK becoming an attractive destination for exports should the UK remove its equivalent measures.

257. We concluded in section F2.9 that it is reasonable to suggest that the UK market is relatively open and competitive. Based on the evidence and facts available, we conclude that the prevalence of anti-dumping measures in third countries, along with any absence of any measure in the UK, in addition to the UK's relatively open and competitive market, may mean that the UK may be an attractive market for Iranian exporters should the measure no longer apply.

F5.9 Have exporters previously circumvented or absorbed measures

258. As per section F2.7, we have found that anti-dumping measures have been applied to HRFC imported from Iran to the EU[190] and Thailand[191], both imposed in 2017. We determine this is evidence that, in the absence of sanctions, Iran has previously dumped in third countries.

259. We have not received any information regarding this factor and were unable to find any evidence that Iran has been the subject of a circumvention or absorption review. Therefore, we would be unable to

[187] OEC (Where does Iran export hot-rolled to? 2020).
[188] Trade Remedies (trade-remedies-service.gov.uk) UK Steel written submission page 7.
[189] Trade Remedies (trade-remedies-service.gov.uk) TSUK written submission page 21.
[190] COMMISSION IMPLEMENTING REGULATION (EU) 2017/1795.
[191] Kallinish (Thailand applies anti-dumping duties to some HRC imports).

conclude that this factor contributes to an assessment of whether dumping would be likely to recur if the measure were to be revoked.

F5.10 Other factors

260. As we set out at the beginning of section F5, Iran is currently subject to sanctions. These are intended to be temporary, are not designed to address the risk of dumping and cannot be relied upon to remain in place indefinitely.

F5.11 Conclusion

261. We have observed that production capacity in Iran has been undergoing significant growth in the last decade and is projected to continue. Additionally, production levels have continued to rise despite reported weak domestic demand. These increases in production, in tandem with the impact of sanctions on Iran's ability to export, has likely led to an accumulation of inventories. As such, we have assessed that given the open and competitive nature of the UK market and in the absence of the anti-dumping measure, the UK would be an attractive target for Iranian exporters who may be likely to dump given we have found evidence that, in the absence of sanctions, Iran has previously dumped in third countries. We therefore conclude that dumping of HRFC from Iran to the UK would be likely to recur if the current anti-dumping measure were revoked.

SECTION G: Likelihood of Injury Assessment

G1 Introduction

262. We are required under regulation 99A(1)(b) of the Regulations to consider whether injury to the UK industry in the relevant goods would be likely to continue or recur if the measure were no longer applied (the injury likelihood assessment).

263. Information obtained from secondary sources was used in accordance with Regulations where primary data was not available. Due to Liberty not returning a full completed submission, we will only be using their sales data for market share.

264. To conduct the injury likelihood assessment, we considered:
- The current state of the UK industry;
- Potential other causes of injury;
- Undercutting of the UK industry;
- Domestic and international market conditions; and
- Historic injury.

265. 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.

266. It is important to note that there were low levels of imports during the IP, when the measures were in place. We therefore conducted the following analysis in the context of a UK market that was being protected by the measure across the IP. We analysed what has happened with the injury factors during this time and consider what would happen if the measures were to be removed.

G2 Current state of UK Industry

267. 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.

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

G2.1 The impact of the COVID-19 pandemic and the rise and fall of steel prices

269. In conducting our injury assessment, we found that the COVID-19 pandemic had a considerable impact on the steel industry and thus the data we have received, particularly in the POI.

270. The impact of the COVID-19 pandemic on 2020 consumption within the EU is summarised within an OECD report[192], with EUROFER quoted as citing an 11.1% reduction, the decline due to the lockdowns in the second quarter of 2020. The EU automotive sector, which is a major user of steel products suffered even worse, with EU car sales dropping by 23.7% compared to the previous year.

271. In 2020, the effects of the COVID-19 pandemic on steel demand and production led to an apparent drop in finished steel use of around 12.5% in the UK, down to just under nine million metric tons.[193]

272. On the basis of this contextual evidence regarding the effect of the COVID-19 pandemic on the EU and UK steel industry, we have in some areas of our injury assessment noted figures for 2020/21 that we consider have been negatively impacted by the COVID-19 pandemic. Where this is the case, we reference this section and consider what effects those impacts of the COVID-19 pandemic have on the state of the UK HRFC industry.

273. In addition to the negative impacts of the COVID-19 pandemic in 2020/21, we also found a number of factors showed figures for 2021/22 that were outliers, and much more positive than any of the previous years. TSUK's

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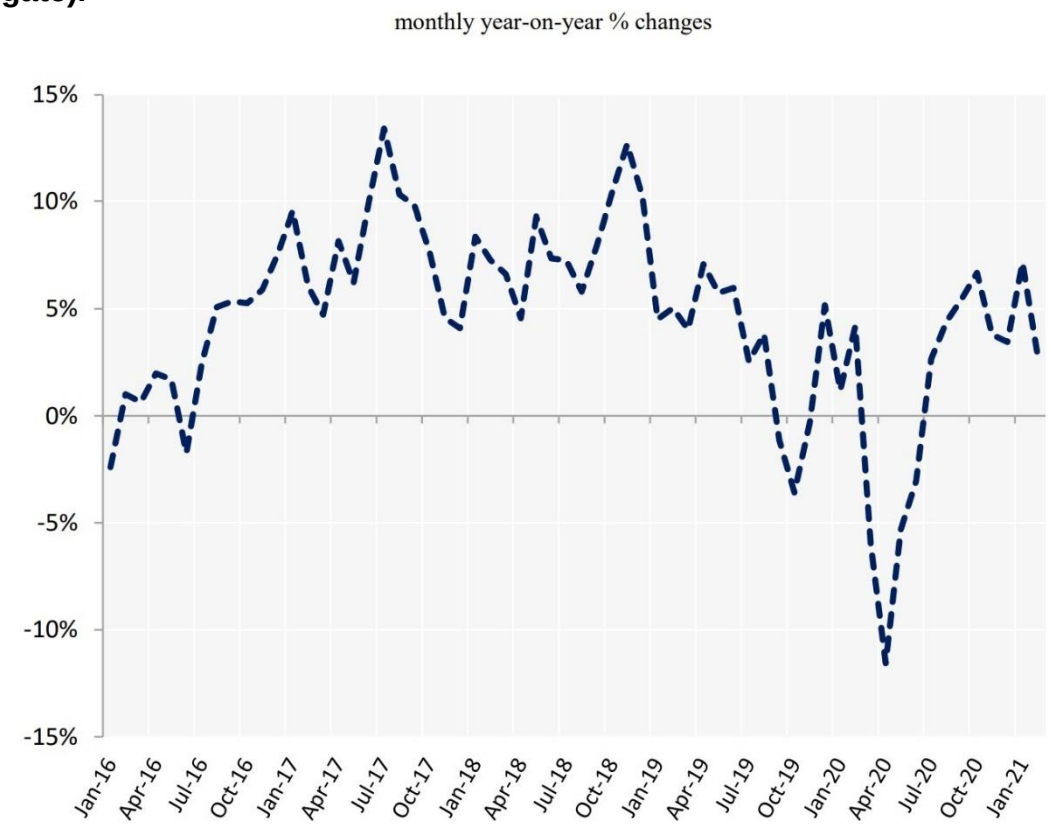
[192] OECD (Steel Market Developments Q4 2021).

[193] Statista (Apparent use of finished steel products in the United Kingdom (UK) from 2009 to 2020).

explanation was that this was a result of a temporary effect of the COVID-19 pandemic recovery, and since this pattern arose in a number of factors examined, we have considered at the outset whether this explanation is supported by the wider evidence.

274. The chart below, taken from OECD's steel market developments 2021-Q4[194], shows how the COVID-19 pandemic had a considerable negative impact on hot-rolled steel consumption in the spring of 2020. The chart presents the percentage change of a given month compared to the same month one year earlier taking the combined consumption of HRFC products for 10 of the world's largest steel consuming economies, that taken together account for approximately 75% of global steel demand.

Figure 3: Consumption of hot-rolled steel products in major economies (aggregate).



Note: Total represents the combined consumption of hot-rolled steel products of the following economies: Brazil, China, Germany, India, Italy, Japan, Korea, Mexico, Russia and the United States. The consumption of hot-rolled products is defined as the sum of production and net imports.
Source: OECD calculations based on data from ISSB (International Steel Statistics Bureau) (ISSB, World Steel Statistics May 2021) in OECD, Steel Market Developments Q4 2021.

275. During the second half of 2020 and continuing into 2021, however, consumption started to pick up. According to World Steel data cited by

[194] OECD (Steel Market Developments Q4 2021).

OECD[195], global steel production increased by 13.7% during the first half of 2021, with steel production in the UK increasing by 10.3%.

276. In addition, global steel prices have increased significantly and suddenly since July 2020. As of July 2021, flat steel prices stood at 134% higher than one year earlier[196].

277. Given the evidence set out in this section, we assess that where we see very high figures in 2021/22 that are anomalous, it is likely that these indeed result from the unusual situation of COVID recovery explained above and as set out by TSUK in their submission. In order to understand the current state of the UK industry, it is important for us to consider whether that situation is temporary or continuing.

278. TSUK set out that the favourable market conditions that existed in the 2021/22 financial year would be unlikely to continue. We considered the most recent OECD report: Steel Market Developments (Q4 2022) [197], which states that "*The outlook for global steel markets has deteriorated sharply*" and lists factors such as global economic slowdown, high energy prices, accelerating inflation, the Russian invasion of Ukraine and supply chain disruptions. It also directly addressed the pattern of strong performance in 2021/22 and indicates that this is temporary. The price fall in HRFC products can be seen on Page 29 of the report. Although this highlights the NYMEX US Midwest HRC Steel Index, it reflects the steep decline seen globally in HRFC steel prices. We therefore agree that these effects appear to be temporary.

279. In conclusion, we therefore assess that where we see very high, anomalous figures for 2021/22 in the data, that these may result from COVID recovery and may also be temporary, and as such that these should not necessarily indicate a trend that will continue or be taken alone as the sole indicator of the current state of the UK industry.

G2.2 The level of UK industry's domestic sales

[195] OECD (Steel Market Developments Q4 2021).
[196] OECD (Steel Market Developments Q4 2021).
[197] Steel Market developments Q4 2022 (oecd.org)

Table 8: TSUK domestic sales of HRFC over the IP.

	2018/2019	2019/2020	2020/2021	2021/2022
Domestic sales by volume (tonnes) Index	100	98	91	113
Domestic sales by value (£) Index	100	86	79	169
Unit price (£/tonne) Index	100	87	87	149
Domestic sales as % of total sales by value Index	100	83	73	94

Source: TSUK questionnaire responses.

Table 9: TSUK export sales of HRFC over the IP.

	2018/2019	2019/2020	2020/2021	2021/2022
Export sales by volume (tonnes) Index	100	159	210	136
Export sales by value (£) Index	100	137	163	201
Unit price (£/tonne) Index	100	86	78	148
Export sales as % of total sales by value Index	100	132	152	112

Source: TSUK questionnaire responses.

Table 10: TSUK total sales of HRFC over the IP.

	2018/2019	2019/2020	2020/2021	2021/2022
Total sales by volume (tonnes) Index	100	120	133	121
Total sales by value (£) Index	100	104	108	180
Unit price (£/tonne) Index	100	86	81	148

Source: TSUK questionnaire responses.

280. From the start of the IP until 2020/2021, domestic sales decreased in both total volume and value. However, export sales increased at a higher rate than the domestic sales decreased during this period, so sales volumes and values increased overall during the first three years of the IP. In the final year we see a significant increase in domestic sales but a decrease in export and overall sales versus the previous year.

281. Meanwhile, the unit price shows a clear decline over the first three years of the IP, then a large and sudden increase in the POI. The data suggests that TSUK losing domestic market share drove them toward the export market, but this affected prices as export prices were lower than domestic prices. The data seems to support an assessment that neither the domestic nor export market offered TSUK sufficient demand or pricing during the first three years of the IP to allow them to maintain their prices.

282. We consider TSUK's explanation of the increase in both domestic sales and prices in 2021/22 to be reasonable, i.e. that it is the effect of COVID recovery evidenced in section G2.1. We therefore think it unlikely that these very high prices, in particular, are evidence of a continuing trend, but rather an anomaly, and that prices will return at least to levels seen in the years before COVID.

283. Taken together, the data across the IP therefore indicates that the UK HRFC industry may be vulnerable to losing domestic sales should dumped imports recur at prices lower than TSUK's, since domestic sales have already generally been in decline during the IP. Should TSUK seek to offset this by increasing export sales, this is likely to result in decreased average prices since export prices appear to be lower than domestic prices. While sales volumes, values, and average prices look very positive for 2021/22, we conclude as per section G2.1 that this is likely to be a temporary effect, and does not therefore discount the vulnerability to injury seen in the price decreases and loss of domestic sales trends prior to this in the IP.

G2.3 Profits

284. TSUK's financial accounts for 2019/20[198], show a particularly negative financial year in terms of profitability for the like goods, when compared to wider company trends.

285. TSUK's financial accounts state that this was due to lower demand in Europe resulting in lower prices and less profit margin for TSUK. Secondary sources[199] corroborated this. It also accords with the decrease in average sales price in 2019/20 in the data considered in the section G2.2 above.

286. However, the sales data in section G.2.2 shows a further decrease in average price in 2020/21, whereas profit data for the like goods shows some improvement in that year compared to 2019/20, albeit still showing significant losses. TSUK attribute this to stronger market conditions in the second half of the year compared to the weak market conditions, and low profitability, experienced throughout 2019/20, but this does not entirely explain why profit increased while prices decreased.

287. In 2021/22, we again see the very positive trend which we have attributed to COVID recovery and evidenced in section G2.1. While we have

[198] Companies House (TATA Steel UK).

[199] EUROFER (Steel market struggled in 2019, early data for 2020 shows dramatic impact of COVID).

concluded that this effect is likely temporary, it is nonetheless likely to have decreased TSUK's vulnerability by offsetting some of the losses experienced in the preceding three years.

288. Overall, while we have not been able to find evidence to explain some of the fluctuations in profitability during this period, we assess that the evidence shows a trend of low profit margins. Should dumped imports recur and undercut the UK industry, it is unlikely that the UK industry could reduce its profit margins in order to remain competitive on price, as profit margins already appear to be low.

G2.4 Output

Table 11: TSUK HRFC production output over the IP.

	2018/2019	2019/2020	2020/2021	2021/2022
Output by volume Index	100	102	97	102
Output by value Index	100	102	91	136

Source: TSUK questionnaire responses.

289. Production output has remained stable throughout the IP. There was a slight rise in output in 2019-2020 and towards the end of the IP before dropping in 2020.

290. TSUK claims in their questionnaire response that they aim to keep their Mill at Port Talbot fully utilised otherwise it becomes uneconomic. While TSUK's explanation is in line with descriptions of steel production in secondary sources generally, we have been unable to verify TSUK's claims specifically, although this would explain why production volumes have remained fairly constant throughout the IP[200].

291. As we are unable to verify specific evidence on this point in relation to TSUK, it will not contribute to our assessment.

G2.5 Market share

Table 12: UK domestic sales and importers over the IP.

	2018/2019	2019/2020	2020/2021	2021/2022
Domestic sales (volume) Index	100	98	86	114
UK imports (volume) Index	100	68	51	75

Source: TSUK questionnaire responses.

[200] Live mint- Steel industry struggles as blast furnaces begin shutting down.

292. The table above shows imports into the UK decreased in 2019/2020 and remained below the 2018/2019 level for the remainder of the IP. Our confidential data also shows that domestic market share increased throughout the IP while imports market share decreased.

293. Although market share appears relatively strong given it has been increasing throughout most of the IP, Table 12 shows this is a result of imports declining faster than domestic sales suggesting that changes to the UK industry's market share appears to be mainly driven by greater volatility in the imports market.

294. In their submission, TSUK explain that the UK's market share increase in 2020 was driven by COVID lockdowns shutting down factories that caused global imports to fall. This resulted in an increase in TSUK's domestic sales. Secondary sources[201] concur with this.

295. In the sales section above (G2.2) above, we noted TSUK's data suggests that they had turned to the export market, despite its lower prices, because they were losing domestic market share to lower priced imports. This explanation does not appear to be supported by the market share data above, which shows that the domestic industry was not losing market share to imports during the IP. However, we have already seen that TSUK was losing sales during this period.

296. We have concluded that market share data alone does not appear to indicate that the domestic industry is vulnerable to injury should dumped imports recur and undercut UK industry. However, data reviewed in this paper (sections G2.2 and G2.3) thus far suggests that domestic industry has managed to maintain its market share during this period at the expense of price and profit, which does indicate that should dumped imports recur and undercut UK industry, there may be limited opportunity to further reduce prices and profits, at which point the UK industry may have no choice other than to start losing market share.

G2.6 Employment and productivity

[201] OECD- International trade during the COVID-19 pandemic: Big shifts and uncertainty.

Table 13: TSUK employment over the IP.

	2018/2019	2019/2020	2020/2021	2021/2022
Total number of employees (FTE) Index	100	99	94	93
Number of employees for like goods (FTE) Index	100	123	142	124

Source: TSUK questionnaire responses.

Table 14: TSUK productivity over the IP.

	2018/2019	2019/2020	2020/2021	2021/2022
Average output in volume per employee for the like goods (FTE) Index	100	83	69	82

Source: TSUK questionnaire responses.

297. TSUK have calculated employment numbers for HRFC by weighting the total employees by sales volume. As this data has been weighed by sales this might not accurately reflect employees for like goods, particularly as total number of employees has decreased suggesting this would also be the case for like goods.

298. Productivity per employee has been calculated by dividing the total output by volume by the total number of employees for the like goods. In addition, in apportioning employee numbers, TSUK put a weighting on sales volumes.

299. Although HRFC is sold as an end-product, it is primarily “re-used” as a raw material for other products, such as cold rolled steel. Given the interconnectivity of TSUK's steel products, the assessment of injury needs to look at all factors beyond the productivity, employment, and wages in isolation.

300. Due to the above methodology, and the interconnectivity of steel products involving HRFC, we are unable to make a finding on productivity and employment in our assessment of injury.

G2.7 Wages

Table 15: TSUK wages over the IP.

	2018/2019	2019/2020	2020/2021	2021/2022
Median wage for FTE engaged in activities related to the like goods Index	100	101	97	115

Source: TSUK questionnaire responses.

301. Median wage remained fairly constant in the first two years of the IP and then decreased in 2020 before increasing substantially in the end of the IP. This could be partially a result of inflation driving up wages as well as a result of the government helping with employment cost[202].

302. Although there are potential economic reasons to why wages increased in the POI, there is no clear trend, and as TSUK have made no argument surrounding wages this factor does not contribute to our assessment.

G2.8 Return on investments

303. Return on investments decreased significantly from 2018/2019 to 2019/2020 before increasing in 2020/2021, and significantly improving in 2021/2022. The reason behind the 2019/20 significant decline appears to be related to TSUK's revaluation of fixed assets in accordance with their financial accounts.

304. 2021/22 shows a healthy ROI figure and a considerable improvement on the rest of the IP. In TSUK's 2022 financial accounts strategic report, they highlight that the price of HRFC was at a very high level by March 2022 as a result of the conflict with Russia and Ukraine, as well as the increase in demand post-COVID. This is in line with the evidence we have found in section G2.1.

305. In summary, the ROI throughout the first 3 years of the IP suggests the industry may be experiencing financial vulnerability as a result of persistently making losses on investments. Although 2021/22 was positive, this appears transitory for the reasons above. Should the measure be revoked and the dumped imports recur, our assessment elsewhere in this paper (sections G2.2, G2.3 and G2.5) suggests that this may affect prices and/or market share, which may further impact ROI.

G2.9 Utilisation of capacity

[202] According to TSUK accounts[202], during 2021/2022, TSUK put a number of employees on furlough, receiving £25 million from the UK Government to assist in the financing.

Table 16: TSUK utilisation of capacity over the IP.

	2018/2019	2019/2020	2020/2021	2021/2022
Production capacity for like goods (volume) Index	100	100	100	100
Production capacity utilisation for like goods (%) Index	100	101	97	101

Source: TSUK questionnaire responses.

306. Production capacity for like goods has remained constant throughout the IP. Production capacity utilisation has remained relatively stable apart from in 2020, in which it reduced.

307. TSUK stated in their 2020/21 annual report that COVID-19 pandemic caused a 'significant drop in demand for the company's steel products'. This is also supported by secondary sources[203].

308. Although lockdowns and decreased demand as a result of COVID-19 pandemic may both be expected to have a significant impact on capacity utilisation, TSUK have claimed in their submission they aim to keep their Mill at Port Talbot fully utilised otherwise it becomes uneconomic. This would suggest that TSUK are limited in their ability to respond to such events as they cannot substantially reduce their capacity utilisation without incurring significant cost, which may explain why the impact on capacity utilisation was relatively limited in comparison to that seen elsewhere, for example in the sales data.

309. This would suggest that the figures on capacity utilisation may not indicate as secure a position for the UK industry as they appear to, if a) any reduction would cause significant closures and b) stable capacity utilisation is, for this reason, being prioritised above other factors such as profit.

310. However, while this explanation is in line with descriptions of steel production in secondary sources generally, we have been unable to verify these claims specifically. This factor does not, therefore, contribute to our injury assessment.

G2.10 Factors affecting domestic prices of the like goods

[203] UK House of Commons Library (UK Steel Industry: Statistics and Policy).

Table 17: TSUK independent sales prices over the IP.

	2018/2019	2019/2020	2020/2021	2021/2022
TSUK's prices for sales to unrelated in the UK (£/tonne) Index	100	87	87	149

Source: TSUK questionnaire responses.

311. TSUK's price decreases from 2018 to 2021 are discussed in section G2.2 above, where reduced demand from Europe is cited for 2019/20 and the impact of the COVID-19 pandemic in 2020/21.

312. TSUK's figures for 2021/22 were considerably more positive, with their strategic report noting "a combination of strong seaborne demand from India, Japan, South Korea and Europe… and due to a loss of supply from Russia as a result of the war in Ukraine"[204]. This has been evidenced by secondary sources which highlight that domestic ex works hot rolled coil price index for Northern Europe almost doubled year-on-year due to the Russian war against Ukraine and its impact on demand as a result of "panic buying"[205].

313. As discussed in section G2.1, we accept that prices are unlikely to remain at this level.

314. In their submission, TSUK have also stated that their prices have dropped throughout the IP in part because they were facing cheaper imports which forced them to lower their prices in order to survive. However, it is hard to determine a direct link between prices and imports in the data, rather imports appear to be priced higher than the UK goods during the IP. Nonetheless, as we found in section G2.2, data on TSUK's domestic prices indicates that the market has not offered TSUK sufficient demand during the first three years of the IP to allow them to maintain their prices, and TSUK being forced to reduce their prices appears to be supported by TSUK's profit data indicating a loss from 2018 to 2021.

315. Overall, we assess that prices have been under pressure during the IP as a result of a range of factors, but most prominently fluctuating demand. Should dumped imports recur and undercut domestic prices, the UK industry would be likely to suffer injury if they lowered their prices further to compete. Otherwise they may risk losing market share. We therefore conclude that this factor contributes to an assessment that injury would be likely to recur should the measure be revoked.

[204] TATA STEEL UK LIMITED filing history.

[205] Fastmarkets - Six months of war: How has it changed the global steel market?.

G2.11 Cash Flow

316. TSUK's cash flow fluctuates over the IP, with a significant and sudden decline in 2019/20, and a return to positive cash flow in 2020/21 in part as a result of government support during the pandemic. Cash flow then returned to negative in 2021/22., which we have found was in part due to the cost of raw materials and energy[206].

317. In summary, the evidence on cash flow indicates that it has been volatile and largely negative throughout the IP, indicating a position of financial vulnerability for the UK industry. Therefore, if the measure were to be revoked and dumped imports to recur, the UK industry would have limited financial flexibility to adapt to the impacts on prices, sales and market share discussed throughout this assessment.

G2.12 Inventories

Table 18: TSUK inventories over the IP.

	2018/2019	2019/2020	2020/2021	2021/2022
Stocks at year end, volume manufactured by TSUK in UK Index	100	102	88	93
Stocks at year end, total value manufactured by TSUK in UK Index	100	91	90	130

Source: TSUK questionnaire responses.

318. Stock volume follows the same trend as output volume. While stock levels may alter due to market conditions, total volume held has reduced by 7% over the IP. The significant increase in stock value in 2021/22 is in line with our findings in previous sections suggesting that this is a temporary effect related to COVID recovery.

319. TSUK noted that the decrease in stock levels is a consequence of the supply chain disruption caused by the COVID-19 pandemic, which would align with production decreasing to respond to demand during the pandemic[207].

320. Stock levels as a percentage of production remains constant, indicate that TSUK are managing their stock consistently.

[206] OECD (Steel market developments Q4 2022).

[207] UK House of Commons Library (UK Steel Industry: statistics and policy).

G2.13 Growth

Table 19: TSUK turnover over the IP.

	2018/2019	2019/2020	2020/2021	2021/2022
Total turnover of like goods Index	100	104	108	180

Source: TSUK questionnaire responses.

321. As outlined in Section G2.4, TSUK's production output of HRFC has been relatively constant throughout the injury period, whereas sales volume (Section G2.2 Table 10) has grown by just over 20% when comparing the 2021/22 POI to the year 2018/2019.

322. Even though the volume of sales dropped by about 10% in the POI from the previous year of 2020/2021, TSUK's turnover, as shown in Table 19, increased throughout the IP and significantly in the POI. This mirrors sales by value indicating potential growth. However, this may be temporary as discussed in section G2.1 as steel prices have risen significantly resulting in higher turnover.

323. In their submission, TSUK highlight the importance of the steel industry for the UK. This has been shown in recent government plans[208] outlining investment in the steel and HRFC industry Therefore, TSUK may benefit from an increase in domestic demand and growth of the industry.

324. Additionally, as discussed in section F2.1, between 2018 and 2021 an average of 7% of the UK imports of HRFC came from Russia. Given the current sanctions regime, prohibition of commerce with Russian entities and exclusion of Russian banks for the international financial system (SWIFT), it is unlikely that imports levels will reach this average whilst sanctions are in place. Therefore, there is further scope for growth of the UK industry to fill this gap in supply.

325. To conclude, there is some indication of potential growth of UK industry.

G2.14 The ability to raise capital or investments

326. We do not have any information from the domestic industry on their ability to raise capital or investments. We therefore do not have evidence on this factor to contribute to our assessment.

[208] BEIS (Steel Public Procurement 2021).

G2.15 Conclusion on the current state of the UK industry

327. TSUK and UK Steel reported that the UK industry is currently in a vulnerable state, and that as a consequence any dumped imports would be likely to cause material injury.

328. Evidence of these claims about the state of the UK industry can be observed through TSUK's annex data: sales, profit, return on investments and cash flow indicate the industry is in a financially vulnerable position.

329. While significant decreases in these indicators were observed over the 2019/2020 period, we have noted that this period was impacted by the COVID-19 pandemic resulting in short-term reduction in production and consumption. We would not directly attribute the downturn to imports as they remained relatively low from most countries in the investigation.

330. The sudden improvement in the injury indicators in the POI is representative of the rebound in the economy. In the POI, consumption recovered resulting in large and sudden steel price increases. However, since the end of the POI, steel prices have fallen more than steel raw material costs. We therefore found some of the data in the POI to be anomalous and not indicative of a trend likely to continue.

331. Looking beyond the fluctuations associated with COVID impact and recovery, we assess that the UK HRFC industry has seen prices decrease, costs increase, and has struggled to make a profit. While market share and output appear to have been broadly maintained, the explanations given and the context provided by the broader evidence suggests that this is not indicative of a strong position, as it appears that market share has been maintained by lowering prices and reducing profits. Taken together, these factors indicate that not only has the UK industry already been experiencing challenges in these areas, but that they have reduced opportunity to respond to further challenges such as dumped imports. While we found some evidence of potential growth, we found that this was not sufficiently certain or stable to change our assessment.

332. We therefore conclude that the current state of the UK industry contributes to an assessment that injury to the UK industry would be likely should the anti-dumping amount no longer be applied and dumped imports recur.

G3 Other causes of injury

G3.1 Global and UK market conditions

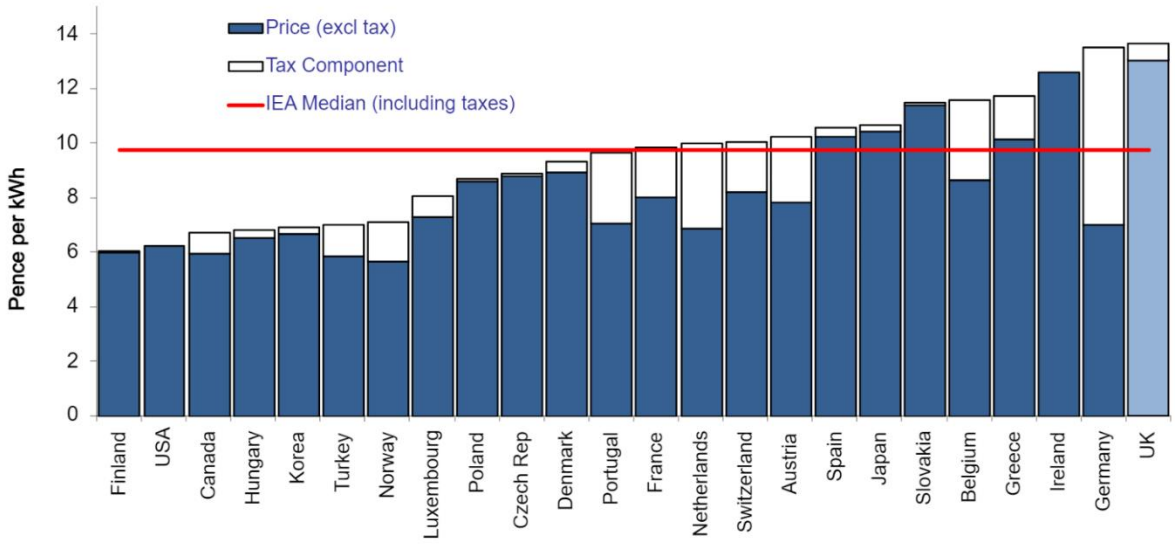
333. The UK steel industry is and has continued to deal with economic difficulties. Numerous headlines[209] in 2019 reference the difficulties that TSUK have faced in becoming a sustainable and profitable business.

334. These economic problems don't appear to have continued into the POI as seen throughout section G2.

335. In their submission, TSUK referred to inflation in raw material and energy prices and supply chain disruption caused by COVID-19 pandemic as affecting the profitability of the HRFC industry. The UK has higher energy costs than other countries, suggesting that the UK might be in a unique position with regards to energy, as shown in the graph below:

Figure 4: International industrial energy prices in 2021.[210]

Chart 5.3.1 Industrial electricity prices in the IEA - 2021

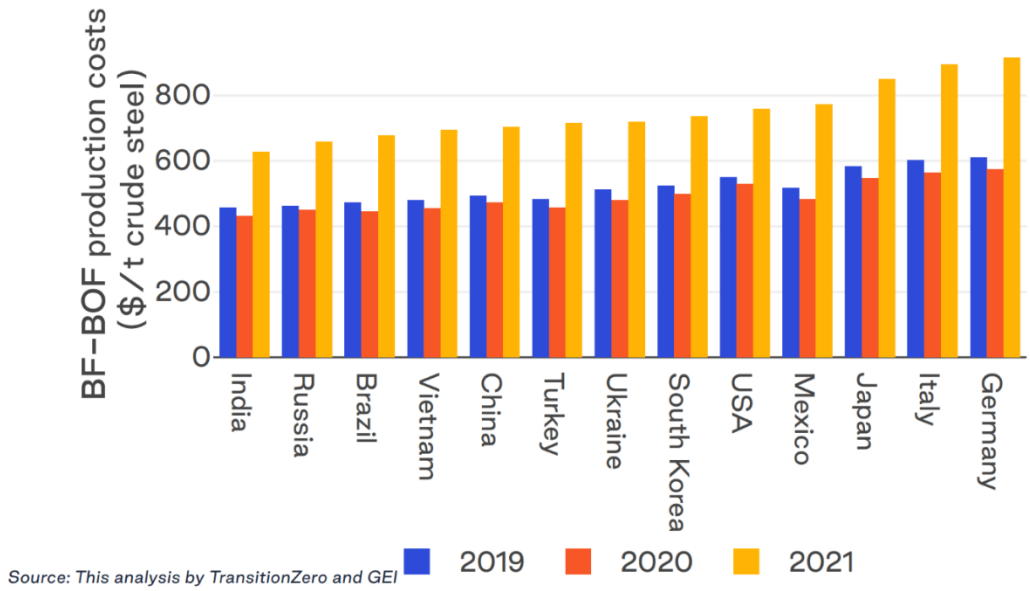


336. There is also evidence that high production costs are not limited to the UK alone and are instead a global issue. As Figure 5 shows, the operational costs of a Blast Furnace/Basic Oxygen Furnace have increased in many countries by around 50% in 2021:

[209] BT Buzz: Debt, losses spike; how long can Tata Steel survive in Europe? - BusinessToday.

[210] table_531.xlsx (live.com).

Figure 5: Blast Furnace / Basic Oxygen furnace cost.[211]



337. Since Russia's invasion of Ukraine on 24 February 2022, there has been a significant increase in global energy prices[212]. As Figure 4 above demonstrates, the UK industry already faces some of the world's highest energy costs, meaning the impact of the Russian war against Ukraine may be more acutely felt by the UK industry.

338. While these high production costs may have increased the financial vulnerability of the UK industry, leaving it more susceptible to further challenges such as dumped imports, so far the UK industry has managed to continue in the market. We would note that during the POI, as energy prices have reached the very high levels noted above, the UK industry has also experienced conditions allowing it to sell at particularly high prices. While rising energy costs may continue to make the UK industry vulnerable to downward pressure on prices in the future, e.g. from dumped imports, we do not expect the global conditions contributing to current energy costs, particularly those associated with the Russian war against Ukraine, to worsen in the future[213] such that they would mean injury caused by dumped imports would not occur.

G3.2 Imports of HRFC from third countries

[211] Global Steel Production Costs- A country and plant-level cost analysis Jan 2022.
[212] The impact of the Ukraine war on global energy markets | Centre for European Reform (cer.eu).
[213] European gas prices fall to pre-Ukraine war level | Gas | The Guardian.

339. Table 20 shows import volumes from third countries. The Netherlands, Belgium, Sweden, Germany, and Türkiye have been the largest exporters of HRFC into the UK throughout the IP.

Table 20: UK imports of HRFC from top five origin countries.

Country		2018	2019	2020	2021	2022 (Jan-May)
Netherlands	Volume (tonnes)	185,553	165,548	65,759	79,019	35,587
	Share of imports (%)	22	20	13	12	11
	Unit price (£/tonne)	560	515	465	670	985
Belgium	Volume (tonnes)	146,376	168,721	91,329	91,380	80,460
	Share of imports (%)	17	21	18	13	25
	Unit price (£/tonne)	528	528	444	415	871
Sweden	Volume (tonnes)	104,330	98,311	76,475	83,945	25,774
	Share of imports (%)	12	12	15	12	8
	Unit price (£/tonne)	599	528	495	690	1014
Germany	Volume (tonnes)	95,613	84,355	68,777	91,666	49,605
	Share of imports (%)	11	10	14	13	16
	Unit price (£/tonne)	539	523	476	734	862
Türkiye	Volume (tonnes)	65,955	75,453	10,432	48,288	20,702
	Share of imports (%)	8	9	2	7	7
	Unit price (£/tonne)	508	483	395	673	831
Total imports	Volume (tonnes)	843,825	815,698	494,129	681,089	316,795
	Unit price (£/tonne)	556	523	461	708	871

Source: HMRC, Overseas Trade in Goods Statistics, 2022.

340. The Netherlands, Belgium and Sweden have been the largest exporters, although all three have decreased volumes in the POI compared to their initial level. Total imports of HRFC have also decreased over the IP.

341. Average unit import values vary between the five importing countries. During the POI we observe a range of £831 (Türkiye) to £1,014 (Sweden) per tonne. All countries follow the same trend, increasing in the POI significantly when compared to the initial price.

342. As these prices are higher than TSUK's sales price it is unlikely that injury has been caused by these imports, and there is no evidence that this would occur in future.

G3.3 COVID-19 pandemic

343. We have assessed the positive and negative impacts of the COVID-19 pandemic on UK industry in section G.2.

344. Whilst we have found the positive effects of COVID recovery are temporary, the issues caused by the COVID-19 pandemic are unlikely to affect the industry in the future.

G3.4 Conclusion

345. During the IP, the TRA have found that cost of production and the COVID-19 pandemic contributed to the vulnerability of the UK industry to injury. However, we do not consider that either of these impacts were so large as to mean that the impact of a further challenge to the industry by dumped imports would not be likely: so far the UK industry has managed to continue in the market; we would not expect COVID-19 pandemic to have a continued negative effect on the industry in future as UK restrictions are now lifted; and we would not expect the impact of the Russian war on Ukraine with regard to energy costs to worsen. We therefore conclude that other causes of injury will not negate any finding of injury likelihood we may reach in this assessment.

G4 Undercutting analysis

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

347. For Ukraine, Brazil and Iran, the import volume during the IP was negligible (0.12% for Ukraine, 0% for Brazil and 0% for Iran) and therefore an accurate unit price and undercutting amount could not be calculated and this factor does not contribute to our assessment.

Table 21: Comparison of UK sales prices and Russian import prices.

	2018/2019	2019/2020	2020/2021	2021/2022
UK domestic sales price of TSUK (£/tonne)	491	430	425	731
Index (2018/2019 = 100)	100	87	87	149
Russian import price (£/tonne)	459	418	374	673
Index (2018/2019 = 100)	100	91	81	146
Undercutting per unit (£/tonne)	-32	-12	-51	-58
Undercutting as a % of UK sales price of TSUK	6.5	2.8	12.0	7.9

Source: HMRC, Overseas Trade in Goods Statistics, 2022; questionnaire responses.

348. Over the IP, Russian import prices have been consistently undercutting UK industry prices by an average of 7.3% as shown in the calculations above. Over the IP, prices of HRFC imported from Russia have undercut prices of domestically produced HRFC by between 2.8% and 12.0%, suggesting that were the measure removed, prices of Russian imports would likely be lower than UK industry prices.

G5 Domestic and international market conditions

G5.1 Downstream demand

Table 22: UK demand for HRFC over the IP.

	2018/2019	2019/2020	2020/2021	2021/2022
UK demand (tonnes) Index	100	80	65	90

Source: HMRC, Overseas Trade in Goods Statistics, 2022; TSUK questionnaire responses.

349. UK demand for HRFC has fallen throughout the IP, particularly in 2020/2021, possibly as a result of the COVID-19 pandemic, with signs of recovery in 2021/2022.

350. Any further reduction in demand for HRFC would likely result in a reduction in consumption and sales. This is shown in TSUK's sales volume and value which follow the same trend as demand.

351. A decrease in demand has a negative effect on UK industry which is likely to increase vulnerability of injury to the UK industry. We have some evidence in section G2.13 to suggest there may be an increase in domestic demand and growth of the industry, but did not have sufficient evidence of this to contribute to our assessment.

G5.2 Production

Table 23: Production of HRFC in the UK and in countries subject to review.

	2017	2018	2019	2020
UK production (million metric tonnes)	7.1	7.2	3.4	3.4
Index (2018/2019 = 100)	100	99	52	51
% of world production	1	1	0.3	0.3
Brazil production (million metric tonnes)	26.9	27.8	25.3	23.5
Index (2018/2019 = 100)	100	103	94	87
% of world production	2	2	2	2
Iran production (million metric tonnes)	14.9	15.5	15.6	16.3
Index (2018/2019 = 100)	100	104	105	109
% of world production	1	1	1	1
Russia production (million metric tonnes)	41.5	41.2	40.9	42.2
Index (2018/2019 = 100)	100	99	99	102
% of world production	3	3	3	3
Ukraine production (million metric tonnes)	9.9	10.9	10.5	9.6
Index (2018/2019 = 100)	100	110	106	97
% of world production	1	1	1	1
World production (million metric tonnes)	1,202.8	1,192.0	1,223.2	1,212.2
Index (2018/2019 = 100)	100	99	102	101

Source: World Steel, 2022. (Production data is only available until 2020.)

352. Brazil's production remained fairly constant falling slightly in 2019 and further in 2020. Iran's production increased throughout the IP indicating a positive trend in production. Ukraine's production increased in 2018 and 2019 before falling slightly in 2020. Russia's production remained steady before increasing slightly in 2020. However, the war in Ukraine in 2022 may have disrupted production from both of these countries. UK production fell considerably in 2019, almost halving, indicating a potential vulnerable market.

353. World production data shows a slight decline in 2018 following an increase in 2019 and 2020 when compared to 2017, indicating an upward trend.

354. UK demand fell throughout the IP while market share increased, suggesting that the UK industry wasn't being significantly affected by imports during that period. However, if the trend continues from Iran, this could result in an overall increase of supply which could lead to a decrease in prices.

G5.3 Supply

355. Confidential data from a market source specialising in commodity shows global consumption of HRFC between 2018 and 2020[214].

356. Global consumption has increased slightly from 2018 to 2020 while UK demand fell. This might be as a result of demand being driven by developing economies. This could lead to a greater production of HRFC abroad to meet the increasing demand, potentially suppressing or depressing global HRFC prices.

357. Prior to the conflict, Russia and Ukraine supplied 10.3% of global exports of flat products in 2020[215]. However, since the Russian invasion of Ukraine and the subsequent sanctions, a decrease in Russian exports is expected. Additionally, Ukrainian production and export capabilities have been severely hindered, therefore the evidence suggests the global export share of Russia and Ukraine (10.3%) is unlikely to return in the short to medium term resulting in a global supply contraction.

358. However, without additional data is it difficult to determine the exact impact this will have on the UK industry.

G5.4 Prices

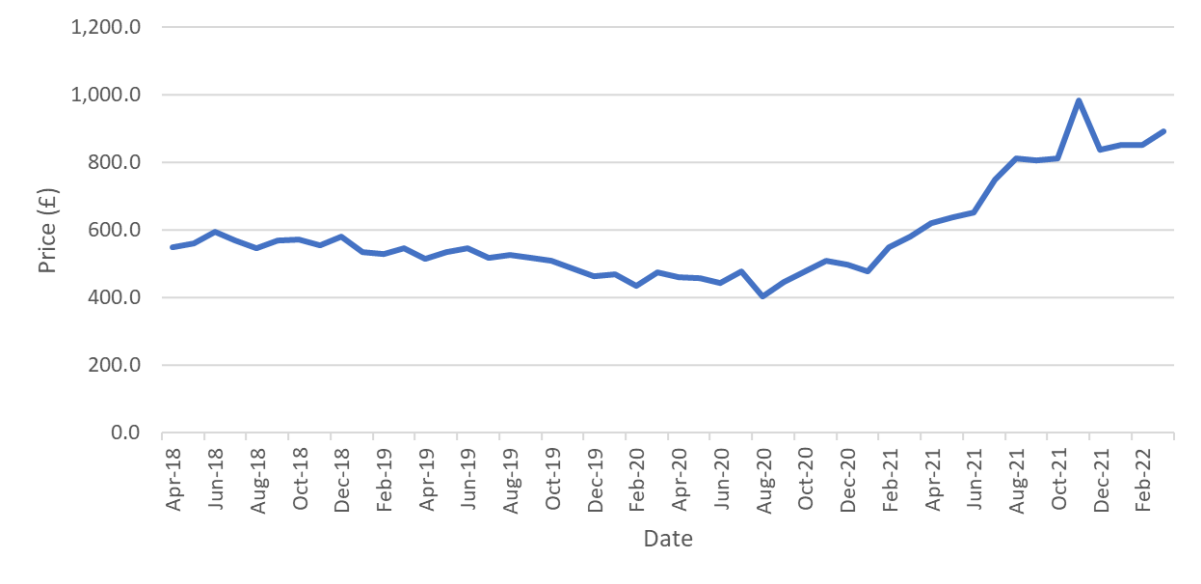
359. The graph in Annex 4 shows the FOB and Ex-Works prices from the major economies of HRFC from each quarter in the last 20 years. At the beginning of the POI April – July 2021 US prices were almost double their historic value over the last 20 years. At the start of 2022, prices started to fall, however, the Western European, US and global prices rise sharply at the end of the first quarter of 2022.This is likely a result of the impact of the Russian invasion of Ukraine in February 2022 – particularly as Russia and

[214] We are unable to disclose figures from paid data sources due to access requirements.
[215] OEC (Exporters of Hot-Rolled Iron 2020).

Ukraine were significant global suppliers of HRFC. Since Ukrainian production capacity and levels have been severely hindered and Russia has been sanctioned, global supply has contracted. Noticeably, Chinese Ex-Works price does not reflect this development in the market. This is likely due to subdued domestic demand in China as a result of the 'zero COVID-19 policy' which is having an impact on Chinese economic growth and consumption, as reported by Peterson Institute for International Economics[216].

360. In the POI Western European Ex-Works prices range from $450 per tonne to $1550 per tonne, which is a more than threefold price fluctuation likely due to the impact of COVID-19 pandemic.

Figure 6: UK import prices of HRFC over the IP.



Source: HMRC, Overseas Trade in Goods Statistics, 2022.

361. From the beginning of the IP, prices gradually fell until August 2020 where they were at their lowest level. Prices started to recover thereafter possibly as a result of domestic consumption resuming following the initial UK lockdown. UK prices follow a similar trend as global prices, increasing from 2021. This increase in prices has largely been driven by latent supply side effects of Covid, including a rise in the cost of transport, energy and raw materials. Additionally, while the UK price dynamic of HRFC is observably less dramatic than that observed in Annex 4, it is likely to remain relatively high due to geopolitical developments and global market pressures.

G5.5 Consumer preference

[216] Price History (steelbenchmarker.com).

362. As UK Steel told us that HRFC is a 'highly commoditised, homogenous' product it is more likely to be driven by price. Therefore, UK producers could easily lose customers who would be likely to switch to the cheapest supplier, leading to potential further injury. However, we do not have any evidence to support this argument.

G6 Historic injury data

363. TSUK state in their submission that the UK industry is still vulnerable, and injury would be likely to recur if the anti-dumping measures were revoked. Before the original EU anti-dumping measures were put into place in 2017, TSUK decommissioned their Llanwern hot mill in 2016.

364. Even with the current measure in place from Commission Implementing Regulation (EU) 2017/1795[217], we cannot determine what portion of injury identified by the EC was suffered by the UK industry as the EC did not seek to identify injury in individual member states.

G7 Other factors

365. The TRA has considered whether there are any other factors relevant to this case. We have not identified any other factors that can contribute to this likelihood assessment.

G8 Conclusion

366. We assessed that the UK HRFC industry has seen prices decrease, costs increase, and has struggled to make a profit during the IP. Taken together, these factors indicate that not only has the UK industry already been experiencing challenges in these areas, but that they have limited opportunity to respond to further challenges such as dumped imports. While we found some evidence of potential growth, we found that this was not sufficiently certain or stable to change our assessment. We therefore found that the current state of the UK industry indicated a vulnerability to injury were dumped imports to recur as a result of revoking measures against Russia, Brazil or Iran.

367. Other potential causes of injury were analysed to establish if a different factor could cause such injury to the UK industry that injury from dumped imports would not recur. Cost of production and the COVID-19 pandemic contributed to the vulnerability of the UK industry to injury, but so far the UK industry has managed to continue in the market, and we do not expect the

[217] Commission implementing regulation (EU) 2017/1795.

effect of either to worsen. We therefore conclude that other causes of injury will not negate any finding of injury likelihood we reach in this assessment.

368. We considered whether imports from the countries subject to review would be likely to undercut domestic producers. It has not been possible to assess whether undercutting occurred for Ukraine, Brazil, or Iran as import volumes were limited. However, an assessment was made for Russia which showed undercutting suggesting that if the measures were removed the likelihood of injury to the UK industry would increase.

369. The analysis of the domestic and international market found that although there were limitations in data, meaning that we could not determine the exact impact in our analysis, it did support our conclusion that the UK is in a vulnerable position.

370. While we were unable to assess historic injury data for HRFC, we reviewed the previous European Commission investigation proceedings that showed that imports from the countries subject to review had caused injury to the EU industry.

371. We determined in section F3 that Ukraine is unlikely to dump the goods subject to review if the measure applied to them was revoked. Therefore, we have assessed that it would be unlikely that there would be injury caused to the UK industry from Ukraine if the measure were revoked.

372. Overall, our assessment is that dumped imports from Russia, Brazil or Iran would be likely to cause downward pressure on prices, sales and market share, and therefore also profit for UK industry. Given the vulnerability already presented by a holistic assessment of these indicators as they are currently, our assessment is that UK industry would have few viable options available to respond to such downward pressure and avoid suffering injury as a consequence. We therefore assess that injury to the UK industry by dumped imports of HRFC originating from Russia, Brazil or Iran would be likely if the measures were no longer applied.

SECTION H: Economic Interest Test (EIT)

H1 Introduction

373. 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.

374. The aim of the EIT is to determine whether our recommendation to vary the measure and apply an anti-dumping remedy on the goods subject to review imported from Brazil, Iran and Russia is in the economic interest of the UK.

375. In accordance with paragraph 25 of Schedule 4 to the Act, the EIT is met in relation to the application of an anti-dumping remedy if the application of the remedy is in the economic interest of the United Kingdom.

376. 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.

H2 UK supply chain overview

377. As shown in Figure 7, HRFC is produced using coal, coke, limestone and scrap metal.

378. The majority of HRFC produced in the UK is manufactured by TSUK, the largest domestic integrated iron and steel manufacturer.

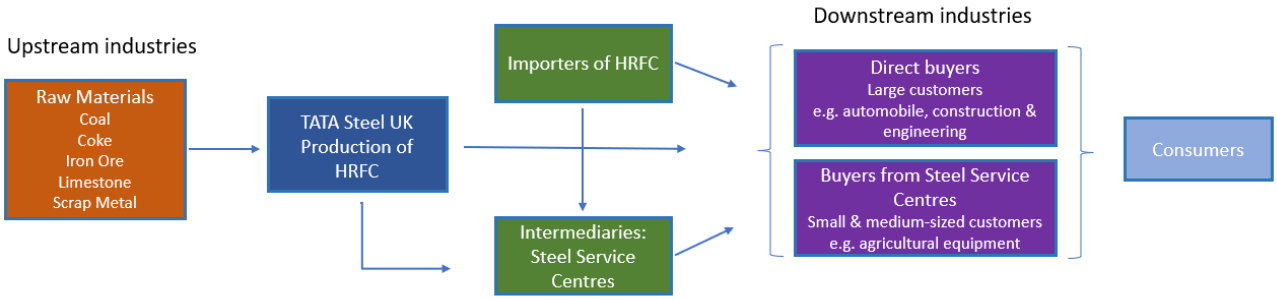
379. HRFC is most frequently used as an input in the production of other steel products, including tubular products, tin plate and products requiring cold reduction.

380. Between 60% and 80% (this could vary depending on the market demand) of the TSUK's sales of HRFC are to the intermediary facilities called Steel Service Centres (SSCs) before being sold onto downstream industries. The

SSCs act as storage facilities and traders of steel; however, they also make minor adjustments and modifications to the HRFC such as cutting and thinning.

381. The downstream businesses uses of HRFC are varied and include those in the automotive, construction and engineering industries.

Figure 7: Supply chain for HRFC.



H3 Evidence base

382. We received questionnaire responses from:

- two producers of HRFC in the UK, Tata Steel UK Limited (TSUK) and Liberty Steel;
- one trade association representing the UK steel industry, UK Steel; and
- one trade union representing the UK steel industry, Community.

383. We used questionnaire responses along with UK trade data from HMRC to identify other affected businesses but we did not receive further submissions.

384. We furthered our evidence base with publicly available data including:

- Companies House;
- ONS: NOMIS;
- HMRC: Overseas Trade in Goods Statistics data; and
- HMRC: Find UK Traders tool.

H4 Injury caused by dumping and benefits to UK industry in removing injury

385. The injury likelihood assessment concluded that if the existing measure was revoked, injury to the UK industry would be likely to recur because of increased competition from lower-priced imports of HRFC from Brazil, Iran and Russia.

386. TSUK maintain that any further reduction in sales would likely lead them to switch off one of their two blast furnaces currently functioning. As the UK industry is comprised of two producers only, of which TSUK is the considerably larger producer, this is likely to cause material injury to the UK industry.

387. The measure will prevent this material injury to UK industry.

H5 Economic significance of affected industries and consumers in the UK

388. This section sets out the relative size and economic significance of the relevant industries and consumers within the HRFC supply chain.

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

- Upstream industries: this group includes suppliers of coal, coke, electricity and gas, and iron ore.
- UK producers of HRFC, TSUK and Liberty Steel.218
- Importers of HRFC.
- Steel service centres (SSCs): these are the intermediary service centres, who stock and tailor steel products, including HRFC.
- Downstream industries: this group encompasses a broad range of industries including automotive, construction and engineering.
- Consumers: consumers purchase final products made using HRFC such as cars.

390. For each group we selected businesses for analysis. For the upstream industries and SSCs, we derived a sample of businesses based on the value of total transactions with TSUK.

391. For the selected businesses we used publicly available financial accounts data from the Companies House to estimate employment, Gross Value Added (GVA), turnover, Earnings Before Interest, Depreciation and Amortisation (EBITDA), and the EBITDA margin.

392. Using available evidence, we assessed the significance of HRFC to each group.

[218] As noted previously Liberty Steel did not submit a full completed questionnaire leading to a lack of evidence. As such, the pursuant analysis only considers TSUK as a UK producer of HRFC.

H5.1 Upstream industries

393. We identified seven upstream businesses that supply raw materials and inputs (including coal, coke, scrap metal, electricity and gas) to TSUK. Based on the value of transactions, we sampled three upstream businesses and estimated that these businesses employed 1,663 workers, had a total GVA of circa £162m and an average EBITDA of £31m per year.

394. For selected upstream businesses, more than 10% of their turnover was linked to sales to TSUK.

H5.2 UK producer of HRFC

395. HRFC produced in the UK is largely produced by TSUK. TSUK are the UK's largest integrated iron and steel manufacturer with sites in south Wales and the Midlands.

396. Using financial accounts, we estimated that over the IP, TSUK employed 8,188 workers, had an average GVA of circa £174m and an average EBITDA of £-191m per year.

H5.3 Importers of HRFC

397. Using trader data, we identified 199 businesses that imported HRFC during the POI.[219] Trader data also shows that there were 45 importers of HRFC in 2021. The difference in number of importing businesses between 2021 and the POI is driven by import data collection changes due to the UK exit from the EU.

398. Trader data tracks the number of monthly imports by a business but provides neither the number of transactions made by a business within a month nor the value or volume of these imports.

399. We took the total value of UK imports of HRFC during the POI and divided this value by 199, the number of UK importers of HRFC in the POI, to find the average expenditure on imports of HRFC per business.

400. We selected the ten most frequent UK importers of HRFC in the POI. We sampled six UK importers, for which we could find financial data, and we estimated that these businesses employed 661 workers, had a total GVA of circa £57m and an average EDITDA of £5m.

[219] Many of these are thought to be Non-Established Taxable Persons (NETPs), who do not have a footprint in the UK.

401. Using published financial data and the average expenditure on imports of HRFC per business, as described above, we also found that the average cost of HRFC purchases for selected UK importers ranged from 1 to 6% of these businesses' total cost of sales.

402. However, the distribution of trade is likely to be skewed with some importers accounting for a larger than average share of imports. Businesses that frequently import HRFC are likely to spend on average more on purchases of HRFC than other businesses. Consequently, for these businesses the average cost of HRFC purchases is likely to exceed 6% of these businesses' total cost of sales. Therefore we conclude that importers are a significant group for this investigation.

H5.4 Intermediaries: Steel Service Centres

403. Between 60 and 80% of the TSUK's sales of HRFC are to the SSCs. This, however, could vary depending on market demand. These intermediaries act as traders of HRFC but may also make adjustments and modifications to steel products.

404. We identified 42 SSCs and we sampled 13 based on the value of transactions. Using public financial accounts, we estimated that over the IP, the selected SSCs employed 1,029 workers, had a total GVA of circa £61m and an average EBITDA of £3m per year.

405. We compared the value of domestic purchases of HRFC by the SSCs to their total purchases and we concluded that HRFC was a significant product for the SSCs.

406. Our analysis is based on domestic purchases of HRFC from TSUK by the SSCs. This estimation is conservative, however, because it does not account for purchases of imported HRFC by the SSCs. Hence, we are likely to underestimate the significance of HRFC to the SSCs.

H5.5 Downstream industries

407. Submissions made by TSUK and UK Steel indicate that the main end-users of HRFC and its derivative steel products include the automotive, construction and engineering sectors.

408. A 2017 Department for Business, Energy and Industrial Strategy (BEIS) report states that total UK demand for HRFC in 2015 was £528m, 19% of

total UK steel demand.[220] As HRFC is most frequently used as an input into other steel products, total UK steel demand for HRFC and its derivative steel products is likely to be considerably higher than 19% of total UK steel demand.

409. The ONS estimates that in 2021 the Gross Value Added (GVA) of the automotive industry was £14,150m and of the construction industry was £123,870m.[221] This represents 0.67% and 5.88% of total UK GVA in 2021 respectively.

410. We conclude that the downstream industries are a significant part of the UK economy.

H5.5.1 Downstream: direct buyers

411. The downstream buyers purchasing HRFC directly from TSUK have the processing capability to handle large quantities of HRFC. Consequently, they tend to be larger businesses within downstream industries in the HRFC supply chain.

412. We selected four downstream direct buyers and estimated that their combined employment was 2,519, their combined GVA was £93m and an average EBITDA was £5m.

413. Purchases of HRFC generally account for a small share of costs of downstream direct buyers, although there is likely to be variation between individual businesses.

H5.6 Consumers

414. HRFC is used as input in the production of a variety of goods, often other steel products. However, not many of these are consumer goods and often final consumers are several steps removed from the manufacturing of HRFC.

415. As such, it was not possible to assess the significance of HRFC for final consumers.

H5.7 Summary table

[220] Department for Business, Energy and Industrial Strategy (2017) Future Capacities and Capabilities of the UK Steel Industry, BEIS Research Paper Number 26.

[221] Office for National Statistics (2022) Dataset: GDP output approach – low level aggregates.

416. Table 24 presents data on the economic significance of different industries, which could be impacted by the measure on HRFC.

417. Based on data, as discussed and as set out in the table, we find that HRFC is a significant product for the upstream industries, UK producer of HRFC, importers of HRFC and the SSCs.

418. Financial data published over the IP by businesses that we sampled for our analysis suggest that the UK producer is in greater economic vulnerability, downstream direct buyers have varying levels of vulnerability, and both the upstream industries and the SSCs are in stable financial positions.

Table 24: Significance metrics for the UK stakeholders potentially affected by the proposed measure.

	Upstream industries	UK producers of HRFC	Importers of HRFC	Steel Service Centres	Downstream industries: direct buyers
Sample details					
Total known business	7	2	199	42	13
Number of businesses selected	3	1	6	13	4
Sample statistics*					
Total employment	1,663	8,188	661	1,029	2,519
Total GVA (£m)	162	174	57	61	93
Total turnover (£m)	3,095	2,413	667	573	531
Average EBITDA for selected businesses (£m)	31	-191	5	3	5
Average EBITDA margin for selected businesses (%)	31	-8	5	12	5
Conclusions					
Economic vulnerability (financial data)	Low	High	N/A**	Low	Mixed
Estimated significance of HRFC to this group	Significant - revenue of sales to TSUK vs business turnover	Significant - revenue from HRFC sales vs business turnover	Significant - average value of imports vs total cost of sales	Significant - cost of HRFC purchases from TSUK vs business costs	Insignificant - HRFC costs as a percentage of total cost of sales

Source: Companies House, 2022.

Notes: GVA (Gross Value Added) was estimated with the formula, GVA = operating profits + employment costs + depreciation + amortisation. EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation) was estimated with the formula, EBITDA = (operating profit + depreciation + amortisation) / turnover. The assessment of economic vulnerability and estimated significance of HRFC were made by analysing financial metrics of the sampled businesses.

* These metrics were derived by taking annual averages of all available financial data of the selected businesses from their financial accounts published between 2017 and 2021. The significance of HRFC to each of the groups was estimated using the comparison metrics, including turnover, revenue and costs.

** We marked economic vulnerability of importers of HRFC as ‘N/A’ because we were only able to analyse financial data for six out of 199 importing businesses and because the financial data of our sample of importers of HRFC may not be representative of importing businesses as a whole.

H6 Likely impact on affected industries and consumers

419. In this section we assess the overall impact that the proposed variation of the measure might have on the affected groups identified. We do this by looking at how prices and quantities of goods in the HRFC supply chain might change under two scenarios: (i) if the measure was to be varied as proposed, and (ii) if the measure was to be revoked. The possible impacts for affected industries and consumers are then considered and compared across the two scenarios.

H6.1 Impact on prices and quantities if the measure was varied as proposed

420. If the measure was varied as proposed, imports of HRFC from Brazil, Iran and Russia would continue to face the same duty rates. If the existing duty rates are unchanged, prices of HRFC are unlikely to be directly impacted.

421. TSUK would be able to continue their current investment plans. TSUK submitted that investment is crucial to maintaining a competitive environment and that investment in Research and Development (R&D) benefits end-users through new or improved products.

422. The economic environment, however, has changed and this will impact the UK HRFC industry. This is because there has been an increase in energy prices, which has resulted in an economic slowdown in the UK.

423. An increase in energy prices is evidenced by the World Bank's energy price index, which increased by 50% between January 2020 and December 2021, and by a further 26.3% between January and April 2022.[222] The factors driving this increase in energy prices include supply chain disruption due to the COVID-19 pandemic, the Russian invasion of Ukraine and the sanctions preventing imports from Russia.

424. The Bank of England (BOE) forecasts that the UK economy will be in recession in 2023 and in the first half of 2024.[223] This is a result of still-high energy prices, domestic inflationary pressures and the path of market interest rates weigh on spending.

[222] Justin-Damien Guénette and Jeetendra Khadan (2022) The energy shock could sap global growth for years, World bank Blogs.
[223] Bank of England Monetary Policy Report February 2023.

425. TSUK note that GDP is a key driver of HRFC demand: as consumers reduce spending, downstream users reduce production and buy less HRFC.

426. TSUK also state that the economic forecasts themselves are important. This is because a large proportion of the downstream users are served by SSCs whose business model relies heavily on profiting from fluctuating prices. This means that a forecast of a recession, implying a reduction in demand and fall in price, will encourage SSCs to reduce stocks and buy less HRFC.

Table 25: Expected impacts on prices and quantities of affected products if the measure was varied.

Products	Prices	Quantities
Upstream products	No change.	No change.
Domestically produced HRFC	No change.	No change.
Imported HRFC	No change.	No change.
Downstream products	No change.	No change.

H6.2 Impact on prices and quantities if the measure was revoked

427. A 2016 study for EUROFER[224] found that steel is usually among the commodities with the highest readiness of buyers to switch between domestically produced goods and imported goods. TSUK submitted evidence that HRFC is a product with high substitutability, where the benefit of accessibility and lower transport costs is unlikely to be a defining feature in purchasing decisions of the UK market. This means that revocation of the measure could lead to a decrease in demand for domestically produced HRFC, and cause a fall in prices and quantities of domestically produced HRFC.

428. If the measure was revoked, imports of HRFC from Brazil, Iran and Russia would no longer be subject to the specific duty.

[224] NERA Economic Consulting (2016) Can the steel industry pass through carbon costs without losing market shares? Literature review and qualitative analysis, For EUROFER, January 2016.

429. The specific duty is currently set at £52.72 per tonne of HRFC from Brazil, £48.12 per tonne of HRFC from Iran, and £80.76 per tonne of HRFC from Russia.[225]

430. The likely direct impact of revoking the measure would be a reduction in HRFC import prices from Russia, Brazil and Iran. It is also likely that the quantity of HRFC imports from these countries would also increase.

431. Assuming that the average unit price of HRFC imported from Russia during the POI was equal to £786 per tonne,[226] revocation of a specific duty of £80.76 per tonne corresponds to a price cut of 9.3%. The average unit price of HRFC from Brazil was equal to £1,133 per tonne,[227] which implies that revocation of a specific duty of £52.72 per tonne corresponds to a price cut of 4.4%.

432. There were no recorded imports of HRFC from Iran during the POI and the IP, meaning that a corresponding analysis cannot be done for this country.

433. The UK has a safeguard measure, which levies a Tariff Rate Quota (TRQ) of 25% on certain steel products when their total imports exceed the quota allocated for that financial quarter.[228] The steel safeguard measure covers all of the commodity codes in scope of the HRFC measure.

434. Brazil is currently exempt from the safeguard measure due to its developing country status and low level of exports to the UK. Consequently, should the measure on HRFC be revoked, there will be no trade remedy measure on imports of HRFC from Brazil. However, this exemption could be revoked via a TRQ review in future if imports of HRFC from Brazil increased to significant levels.

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[225] There also exist duty rates that apply to imports of HRFC produced by selected foreign producers and foreign exporters that cooperated with the previous investigation of the EU. These firm-specific duty rates are normally lower than the duty rates referenced, which are the country-wide duty rates. Country-wide duty rates apply to imports from all other companies producing and exporting HRFC to the UK. These firm-specific and country-wide duty rates are detailed in Annex 1.

[226] This is the average unit price of HRFC imported from Russia during the POI as calculated using the UK imports data from the HMRC, Overseas Trade in Goods Statistics. This average unit price is exclusive of applicable anti-dumping duty rate.

[227] This is the average unit price of HRFC imported from Brazil during the first year of the injury period as calculated using the UK imports data from the HMRC, Overseas Trade in Goods Statistics. This average unit price is exclusive of applicable anti-dumping duty rate. UK imports of HRFC from Brazil were small and were only recorded in the first year of the injury period (between 1 April 2018 and 31 March 2019).

[228] The original Safeguards investigation and the Safeguard mid-term review.

435. Neither Iran nor Russia are classed as developing countries and therefore both will be subject to the safeguard measure should the proposed measure on HRFC be revoked.

436. Safeguard measures are designed to address surges in imports but are set at levels intended to preserve traditional trading patterns. To the extent that dumped imports continue to arrive from developing countries or within quotas, no safeguard duty is payable so some risk of injury from dumped imports remains. However, the impact of the revocation of the measure on prices and quantities of imports of HRFC from Brazil, Iran and Russia would be affected by the steel safeguard measure to some extent.

437. Trade sanctions were imposed on Russia from 25 March 2022, in response to the Russian invasion of Ukraine on 24 February 2022, and an additional duty of 35% has been applied to goods of Russian origin. These sanctions are intended to be temporary and this raises considerable uncertainty as to the economic impact of revoking the measures, specifically that on Russia.

438. Prices of HRFC imported from other third countries would not be directly impacted because the measure does not apply to them. Nevertheless, if UK users of HRFC switch to lower-priced imports from Brazil, Iran and Russia, exporters of HRFC in third countries may be forced to reduce prices of their own exports to the UK.

439. Revocation of the measure is expected to benefit downstream industries that use HRFC and in particular those, who import or who wish to import HRFC from Brazil, Iran and Russia. Lower costs of HRFC could lead to lower prices of downstream products.

Table 26: Expected impacts on prices and quantities of affected products if the measure was revoked.

Products	Prices	Quantities
Upstream products	No changes are expected.	No changes are expected.
Domestically produced HRFC	Decrease in prices of domestic supply.	Decrease in quantity of domestic supply.
Imported HRFC	Decrease in prices of foreign supply from Brazil, Iran and Russia. No direct impact on prices of foreign supply from third countries but possible downward pressure on these prices.	Increase in quantity of foreign supply from Brazil, Iran and Russia as it becomes more price-competitive.
Downstream products	Possible decrease in prices because of lower cost of inputs, however, this is likely to be relatively insignificant.	No changes are expected.

H6.3 Likely impacts on affected industries and consumers

H6.3.1 Upstream industries

440. We have no evidence to suggest that upstream businesses will be impacted by varying the measure as proposed.

441. Some upstream businesses may be negatively impacted by the revocation of the measure if the reduction in demand for domestically produced HRFC leads to TSUK reducing their demand for raw materials and inputs to production.

442. Data submitted by TSUK shows that a large proportion of their purchases from upstream businesses during the POI involved electricity and gas. Although the revocation of the measure could lead to a loss of sales, the domestic energy industry is large and supplies energy to a broad range of industries apart from HRFC.

443. We expect there to be a small positive impact of varying the measure for Brazil, Russia and Iran (as compared to revoking it) on upstream industries because of continued demand for raw materials and inputs used in production of HRFC.

H6.3.2 UK producer of HRFC

444. If the measure is varied as proposed, TSUK may be able to maintain their current level of investment. This may make TSUK more competitive and increase their market share of UK demand. TSUK submitted evidence that

investment was crucial to maintaining a competitive environment and that investment in Research and Development (R&D) benefitted end-users through new or improved products.

445. If the measure was revoked, the availability of lower-priced imports of HRFC from Brazil, Iran and Russia could reduce demand for domestically produced HRFC. If buyers can readily switch between domestically produced goods and imported goods, TSUK are unlikely to be able to maintain high levels of demand for domestically produced HRFC unless they reduce their prices. However, their negative EBITDA margin suggests that TSUK's ability to reduce the price of HRFC is limited.

446. TSUK stated that a significant drop in demand for HRFC may lead them to stop using one of their two blast furnaces at the site, leading to redundancies. While we cannot verify this claim, we note that one of the two TSUK sites with the capacity to produce HRFC located in Newport in south Wales has already been decommissioned.

447. Consequently, varying the measure (as compared to revoking it) is likely to have a positive impact on UK producer of HRFC. In particular, the measure is likely to help UK producer of HRFC avoid suffering injury.

H6.3.3 Importers of HRFC

448. We have no evidence to suggest that importers of HRFC will be impacted by varying the measure as proposed.

449. Importers of HRFC from Brazil, Iran and Russia would be likely to benefit from the revocation of the measure as it would reduce cost of importing HRFC from these countries.

450. This means that if the measure was varied as proposed rather than revoked, this will have a negative impact on importers of HRFC from Brazil, Iran and Russia, who will not benefit from being able to source lower-priced HRFC from these countries.

451. The impact on importers of HRFC from third countries could be positive or negative. Some importers could benefit if a possible decrease in demand for domestically produced HRFC and a possible decrease in domestic supply of HRFC leads to an increase in demand for imported HRFC, including imports from third countries. Some importers, however, could lose if competition from lower-priced imports of HRFC from Brazil, Iran and Russia forces them to reduce their prices.

H6.3.4 Intermediaries: Steel Service Centres

452. We have no evidence to suggest that varying the measure as proposed will directly affect SSCs.

453. If the measure was revoked we would expect a reduction in demand for domestically produced HRFC. Consequently, SSCs would be likely to reduce their domestic demand in favour of lower-priced imports of HRFC.

454. The SSC business model relies on relatively minor adjustments to steel products and exploiting price changes. While SSCs will have access to lower-priced imports of HRFC so will downstream businesses and therefore, the impact on SSCs profit margins is unclear.

455. The overall impact on SSSCs of varying the measure (as compared to revoking it) is unclear, although there is a potential positive impact on SSCs from increased price volatility.

H6.3.5 Downstream industries

456. We have no evidence to suggest that varying the measure as proposed will directly affect the downstream industries.

457. We expect downstream businesses to benefit from the revocation of the measure and access to lower-priced imports of HRFC from Brazil, Iran and Russia.

458. The extensive range of uses of HRFC and its derivative steel products, makes HRFC an important product for the UK economy as a whole. Consequently, the measure is likely to impose the cost on downstream industries as a whole.

459. We previously concluded that purchases of HRFC generally account for a small share of costs of downstream direct buyers. However, the cost that the measure is likely to impose on individual downstream businesses is likely to vary.

460. The impact of varying the measure (as compared to revoking it) on individual downstream businesses is unclear and it will depend on how significant purchases of HRFC are in total costs, although there is a potential negative impact on downstream industries from higher cost of HRFC.

H6.3.6 Consumers

461. We have no evidence to suggest that varying the measure as proposed will directly affect consumers.

462. TSUK submitted that any reduction in price would likely be passed on to final consumers in the form of lower prices of end-products, including consumer goods. However, for most end-products, including consumer goods, the cost of HRFC is likely to be a small proportion of total cost. This means that any reduction in prices of HRFC resulting from the revocation of the measure is likely to be minimal and the impacts on consumers also likely to be minimal.

463. Overall, varying the measure (as compared to revoking it) could have a small negative impact on consumers, who will not benefit from lower-priced consumer goods that use HRFC as inputs.

Table 27: Expected impacts on affected groups if the measure was varied as proposed rather than revoked.

Group	Expected impacts
Upstream industries	Small positive impact on upstream industries because of continued demand for raw materials and inputs used in production of HRFC.
UK producer of HRFC	Positive impact on UK producer of HRFC, who will avoid suffering injury and be able to maintain their level of investment and their UK operations.
Importers of HRFC	Negative impact on importers of HRFC, who will not benefit from being able to source lower-priced HRFC from Brazil, Iran and Russia.
Steel service centres	Potential positive impact on SSCs from increased price volatility but this is uncertain.
Downstream industries	Negative impact on downstream industries, who will not benefit from lower-priced HRFC. These costs to downstream businesses are likely to vary.
Consumers	Small negative impact on consumers, who will not benefit from lower-priced consumer goods that use HRFC as inputs. Costs imposed on consumers are likely to be small because the cost of HRFC is likely to be a small proportion of total cost of consumer goods.

H7 Likely impact on particular geographic areas or particular groups in the UK

464. This section explores how impacts of the proposed measure are likely to be geographically distributed and whether any particular groups might be disproportionately impacted.

H7.1 Likely impact on particular areas

465. Our geographical analysis considers the four groups for whom HRFC was deemed to be a significant product: upstream industries, the UK producer of HRFC, importers of HRFC and SSCs.

466. Firstly, we determine if there are any clusters of employment that are part of the UK supply chain for HRFC. Secondly, we determine if the UK supply chain for HRFC is a significant source of employment in any area of the UK. To do this, for individual local authority districts we compare size of employment in the supply chain for HRFC in a local area to the total working-age population in that local area. If employment in the supply chain for HRFC is less than 1% of the total working-age population, we usually consider this to indicate that no disproportionately negative geographic impact is likely.

H7.1.1 Upstream industries

467. There is a cluster of upstream businesses, including those who sell raw materials and energy to TSUK, that is located along the M4 corridor and in the Midlands. Hence, any negative impact on upstream industries is likely to be concentrated in this area.

468. Due to limited participation of upstream industries we are unable to quantify any impacts on particular geographic areas where they are located.

H7.1.2 UK producer of HRFC

469. Figure 8 shows the location of TSUK's two HRFC manufacturing sites. Both are in south Wales: one in Neath Port Talbot and one in Newport. The HRFC production facility in Newport has been decommissioned and it does not currently produce HRFC.

470. Using data from TSUK's 2020 Fact Sheet and NOMIS, we determined that TSUK employs a significant proportion of the working-age population in Neath Port Talbot (4.5%) and less in Newport (0.8%).[229]

471. The manufacturing sector employs 19% of the working-age population in Port Talbot.[230] This suggests that any redundancies made by TSUK may

[229] Office of National Statistics, NOMIS, Population estimates, (2020 figures) and TATA 2020 Fact Sheet page 4.
[230] Office of National Statistics, NOMIS, Business Register and Employment Survey.

have significant negative spillover effects in the area, such as redundancies among suppliers of machinery.

472. We are also aware that TSUK owns distribution centres and SSCs across the UK with a cluster in the Midlands. This cluster includes TSUK's largest centre at Wednesfield, which employs approximately 525 workerS.[231]

Figure 8: UK locations of UK producers of HRFC.

Source: Questionnaire responses submitted by interested parties to TRA; Companies House, 2022; Dun and Bradstreet Hoovers, 2022.
Notes: Contains National Statistics data © Crown copyright and database right 2022 and OS data © Crown copyright and database right 2022.

473. Table 28 shows socio-economic data for Neath Port Talbot covering income, employment opportunities and levels of education. Data are presented alongside the UK average figures and the deciles.

[231] TATA Steel Wednesfield factsheet.

Table 28: Socio-economic indicators for Neath Port Talbot.

Local authority district	Median earnings (£) (2020)	Job density (2020)	Economic inactivity rate (%) (2020)	Percentage of working-age population with no formal qualifications (%) (2020)
Neath Port Talbot	£23,543	0.63	28.8	11.0
UK	£25,780	0.84	21.2	6.6
Decile of UK local authority districts	5	2	1	1

Source: ONS, 2022; NOMIS, 2022; NISRA, 2022; DWP Stat Xplore, 2022; and NI Department for Communities, 2022.
Notes: Deciles are calculated by ranking the local authority districts from most deprived to least deprived and dividing them into 10 equal groups. These range from the most deprived 10% (Decile 1) of local authority districts nationally, to the least deprived 10% (Decile 10) of local authority districts nationally.

474. Median earnings in Neath Port Talbot are similar to the UK average. This is in part driven by wages in the steel industry were approximately 31% higher than the median wage in Wales. Since TSUK is a significant employer in Neath Port Talbot, a decrease in steel production could substantially reduce median earnings in Neath Port Talbot.

475. Data on job density, economic inactivity and the level of education all indicate relative economic vulnerability. As such, Neath Port Talbot may be vulnerable to any negative economic shocks caused by the revocation of the measure.

H7.1.3 Importers of HRFC

476. Figure 9 shows the locations of the selected importers of HRFC.

477. The importing business with the highest employment (over 400) is located in Cheshire East. There is also a cluster of importing businesses located in the West Midlands.

478. Accounting for less than 1% of the working-age population, none of the importing businesses are significant employers in their respective local areas. This means that any change in the measure is unlikely to have a significant effect in these areas.

Figure 9: UK locations of importers of HRFC.

Source: HMRC, UK trader search, 2022; Dun and Bradstreet Hoovers, 2022.
Notes: Contains National Statistics data © Crown copyright and database right 2022 and OS data © Crown copyright and database right 2022.

H7.1.4 Intermediaries: Steel Service Centres

479. A significant proportion of SSCs employment is in the North West and in the West Midlands.

480. Accounting for less than 1% of the working-age population, none of the SSCs are significant employers in their respective local areas. This means that any change in the measure is unlikely to have a significant effect in these areas.

H7.2 Likely impact on particular groups

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

482. No party provided any evidence with respect to potential impacts on any particular groups, either as workers or consumers.

483. Therefore, there are no obvious impacts on groups with protected characteristics or other groups, which might result from varying the measure as proposed or revoking the measure.

H8 Likely consequences for the competitive environment and for the structure of markets for goods in the UK

484. 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 incentives of compete vigorously; and
- The impact on the choices and information available to consumers.

H8.1 Impact on the number and range of suppliers

485. If the measure was varied as proposed, TSUK would likely continue producing HRFC and supplying the UK market.

486. If the measure was revoked, it is likely that TSUK will lose some of its UK market share in favour of HRFC suppliers from Brazil, Iran and Russia. This increased number of suppliers indicates an increase in competition in the UK market.

487. However, a loss of the UK market share may force TSUK to reduce production of HRFC. This would not immediately reduce the range of suppliers in the UK market but it would mean a reduction in the availability of domestic supply of HRFC.

488. In addition to domestic supply of HRFC, revocation of the measure may impact on imports of HRFC from third countries. TSUK note that after the measures were first implemented, new exporters from third countries – in particular, South Korea and Taiwan – filled the initial supply shortage.

489. The extent to which new exporters from third countries could become established sources of supply of HRFC in the UK market remains unclear.

H8.2 Impact on the ability of suppliers to compete

490. We do not expect there to be any impact on the ability of suppliers to compete if the measure was varied as proposed.

491. Revoking the measure would improve the ability of suppliers from Brazil, Russia and Iran to compete in the UK market. TSUK stated that they would be forced to lower prices of HRFC to compete with lower-priced imported HRFC from Brazil, Iran and Russia or increase their exports to third countries if the measure was revoked.

H8.3 Impact on incentives to compete vigorously

492. There is no evidence to suggest that varying the measure as proposed would impact on incentives to compete vigorously.

493. Similarly, there is no evidence to suggest that revoking the measure will impact on these incentives.

H8.4 Impact on the choices and information available to consumers

494. As noted previously, HRFC is not directly supplied to final consumers.

495. We do not have any evidence to suggest that varying the measure as proposed or revoking the measure would reduce the choices and information available to consumers.

H9 Such other matters as the TRA considers relevant

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

497. We consider evidence submitted by UK Steel in respect of environmental data.

498. UK Steel stated that UK production of HRFC is less harmful for the environment than that in other countries. Evidence from UK Steel showed that in 2018 the UK steel industry on average produced 1.6 tonnes of CO_2 per tonne of crude steel, while the world weighted average was 1.85 tonnes of CO_2 per tonne of crude steel. UK Steel also noted that increased imports of HRFC required increased shipping, which would increase transport-related emissions of CO_2.

499. It is important to note that the EIT only considers the impacts on the UK economy so only a portion of these environment-related benefits and costs are in scope of the EIT.

H10 Forms of measure

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

501. The current measure is the specific duty that is currently set at £52.72 per tonne of HRFC from Brazil, £48.12 per tonne of HRFC from Iran, and £80.76 per tonne of HRFC from Russia.[232]

502. We have neither received nor found evidence suggesting that a change to the form of the measure would benefit the UK economy.

H11 Conclusion on Economic Interest Test

503. In accordance with paragraph 25 of the Schedule 4 to the Act, we consider whether the application of a remedy would be in the 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.

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

505. In the section setting out factors in relation to injury, we concluded that the revocation of the measure for Brazil, Iran and Russia was likely to lead to recurrence of injury to UK industry because of increased competition from lower-priced imports of HRFC from Brazil, Iran and Russia. The measure is likely to prevent this injury.

506. In the section regarding economic significance, we found that there are four groups for whom HRFC is a significant product: upstream industries, UK producer of HRFC, importers of HRFC and SSCs. The breadth of the downstream industries makes this group significant to the UK economy; however, HRFC is an insignificant cost for most individual downstream businesses.

507. In the impacts on affected industries and consumers section, we found that varying the measure as proposed was likely to have a positive impact on the UK producer of HRFC, upstream industries and possibly SSCs, but negative impact on importers of HRFC, downstream industries and consumers. The UK producer of HRFC was likely to be able to maintain their level of investment and their UK operations. Importers of HRFC,

[232] There also exist duty rates that apply to imports of HRFC produced by selected foreign producers and foreign exporters that cooperated with the previous investigation of the EU. These firm-specific duty rates are normally lower than the duty rates referenced, which are the country-wide duty rates. Country-wide duty rates apply to imports from all other companies producing and exporting HRFC to the UK. These firm-specific and country-wide duty rates are detailed in Annex 1.

downstream industries that use HRFC, and consumers will not be able to benefit from lower-priced imports of HRFC.

508. In the section assessing the likely impacts on particular geographic areas and particular groups, we found evidence of cluster of employment linked to supply chain for HRFC located in south Wales. In particular, TSUK is a significant employer in Neath Port Talbot, which is considered to be an economically vulnerable geographic area.

509. In the section on competition, we concluded that if the measure was varied as proposed, this was not likely to impact the competitive environment and the structure of the UK market for HRFC. Revoking the measure, however, would increase competition in the UK market as it would improve the ability of suppliers from Brazil, Russia and Iran to compete.

510. In the other factors section, we considered the environmental impacts of revoking the measure and found that the revocation of the measure may lead to an increase in CO_2 emissions.

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

- The UK producer, TSUK, is likely to avoid suffering injury and continue their UK operations, which means a continued supply of domestically produced HRFC.
- The measure is likely to support continued employment in the wider supply chain for HRFC in the UK, including in parts of south Wales, some of which are considered to be economically vulnerable parts of the UK.

512. The contrasting key negative impacts are:

- Importers and downstream businesses will not benefit from lower-priced HRFC. While HRFC is often insignificant cost to individual downstream businesses, when considered in aggregate, there may be considerably larger costs from the measure on downstream industries and the UK economy.
- The UK market for HRFC industry is likely to be less competitive than it would be without the measure.

513. Based on the evidence provided, we conclude that varying the measure as proposed is unlikely to cause any disproportionate negative effects to the UK economy and, therefore, that the EIT is met for the proposed measure.

SECTION I: Preliminary Findings and Intended Final Recommendation

I1 Preliminary findings

514. We intend to make a recommendation on the grounds that:

- it is likely, on the balance of probabilities, that dumping of the goods subject to review from Russia would recur if the measure were no longer applied.
- it is likely, on the balance of probabilities, that dumping of the goods subject to review from Ukraine would not recur if the measure were no longer applied.
- it is likely, on the balance of probabilities, that dumping of the goods subject to review from Brazil would recur if the measure were no longer applied.
- it is likely, on the balance of probabilities, that dumping of the goods subject to review from Iran would recur if the measure were no longer applied.

And that:

- it is likely, on the balance of probabilities, that injury would recur if the measure were no longer applied to Russia.
- it is likely, on the balance of probabilities, that injury would not recur if the measure were no longer applied to Ukraine.
- it is likely, on the balance of probabilities, that injury would recur if the measure were no longer applied to Brazil.
- it is likely, on the balance of probabilities, that injury would recur if the measure were no longer applied to Iran.

And that:

- the application of this measure meets the EIT.

I2 Intended recommendation

515. We intend to make a recommendation on the grounds that:

Our intended recommendation is to revoke the application of the anti-dumping amount under regulation 100B of the Regulations for the goods subject to review from Ukraine. We intend recommending that the anti-dumping amount is revoked from 7 October 2022 in accordance with regulation 100B(2) of the Regulations.

Our intended recommendation is to vary the application of the anti-dumping amount under regulation 100A of the Regulations for the goods subject to review from Russia, Brazil and Iran. As it has not been possible to recalculate the anti-dumping amount, we recommend maintaining the anti-dumping amount under regulation 100A(4)(b) of the Regulations and maintaining the description of the goods to which the measure applies under regulation 99A(2)(a)(ii) of the Regulations for a period of five years from 7 October 2022.

516. Annex 1 specifies the duties to be maintained and applied to the goods described or imported under the above UK tariff codes. In the absence of any data, we have maintained the form and levels of the original EU measure that are the subject of this review.

Annex 1: UK anti-dumping duties

Foreign country	Overseas exporter	Current anti-dumping duty	Intended anti-dumping duty	Additional TAP code[233]
Russia	Novolipetsk Steel	£44.605	£44.605	**C216**
Russia	PAO Severstal	£14.729	£14.729	**C218**
Russia	Public Joint Stock Company Magnitogorsk Iron Steel Works (PJSC MMK)	£80.758	£80.758	**C217**
Russia	All other overseas exporters (residual amount)	£80.758	£80.758	**C999**
Ukraine	Metinvest Group	£50.631	**Nil**	**C219**
Ukraine	All other overseas exporters (residual amount)	£50.631	**Nil**	**C999**
Brazil	ArcelorMittal Brasil S.A.	£45.609	£45.609	**C210**
Brazil	Aperam Inox América do Sul S.A.	£45.609	£45.609	**C211**
Brazil	Companhia Siderúrgica Nacional	£44.689	£44.689	**C212**
Brazil	Gerdau Açominas S.A.	£46.697	£46.697	**C214**
Brazil	Usinas Siderúrgicas de Minas Gerais S.A. (USIMINAS)	£52.723	£52.723	**C213**
Brazil	All other overseas exporters (residual amount)	£52.723	£52.723	**C999**
Iran	Mobarakeh Steel Company	£48.12	£48.12	**C215**
Iran	All other overseas exporters (residual amount)	£48.12	£48.12	**C999**

*

[233] On 1 January 2021 the UK initiated a new tariff regime called the UK Global Tariff (UKGT) that replaced the EU Common External Tariff (EU CET) and the EU TARIC codes. The codes listed relate to the transitioned measure.

Annex 2: EU anti-dumping duties

Foreign country	Overseas exporter	Anti-dumping duty	Additional TAP code[234]
Russia	Novolipetsk Steel	€53,3	**C216**
Russia	PAO Severstal	€17,6	**C218**
Russia	Public Joint Stock Company Magnitogorsk Iron Steel Works (PJSC MMK)	€96,5	**C217**
Russia	All other overseas exporters (residual amount)	€96,5	**C999**
Ukraine	Metinvest Group	€60,5	**C219**
Ukraine	All other overseas exporters (residual amount)	€60,5	**C999**
Brazil	ArcelorMittal Brasil S.A.	€54,5	**C210**
Brazil	Aperam Inox América do Sul S.A.	€54,5	**C211**
Brazil	Companhia Siderúrgica Nacional	€53,4	**C212**
Brazil	Gerdau Açominas S.A.	€55,8	**C214**
Brazil	Usinas Siderúrgicas de Minas Gerais S.A. (USIMINAS)	€63,0	**C213**
Brazil	All other overseas exporters (residual amount)	€63,0	**C999**
Iran	Mobarakeh Steel Company	€57,5	**C215**
Iran	All other overseas exporters (residual amount)	€57,5	**C999**

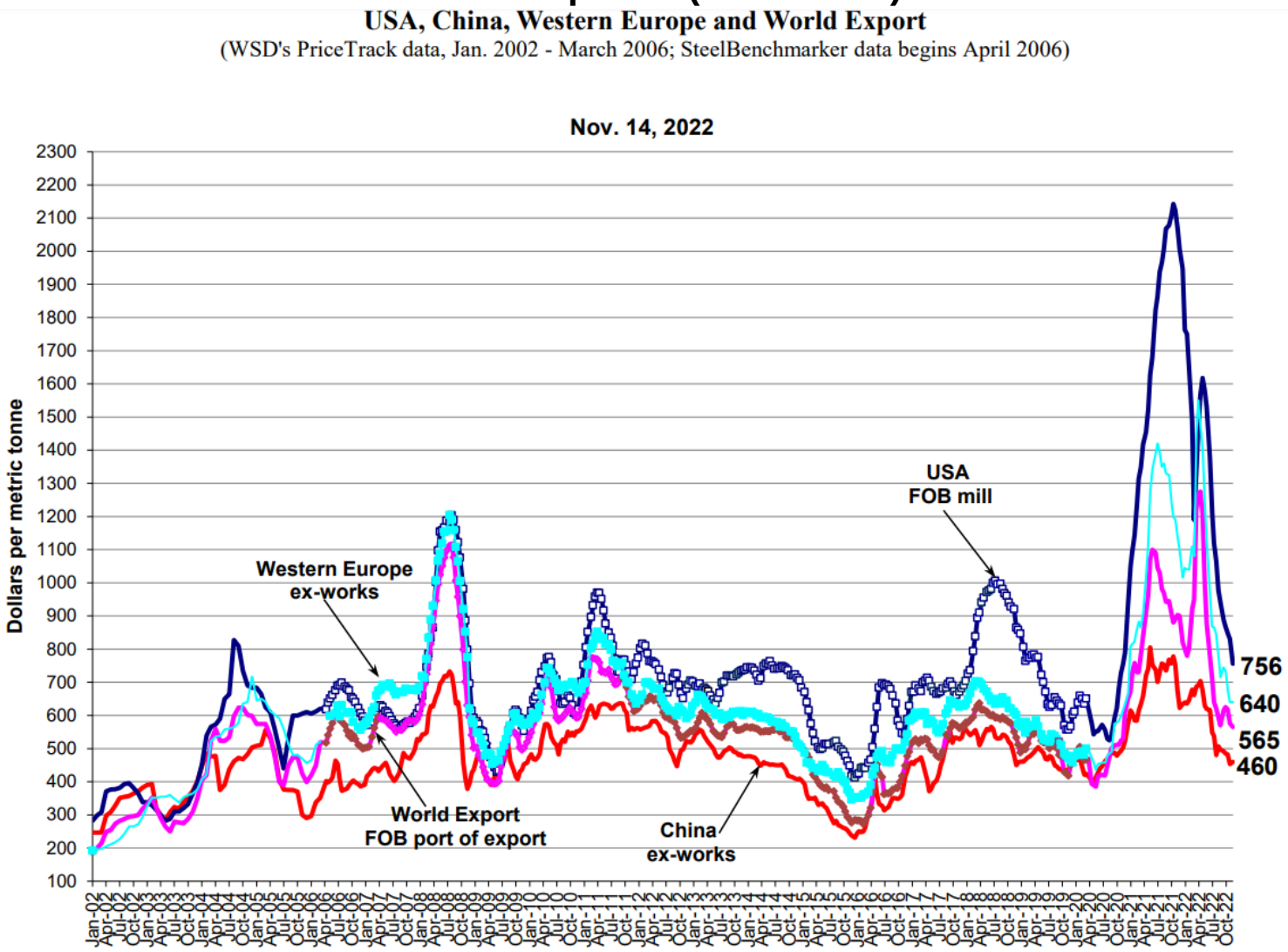
Source: Commission Implementing Regulation (EU) 2019/1382.

[234] On 1 January 2021 the UK initiated a new tariff regime called the UK Global Tariff (UKGT) that replaced the EU Common External Tariff (EU CET) and the EU TARIC codes. The codes listed relate to the transitioned measure.

Annex 3: Information from participants in the review

Name (abbreviation)	Submission(s)
EEF Limited (UK Steel)	Registration of interest Questionnaire response
Community	Registration of interest
Embassy of Brazil in London (Brazil)	Registration of interest Questionnaire response
Gerdau	Registration of interest
Liberty Steel (Liberty)	Registration of interest Questionnaire response
Ministry for Development of Economy, Trade and Agriculture of Ukraine (Ukraine)	Registration of interest
Ministry of Economic Development of Russia (Russia)	Registration of interest Questionnaire response
Novolipetsk (NLMK)	Registration of interest Questionnaire response
Severstal	Registration of interest
TATA Steel UK Limited (TSUK)	Registration of interest Questionnaire response Written submission

Annex 4: Global, Western Europe, US and Chinese FOB/EX-Works prices (USD/tonne).[235]



[235] http://steelbenchmarker.com/history.pdf, page 4.