Statement of Intended Preliminary Decision

Transition review TF0006 – Safeguard measures on certain steel products

19 May
2021

Executive Summary and Intended Preliminary Decision

This Statement of Intended Preliminary Decision is made pursuant to regulations 29, 49 and 50 of The Trade Remedies (Increase in Imports Causing Serious Injury to UK Producers) (EU Exit) Regulations 2019[1] (the Regulations).

On 1 October 2020, following the publication of a Notice of Determination[2] published under regulation 47(1) of the Regulations, the Trade Remedies Investigations Directorate (TRID) published a Notice of Initiation for a transition review of EU tariff rate quotas on certain categories of steel products under regulation 49 of the Regulations.[3]

In accordance with regulation 49(4) of the Regulations, this transition review has considered whether goods belonging to each specified category of steel products were, during the same investigation period considered by the European Commission in connection with the EU tariff rate quotas, imported into the UK in increased quantities. Where TRID has determined that goods were imported in increased quantities, and where those increases were considered significant in accordance with regulation 5 of the Regulations, a further consideration in accordance with regulation 49(4)(a)-(d) of the Regulations was made on whether;

- the importation of those goods in increased quantities would be likely to recur if they were no longer subject to a tariff rate quota;
- there would be serious injury to UK producers of the like goods and directly competitive goods if goods belonging to that category were no longer subject to the tariff rate quotas;
- the continuation of a tariff rate quotas is necessary to facilitate the adjustment of the UK producers of the like goods and directly competitive goods to the importation of goods belonging to that category; and
- whether an alternative tariff rate quota or the application of a safeguarding amount to goods belonging to that category would better meet the aim of preventing serious injury to the UK producers of the like goods and directly competitive goods.

In accordance with regulation 49(5) of the Regulations, this review has further considered whether it is appropriate to increase the amount of any of the tariff rate quotas; vary (or provide for) the allocation of any of the tariff rate quotas; reduce the additional amount of import duty; reduce or extend the period for which goods are subject to the quotas; vary the pace of liberalisation; and vary (or provide for) the terms

[1] S.I. No. 449/2019 as amended.
[2] The Notice of Determination is given effect by a public notice dated 30 September 2020.
[3] In accordance with Regulation 49(8) of the Regulations, since replacement day (1 January 2021) this transition review is carried on in relation only to the tariff rate quotas made applicable to goods by public notice made under regulation 47(2) of the Regulations.

on which a part or the whole of any of the tariff rate quotas is allocated or may be utilised.

This review has also considered, in accordance with regulation 50(5) of the Regulations, whether TRID is satisfied that the application of the measures meets the UK's economic interest test. This consideration has been made where our intended preliminary decision is that the tariff rate quotas applied to goods should be varied.

Intended preliminary decisions

In accordance with the Regulations, TRID intends to recommend the following.

TRID intends to make a preliminary decision in accordance with regulations 50(1) and (2) of the Regulations that certain goods belonging to a specified category of steel products were either not being produced by UK producers or not being imported into the UK in increased quantities during the POI. This intended preliminary decision in relation to these goods is a preliminary decision made as soon as it is practicable to revoke the application of the tariff rate quotas (TRQs).

TRID also intends to make a preliminary decision in accordance with regulation 50(1) and (4) of the Regulations where goods belonging to a specified category of steel products were not being imported into the UK in increased quantities deemed to be significant, or are not causing serious injury to the domestic industry, as detailed in the table below. This intended preliminary decision in relation to these goods is a preliminary decision intended to be made upon the conclusion of this transition review to revoke the application of the TRQ.

TRID intends to make a preliminary decision in accordance with regulation 50(1), (4) and (5) of the Regulations where goods belonging to a specified category of steel products were determined not to meet the Economic Interest Test. This intended preliminary decision in relation to these goods is a preliminary decision intended to be made upon the conclusion of this transition review to revoke the application of the TRQ.

TRID further intends to make a preliminary decision in accordance with regulation 50(1) and (4) of the Regulations where goods belonging to a specified category of steel products were being imported into the UK in increased quantities deemed significant. This intended preliminary decision in relation to these categories of goods, is a preliminary decision intended to be made upon the conclusion of this transition review that the application of the TRQ should be varied, and that the period for which the TRQ should apply to the goods should be extended, as they continue to be necessary to facilitate adjustment of UK producers to the importation of those goods. The recommendations made are as follows:

- goods are subject to tariff rate quotas and an out-of-quota safeguarding duty of 25%;
- the measures are extended for a period of three years; and

- the liberalisation rate for the measures is set at 3% for each year that the measure is in place, thereby ensuring that the pace of liberalisation is maintained.

We reviewed 19 product categories, which contained 253 different product codes in total. The total number of product codes in our intended preliminary decision reduced by 16 codes to 237 as a result of a scope change which combined two categories. We intend to recommend that the measure is revoked on 135 product codes and extended on 102 product codes. This represents revocation of all codes in nine product categories and extension of the application of the measure on all codes in 10 product categories with two of those categories amended (i.e. some codes are revoked).

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SECTION A: Introduction

Goods subject to review

1. For a full description of the goods subject to review please see column 2 (“Product category”) of Annex A.

2. The commodity codes for the goods subject to review are listed in column 3 (“Commodity codes”) of Annex A.

Like goods and directly competitive goods

3. Like goods are goods that are like the goods subject to review in all respects or, if there are no such goods, goods that have characteristics closely resembling the goods subject to review (see paragraph 4 of Schedule 5 to the Taxation (Cross-Border Trade) Act 2018 (the Act)).

4. Directly competitive goods are goods produced in the UK which are directly competitive with the goods subject to this transition review (see paragraph 5 of Schedule 5 to the Act and regulation 2 of the Regulations).

Period of investigation

5. Pursuant to regulation 49(4) of the Regulations, the Period of Investigation (POI) is the years 2013 to 2017, mirroring the period of the original European Commission’s (EC) investigation in connection with the EU tariff rate quotas. During the review, TRID has used data provided for the POI to assess whether the safeguard measure on certain steel products should be maintained, varied or revoked in the UK.

Most recent period

6. The Most Recent Period (MRP) is the period since the investigation period considered by the EC, i.e., 1 January 2018 to 30 June 2020. During the review, TRID has used data provided for the MRP to assess whether the safeguard measure on certain steel products should be reduced or extended in the UK, pursuant to regulation 49(5)(d) and (5A) of the Regulations.

Traditional trade flows

7. TRID has used data from the last three representative years, 2017 to 2019, to determine traditional trade flows for the calculation of the TRQs to be applied. This timeframe was also used to identify developing countries to be deemed exempt from a safeguarding measure.

SECTION B: Summary of facts considered during the transition review

8. During this transition review, we considered a number of facts, some of which were supplied to us by interested parties, contributors and some of which we obtained from independent sources. A summary of those facts is as follows:

1. The UK domestic industry is made up of nine producers of the like and directly competitive goods. Eight producers identified themselves by registering as interested parties in the investigation in the registration phase and one further producer identified themselves as a producer later in the investigation when a further request for any information on the production of category 28 products was published on the public file. Where questionnaire responses have been used to represent the UK industry, it should be noted that these may underestimate the whole industry due to the use of sampled information.
2. We authenticated the data provided by four out of five sampled producers and non-confidential authentication reports documenting this process were published on the public file on 5 May 2021.
3. There is limited publicly held data on UK domestic production of the like goods and their domestic sales prices. As a result, we were reliant on the data presented in questionnaire responses received from the UK industry where our authentication process confirmed that the data was verifiable.
4. No production data on products in categories 7 and 28 was provided during the transition review and therefore this limited the analysis that could be conducted on these categories.
5. 23 importers identified themselves by registering as interested parties in the investigation.14 importers registered during the registration phase and were therefore considered for the sample.
6. We authenticated the data provided by five sampled importers and authentication reports documenting this process were published on the public file on 5 May 2021.
7. We have used HMRC data, extracted between February and March 2021, to analyse imports covering the POI and MRP. Import data was also provided to TRID by exporters, however we did not authenticate this data. The import data from exporters and other information, was however used to help build a picture of the foreign export market in order to conduct our analysis.
8. Where submissions were received regarding products not being produced in the UK, these were investigated with the parties who submitted this evidence and the UK producers to conclude on the presence of production in the UK.
9. By reference to data listed in this section, we confirmed that certain goods were not being produced by UK producers.
10. By reference to data listed in this section, we confirmed that certain goods were not being imported into the UK in increased quantities.
11. We could confirm that certain goods were being imported into the UK in significantly increased quantities.

12. We could confirm that there is a likelihood of reoccurrence of importation of certain goods subject to the transition review in increased quantities.
13. We could confirm that there is a likelihood of serious injury to UK producers for certain goods.
14. We confirmed that tariff rate quotas would facilitate the adjustment of UK producers to the changed market conditions for certain goods.
15. We confirmed that varied tariff rate quotas would prevent serious injury to UK producers for certain goods.
16. We confirmed that the Economic Interest test was met for certain goods.

SECTION C: How information supplied by interested parties has been used in making the intended preliminary decision

9. TRID received 97 responses to the pre-limited examination questionnaire, which were used to inform TRID's decision to sample UK producers and importers, and gave initial data and arguments related to the transition review. Additional information provided within the pre-limited examination questionnaires was reviewed and material information was considered in the analysis of the transition review.

10. In accordance with regulation 26 of the Regulations, TRID has limited the examination to a sample of UK producers and importers. Based on the information available to the Secretary of State, the samples were made by selecting UK producers and UK importers covering the full range of product categories as far as possible and with the highest production or import volumes of the goods subject to review as far as possible. After forming the sample of producers and importers, TRID received 32 responses to questionnaires from UK producers, importers, overseas exporters and other interested parties. These requested detailed information on arguments relating to the transition review; information relating to company structure and relevant goods; data related to the sales, imports, purchases and costs of the goods where relevant; and information on injury and the Economic Interest Test where relevant. The responses were initially reviewed for any deficiencies in the information provided by parties. Once these were addressed, non-confidential versions of all sufficient questionnaire responses were published on the public file.

11. For producers and importers in the sample, we then carried out remote authentication activities. We could not conduct on-site verification visits during this review due to travel restrictions caused by the COVID-19 pandemic. Instead, we conducted remote authentication meetings with four UK producers and five importers on the relevant information they supplied in their questionnaire responses. Authentication reports have been published to the Trade Remedies Service (TRS). Information assessed as being verifiable has been considered in the analysis of the transition review.

12. For exporters and other interested parties, material evidence provided has been considered in the transition review.

13. TRID received questionnaires from the following interested parties and contributors. Non-confidential versions have been published to the Trade Remedies Service (TRS).

Table 1: Sufficient questionnaires received

Interested party/Contributor	Status
Acciaierie Valbruna Spa	Exporter

AJMAL Steel Tubes and Pipes Industries LLC	Exporter
Birfa Ltd	Trade Body
British Stainless Steel Association	Trade Body
British Steel Limited	Producer
Celsa Steel (UK) Limited	Producer
China Iron and Steel Association	Trade Body
Duferco UK Limited	Importer
EEF Limited (UK Steel)	Trade Body
Embassy of Brazil in London	Foreign Government
JSW Steel Limited	Exporter
Kingspan Limited	Industrial User of the Product
Korea Iron and Steel Association	Trade Body
Kromat Trading Limited	Importer
Marcegaglia carbon Steel	Exporter
Metalúrgica Galaica, S.A. (MEGASA)	Exporter
Ministry of Economic Development of the Russian Federation	Foreign Government
Ministry of Foreign Affairs (South Korea)	Foreign Government
Ministry of Trade of Republic of Indonesia	Foreign Government
Open Joint-Stock Company "Byelorussian Steel Works"	Exporter
Outokumpu Stainless Limited	Producer
POSCO CO LTD	Exporter
Society of Motor Manufacturers and Traders Limited	Trade Body
Stemcor Distribution Limited	Importer
Taiwan Government	Foreign Government
Tata Steel UK Limited	Producer
THL Tube and Pipe Industries LLC	Exporter
Thyssenkrupp Materials UK Ltd	Importer
Universal Tubes and Plastic Industries Limited	Exporter

Valbruna UK Limited	Importer
voestalpine AG	Exporter
Yücel Boru İhracat İthalat ve Pazarlama AŞ	Exporter

14. TRID also accepted 22 additional submissions from interested parties and contributors covering various elements of the review, namely the scope and application of the measure, the EU safeguard measure, information relating to specific product categories, imports, serious injury, causation, the economic interest test, and quotas. Each of these were considered by TRID to establish if they contained information that could be considered material. Those submissions were published on the public file. Relevant information considered material provided in these submissions has been included in the analysis in the transition review.

15. TRID received submissions from the following interested parties and contributors. All material and non-confidential submissions have been published to the Trade Remedies Service (TRS).

Table 2: Submissions received

Interested party/Contributor	**Status**
Arcelormittal Sheffield Limited	Contributor
Brisko Scaffolding Limited	Importer
British Metals Recycling Association	Contributor
British Stainless Steel Association	Trade Body
Celsa Steel (UK) Ltd	Producer
China Iron and Steel Association	Trade Body
Confederation of British Metalforming	Trade Body
Cramlington Precision Forge Ltd	Contributor
Duferco UK Limited	Importer
EEF Limited (UK Steel)	Trade Body
Embassy of Switzerland in the UK	Foreign Government
EUROFER	Trade Body
Kromat Trading Limited	Importer
Liberty Pipes (Hartlepool) Limited	Importer
Ministry of Commerce, P.R.C	Foreign Government

Scottish Government	Government body
Tata Steel UK Limited	Producer
Valbruna UK Limited	Importer

16. We have also relied on information obtained from secondary sources during this review.

17. This Statement of Intended Final Determination should be read in conjunction with publications of non-confidential documents on the public file.

SECTION D: Analysis forming the basis of the intended preliminary decision

D 1 Goods not being produced by UK producers

18. In accordance with regulation 50(1) and (2) of the Regulations, TRID has considered whether goods belonging to a specified category of steel products were being produced by UK producers during the POI.

19. Interested parties in the transition review, through questionnaire responses and other submissions, were given the opportunity to comment on UK production of the like and directly competitive goods. TRID received a number of representations from UK producers, importers and other interested parties relating to goods belonging to specified categories of steel products, asserting that those goods were not being produced in the UK. UK producers registered as interested parties to the case, who identified themselves as producers of these goods, were consulted in order to comment. Where UK producers maintained that these goods were produced in the UK, TRID requested evidence to support this. TRID considered all submissions and evidence provided to determine whether there was UK production relating to said goods.

20. The decision on whether or not to revoke the measures in relation to these goods was made at the individual commodity code level based on the evidence provided by interested parties.

21. For those codes in category 4B and 19 that were found to have no UK production, TRID received confirmation on the UK production of those categories of steel products from sampled UK producers. Following the receipt of representations from interested parties that certain codes were not being produced, the UK producers were consulted and confirmed no production for those codes.

22. During the registration phase of the review, no interested parties registered as producers of category 28 goods and TRID did not receive any evidence of the production of goods within category 28 – Non-Alloy Wire. On 26 January 2021 TRID published a notice to the public file requesting information on production relating to this category. A single UK producer responded to this notice and provided some evidence of production of some of the commodity codes within category 28. TRID received no indication of production for the remaining product codes under category 28, which TRID therefore concluded as having no UK production.

23. Following the analysis of UK production based on confirmation with UK producers, TRID has determined that the below goods were not being produced in the UK and therefore the measures in relation to these goods should be revoked. In accordance with regulation 50(3) of the Regulations, TRID has made this decision as soon as practically possible, given the limited time available for the investigation.

Table 3: Product categories without UK production

Product number	Product category	Commodity Codes
4B	Metallic Coated Sheets	7210 30 00, 7210 69 00 30
19	Railway Material	7302 10 40, 7302 40 00
28	Non-Alloy Wire	7217 10 10, 7217 30 41, 7217 30 49, 7217 30 50, 7217 30 90

D 2 Goods not being imported into the UK in increased quantities

24. In accordance with regulations 49(4) and 50(1) and (2) of the Regulations, TRID has considered whether goods belonging to a specified category of steel products were being imported into the UK in increased quantities during the POI.

25. UK imports have been assessed at a product category level to determine whether there has been an increase in absolute and relative terms. Those goods determined as having no UK production, as detailed above, have been excluded from this assessment.

26. Pursuant to regulation 4(2)(a) of the Regulations, the first part of the analysis was to assess whether there was evidence of an absolute increase in imports for all categories. The second stage of the analysis was to assess whether there was evidence of a relative increase in imports for those not showing an absolute increase. The categories of goods that evidenced no relative increase, along with no absolute increase, have been recommended for revocation at this stage of the transition review.

27. The absolute increase in imports has been assessed using import data from HMRC UK Trade Info, the official HM Revenue & Customs portal for the publication and hosting of UK trade statistics data. Under regulation 4(2)(b) of the Regulations, the relative increase in imports has been assessed against UK production. The UK production data was provided by UK Steel and the sampled UK producers.

28. Table 4 shows the absolute increase analysis for each product category that TRID recommends for revocation.

Table 4: Absolute increase in imports analysis (Index 2013 = 100)

Product category	2013	2014	2015	2016	2017
6. Tin Mill Products	100	98	113	116	98

12. Non Alloy and Other Alloy Merchant Bars and Light Sections	100	110	91	89	94
14. Stainless Bars and Light Sections	100	110	90	79	83
16. Non Alloy and Other Alloy Wire Rod	100	105	87	95	96
17. Angles, Shapes and Sections of Iron or Non Alloy Steel	100	108	104	102	100
27. Non Alloy and Other Alloy Cold Finished Bars	100	93	71	49	56

Source: HMRC imports data

29. For each of the product categories identified, table 4 shows that whilst some increases in imports can be seen across the POI for product categories 6, 12, 14, 16 and 17, all of these categories fall back to or below the 2013 import levels by the end of the POI, therefore the development in imports across the POI does not meet the criteria of an absolute increase in imports.

30. The below table shows the relative increase in imports analysis in each product category identified as having no absolute increase and that TRID recommends for revocation.

Table 5: Imports as a percentage of UK production to assess relative increase in imports (%)

Product category	**2013**	**2014**	**2015**	**2016**	**2017**
6. Tin Mill Products	34	32	38	41	35
12. Non Alloy and Other Alloy Merchant Bars and Light Sections	69	80	70	73	74
14. Stainless Bars and Light Sections	994	1073	903	842	718
16. Non Alloy and Other Alloy Wire Rod	27	30	22	25	26
17. Angles, Shapes and Sections of Iron or Non Alloy Steel	126	119	93	71	82
27. Non Alloy and Other Alloy Cold Finished Bars	NO PRODUCTION DATA				

Sources: HMRC imports data, UK producers' questionnaire responses

31. Table 5 shows that for categories 6 and 12, whilst the 2017 import volume as a proportion of production was higher than 2013, the development in imports across the

POI have remained stable throughout. For product categories 14 and 16, whilst increases were seen in the import volumes as a proportion of production in 2014, this was followed by decreases in proportion of production across the rest of the POI when compared to 2013. Product categories 14, 16 and 17 import volumes as a proportion of production all ended the POI with lower proportions compared to 2013. No production data was available for product category 27, as it was not publicly available or provided by any stakeholders to the case, and therefore no analysis of relative increase was possible.

32. Following the analysis of import volumes for all product categories, TRID has determined that the goods in tables 4 and 5 were not imported in increased volumes during the Period of Investigation and therefore the measures in relation to these goods should be revoked. In accordance with regulation 50(3) of the Regulations, TRID has made this decision as soon as practically possible, given the limited time available for the investigation.

33. For completeness table 6 and 7 are included to show the absolute and relative increase analysis for each product category that TRID is assessing for significance.

Table 6: Absolute increase in imports (%)

Product category	2013	2014	2015	2016	2017
1. Non Alloy and Other Alloy Hot Rolled Sheets and Strips	100	127	120	104	105
2. Non Alloy and Other Alloy Cold Rolled Sheets	100	124	115	110	121
4. Metallic Coated Sheets	100	112	112	155	150
5. Organic Coated Sheets	100	136	132	164	206
7. Non Alloy and Other Alloy Quarto Plates	100	97	95	119	111
13. Rebars	100	167	177	114	122
15. Stainless Wire Rod	100	306	144	107	145
19. Railway Material	100	56	83	170	102
20. Gas Pipes	100	165	111	135	107
21. Hollow Sections	100	128	105	103	114
25A. Large Welded Tubes	100	119	225	96	28
25B. Large Welded Tubes	100	145	145	337	209
26. Other Welded Pipes	100	109	124	143	140
28. Non Alloy Wire	100	119	123	135	138

Source: HMRC imports data

34. The below table shows the relative increase in imports analysis in each product category that TRID is assessing for significance.

Table 7: Imports as a percentage of UK production to assess relative increase in imports (%)

Product category	2013	2014	2015	2016	2017
1. Non Alloy and Other Alloy Hot Rolled Sheets and Strips	57	69	68	74	70
2. Non Alloy and Other Alloy Cold Rolled Sheets	47	56	61	91	77
4. Metallic Coated Sheets	144	157	154	336	314
5. Organic Coated Sheets	25	37	38	43	56
7. Non Alloy and Other Alloy Quarto Plates	NO PRODUCTION DATA				
13. Rebars	103	164	177	92	116
15. Stainless Wire Rod	4	11	6	4	6
19. Railway Material	2	1	1	3	2
20. Gas Pipes	143	228	166	219	185
21. Hollow Sections	56	64	52	54	58
25A. Large Welded Tubes	1,404	1,479	40,962	21,466	7,146
25B. Large Welded Tubes	1,145	1,710	1,191	2,770	783
26. Other Welded Pipes	332	384	541	631	532
28. Non Alloy Wire	NO PRODUCTION DATA				

Sources: HMRC imports data, UK producers' questionnaire responses

D 3 Goods being imported into the UK in increased quantities

35. In accordance with regulation 49(4) of the Regulations, this transition review analysed data available to assess whether the goods subject to review were being imported into the UK in increased quantities in the POI. In accordance with regulation 5, where an increase in imports has been found, TRID must determine whether that increase is significant, considering the rate and volume of the imports of the goods subject to review, its foreseeability and any other relevant factors.

36. UK imports have been assessed at a product category level to determine whether there has been a significant increase. Those goods determined as having no UK production or no increase in imports have been excluded from this assessment.

37. In order to assess the significance of increase in imports of the remaining product categories, the absolute increases in each product category have been analysed and then, where possible, relative increases have been analysed to determine whether they were sudden, recent and sharp enough to cause or threaten serious injury.

38. In accordance with regulations 4 and 5 of the Regulations, where TRID determines that there has been an increase in the volume in either absolute or relative terms, of the goods concerned imported into the UK, TRID must also determine, in accordance with regulation 6, whether that increase was foreseeable.

39. The Agreement on Safeguards sets out the rules for application of safeguard measures pursuant to Article XIX of GATT 1994. Article XIX (1) (a) of GATT 1994 states *'If, as a result of unforeseen developments and of the effect of the obligations incurred by a contracting party under this Agreement, including tariff concessions, any product is being imported into the territory of that contracting party in such increased quantities and under such conditions as to cause or threaten serious injury to domestic producers in that territory of like or directly competitive products, the contracting party shall be free, in respect of such product, and to the extent and for such time as may be necessary to prevent or remedy such injury, to suspend the obligation in whole or in part or to withdraw or modify the concession.'* This indicates that foreseeability should be considered in relation to circumstances unforeseen at the time of the agreement.

40. In order to assess the foreseeability of circumstances for the UK market, TRID has looked at factors leading to imports in increased quantities in the POI, as well as factors in the lead up to these periods in order to establish whether changes seen were foreseeable.

41. A cumulation of the historic increase in global capacity, as well as the background of trade measures by numerous countries, including most notably US measures under section 232 of Trade Act 1962, and other factors identified led to an increase in imports into the UK.

42. These unforeseen developments had made the UK an attractive market for global steel exporters who are looking to sell excess stock, as demonstrated by the increase in imports. These circumstances could not have been foreseen when the UK agreed its obligations under Article XIX of GATT 1994, and as such TRID has preliminarily determined that the increase in imports of steel products in the UK has been the result of unforeseen developments in the form of a number of factors establishing and aggravating imbalances in the international trade of the goods subject to review.

43. In assessing the absolute and relative increase, the import trend throughout the POI has been considered, as well as the beginning and end points. Where there have been

consistent increases throughout the POI, the significance of the changes over the period have been reviewed to ensure that they are significant rather than gradual increases across the period. Where decreases have been seen within the POI, TRID has assessed these alongside the significance of the increases seen, using 2013 as a point of reference. While some product categories have a consistent upward trend throughout the POI, this is not the case for all product categories.

44. For product categories 1, 2, 4, 5, 7, 13, 15, 19, 20, 21, 25A, and 25B significant absolute increases were found over a period of one year, ranging from 24% to 206%.

45. For product categories 5 and 26, significant absolute increases were noticeable across a two-year period that were sudden and sharp, showing an increase for category 5 of 106% over a two-year period, and for product category 26, an increase of 34% over a two-year period.

46. For product category 28, there is an absolute increase in imports within the POI. However, the increases seen between 2013 and 2017 figures, whilst increasing, appear to be following a sustained upward trend with no evidence of a significant increase, as the changes seen are not sudden or sharp. Due to a lack of detailed production data, given that no UK producers of these goods registered an interest in this transition review, it was not possible to assess the relative increase in imports. In conclusion, although there is an absolute increase in imports that is recent, the evidence does not suggest that the increase is sudden and sharp, therefore the increase in imports of category 28 during the POI is not considered to be significant. This category is therefore recommendation for revocation at this point.

47. On this basis, an absolute increase in imports which is recent, sudden and sharp, was found for product categories 7, 15, 19 and 21. For categories 7 and 28, an analysis of the significance of any relative increase was not possible as no production data was provided to the investigation. For product categories 15, 19, and 21 the analysis on the significance of relative increases in imports did not show that these increases were significant, however these categories were found to have significant absolute increases.

48. Both an absolute increase in imports and a relative increase in imports which are recent, sudden and sharp, were found in the analysis of product categories 1, 2, 4, 5, 13, 20, 25B and 26 products.

49. Both absolute and relative increases in imports were also found for product category 25A products, which were recent, sudden and sharp. Despite the analysis on absolute increase showing that imports dropped well below 2013 levels by 2017, a significant increase of over 100% is seen which was sudden and sharp, in 2015.

50. Based on the analysis undertaken, it is concluded that for product categories 1, 2, 4, 5, 7, 13, 15, 19, 20, 21, 25A, 25B, and 26, the evidence shows that there is a significant

increase in imports within the POI. The injury analysis therefore considered these product categories.

D 4 Likelihood of recurrence of importation of goods in increased quantities

51. In accordance with regulation 49(4)(a) of the Regulations, TRID has considered whether the importation of those goods that were identified as being imported at significantly increased quantities during the POI, would be likely to recur if they were no longer subject to a tariff rate quota. In undertaking this assessment TRID has considered capacity, import trends, the attractiveness of the UK market, and actions of other investigating authorities.

52. Likelihood of the recurrence of importation in increased quantities analyses import and production data from product categories: 1, 2, 4, 5, 7, 13, 15, 19, 20, 21, 25A, 25B and 26.

53. We have chosen to conduct a combined analysis for all these remaining product categories in order to show the overall situation of the industry for the like goods and directly competitive goods. We have also conducted individual product category analysis in order to demonstrate whether there is a likelihood of recurrence of increase in imports for each individual product category.

D 4.1 Combined analysis

Combined capacity for all goods under review

54. According to data from the Organisation for Economic Co-operation and Development (OECD) and Worldsteel, global overcapacity remains at a very high level. Figures show that global crude steel production reached 1,880 million tonnes in 2019[4] while crude steel making capacity reached 2,362 million tonnes the same year[5]. Excess capacity for 2019 was calculated at 482 million tonnes which is a decrease of 4% compared to 2018. Excess capacity has decreased constantly until 2019, though still remaining high.

55. The latest available data from the OECD shows that global steelmaking capacity increased to 2,453.2 million tonnes in 2020[6], while Worldsteel figures show that world crude steel production was at 1,864 million tonnes in 2020[7], down by 0.9% compared to

[4] Worldsteel, *Global crude steel output decreases by 0.9% in 2020*, retrieved 29/04/2021
[5] OECD, *Steelmaking capacity*, retrieved 29/04/2021
[6] OECD, *89th Session of the OECD Steel Committee - Chair's Statement*, retrieved 29/04/2021
[7] Worldsteel, *Global crude steel output decreases by 0.9% in 2020*, retrieved 29/04/2021

2019. Thereby, the gap between global steelmaking capacity and crude steel production increased to 589 million tonnes, up 22% in comparison to 2019.

Table 8: Global steelmaking capacity and crude steel production (in million tonnes)

	2013	2014	2015	2016	2017	2018	2019	2020
Crude steelmaking capacity	2,362	2,386	2,377	2,368	2,352	2,328	2,362	2,453
Crude steel production	1,652	1,674	1,623	1,631	1,735	1,826	1,880	1,864
Excess capacity	710	712	754	737	617	502	482	589

Source: OECD, *Steelmaking capacity*[8]

56. One interested party submitted that the excess capacity available represents over 40 years' worth of total steel consumption in the UK. Taking 2016 as an example, the UK produced approximately 8 million tonnes of steel[9] and imported approximately 6.9 million tonnes[10] for a total approximate consumption of 14.9 million tonnes. In 2016 global overcapacity was 737 million tonnes, 49 times the combined import and production figures for that year. World steel consumption estimates are slightly lower for 2016, at 10.9 million tonnes[11] which is 69 times the overcapacity of that year.

57. The Global Forum on Steel Excess Capacity was established in 2016, covering all G20 economies. As evidenced by table 8, global excess capacity has remained significant over the period since the Forum was launched. Since 2019 China, India and Saudi Arabia, representing over half of global steel production capacity, have disengaged from the Forum's work. We consider it reasonable to assume that action by or under the auspices of the Forum is unlikely to result in major and rapid reductions in the level of global steel excess capacity.

58. Turkish steel producers are continuing to increase their production capacity fuelled by subsidies offered by the Turkish government[12]. Publicly available information shows an increase in Turkish Steel production, notably between 2016 and 2018. On this basis, it is considered that global overcapacity of steel will continue.

59. Questionnaire responses from exporters indicate that there is spare production capacity across various product categories. On average, there has been a decrease in capacity utilisation during 2020 after remaining steady from 2013 to 2019.

[8] OECD, *Steelmaking capacity*, retrieved 29/04/2021; Worldsteel, *Global crude steel output decreases by 0.9% in 2020*, retrieved 29/04/2021; OECD, *89th Session of the OECD Steel Committee - Chair's Statement*, retrieved 29/04/2021
[9] House of Commons Library, *UK steel industry: statistics and policy*
[10] Global Steel Trade Monitor, *Steel Imports Report: United Kingdom, May 2017*
[11] Worldsteel, *Steel Statistical Yearbook 2020 concise version*
[12] Trading Economics, *Turkey Steel Production*

60. Overall, the evidence for the global steel market, alongside the evidence for individual product categories suggests it is highly likely there will be an oversupply in the international market for the foreseeable future.

Combined import trends for all goods under review

Table 9: Import volume (Index 2013 = 100)

2013	2014	2015	2016	2017	2018	2019	Q1/2020	Q2/2020
100	123	121	131	128	127	119	109	67

Source: HMRC import data. Q1 and Q2 figures were multiplied by four and then indexed for a comparison of trends.

61. In absolute terms, import volume into the UK increased significantly in 2014, dipped slightly in 2015 and peaked in 2016. There was then a slow decrease from 2016 through to the first quarter of 2020 before a sharp fall in Q2. In 2017, imports were significantly higher than the start of the POI.

Table 10: Import volume relative to production (Index 2013 = 100)

2013	2014	2015	2016	2017	2018	2019	Q1/2020	Q2/2020
100	118	120	163	154	161	145	140	99

Source: HMRC import data

62. Total import volume relative to production saw a similar pattern to the absolute analysis. There was a more notable increase from 2015 up to the high seen in 2016. In 2017, imports were 54% higher than the start of the POI, relative to production. There was a similar slow decrease thereafter, with a slight increase in 2018 before a steeper decrease in the first two quarters of 2020.

Other factors

Attractiveness of the UK market

Table 11: UK Market Share (%)

	2013	2014	2015	2016	2017	2018	2019	Q1/ 2020	Q2/ 2020
Domestic producers	41	36	37	33	32	32	33	35	34
Imports	59	64	63	67	68	68	67	65	66

Source: questionnaire responses and HMRC import data

63. Analysis in the previous section has shown that imports increased across the POI before falling in the MRP. Table 11 shows that in 2018, import market share peaked at 68%, an increase of 9% from the start of the POI. Even with the EU's safeguard measures in place, imports only lost 2% market share in the MRP from the peak in 2018. This shows there is ongoing appetite to import goods into the UK, even with measures in place. Some further detail was provided on specific categories, indicating the strong import connections with Turkish steel makers for product category 1, the growing import market for product category 19 and the significance of product category 21 and its quick quota exhaustion.

64. Without the steel safeguard measures in place, the UK would be one of only a few major steel markets without such measures (not including anti-dumping and anti-subsidy duties), the others being Japan and South Korea, who have very different markets compared to the UK. They are both major net exporters of steel products across the world. They also both have very low import penetration levels[13] when compared to the UK and therefore would not absorb diverted trade, unlike the UK. Historically Japan has had an import penetration level of around 8%[14]. South Korea's import penetration decreased from 41.3% to 25.7 % between 2009 and 2018[15]. This is much lower than the UK level which historically has been around 68%[16], more than double. As of June 2019, South Korea had 6 trade remedies measures in place against steel products that also contribute to the protection of their steel industry.

Actions of other authorities

65. In March 2018 the US imposed 25% tariffs on steel imports. This applied globally with some exemptions, which have been periodically reviewed and amended. UK Steel highlighted that the impact of these measures on the global market has worsened since 2018 as the US steel sector has expanded its steelmaking capacity which further displaces imports that would have gone to the US. The 2020 OECD report on 'Latest Developments in Steelmaking Capacity'[17] describes various planned investments in the US steel industry that could lead to an increase in capacity in the coming years.

66. In response to the US Section 232 measures, and from fear of trade diversion of exports that would have otherwise gone to the US damaging domestic industries, many countries and blocks have responded with trade remedy measures, including, amongst others: the EU, Turkey, the Eurasian Economic Union, Canada, China and Ukraine.

D 4.2 Individual product category level analysis

[13] Ratio of imports to apparent consumption.
[14] https://legacy.trade.gov/steel/countries/pdfs/2016/q3/imports-japan.pdf
[15] https://legacy.trade.gov/steel/countries/pdfs/2019/q2/imports-korea.pdf
[16] https://legacy.trade.gov/steel/countries/pdfs/2016/q3/imports-uk.pdf
[17] OECD, *Latest Developments in Steelmaking Capacity 2020*

Global capacity

67. As shown in the analysis relating to the capacity in the whole market, we can see that there is substantial capacity in the global steel market across all product categories.

68. For individual categories 1, 2, 4, 5, 7, 13, 15, 19, 20, 21 and 26, we received additional information from exporters that indicated that there is some spare capacity in the market. This does not cover the capacity of all exporters across the world, however this, alongside the evidence of global capacity in the steel market overall, is indicative of the excess capacity available to produce goods in these individual categories. We did not receive information from exporters of categories 25A and 25B, but given the conclusions reached in the global product analysis, it is reasonable to conclude there would be spare capacity in the market for all product categories.

Import Trends

Absolute import volume

69. The analysis on the absolute volume of imports of the individual product categories is shown in Annex E. Trends for the product categories differed throughout the POI and MRP. Some increases were seen in the level of imports initially in 2014 (product categories 1, 2, 4, 5, 13, 15, 20, 21, 25A, 25B and 26). For some of the categories the increase was sustained for longer periods in the POI. Imports of product category 4 increased significantly up to 2016. Imports of product category 5 also increased significantly between 2013-2019, to such an extent that levels were 180% higher in 2019 compared to 2013. Imports of product category 13 increased significantly between 2013-2015. Imports of product category 25A increased from 2013 to 2015. Imports of product category 26 increased from 2013 to 2016. Imports of product category 25B increased sharply at the start of the POI and peaked in 2016. Imports of product category 7 increased at the end of the POI with total volume in 2018 higher than in 2013, as it reached its peak.

70. Some decreases were seen in the latter part of the POI and into the MRP. Imports of product category 1 increased in 2014 before steadily declining 2014 to 2016, before a slight resurgence in 2017 and 2018. Product category 2, had a reasonable level of imports during the POI which dropped in the MRP. In 2016 category 13 declined after the surge seen in 2014 and 2015 but remained above 2013 levels. Imports of this category then grew steadily again at the end of the POI. Imports of product category 15 decreased in 2015 and 2016, increasing again at the end of the POI, before stalling in 2019. Imports of product category 21 dropped in 2015 then increased in 2017 but stabilised in 2018. Imports of product category 25A decreased in the period from 2015-18. There was a steady decrease of imports in category 26 in 2017-2019.

71. For a number of categories, decreases in imports were seen in the MRP, following the imposition of the EU Safeguard measures. It should be noted that 2020 figures may have been impacted by the COVID-19 crisis. For category 1 and 2, there was a

significant decrease through the MRP, dropping below 2013 levels at the end of the period. For category 4, imports gradually decreased after 2016, however the increase was still significant compared to 2013 levels. For category 5 there was then a levelling off in 2018, before imports peaked in 2019. There was a considerable dip in 2020, but when compared against the 2013 figure, imports are still significantly higher. Category 7 saw an initial increase in 2018, followed by a decrease for the remainder of the period. For category 13, imports remained stable but with some movement between 2016 to 2019. However, there was a considerable dip in Q2 2020, with levels below those in 2013. During the MRP, category 15 imports fell before remaining steady in 2020. Imports of product category 20 were stable from 2017 to 2019 before a decrease in 2020. Product category 21, saw an increase in 2019 before a significant decrease in 2020. Imports of product category 25B had a sharp decrease in 2017 and 2018. Imports in category 26 fell sharply in 2019, continuing to fall in 2020 at a slower rate. Trends were slightly different for other categories. Having fallen at the start of the POI, imports of product category 19 increased from 2015, falling in 2017, but culminating in a spike to more than twenty times the 2013 figures in 2019. During the MRP, imports of product category 25A sharply increased in both 2019 and 2020. From 2018 to 2020, the level of category 25B imports remained broadly steady, apart from a spike in Q1 of 2020.

Imports relative to production

72. The analysis on the imports relative to production of the individual product categories is shown in Annex E. There were overall increases in imports relative to production for categories 1, 2, 4, 5, 13, 15, 19, 20, 21, 25A and 26. For 25B, there were still significant increases in 2014 and 2016 before a sharp decline relative to production in 2017.

73. Relative to production, imports of category 1 products generally increased across the POI and peaked in 2018 before dropping significantly across the MRP. Category 2 imports relative to production increased significantly between 2013 and 2016 up until the imposition of measures. The figure continued to be high relative to 2013 up to the end of the POI. There was another peak in the proportion at the start of the MRP dropping in 2019 but remaining higher than 2013 levels.

74. For product category 4, there was a spike in the imports relative to production in 2016. Category 13 dipped in 2019. Category 15 showed a marked increase in imports relative to production in Q2 2020. For category 20, the increase was more significant in the MRP for imports relative to production. For category 25A, import volume relative to production increased dramatically in 2015. From 2017, at the end of the POI and start of the MRP, there was a significant drop in imports relative to production. The relative imports increased again in 2019 but not to the same levels as 2015, although higher than 2013. Category 26 showed a dip in imports relative to consumption in 2017.

75. A comparison of imports relative to production was not possible for category 7 due to a lack of usable data.

Other factors

Quota use

Table 12: Average 2017-19 imports and 2021 annualised quotas

Product category	Average 2017-19 imports (kt)	2021 Quota (kt)	Average 2017-19 imports as a percentage of 2021 quota
1	794	879	90%
2	389	452	86%
4	1538	1785	86%
5	179	146	123%
7	337	340	99%
13	394	471	84%
15	1	2	88%
19	36	7	502%
20	86	104	83%
21	183	184	100%
25A	20	64	32%
25B	51	98	52%
26	188	230	82%

Source: HMRC import data

76. It is not possible to accurately assess the rate at which UK quotas have been filled due to the lack of UK-specific data and limited data for 2021 on import volumes. In Table 12, we compared 2019 import figures to 2021 annualised quotas to give some indication of quota use, but it should be noted that these quotas would have been lower in previous years compared to 2021. The analysis shows that imports of categories 5, 19 and 21 were level or higher than the 2021 quota level. All categories except 25A were at levels above 50% of the 2021 quotas. There are limitations to this analysis, but it does indicate a willingness to import across a range of product categories. However, due to the difficulties of comparing 2019 import data with 2021 quotas, it is not possible to accurately determine the rate at which UK quotas would be filled.

77. The European Commission, in 2019[18], highlighted that for categories 4B, 5, 13, 15, 16, 17, and 25, certain annual country-specific quotas or the corresponding residual quota, had already been exhausted or were about to be exhausted within only two months from the imposition of the definitive safeguard measures in 2019. In 2020[19], they stated that certain countries exhausted several (or most) of their annual country-specific quotas abnormally quickly, highlighting that one yearly country-specific quota was exhausted on the first day.

D 4.3 Conclusion on the likelihood of recurrence of importation of goods in increased quantities

78. When considering all products, it is clear that there is significant excess capacity in the global steel market. The OECD data shows that the excess capacity decreased in the period 2016-2019 and increased again in 2020. Although it is lower than 2013 levels, it remains at a significant level representing 32% of production. Information provided by exporters gave further evidence of spare capacity in the market for all product categories under consideration, except for categories 25A and 25B, where no capacity information was provided. When considering the global data alongside evidence received at the product category level, we have concluded that there is significant excess capacity to produce individual categories 1, 2, 4, 5, 7, 13, 15, 19, 20, 21 and 26. For categories 25A and 25B, in the absence of specific information from exporters on their capacity for these categories, we have concluded that based on the global data, there is evidence of excess capacity in the market it is reasonable to assume there is also excess capacity to produce these categories.

79. Imports generally increased across the POI before falling in the MRP, after the imposition of EU measures. Even with these measures in place, and the decrease seen during the MRP, the volume of imports remained significantly high, with overseas suppliers' share over 40% across all products.

80. In reaction to the US section 232 section measures, several major countries have introduced trade barriers on imports of steel products. If the UK did not maintain its current safeguard measures, it would be one of the only major steel markets in the world without protection from the possible recurrence of an unforeseen increase in imports. As we noted, the level of imports has remained high, even with measures in place. Submissions received by TRID have specifically indicated the attractiveness of the UK market for category 1 relating to Turkish imports; the general growth of an import market for category 19 products; and the importance of category 21 to sales of one of the importers. Evidence from quota use experienced by the European Commission

[18] EUR-Lex, *Commission Implementing Regulation (EU) 2019/1590 of 26 September 2019 amending Implementing Regulation (EU) 2019/159 imposing definitive safeguard measures against imports of certain steel products*
[19] EUR-Lex, *Commission Implementing Regulation (EU) 2020/894 of 29 June 2020 amending Implementing Regulation (EU) 2019/159 imposing definitive safeguard measures against imports of certain steel products*

shows that quotas were exceeded abnormally quickly for product categories 4B, 5, 13, 15, 16, 17, and 25 under review during 2019 and 2020.

81. This information taken together with the global overcapacity, indicates that the withdrawal of the measures for certain products is likely to lead to a recurrence of imports in increased quantities.

82. For product category 7 there is limited evidence on which to base a conclusion whether there would be a likely recurrence of imports in increased quantities. Without production data, we were unable to look at imports relative to either production or consumption. On the evidence above, however, we can see there was an increase in imports across the POI and imports have dramatically decreased since the imposition of provisional measures in 2018. The evidence available therefore suggests that it is likely there would be a recurrence of imports in increased quantities if the goods were no longer subject to a tariff rate quota.

83. On an individual product category basis, as detailed above, it is concluded that for product categories 1, 2, 4, 5, 7, 13, 15, 19, 20, 21, 25A, 25B and 26 there is likely to be a recurrence of increased imports if the goods were no longer subject to the tariff rate quotas.

D 5 Likelihood of serious injury to UK producers

84. In accordance with regulation 49(4)(b) of the Regulations, TRID has considered whether there would be serious injury to UK producers of the like goods and directly competitive goods if goods belonging to that category were no longer subject to a tariff rate quota. In undertaking this assessment, TRID has considered market share and the current state of the UK industry. In considering the current state of the UK industry, TRID has focused on; sales, productivity, production, capacity utilisation, profit and employment using data for product categories: 1, 2, 4, 5, 13, 15, 19, 20, 21, 25A, 25B and 26.

85. The reason for omitting category 7 is that there is no available data from domestic producers to conduct injury analysis.

86. We have chosen to conduct an analysis at the global product level, in order to show the overall situation of the industry for the like goods and directly competitive goods. We have also conducted analysis at the individual product categories in order to demonstrate whether there is a likelihood of serious injury for the individual product categories.

D 5.1 Global level analysis

Market Share

Table 13: Domestic producers' market share (Index 2013 = 100)

2013	2014	2015	2016	2017	2018	2019	Q1/2020	Q2/2020
43.5%	37.9%	38.3%	34.5%	33.7%	33.9%	35.4%	36.8%	36.9%
100	87	88	79	78	78	81	85	85

Source: questionnaire responses and HMRC import data

87. Overall, the market share of domestic producers was decreasing throughout the POI but increased slightly during the MRP. The decrease in market share coincided with an increase in imports; it is reasonable to assume that this increase contributed directly to the decrease in market share. The recovery seen in the MRP after the introduction of EU safeguard measures suggests the measures were allowing UK producers the opportunity to adjust to recover lost market share.

Table 14: UK market share (%)

	2013	2014	2015	2016	2017	2018	2019	Q1/ 2020	Q2/ 2020
UK producers	43.5	37.9	38.3	34.5	33.7	33.9	35.4	36.8	36.9
EU27 producers	37.8	36.7	37.5	41.3	37.7	40.7	39.5	38.1	39.2
Rest of the world producers	18.6	25.4	24.1	24.2	28.6	25.4	25.2	25.0	23.9

Source: questionnaire responses and HMRC import data. *Due to rounding, these figures may not add to exactly 100%*

88. Breaking down imports into those from inside and outside of the EU shows the market share taken by non-EU imports grew significantly during the POI, rising from 19% in 2013 to 29% in 2017. In that same period, EU imports remained stable compared with the beginning of the period whilst UK producers' share decreased by around 10%. Market share taken by non-EU imports decreased after 2018. This demonstrates that introducing measures in 2018 did halt the increase in imports seen in the POI, although it should be noted that the measure would not have affected the levels of EU imports at that time as the UK was within the EU Customs Union, allowing the free flow of steel between EU Member States. The above table shows that EU imports increased during the POI and stabilised during the MRP.

Sales

Table 15: UK Producer Sales Volume (Index 2013 = 100)

2013	2014	2015	2016	2017	2018	2019	Q1/2020	Q2/2020
100	100	100	90	86	84	85	84	50

Source: questionnaire responses. Q1 and Q2 2020 figures were multiplied by four and then indexed for fair comparison of trends.

89. Across all products, the sales volume of domestic producers was stable at the start of the POI before steadily declining in the latter two years. There was a slight increase in 2019 before lower figures were recorded again in 2020. The decrease in sales, which coincided with the increase in imports highlighted in the previous section, suggests that the increase directly contributed to the reduction in sales of UK produced goods during the POI.

Table 16: UK Producer Sales Value (Index 2013 = 100)

2013	2014	2015	2016	2017	2018	2019	Q1/2020	Q2/2020
100	94	81	72	88	95	91	81	51

Source: questionnaire responses. Q1 and Q2 2020 figures were multiplied by four and then indexed for fair comparison of trends.

90. The value of sales shows the financial impact for the UK producers. There was a steady decrease through the POI up until 2017, when total sales value increased across the market. A significant increase is seen in 2018 as it approaches early POI levels, but total sales value is then seen to fall again across the whole market and remains below that seen in 2013.

Productivity

Table 17: UK Productivity (Index 2013 = 100)

2013	2014	2015	2016	2017	2018	2019	Q1/2020	Q2/2020
100	108	111	90	104	116	118	116	98

Source: questionnaire responses. Q1 and Q2 2020 figures were multiplied by four and then indexed for fair comparison of trends.

91. Productivity increased in 2014 and 2015 before dropping in 2016 as production volumes decreased. It then increased in 2017 to remain steady through the start of the MRP. 2020 has seen some decrease in in productivity, which is likely linked to COVID-19.

Production

Table 18: UK Production Volume (Index 2013 = 100)

2013	2014	2015	2016	2017	2018	2019	Q1/2020	Q2/2020
100	104	101	80	83	78	82	78	68

Source: questionnaire responses. Q1 and Q2 2020 figures were multiplied by four and then indexed for fair comparison of trends.

92. Production volume generally decreased throughout the POI. There was a slight rise in 2014 before dipping back down in 2015. In 2016, there was then a sharp decrease in production volume before rising slightly at the end of the POI in 2017. During the MRP, there was a small dip in 2018 before an increase in 2019. There was then a steady decrease in the first two quarters of 2020. The decrease in production links to the reduction in sales volume and market share which, as stated above, is indicative of the impact of the increase in imports. The slight increase in 2019 may have been the start of a recovery before the slowdown in demand amid the COVID-19 pandemic affecting the 2020 figures.

Capacity Utilisation

Table 19: UK Capacity Utilisation (Index 2013 = 100)

2013	2014	2015	2016	2017	2018	2019	Q1/2020	Q2/2020
100	103	99	79	82	77	81	77	67

Source: questionnaire responses

93. Average capacity utilisation started low in 2013 and generally decreased across the POI and MRP. In 2014, there was a slight rise compared to 2013. This was followed by a decrease in 2015 and then an unsteady fall throughout the POI and MRP. The small increase in 2019, preceded another fall in 2020.

94. The decrease seen in the POI as imports increased indicates that the increase in imports has a direct impact on the UK industry. As before, the slight increase in 2019 may have been the start of a recovery before COVID-19 and a reduction in demand affected the 2020 figures.

95. Some companies have shut sites entirely where they were loss-making, thus creating a decrease in capacity of approximately 30%. Some of this decrease has occurred where companies or factories have closed permanently, while others have been temporarily closed (meaning that a company ceases to use a location or equipment but keeps it in good working order so that it can readily be used again), in which case, some of the lost capacity could be regained given the correct market stimulus. Investment has continued in steel manufacture despite the losses and low profit levels, which should assist recovery following the current crisis.

Profit

Table 20: UK Producer Profit (Index 2013 = -100)

2013	2014	2015	2016	2017	2018	2019	Q1/2020	Q2/2020
-100	-83	-209	-15	81	-131	-243	-296	-135

Source: questionnaire responses

96. Average profit margins fluctuated across the POI and MRP, though they were negative in most years, indicating losses. A decrease in losses can be seen in 2014 before increasing significantly in 2015. There was a substantial decrease in losses in 2016 before a significant improvement in profitability in 2017. This was the only year where profit margins were generally positive, but we noted that there was also a slight drop in import volumes that year after the peak in 2016. In 2017, domestic industry was also able to reduce employee numbers, increase productivity and increase capacity utilisation. This then allowed prices to rise and resulted in improved profit figures. The MRP saw an overall sharp increase in losses from 2018 onwards.

97. Overall, this indicator is less conclusive than others as it varies quite significantly and is at its lowest at the end of the MRP, in Q2 2020, with safeguarding measures in place. It must be noted that this could be as a result of the impact of the COVID-19 crisis. Despite this, the surge in imports seen in 2014 is followed by a decrease in profit margins. The consistently negative profit margins also demonstrate the overall vulnerability of the industry.

Employment and wages

Table 21: Number of UK employees (Index 2013 = 100)

2013	2014	2015	2016	2017	2018	2019	Q1/2020	Q2/2020
100	96	91	90	80	68	70	67	69

Source: questionnaire responses

98. The total number of employees generally decreased across the POI, as evidenced by interested parties with a closure of a least one plant and temporarily closing[20] others as part of a review by UK producers to reduce costs. There were decreases in 2014 and 2015 before a slight levelling off in 2016. There were then significant drops in both 2017 and 2018.

[20] This means the decommissioning and preservation of equipment or a production facility for possible future use or sale.

Table 22: UK Median wages (Index 2013 = 100)

2013	2014	2015	2016	2017	2018	2019	Q1/2020	Q2/2020
100	101	96	98	113	119	116	118	118

Source: questionnaire responses

99. Median wages remained steady throughout the POI before increasing in 2017 and 2018. Wages then levelled off in the MRP. When examining wages in isolation, there are no signs of serious injury regarding this factor.

Conclusion

100. As explored in this section across all products, and in the analysis at the individual product category level that follows, there exists a temporal link between an increase in imports during the POI, and a downturn in a number of relevant economic indicators. UK producers have experienced a loss in market share, sales volume and value and capacity usage reductions which, taken together, are indicative of serious injury. It is therefore reasonable to believe a future surge in imports could cause serious injury to recur.

D 5.2 Causation and non-attribution

101. We have examined the factors below to establish whether they could also be a cause of serious injury.

COVID-19

102. There was a 1.4% decrease[21] in global steel production for the first quarter of 2020. Whether or not this can be attributed to the COVID-19 pandemic is not clear as industries did not start to be affected until late in March, nearing the end of the first quarter. A decrease in steel prices over 2020[22] is apparent but industry-wide expectations are that prices will regain momentum through 2021 as some areas of the market have remained buoyant.

103. Given that COVID-19 was not a factor during the POI when serious injury was first identified, this is not something that could break the initial causal link between the surge in imports and serious injury identified in that period. Looking forward, neither the short-term nor the long-term impact of COVID-19 on the steel industry is clear but we see no evidence that this would break the causal link between a potential surge in imports and the likely serious injury that would be suffered by UK industry.

[21] Research and Markets , *Steel Industry: COVID-19 Impact, Steel Industry Affected by Lowered Demand During COVID-19 Outbreak*
[22] The Fabricator, *Steel market's views on COVID-19 evolve*

The EU Exit referendum 2016 and leaving the EU customs union

104. Uncertainty around the UK's trading relationship with the EU has been cited as a negative factor for the sector. Over the period from the 2016 Referendum until the economic impact of the coronavirus pandemic in early 2020, UK demand for steel remained relatively steady (see Annex E Table 65), suggesting perceived uncertainty did not have a marked negative impact on domestic demand. The imposition of steel safeguard measures from 2018 for producers then within the EU customs union provided relief from imports from outside the EU28. Under the terms of the Trade and Cooperation Agreement 2020, goods in general will continue to be traded between the UK and EU27 on a duty-free, quota-free basis. However, since 1 Jan 2021 steel safeguards measures, in applying to all imports into a customs area, have applied to UK steel being exported to the EU and to EU steel being imported to the UK. While UK producers will need to compete with other producers outside the EU customs union potentially negatively impacting the level of UK exports to the EU, UK producers will also face less competition from EU producers in the domestic market. We do not conclude that uncertainly over the UK-EU27 trading relationship was a cause of the serious injury suffered during the POI and it is reasonable to believe it would not break a causal link between imports and injury that would be experienced if the measures were removed.

Cost of Production

105. Various parties claimed the UK's high cost of production, particularly electricity prices, are a potential cause of serious injury. There is evidence that the UK faces high overheads compared to international standards[23] and this presents some challenge to the UK steel industry, but it is not clear that this was a cause of serious injury capable of breaking the causal link identified above.

Table 23: UK Producers' Cost of Production (COP), Profit and Import Volume (Index 2013 = +/-100)

	2013	2014	2015	2016	2017	2018	2019	Q1/2020	Q2/2020
Domestic producers' average cost of production	100	93	82	77	97	115	113	103	98
Domestic producers' average profit margin	-100	-83	-209	-15	81	-131	-243	-296	-135

[23] Make UK, *UK Steel Electricity Price Report*
House of Commons Library, UK steel industry: statistics and policy

Total import volume in the UK	100	126	123	132	130	126	120	111	66

Source: questionnaire responses. Cost of production does not include selling costs. Q1 and Q2 2020 import figures were multiplied by four and then indexed for a comparison of trends. Total import figures in this section exclude category 7, hence the difference compared to tables 9 and 54.

106. If cost of production was the main cause of serious injury, we would expect to see a correlation between rising costs as profits decrease – this is not evident. From 2013-2016, cost of production fell, yet profit margins decreased most dramatically in 2015, before improving in 2016. This coincided with the surge in imports seen in 2014 and the consistently high import levels experienced in the rest of the POI. In 2017, cost of production rose but domestic producers, on average, recorded a (positive) profit for the only time across the POI and MRP.

107. Therefore, although UK industry does face some challenges around its relatively high costs of production, it cannot be said that this was a cause of the serious injury suffered during the POI and it is reasonable to believe it would not break a causal link between imports and injury that would be experienced if the measures were removed.

Conclusion

108. While we acknowledge that COVID-19, EU exit, and high cost of production present challenges to the UK steel industry, it is not clear that any of these caused the serious injury previously experienced, nor is there any reason to believe that any or all are significant enough to break the link between imports and injury in the foreseeable future.

D 5.3 Individual product category level analysis

109. Some information relating to injury factors has been provided on a confidential basis and is therefore is not referenced in this section.

Market Share

110. As can be seen in Table 64 Annex E, despite increases in consumption across some product categories, overall, the domestic producers' market share decreased over the POI, giving way to both EU and Non-EU imports. Following the introduction of EU measures, recovery was apparent for product categories 2, 4, 13, 15, 25B and 26. Recovery for many UK producers was limited, as EU sales took up part of the market share that non-EU imports lost. Other companies were able to recover better after the imposition of the measure and rebounded to a far greater extent.

111. As an exception, category 25A finished the POI with a higher market share for UK producers than in 2013. This increased again in 2018 before declining in 2019 and ultimately dropping to zero in 2020 as production ceased.

112. Product categories 13 and 21 also finished the POI on slightly higher or similar levels of market share for UK producers than seen at the start of the POI. For both of these categories though, we were able to identify decreases in market share that coincided with an increase in imports.

Price effects

113. As can be seen in Annex E Table 66, imported goods into the UK in product categories 1 and 13 have mirrored the price fluctuations of the UK-produced goods throughout both the POI and MRP. Increases and decreases in price generally affect both UK products and imports.

114. This is not the case for product categories 15 and 19 where the UK price has remained relatively stable over both periods, with category 15 mirroring the general pattern mentioned below, and product category 19 having some price movement. However, import prices have fluctuated to a much greater extent. Import volumes spiked in 2014 for category 15 and the UK producers appeared to reduce prices to compete. A recovery was seen through the MRP, particularly in 2018 where domestic producers' prices increased as import levels dropped. During the MRP though, import prices for category 19 underwent a sharp drop in price which coincided with a loss of sales for the UK producer. For this category, EU products appeared to have gained a large portion of the market share for the first time in the MRP.

115. Generally, UK and import prices decreased from 2013-2016 before increasing in 2017. There was then more stable pricing across products at the start of the MRP, with a slight drop in 2019 (product categories 1 and 13).

Sales volume

116. As shown in Table 58 in Annex E, although there are examples of year-on-year increases for some individual product categories through the POI, sales generally decreased for all but three product categories.

117. The exceptions to the general decrease in sales during the POI were found in product categories 5, 13 and 21. Category 5 did still experience a decrease in 2014 as imports increased but then recovered in the following years. Categories 13 and 21 were able to keep their sales volumes up in the POI. Category 13 sales peaked in 2016 which coincided with a reduced level of imports.

118. There were examples of improved sales volume in the MRP with categories 4, 5, 13, 15, 19, 21, 25A and 25B experiencing increases in either 2018 or 2019, but there was then generally a decline in 2020.

Productivity

119. Part of the productivity analysis was based on company-wide productivity due to producers not being able to provide us with product-specific data, as shown in Table 60 in Annex E. In categories 1, 2, 4, 5, 20, 21, 25A, 25B, 26, the data showed a decline in productivity in 2016 before an increase in 2017. There was then an improvement in productivity in 2018 and 2019 before a dip in certain categories for Q2 2020.

120. Productivity for categories 13 and 15 increased in 2016 which coincided with a dip in the level of imports.

121. Some improvement in productivity is subsequently seen in the MRP and coincides with a decrease in imports.

Production

122. As shown in Table 57 of Annex E, after increasing in 2014, production volumes generally decreased across the POI, particularly dropping in 2016. They then stabilised at lower levels at the start of the MRP before dropping again in Q1 and Q2 of 2020.

123. Product categories 1, 2, 4, 5, 15, 20, 25A and 26 ended the POI in 2017 with lower production levels than 2013. Product category 25A experienced the most significant fall in production volume across the POI with a particularly large decrease in 2015. It remained low and eventually recorded no production in 2020.

124. Category 25B followed quite a different trend as sales increased throughout the POI, eventually peaking in 2017. Production levels of this category decreased across the MRP before a significant rise in Q2 2020. Category 21 also managed to raise production levels in the POI and only experienced a decrease in 2016 and in Q2 of 2020.

125. Many categories experienced a year-on-year increase in either 2018 or 2019, showing signs of recovery during the MRP after the imposition of EU safeguard measures.

Capacity utilisation

126. As can be seen in Table 56 in Annex E, total capacity utilisation generally decreased across the POI before stabilising at the beginning of the MRP. Capacity utilisation remained at low levels across the POI and MRP. After an increase in 2014, levels dropped in 2015 and 2016 before there was a slight rise in most product categories in 2017. At the start of the MRP, capacity utilisation dropped again in 2018 before a rise in 2019. There were then decreases in Q1 and Q2 of 2020 for most categories.

127. There are some differences in trends evident across different product categories. Product category 4 experienced the sharpest decrease in capacity utilisation during the POI before stabilising in the MRP. Product category 2 also saw similar levels of decrease in 2015 and 2016 before an increase in 2017. As there was no production of category 25A in 2020, capacity utilisation dropped to zero for Q1 and Q2 of 2020.

128. All product categories (except 2 and 15) experienced at least one year-on-year increase during the MRP, either in 2018 or 2019. Despite this small indication of recovery, capacity utilisation was lower in Q2 2020 than 2013 levels for all product categories.

Profit

129. Although average profit margins have fluctuated across the POI, most product categories have struggled to make and sustain a profit. Considering all product categories together, the only positive profit margin was achieved in 2017 when the market appeared to have recovered from a surge in imports from 2014 onwards. However, profit margins in general have decreased since 2017, through the MRP with the only positive indication for many products coming in the second quarter of 2020. Some product categories made no profit over the entire period (POI and MRP), saw no increase in 2017 and also saw a significant decrease in profit from 2017 or have been decreasing throughout.

130. Due to confidentiality and sensitivity of information relating to profits, no direct mention can be made of specific product categories. However, it should be noted that two categories have experienced more positive profitability, one of which was profitable from 2013-2015 when profits were on the rise, however since this period they have either failed to make a profit or have just broken even. An additional product category also steadily increased its profit margin at the start of the POI, but has since seen a marked decrease, where the effects of imports in increased quantities has been felt.

131. There have been positive signs of profitability for a small group of product categories throughout the MRP after a decrease seen throughout the majority of the POI. A significant increase was seen in 2018, through to the first quarter of 2020 (for two categories) and 2019 (for one product category), which appear to show signs of recovery following the imposition of measures and a recovery from injury sustained through increased imports during the POI.

Employment and wages

132. As shown in Table 62 of Annex E, across product categories 1, 2, 4, 5, 20, 21, 25A, 25B and 26 there was a steady decrease in employee numbers during the POI before levelling off after 2018. This shows a general decrease in the levels of employment during the POI. There was then a period of stabilisation in the MRP after the imposition of EU safeguard measures.

133. Category 15 saw slight declines from 2013-16, before a small increase in 2017. Employee numbers were then able to rise in 2018 and 2019 during the MRP.

134. Information on wages shown in Table 63 was not available across all product categories individually. Across product categories 1, 2, 4, 5, 20, 21, 25A, 25B, and 26 wages were generally steady across the POI before a slight rise in 2017 and 2018. There was a slight dip in 2019, before rising back to 2018 levels in early 2020.

D 5.4 Conclusion on the likelihood of serious injury to UK producers

135. Trends in injury indicators for UK producers of the product categories under review, taken together, led us to conclude that UK industry suffered serious injury over the POI and failed to fully recover during the MRP. In particular, the market share, sales volume and value and capacity usage for domestic producers decreased throughout the POI. This coincided with an increase in imports over the same time period. UK prices were not able to increase as expected under the conditions of these increased imports, resulting in most products continually struggling to make a profit over the POI and into the MRP. There were a limited number of exceptions to this, but where profits were recorded, we observed decreases that coincided with increases in imports. The only year where the average profit across all products was positive was 2017 but profit margins then fell sharply in 2018 to levels well below the start of the POI. Some recovery could be seen against injury indicators during the MRP indicating that the introduction of the EU safeguard measures enabled some recovery from injury. Overall, we observed some increase in the form of increased market share, sales, productivity, production volume, capacity utilisation and wages. Due to the serious nature of the injury experienced in the POI, recovery was often minimal and failed to reach levels seen at the start of the POI. In particular, after recovery in 2019 there was a fall again in sales figures for 2020. The analysis shows that the UK industry remains in a fragile position and could be vulnerable to a future surge in imports.

136. In terms of causation, we have established that there was a temporal link between increased imports during the POI and serious injury experienced by domestic industry. It is therefore reasonable to believe that a future surge in imports could cause similar serious injury to domestic industry. We examined the effects of the COVID-19 pandemic, the UK's EU exit, and costs of production in the UK, and established that none of these factors were strong enough to break that causal link.

137. For product category 7 we were not able to ascertain the likelihood of serious injury due to a lack of available data. For category 25A, production ceased in 2020 and we were not able to establish a link between increased imports and injury. We therefore concluded that there was no likelihood of serious injury for category 25A.

138. In assessing whether the injury discussed here is "serious", we have given particular consideration to the significant breadth and depth of injury that our analysis

indicates. We have found evidence of harm at an industry level across most injury factors, some of it mitigated by the effects of the EU measures. Each remaining product category shows evidence of injury against some of these factors, and, in most cases, this is evident across most factors. Across the majority of product categories, increased imports have led to reduced sales and market share, reduced production and capacity utilisation and productivity, declines in employment and wages, and generally, negative profits.

139. We have considered whether this serious injury would be likely to recur, taking into account the broad range and large number of different products affected and the proportion of UK industry affected. We also noted that the European Commission's original investigation in 2018 concluded that there was a threat of serious injury, which safeguard measures were intended to prevent.

140. Our analysis has indicated that the UK market faced a similar threat of serious injury in 2018, and that for product categories 1, 2, 4, 5, 13, 15, 19, 20, 21, 25B, and 26 there is a likelihood of serious injury should the goods be no longer subject to the tariff rate quotas. This is due to a combination of injury indicators mentioned in this section of the report. For product category 25A there is no likelihood of serious injury.

D 6 The necessity of the tariff rate quotas to facilitate the adjustment of UK producers

141. In accordance with regulation 49(4)(c) of the Regulations, TRID has considered whether the continuation of a tariff rate quotas is necessary to facilitate the adjustment of the UK producers of the like goods and directly competitive goods to the importation of goods belonging to those categories. TRID has completed this by assessing adjustment plans provided by UK producers to determine whether there is sufficient evidence to conclude that the domestic industry has been adjusting since EU safeguard measures were put in place and that sufficient planning is in place to continue adjusting moving forward. TRID has undertaken the following analysis to conclude whether or not an extension to the measure is necessary to accommodate the continuation of the proposed adjustments.

142. Under paragraphs 7(3) and 16(5)(b) of Schedule 5 to the Act and regulation 32 of the Regulations, TRID is required to review adjustment plans provided by UK producers to assess whether there is sufficient evidence to conclude that the domestic industry has been adjusting to the importation of the goods, since EU safeguard measures were introduced and that sufficient planning is in place to continue adjusting moving forward. In addition, regulation 50(7) of the Regulations provides that TRID may only determine to extend the period for which the TRQ applies to goods if it is considered that the continuation is necessary to prevent serious injury to UK producers and there is evidence of UK producers adjusting to the importation of the goods. Therefore, this analysis is required to enable TRID to conclude whether an extension to the measure is necessary to accommodate the continuation of the proposed adjustments.

143. UK producers in the sample provided the investigation with adjustment plans containing the measures that they have planned or initiated in order to demonstrate their adjustment to market conditions. These have broadly fallen into five categories: staff reduction; asset closure; production strategy; investment; and carbon sustainability. For each of the sampled UK producers, we have reviewed the adjustment plans provided against other information from questionnaire responses and open-source research, to understand what measures have been taken or are planned and the timeframe and impact of these. This analysis enables us to conclude on whether there is evidence that the domestic industry is adjusting since the measure was put in place and if more time is required for sufficient adjustment to prevent serious injury if the measure was removed.

144. Staff reduction is one of the adjustments being made by some of the UK industry. The aim of staff reduction, in terms of adjusting to market conditions, is to stem high costs against weak demand, reducing shift level in production to balance against lower demand and to increase overall financial performance; this has resulted in one producer committed to reducing the number of employees by around 20% between 2017 and 2020, with another announcing to reduce employment by 3,000 employees in 2019.

145. Asset closure has been a recurring policy adopted by producers, as an adjustment method to increase sustainability, reduce separate legal entities to reduce costs and complexity, aid in transparency and increase governance. This resulted in one producer closing down its mills in 2015 and selling small distribution sites, in order to focus on sales to larger independent stockists in 2020, while another is seeking buyers for business units that cater mainly to niche markets, and simplifying its corporate structure.

146. Production Strategy is an important part of the adjustment plans as it looks to reduce costs and increase efficiency. Broadly speaking, the UK producers' adjustment plans consist of amending the volume of production to match market demand and reduce costs where possible and increasing efficiency through optimising and streamlining their production process.

147. Pricing strategies is one method being made by of some of the producers. The aim of this is to adjust and implement pricing strategies to reflect market condition. This will ultimately reduce costs and increase EBITDA through targeted investments on productivity, sustainability and value-added growth.

148. Investment planning is used by producers in their adjustment plans to increase productivity, efficiency and innovation. This has led to an introduction of new products, new sizes and improved qualities to the market. With one producer promising investment of £1.2bn in order to do this.

149. Carbon reduction and sustainability measures have been implemented by many producers in order to reduce costs, support clean growth and increase efficiency whilst

protecting and creating new jobs. This included measures such as reusing waste, reducing emissions and minimising water use.

150. In conclusion, sampled producers outline clear and realistic timeframes to complete adjustment strategies. They have given evidence of taking the actions required throughout the POI and MRP, giving assurance that the plans are deliverable. While we have not been able to identify end dates for some of the measures within the adjustment plans because they have been described as ongoing, we conclude that the domestic industry has provided sufficient evidence to demonstrate that they have been adjusting to the market conditions since the implementation of the safeguard measures in 2018. The domestic industry has also provided sufficient evidence to show that, though some progress has been made, an extension of the period of the safeguard measure would facilitate the continued adjustment to the market conditions, which continues to be necessary to prevent serious injury to domestic industry recurring.

D 7 Consideration of whether alternative tariff rate quota or safeguarding amount would better meet aim of preventing serious injury to UK producers

151. In accordance with regulation 49(4)(d) of the Regulations, TRID has considered whether the TRQs and out-of-quota safeguarding duty are appropriate for the UK-specific safeguard measures or whether an alternative TRQ or the application of a safeguarding amount would better meet the aim of preventing serious injury to the UK industry caused by the surge in imports in 11 out of the 19 categories of steel products currently subject to the steel safeguard measures.

152. TRID has completed the following steps to undertake the above assessment;

1. Determine traditional trade flows
2. Determine developing country non-exemptions by product category
3. Determine liberalisation rate to calculate TRQs per product category
4. Determine the timeframe necessary to remove serious injury and allow the UK industry to adjust
5. Calculate the annual and quarterly quotas per product category for the timeframe established under Step 4
6. Determine country specific and residual quarterly TRQs
7. Compare calculated quotas with the quotas set out in the Notice of Determination and assess whether we would suggest any changes and why
8. Determine the out-of-quota safeguarding duty
9. Assess whether the TRQs and the out-of-quota safeguarding duty calculated at Step 8 are suitable to maintain traditional trade flows and are sufficient for the UK domestic industry to adjust
10. Assess any other types of measure and their suitability
11. Determine caps on residual quota use by countries with a country-specific quota

153. The TRQs to be applied for the extended measure from 1 July 2021 are based on import volumes in the last three representative years: 2017 to 2019. 2020 was not taken into consideration due to the impacts of the COVID-19 pandemic on import volumes. The TRQs for the transitioned measure applicable between 1 January and 30 June 2021 were calculated by DIT on the basis of 2015 to 2017 average import volumes following the methodology applied by the EU. This was not considered appropriate for the extended measures as this methodology would disregard the development in steel demand and imports in recent years.

154. Where 2017-2019 data led to the conclusion that a more restrictive measure should be imposed, which is not permitted, TRID will maintain the existing measure. The latter affects product category 4, where TRID decided to reduce its scope by removing a commodity code. In this case, the existing measure was adjusted by the 2017-2019 import share of the removed commodity code.

155. The quotas are managed quarterly, rather than annually, to preserve the total annual volumes per product category whilst ensuring a stable flow of imports, minimising the risk of exporters in the strongest exporting countries frontloading sales to 'empty the market' and stockpiling at the beginning of a period.

156. Developing countries with a 2017-2019 average import share of for more than three per cent of the UK's total imports, or with import shares that collectively accounted for more than nine per cent in a product category, were deemed in accordance with regulation 46(7) of the Regulations to be non-exempt from the safeguard measures in this product category.

157. Where in a product category a country's average import share exceeded 5%, it is allocated the same share of the quota in this product category (country-specific quota allocation).

158. Countries that have exhausted their country-specific quota in a given product category and period can access the remaining residual quota for that product category in the last quarter of each year without any restrictions (no caps). The need to introduce caps on the residual quota use by countries with a country-specific quota could not be confirmed by TRID due to lack of data that might evidence that countries with country-specific quotas rapidly exhaust residual quotas during the last quarter, thereby crowding out traditional import flows from other origins.

159. TRID determined that a liberalisation rate of 3% should be maintained based on an analysis of the expected development in steel-using industries. After a contraction in demand in 2020, demand levels are below pre-pandemic volumes. Therefore, an increase of import volumes above a liberalisation rate of 3% is more likely to cause an over-supply on the UK market.

160. After completing the above detailed steps, TRID concludes that TRQs and an out-of-quota safeguarding duty of 25% are the most appropriate form of measure to maintain existing patterns of trade. The out-of-quota safeguarding duty should be maintained at 25% as lowering this rate would likely cause trade diversions whilst the US and the EU maintain 25% tariffs on the goods subject to review in place. If the UK reduced its tariff, it would risk exports originally destined for the US and the EU markets being diverted to the UK and thereby cause serious injury to the domestic producers of the product categories. Therefore, an out-of-quota safeguarding tariff rate of 25% is considered adequate to the domestic industry to adjust to the increased volume of imports.

161. The safeguard measures should, at this point, be applied for a period of three years, given that trade restrictive measures like the EU safeguard measures and US Section 232 measure on steel products are still in effect, and impacts caused by the COVID-19 pandemic and global excess capacity for steelmaking are putting the UK industry in a vulnerable position. This timeframe will also allow the UK industry to continue to implement their mid- and long-term adjustments.

162. It was determined that a safeguarding amount is not a suitable measure to ensure that traditional trade flows were maintained, as import tariffs would be applied on all imports, thereby making any imports less attractive and potentially distorting existing trade patterns.

SECTION E: Economic Interest Test

E 1 Introduction

163. The aim of the Economic Interest Test (EIT) is to determine whether the implementation of a proposed preliminary decision to vary the measure and apply tariff rate quotas to categories 1, 2, 4, 5, 13, 15, 19, 20, 21, 25B, and 26 is in the wider economic interest of the UK.

164. In accordance with paragraph 23 of Schedule 5 to the Act, the EIT is met in relation to the application of a safeguarding remedy if the application of the remedy is in the economic interest of the United Kingdom; there is no presumption that the EIT is met.

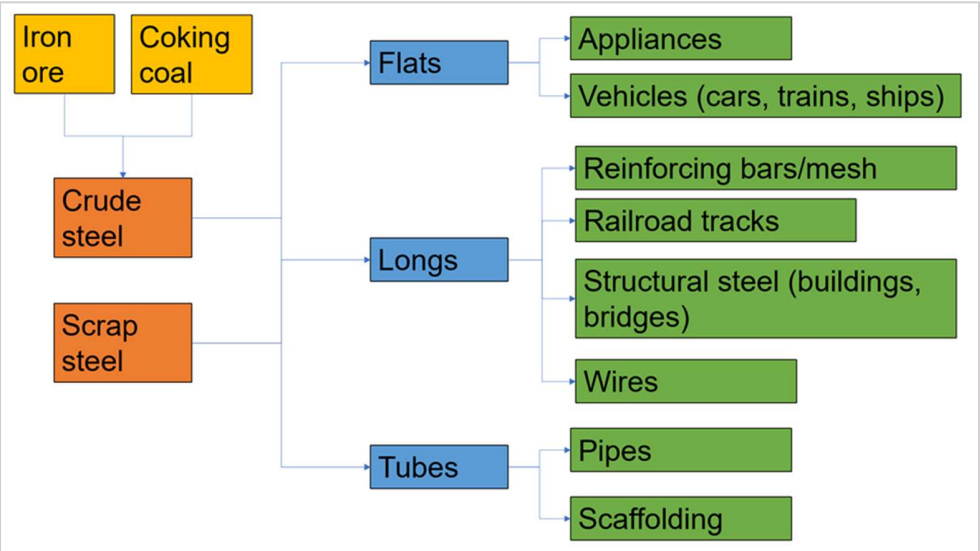
165. In line with paragraph 23 of Schedule 5 to the Act, TRID has taken account of the following in conducting the EIT:

- the serious injury caused by the importation of the goods in increased quantities to UK producers of those goods and the benefits to those UK producers 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 TRID considers relevant.

E 2 Products affected by the measures

166. The proposed measures are Tariff Rate Quotas (TRQ) covering certain steel products as set out in Annex C. Figure 1 provides an illustration of the raw materials which are used to produce these products and some of the products they are used to make.

Figure 1: Illustration of the major inputs and uses of steel products



167. Steel products are either produced from iron ore (which is used with coal to produce crude steel) or from recycled scrap metal. The products covered by the measures can be put into three broad groups:

- **Flat steel products** such as coated sheets and cold rolled sheets, which are used in the manufacture of things like vehicles and appliances.
- **Long steel products** such as rebar and wire rod, which are used in the construction of buildings and railways.
- **Tubular steel products** such as welded tubes and gas pipes, which are used in the production of pipes and scaffolding.

168. Table 24 shows the known production and imports for each of these groups for 2017-2019. Product categories for which measures are proposed to be revoked based on previous sections of this document are not included in the EIT assessment and therefore are not listed here. Average data over a three-year period has been used to reduce the impact of peaks in certain years. We have only used data up to 2019 because 2020 data is not likely to be typical due to the effects of COVID-19. It shows that the most significant product group in terms of known consumption is the flats products group.

Table 24: Known consumption of steel product groups, kilotonnes (kt), 2017-19

Product group	Product categories	Average annual known UK production, 2017-19*	Average annual imports, 2017-19	Total known UK consumption, 2017-19
Flats	1, 2, 4, 5	1,386	2,900	4,286

Longs	13, 15, 19	419	432	850
Tubes	20, 21, 25B, 26	212	508	720

* UK production is based on questionnaire responses and so only includes UK production from those who responded to questionnaires
Sources: Questionnaire responses; *HMRC import data*, extracted on 26/04/21

169. The steel products covered by these safeguard measures are used to make a wide range of other products across the economy. In most cases, there are no obvious substitutes for the steel products.

E 3 Evidence base

170. We received the following questionnaire submissions which contained information relevant to the EIT:

- four responses from UK producers of steel products;
- five responses from UK importers of steel products;
- no responses from upstream industry;
- no responses from downstream industry; and
- 22 additional submissions from interested parties and contributors.

171. We have supplemented these questionnaire responses with background research and collated additional information on these parties. We have also conducted research on the parties that have not responded to our questionnaires, including upstream and downstream industries.

172. The sections that follow assess each of the factors of the EIT in turn.

E 4 Serious injury caused by increased imports and benefits to UK producers in removing injury

173. Sections D3, D4 and D5 describe our assessment of:

- goods being imported into the UK in increased quantities;
- likelihood of reoccurrence of importation of goods in increased quantities; and
- likelihood of serious injury to UK producers.

174. We concluded that there was evidence of a significant increase in imports within the POI for all product categories assesses except category 28 which was recommended for revocation. We then found a likelihood of reoccurrence of increased imports for all product categories assessed. Finally, we identified there is a likelihood of serious injury for all categories assessed except categories 7 and 25A.

175. Our findings were informed by the overcapacity in the global steel market, the pattern of imports during the MRP and the risk of trade diversion due to the continuation of measures on steel in other major markets. Due to the overall trends in injury indicators for UK producers of the product categories under review, and the impact of these when taken together, we concluded that the majority had suffered serious injury over the POI and failed to fully recover during the MRP. Some key factors we considered were a fall in market shares and sales over the POI, UK prices not being able to increase under conditions of increased imports and negative profits. Although some injury indicators showed improvement during the MRP, due to the serious nature of the injury experienced in the POI, recovery was often minimal and failed to reach levels seen at the start of the POI. We found that the UK industry remains in a fragile position and could be vulnerable to a future surge in imports.

176. The injury assessment concluded that due to the likelihood of reoccurrence of increased imports there is a likelihood of serious injury to the UK steel industry if safeguard measures are revoked. The expected benefits to the UK steel industry from extending the safeguard measures are explored under the impacts on affected industries and consumers section below. The exceptions to this are product categories 7, 25A and 28 which are recommended for revocation for the reasons set out above. These product categories have not been included in our EIT assessment.

E 5 Economic significance of affected industries and consumers in the UK

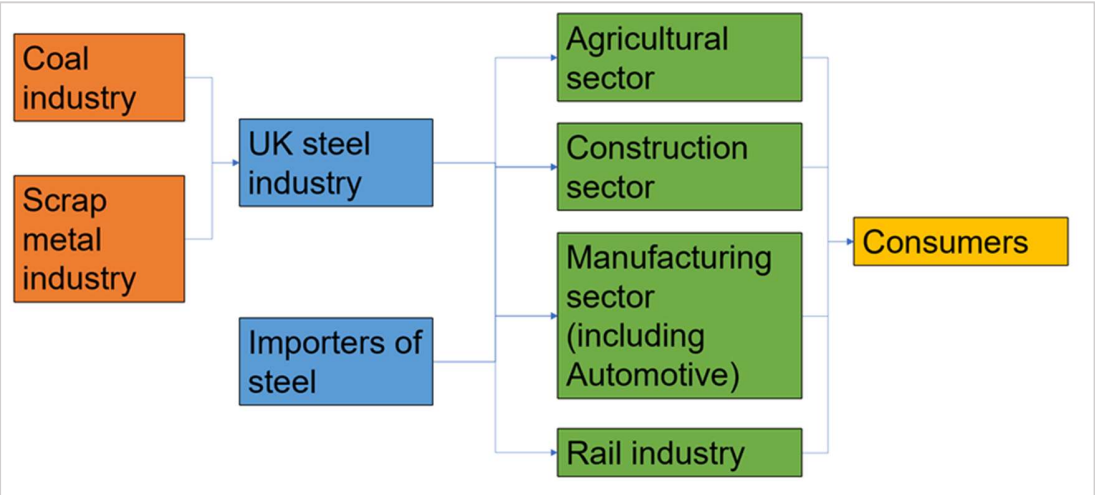
177. The proposed measures cover a wide range of products. Since we do not have detailed evidence at a sufficient level of disaggregation, we have conducted the EIT assessment at a sectoral level, focusing primarily on the impacts on various sectors but also pulling out the impacts on certain industries and businesses where evidence is available.[24] We have identified the following groups as being likely to be impacted by the proposed measures because they have some links to the products under investigation (the like or directly competitive goods and goods subject to review):

- **Upstream:** Coal industry and Scrap metal industry;
- **Like goods or directly competitive goods:** UK steel industry;
- **Goods subject to review:** Importers of steel products;
- **Downstream:** Agricultural sector; Construction sector; Manufacturing sector; Automotive industry; and Railway industry; and
- **Consumers**.

178. Figure 2 shows how these groups relate to one another.

[24] We use the term 'sector' to mean a group of related industries. For example, the manufacturing sector comprises many industries including automotive and steel.

Figure 2: UK groups likely to be affected by the safeguard measures



E 5.1 Upstream

179. The UK steel industry produces steel from either iron ore or scrap metal. Of the four steel producers that returned questionnaires, two used iron ore and two used scrap metal. The evidence from questionnaire responses suggests that all iron ore is imported but some coal (which is also used in the production process) is sourced in the UK. For the steel producers that use scrap metal, the evidence suggests that this is primarily supplied by domestically based scrap yards.

Coal industry

180. One steel producer indicated that they bought some of the coal used in their production from the UK. The primary use of coal is as a fuel, but it is also used in some industrial processes such as steel making. The industry mines coal in either deep mines or opencast sites.

181. The most recent government coal statistics show that in 2019 there were 13 coal mines and opencast sites in the UK which employed around 700 people. These numbers have been in decline with over 6,000 employees at around 40 sites in 2010.[25] Energy use statistics show that iron and steel production accounts for less than 1% of coal usage in the UK.[26] The ONS estimates that the wider coal and lignite mining sector has a Gross Value Added (GVA) of £152m.[27]

Scrap metal industry

[25] BEIS, *Historical coal data: coal production, availability and consumption 1853 to 2019*
[26] BEIS, *Digest of UK Energy Statistics (DUKES) 2020, table 2.4*
[27] ONS, *UK GDP estimates, 05 Mining of coal and lignite, 2020 Q4*

182. Two steel producers stated that scrap steel from the UK was their most significant raw material. We received a submission of evidence from the British Metals Recycling Association (BMRA) which states that they represent over 250 businesses that are responsible for 90% of the metal recycled in the UK. The BMRA claim that 15,000 people are employed in the wider UK metals recycling industry. They note that the UK steel industry is a major purchaser of scrap metal but that over 80% of scrap metal is exported due to a lack of local steel producers.[28]

E 5.2 UK steel industry

183. Eight UK steel producers registered with the case. Five were sampled, and of these, four returned sufficient questionnaires. The questionnaire responses we received represent 97% of the known UK steel industry production volume for all products covered by the proposed measure.[29] ONS and BEIS data shows that the UK steel industry employs 33,000-34,000 people[30], has a GVA of over £2.2 billion[31] and turnover of over £10 billion.[32] The product codes covered by the measures accounted for 54% of total imports of steel products by volume over 2017-19[33], suggesting that these measures could be relevant to most of the steel sector, though it is worth noting that some of the steel industry might not be directly affected by the measure.

184. The sampled producers are all large businesses. They employ people in various regions with notable concentrations in South Wales and North Lincolnshire.

E 5.3 UK importers of the goods subject to review

185. Fourteen importers registered with the case during the registration period and five were sampled. The five sampled importers accounted for 78% of the known import volumes of the fourteen that registered with the case, across all product categories covered by the proposed measure.[34] The respondents import steel products from most categories in scope of the measures from a wide range of countries. None of the importers sampled employed significant numbers of people in the UK.

186. Our analysis of import data and questionnaire responses shows that over 2017-2019, metallic coated sheets (category 4) and hot rolled sheets and strips (category 1) have the highest import volumes, while large welded tubes (category 25B) and other

[28] BMRA submission
[29] Pre-limited examination questionnaires
[30] BEIS, *Business Population Estimates 2020, Table 7, 24.1-3 Basic Iron and Steel*;
ONS, *Business Register and Employment Survey, Table 2, 24.1-3 Basic Iron and Steel, 2019*,
[31] ONS, *UK GDP estimates, 24.1-3 Basic iron and steel, 2020 Q4*
[32] BEIS, *Business Population Estimates 2020, Table 7, 24.1-3 Basic Iron and Steel*
[33] Total volume of imports under the product codes covered by the measure as a percentage of all imports under the HS2 code '72 Iron and Steel', 2019, data from HMRC import statistics.
[34] Pre-limited examination questionnaires

welded pipes (category 26) have the greatest import penetration.[35] Import penetration is the share of imports in total known UK consumption.

E 5.4 Downstream

Agricultural sector

187. One respondent indicated that organic coated sheets are used in the agricultural sector. This sector is economically significant but the available evidence suggests that the agricultural sector is a consumer of products from other downstream sectors (construction and manufacturing) rather than a more direct downstream sector. Therefore, we consider the agricultural sector to be an end user of steel products and will be considered along with consumers.

Construction sector

188. Many respondents cited the construction sector as being a major downstream user of steel products such as rebar. The construction sector includes the construction of buildings, civil engineering projects and other specialised construction activities such as plumbing and electrical work. The sector employs 1.6-2.2 million people[36] and contributes over £129 billon[37] in terms of GVA to the UK economy.

189. Although there are some very large businesses in this sector (such as Balfour Beatty which has 26,000 employees[38]), most construction companies tend to be smaller with over 95% having less than 5 employees.[39]

190. A 2017 report by BEIS into steel capabilities estimated the total demand for steel from the construction sector to be around £2 billion in 2015.[40] This represents 0.7% of the estimated turnover of the sector at the start of 2016[41], and although we do not have a more recent estimate of this percentage, this suggests that while the construction sector may be a major user of steel products, steel costs are a relatively small input for the sector.

Manufacturing sector

[35] Questionnaire responses, *HMRC import data*, extracted on 26/04/21
[36] BEIS, *Business Population Estimates 2020, Table 5, Construction*;
ONS, *Business Register and Employment Survey, Table 2, 41-43 Construction, 2019*
[37] ONS, *UK GDP estimates, Construction, 2020*
[38] *Companies House*
[39] BEIS, *Business population estimates 2020*
[40] BEIS, *Future Capacities and Capabilities of the UK Steel Industry, 2017 research paper*
[41] BEIS, *Business population estimates 2016*

191. The manufacturing sector was also cited by many respondents as a significant user of steel products. This sector employs 2.4-2.7 million people[42] and had a GVA of £192m billion in 2019[43]. Note that this is for total manufacturing, while Table 3 presents figures for manufacturing minus steel and automotive. The sector includes a diverse range of industries (such as defence and machinery) which tend to be larger than average UK businesses[44].

Automotive industry

192. Within the manufacturing sector, the automotive industry in particular was referenced by a number of parties. This includes both the vehicles themselves, and parts and accessories. This industry employs 159,000-164,000 people[45] and has a GVA of £16 billion.[46] There are a number of large employers in this industry including Jaguar Land Rover (38,000 employees), Nissan (8,000 employees) and Ford (8,000).

193. BEIS estimated the demand for steel products from the automotive industry to be £348 million in 2015[47] which is 0.5% of estimated turnover in the automotive industry at the start of 2016[48]. Although we do not have a more recent estimate of this percentage, this suggests that steel costs are likely to be a relatively small input for the automotive industry.

Rail industry

194. The final downstream group which was identified in questionnaire responses is the rail industry. This includes both passenger and freight rail. 61,000-69,000 people are employed in the rail industry[49] and it has a GVA of £5 billion[50].

195. According to BEIS there are relatively few companies in the rail industry, but the average size is fairly large (between 700 and 800 employees on average)[51]. The demand for steel products from the rail industry was estimated to be £84 million in 2015[52] which is 0.5% of total rail industry turnover in 2016.[53] Although we do not have a

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[42] BEIS, *Business Population Estimates 2020, Table 5, Manufacturing*;
ONS, *Business Register and Employment Survey, Table 2, 10-33 Manufacturing, 2019*
[43] ONS, *UK GDP estimates, Manufacturing, 2020*
[44] BEIS, *Business Population Estimates 2020, Table 5, Manufacturing*
[45] BEIS, *Business Population Estimates 2020, Table 5, 29 Motor vehicles, trailers and semi-trailers;*
ONS, *Business Register and Employment Survey, Table 2, 29 Motor vehicles, trailers and semi-trailers, 2019*
[46] ONS, *UK GDP estimates, 29 Motor vehicles, trailers and semi-trailers, 2020*
[47] BEIS, *Future Capacities and Capabilities of the UK Steel Industry, 2017 research paper*
[48] BEIS, *Business population estimates 2016*
[49] BEIS, *Business Population Estimates 2020, Table 5, 49.1-2 Rail Transport;*
ONS, *Business Register and Employment Survey, Table 2, 49.1-2 Rail Transport*
[50] ONS, *UK GDP estimates, 49.1-2 Rail Transport, 2020*
[51] BEIS, *Business Population Estimates 2020, Table 5, 49.1-2 Rail Transport*
[52] BEIS, *Future Capacities and Capabilities of the UK Steel Industry, 2017 research paper*
[53] BEIS, *Business population estimates 2016*

more recent estimate of this percentage, this suggests that steel costs are likely to be a relatively small input for the rail industry.

Summary table

196. Table 25 contains various metrics of economic significance for the sectors and industries identified as being affected by the proposed measures. There is limited data for the scrap metal industry and importers but good data for other groups.

197. The data shows that the upstream industries and importers are relatively small compared to the UK steel industry in terms of GVA and employment. On the other hand, downstream groups are substantially larger than the steel industry employing far more people and contributing more to the economy.

Table 25: Significance metrics for the affected industries and sectors

	Coal industry	Scrap metal industry	Steel industry	Importers	Construction sector	Manufacturing sector (excl. Steel and Automotive)	Automotive industry	Rail industry
Total known businesses, of which:	13	More than 250	740	Unknown	992,250	280,190	7,550	85
Registered interest	0	0	8	14	0	0	0	0
Questionnaire responses	0	0	4	5	0	0	0	0
GVA (£m) 2019, current prices	152	Unknown	2,228	Unknown	129,216	173,185	16,185	5,221
Number of employees*	700	15,000	33,000 - 34,000	[redacted]	1,563,400 - 2,176,000	2,232,000 - 2,470,000	158,700 - 164,000	60,700 - 69,000
Turnover (£m), 2020	Unknown	Unknown	10,637	Unknown	354,182	533,122	77,714	13,347

* The sources for numbers of employees are as follows: Coal (BEIS, Historic coal data, 2019), Scrap (BMRA submission), Steel, Construction, Manufacturing, Automotive and Rail (BEIS, BPE 2020 and ONS, BRES 2019)
Sources: Questionnaire responses; ONS, *GDP output approach – low-level aggregates, 2020*; BEIS, *Business Population Estimates 2020;* ONS, *Business Register and Employment Survey (BRES): Table 2;* BMRA submission; BEIS, *Historical coal data: coal production, availability and consumption 2019*

Consumers

198. Steel products are used throughout the UK economy, so the entire population of the UK has some link to the supply chain for these products. Buildings, vehicles, appliances and countless other goods are created using the products covered by the proposed measures. Because of this, it is not possible to identify typical characteristics of these consumers (such as age, gender or income).

199. Many of these downstream products are relatively expensive (such as houses and cars) for which we would expect demand to be quite price inelastic (insensitive to changes in prices) for small changes in price. While steel products are typically quite homogeneous, downstream products created using steel are more likely to be differentiated so we would expect there to be more non-price competition in the downstream sectors.

200. Some steel products will be consumed by public sector organisations such as Network Rail and the defence sector. Demand from these groups is likely to be price inelastic because they are not subject to market forces to the same extent as other businesses, though any additional costs to groups like these will ultimately be borne by taxpayers.

201. As mentioned above, we also believe that the agricultural sector is a consumer of steel products from downstream sectors. Government statistics show that the agricultural sector had a GVA of £12 billon and employed over 450,000 people in 2019.[54]

E 6 Impacts on affected industries and consumers

202. The extended safeguard measures will take the form of a TRQ. The quota is a limit on the volume of certain steel products that can be imported into the UK with no safeguarding in-quota tariff, with anything above these volumes subject to a 25% safeguarding tariff.

203. This section assesses how prices and quantities along the supply chain may change under two scenarios, one where the safeguard measures are extended and one where the safeguard measures are revoked. This is followed by an assessment of the net impact of the measures by comparing the outcome between the two scenarios. It should be noted that in both of these possible scenarios the measures currently in place for product categories 7, 25A and 28 are treated as revoked so the UK supply chains for these goods and their like or directly competitive goods are out of scope of this assessment.

[54] Questionnaire responses; ONS, *GDP output approach – low-level aggregates, 2020;* BEIS, *Business Population Estimates 2020, Table 5, Agriculture*;

204. We have attempted to quantify the impacts on affected industries and consumers based on the available evidence where possible. We have also had regard to the Secretary of State's guidance on the EIT[55].

E 6.1 Price and quantity changes with the extension of safeguard measures

205. If the safeguard measures are extended, the average cost of imports will not change if imports do not exceed the quota amount. Looking at historic data, table 28 shows that for 9 of the 11 product categories, average annual imports over 2017-2019 did not exceed the current 2021 quotas. For these categories, if the measures were extended and similar import patterns were observed in future, we would expect prices of imported steel to remain broadly stable. However, prices could increase if imports exceeded quota amounts.

206. For the remaining two product categories (5 and 19), average annual imports over 2017-2019 were greater than the current 2021 quotas. If these measures were extended, the quotas would be based on average imports over 2017-2019 rather than the current 2021 quotas (see discussions of quotas in section D7). This would mean current out-of-quota imports would end up within the quota and no longer subject to the 25% tariff, potentially reducing the price of these imports. Table 26 presents estimates of the potential reduction in price for these two product categories if the measures are extended with quotas set at the average of 2017-2019 imports. It can be seen that any reductions in price are estimated to be small, at 2% for product category 5 and 4% for product category 19.

Table 26: Estimates of potential price reduction for imported steel products as a result of varying the safeguard quota amount.

Category and category name		Total known consumption, 2017-19*	2021 current quota, annualised	2021 new quota if measures are varied, annualised	Additional in-quota imports under new quota	Estimated price change**
		kilotonnes				***%***
5	Organic Coated Sheets	358	146	185	39	2%
19	Railway Material	140	7	37	30	4%

* This is annual average imports plus known UK production - which is taken from questionnaire responses. Therefore, this only accounts for UK production from those who submitted questionnaire responses.

[55] https://www.gov.uk/guidance/trade-remedies-investigations-directorate-trid-dumping-and-subsidisation-investigations-guidance/economic-interest-test

** This has been calculated by assuming that the price of imports within the quota would not change but the price of additional in-quota imports under the new quota could reduce by the full value of the out-of-quota tariff.
Sources: *HMRC import data*, extracted on 26/04/21; Questionnaire responses; DIT, *Notice of determination 2020/06*

207. The quantity of imported steel is also not expected to change because quota amounts are calculated to ensure that traditional trade flows are maintained. The quota amounts will be liberalised at 3% each year, so import volumes may be seen to increase at this rate.

208. If the safeguard measures were extended, we would expect prices and quantities of UK steel products in the majority of product categories to remain broadly stable or increase slightly. There is the potential for UK steel producers to increase their prices in response to a potential increase in the prices of imported steel for categories where quota amounts are exceeded. Conversely, UK steel producers may potentially face some pressure to reduce their prices for product categories 5 and 19 if import prices fall due to the higher quotas that would be in place if the measures were extended.

209. Some interested parties have stated in their responses that projects like High Speed 2 (HS2) will see increased demand for specific product categories, for example, rebar. There is a possibility that some UK producers will increase the quantities they produce to respond to the increasing need for steel in high-speed rail, energy efficient buildings, low carbon and electric vehicles, wind turbines etc. Other general comments from interested parties have highlighted that as the UK economy improves, the conditions of industries that use steel products, such as construction and manufacturing, will see increased demand. Approved projects and commissions will drive up demand for steel products.

210. Recent steel demand has been influenced by the uncertainty surrounding the future trading relationship between the UK and the EU. The EU has traditionally been the UK's main trading partner for steel[56], but the recent UK exit from the bloc has coincided with a fall in steel exports going into the EU, though a potential explanation may be the EU safeguard measures that now apply to the UK. In January 2021, UK steel exports to the EU fell by 57%, but this rebounded in February 2021, increasing by 112%[57,58]. It should be noted that concrete conclusions cannot be drawn from the short-term trade data, as it is likely that businesses in both the UK and EU continue to adjust to the new trading relationship. It is, therefore, unclear as to what the long-term impact of EU exit might be on steel.

211. The recent economic downturn as a result of the COVID-19 pandemic may have also exacerbated the current situation for UK producers. UK steel producers have reported sharp decline in sales, production and profits in the first two quarters of 2020.

[56] Refer to the competitive environment section later for estimates of 2019 market share, which show that producers from the EU had 41% market share for the product categories.
[57] *HMRC UK Trade Info*
[58] Note that recent figures are subject to revisions by HMRC and therefore subject to change.

The European Steel Association (Eurofer) also asserts that demand for steel in the EU and UK fell by nearly 12% year-on-year in the third quarter of 2020[59]. However, Eurofer forecast a rebound for EU and UK steel by 13% in 2021.

212. A combination of the pandemic and EU exit may have led to short- and medium-term market deviations from the underlying long-term trend[60]. It is unclear whether these events have changed the underlying long-term trend and the future outlook remains uncertain. The demand for steel may return to its long-term trend over the next few years as the UK economy recovers from the effects of the COVID-19 pandemic and lockdown measures. Otherwise, UK steel producers may exit the market as they are making losses under the current market conditions, which suggests that their operations could be unsustainable in the long run. As discussed earlier, there is a possibility that demand for some specific steel products will grow.

213. From the evidence available, we consider it likely that the suppliers of scrap metal would not change their prices and quantities. Interested parties have stated that scrap metal suppliers rely on their business to sustain their own operations. The BMRA acknowledges that the UK steel industry is a major purchaser of scrap metal but that over 80% of scrap metal is exported due to a lack of local steel producers. Therefore, the demand for scrap metal relies heavily on the steel industry, and the prices and quantities of scrap metal are unlikely to change without a corresponding change in the UK or global steel industry. However, there is the possibility that quantities could increase due to increased demand from UK steel producers, in the event that they increase production. Moreover, prices could also increase on the back of potential increases in the prices of UK steel, or decrease slightly if UK steel prices reduce for product categories 5 and 19.

214. If importers and UK producers did not increase their steel prices, prices of downstream products would likewise remain broadly the same. If, instead, importers and/or UK producers increased their prices, steel users would face higher input costs and may decide to increase their prices and pass the cost increase onto their customers, or they may leave prices unchanged and absorb the loss. For product categories 5 and 19 the converse is possible, with lower steel prices potentially being passed downstream or absorbed by steel producers. The effect of either choice is likely to be quite small because steel costs make up only a small proportion of the turnover of most products using steel. As shown in table 30, in 2015, steel costs accounted for less than 1% of turnover in the construction, manufacturing, automotive and rail industries. Therefore, any small change in the price of steel is likely to have a negligible impact on the prices of downstream products.

215. We do not expect the quantities of downstream products to increase, at least in the short-term. The COVID-19 pandemic has hit many downstream sectors in the UK. For

[59] EUROFER, *Economic and steel market outlook 2021-2022, first quarter*
[60] This also applies to the scenario without the measure however, it is not discussed below to avoid repetition.

instance, total output in the construction sector fell by 33%[61] in the second quarter of 2020, a record fall. UK car output also fell by 29% in 2020[62]. However, latest figures show that the construction and automotive industries are rebounding with 1.6% and 47% growth in February and March 2021[63]. The long-term impact of the coronavirus pandemic on steel users remains unclear.

Table 27: Expected impacts on prices and quantities of affected products with the safeguard measures

Products	Prices	Quantities
Imported steel	For most product categories, unlikely to change if imports do not exceed quotas; would increase if quotas exceeded. For product categories 5 and 19 slight price reductions (2% and 4% respectively) are possible due to change in quota if measures are varied.	Unlikely to change. Quantities will broadly reflect quota amounts which are set to maintain traditional trade flows.
UK steel	Unlikely to change, but possible price increases if prices of imported steel increase and small decreases possible for product categories 5 and 19.	Overall quantities likely to remain stable, with potential increase in quantities of some steel products due to the increasing need for steel in high-speed rail, energy efficient buildings, low carbon and electric vehicles, wind turbines etc. Long-term impact from the coronavirus pandemic and EU exit unclear.
Upstream products	Unlikely to change, but possible that prices may follow any increases/ decreases to the prices of UK steel.	Unlikely to change, but possible increase in quantities due to increasing demand from steel producers.
Downstream products	No change.	No change, with possible long-term impact from the coronavirus pandemic and EU exit unclear.

[61] ONS, *Construction output in Great Britain: December 2020*
[62] The Society of Motor Manufacturers and Traders (SMMT), *UK vehicle manufacturing data*
[63] ONS, *Construction output in Great Britain: February 2021*

E 6.2 Price and quantity changes without the safeguard measures

216. If the measures were revoked it is likely that the price of imports inside the quota would see no change, but the price of imports exceeding the quota would fall by the value of the safeguarding tariff. It should be noted that the uncertainty around whether imports will be subject to the out-of-quota tariff may also impact costs of imports within the quota, however this cannot be quantified. Therefore, if the measures were to be revoked, it is likely that the average price of imports would fall. The magnitude of this fall would depend largely on the volume of imports that are currently facing the 25% out-of-quota safeguarding tariff and changes in import quantities if the measures were to be revoked[64]. The reduction in the total cost of imports is likely to be much smaller than the out-of-quota safeguarding tariff for most product categories as the illustrative analysis below indicates.

217. Table 28 provides illustrative estimates for the potential price reduction for different product categories if the safeguard measures were to be revoked. It calculates the weighted average price change in two alternative scenarios:

- where import volumes do not increase following revocation of the measures; and
- where imports gain a 100% market share following revocation of the measures.

218. These scenarios represent two extreme outcomes and allow us to show the range of potential price reductions. Under the second scenario, payment of the 25% out-of-quota safeguarding tariff is avoided on a larger volume of imports than under the first scenario, thereby leading to a greater price reduction.

219. This illustrative analysis assumes that prices of imports currently within the quota would not change and prices of imports outside of the quota could decrease by up to 20%[65]. It also assumes that the level of consumption does not change as a result of the measure. Known consumption is calculated using the same approach as in previous sections. If the level of consumption increased by more than the rate of liberalisation of the quotas (3% per year), the price changes as a result of revoking the measure could be larger than those set out in Table 28.

220. For categories where the quota exceeds consumption, and assuming no change in consumption, revocation of the measures is likely to have no impact on prices.

221. For categories where consumption exceeds the quota, we assess the likely impact on prices by looking at demand for imports. A comparison between 2017-19 average

[64] If, for instance, 90% of total imports are currently outside the quota, the average cost of total imports would fall by 18% if the measures were removed (or zero safeguarding tariff was imposed on all imports). If, instead, only 10% of total imports are currently outside the quota, then the average price of total imports would fall by 2% if the measures were removed. For these illustrative examples, import volumes are not assumed to change.

[65] This is the difference between the price of imports when a 25% tariff has been applied and their price before the tariff is applied.

imports and current quota levels provides an indication of the potential excess demand. For categories where historic import volumes exceed the current 2021 quota, it indicates that there may be excess demand. This makes it more likely that if the measures were revoked price reductions might be towards the higher end of the estimated range. For categories where 2017-19 imports are less than the current quota levels, there is less evidence that prices might change significantly if the measures were to be revoked.

222. For 9 of the 11 product categories, the scenario assuming there is no increase in import volumes results in no change in price. This is because the 2017-19 average imports are lower than the current quota levels so are not subject to the 25% safeguarding tariff. As average imports for the other two product categories (5 and 19) are higher than current quota levels, a small price reduction is expected even with no change in import volumes.

223. This illustrative analysis suggests that revoking the safeguard measures could have quite different price effects across the product categories, with larger price reductions more likely for products like railway material (category 19), stainless wire rod (category 15) and organic coated sheets (category 5) and smaller price reductions for products like welded tubes (categories 25B and 26), gas pipes (category 20) and metallic coated sheets (category 4). However, the results of this illustrative analysis should be treated with caution due to our incomplete evidence on UK production, the difficulties of comparing 2017-19 data with 2021 quotas and the underlying assumption of no change in consumption.

Table 28: Estimates of potential price changes for imported steel products as a result of revoking the safeguard measures

Category	Category name	Average annual imports, 2017-19, kilotonnes	Total known consumption, average over 2017-19, kilotonnes*	Current 2021 quota, annualised, kilotonnes	2017-19 imports as a percentage of current 2021 annualised quota	Estimated price reduction if the measure were to be revoked**
1	Non Alloy and Other Alloy Hot Rolled Sheets and Strips	794	1,357	879	90%	0-7%
2	Non Alloy and Other Alloy Cold Rolled Sheets	389	634	452	86%	0-6%
4	Metallic Coated Sheets	1,538	1,937	1,785	86%	0-2%
5	Organic Coated Sheets	179	358	146	123%	2-12%
13	Rebars	394	702	471	84%	0-7%
15	Stainless Wire Rod	1	8	2	88%	0-16%
19	Railway Material	36	140	7	502%	4-19%
20	Gas pipes	86	117	104	83%	0-2%
21	Hollow sections	183	349	184	100%	0-9%
25B	Large welded tubes	51	52	98	52%	0%
26	Other Welded Pipes	188	202	230	82%	0%

* This is annual average imports plus known UK production - which is taken from questionnaire responses. Therefore, this only accounts for UK production from those who submitted questionnaire responses.

** This has been calculated by assuming that the price of imports within the quota does not change but the price of potential imports outside of the quota (known consumption minus quota amount) could reduce by the full value of the tariff. The lower end of the range estimates the impact if the volume of imports remained constant and the 25% tariff was no longer applied to any out-of-quota imports. For the majority of product categories, average annual imports for 2017-2019 are less than the current quota so the minimum price change is 0%. For product categories 5 and 19 however, average annual imports exceed the current quota so these have a non-zero minimum price change. The upper end of the range estimates the impact if all demand was met by imports and the 25% tariff was no longer applied to all imports outside the quota.
Sources: *HMRC import data*, extracted on 26/04/21; Questionnaire responses; DIT, *Notice of determination 2020/06*

224. Without the measures, importers of certain steel products could face reduced costs of up to 20%, though as the illustrative estimates indicate above, the impact is likely to be smaller. This may result in cost reductions being passed onto their customers and/or importation of more steel products with overseas producers gaining market share. Importers have cited price as an important factor for their customers, which indicates that reduced prices may be necessary to remain competitive. From the available evidence, we consider it likely that importers would reduce their prices. Moreover, the homogeneity of products within the majority of the product categories means that there is an increased likelihood that cost savings will be passed on in the presence of increased competition and limited scope for product differentiation.

225. Importers are likely to increase the quantities of imports of steel products where there is excess demand and a reduction in prices. Moreover, there would be no risk of exceeding the quota and paying a 25% safeguarding tariff, which means that the uncertainty associated with importing with safeguard measures in place is eliminated.

226. Turning to the impact of revocation of measures on producers, we consider it very unlikely based on the evidence available that UK steel producers would reduce their prices because they are making significant losses at current prices. There has been evidence of UK steel producers closing premises in the case of product category 5 with significant losses, indicating that this could happen for other product categories. Between 2013 and 2020, the UK steel industry made losses in all years except 2017. Although, the UK market for steel is price competitive with many undifferentiated steel products that are directly comparable to imported steel, it is very unlikely that UK producers would be able to match any price reduction from importers due to squeezed/negative profit margins. Two UK producers and importers claim that some high-end steel products such as stainless bars are less price competitive as there are fewer producers and importers. Demand for these products is more sensitive to non-price factors such as quality, brand loyalty and faster delivery. Therefore, we expect that the price effects on high-end products might be less strong.

227. If demand for steel returns to previous levels following the COVID-19 pandemic and the UK's exit from the EU, UK producers may struggle to increase their sales to historic levels if imports increase as a result of the measure being revoked. Because importers will be able to reduce prices and increase quantity, there is reason to believe that UK producers will lose market share. If the measures were revoked, the risk of trade diversion due to the continuation of measures on steel in other major markets would further exacerbate the impact on UK steel producers.

228. During the POI, UK steel producers lost sizable market share to imports, in particular non-EU imports, with some recovery during the MRP while the current safeguard measures have been in place. However, there is the possibility that demand for some steel products could exceed their historical levels due to the increasing need for steel in high-speed rail, energy efficient buildings, low carbon and electric vehicles. The extent to which some of this demand could be met by overseas exporters or UK producers is not clear. Therefore, we expect that revocation of the measures is likely to lead to a fall in the sales of UK steel, except

for some steel products. UK steel producer sales have not yet recovered to the levels that were seen in 2013, at the start of the POI, indicating that a full recovery has not been possible during the MRP.

229. If steel production in the UK were to fall, then sales of scrap metal are likely to drop due to reduced demand from UK steel producers for scrap metal. UK suppliers of scrap metal rely on the steel industry[66]. This suggests that prices of scrap metal would be likely to face downward pressure if there were decreased demand from UK steel producers as a result of revoking the measures.

230. If importers reduced their prices and the average price of steel were to fall, this would reduce the input costs for steel users in the UK. Steel users may reduce their prices and pass the cost reduction onto their customers or they may leave prices unchanged and increase their profit. The effect of either choice is likely to be quite small because steel makes up only a small proportion of the input costs of most products using steel. As mentioned in section E 5.4, in 2015, steel costs accounted for less than 1% of turnover in the construction, manufacturing, automotive and rail industries. Therefore, revoking the measures is likely to have negligible impact on individual steel users.

Table 29: Expected impacts on prices and quantities of affected products without the safeguard measures

Products	Prices	Quantities
Imported steel	Reduction in prices of 0-19% (analysis in Table 28 gives an indication of how this might vary for different product categories) depending on the volume of imports outside of the quota.	Increase in quantity for products where there is reduction in price and/or excess demand. Risk of trade diversion if measures continue in other markets.
UK steel	No change due to squeezed/negative profit margins.	Overall sales are likely to reduce due to an increase in the quantity of imported steel. However, sales may increase for some steel products due to new projects such as HS2 and electric cars.
Upstream products	Potential downward pressure on prices due to reliance on demand from the UK steel industry.	Overall sales are likely to reduce due to reliance on demand from the UK steel industry.
Downstream products	No change or small reduction in prices due to cheaper steel.	No change or small increase in quantities due to price reduction.

[66] One UK steel producer mentioned that many local suppliers providing raw materials depend on their business to sustain their own business. Another producer mentioned that its in-house site that supplies its raw materials is currently experiencing negative profitability in the difficult market conditions. The BMRA submitted that 80% of scrap metal is exported due to a lack of local producers.

E 6.3 Likely impact on affected industries and consumers

Upstream

Scrap metal industry

231. Since suppliers of scrap metal rely on UK steel producers, the demand for scrap metal is not expected to change as a result of extending the measures. Therefore, quantities of scrap metal sold are likely to remain stable in the long run with the extension of the safeguard measures, as quantities produced by UK steel producers are expected to remain stable. Where UK steel producers under some product categories are able to increase their quantities, this would result in increased demand for scrap metal, which would benefit scrap metal suppliers.

232. Revocation of the safeguard measures would be likely to negatively impact scrap metal suppliers. The expected decline in production by UK steel producers will negatively impact demand for scrap metal, though this may be cushioned by demand from overseas buyers. Scrap metal suppliers may also be forced to lower their prices due to reduced demand from UK steel producers.

Coal industry

233. Coal has been mentioned as an input by one steel producer. As mentioned in section E 5.1, statistics show that iron and steel production accounts for less than 1% of coal usage in the UK. Based on this information, the impact on the coal industry is expected to be negligible in the event that the safeguard measures are revoked. The extension of the safeguard measures is expected to have no impact on the coal industry.

Like or directly competitive goods and goods subject to review

Steel importers

234. The average cost of imports is unlikely to change with the extension of the safeguard measures, though prices could rise for product categories where quota amounts are exceeded and fall slightly for two categories. In contrast, if the safeguard measures were revoked, there is the potential for importers to reduce their prices by up to 20%, however this would depend on the proportion of imports that are outside the quota and subject to the 25% safeguarding tariff. Table 28 presents illustrative estimates for how prices may change, ranging 0-19% across different categories. The uncertainty of increased costs from the safeguard measures would be eliminated for importers if the measures were revoked.

235. The quantity of imported steel is not expected to change with the extension of the safeguard measures, as the continuation of the quotas aims to maintain traditional trade flows. On the other hand, revocation of the safeguard measures is likely to see importers increase the quantity of imported steel products where there is excess demand and where the risk of paying the out-of-quota 25% safeguarding tariff is eliminated. Based on this, revoking the safeguard measures is likely to have a significant positive impact on steel importers.

Steel producers

236. The quantities and prices of UK steel producers are expected to remain stable with the extension of the safeguard measures. However, there is the possibility that UK steel producers may be able to increase prices in response to increased prices of imported steel for some categories, and may need to reduce prices slightly for two categories. There is also potential for UK steel producers to increase quantities, given their capacity utilisation levels have declined throughout the POI and not yet rebounded in the MRP, to respond to increased steel demand in the UK.

237. As UK steel producers are operating at a loss at current prices, it is highly unlikely that they would be able to reduce prices in response to price reductions in imported steel if the safeguard measures were revoked. Any price reductions to remain competitive would be unsustainable in the long term for UK steel producers and is likely to result in reduced quantities and therefore a loss in market share, as seen during the POI. Therefore, revocation of the safeguard measures is highly likely to have a significant negative impact on UK steel producers.

Downstream

238. We expect that prices of steel products would generally fall if the safeguard measures were revoked, though as discussed previously this price fall is likely to be less than 20%. This would lead to a decrease in costs for downstream sectors and industries which they could choose to absorb or pass on to their customers in the form of lower prices.

239. Four trade associations representing downstream industries made submissions relating to the EIT: the British Stainless Steel Association; the Society of Motor Manufacturers; the Confederation of British Metalforming and the British Independent Reinforcement Fabricators Association. They all opposed the proposed measures but did not provide any information on the possible scale of the impacts for their members.

240. We have used publicly available evidence to help understand the scale of the impacts on downstream industries.

241. Table 30 compares estimates of steel demand for the various downstream groups with estimated turnover for those groups. It shows that, for all downstream groups, steel costs accounted for less than 1% of turnover in 2015. This means that even a relatively large change in the price of steel products is unlikely to have a significant impact on average businesses in these groups. However, there may be some individual downstream businesses for which steel costs are a relatively larger proportion of turnover.

Table 30: Comparison between steel demand and turnover for downstream groups

Downstream Group	Demand for steel (£m), 2015	Turnover (£m), start of 2016*	Demand as a % of Turnover

Automotive industry	348	64,333	0.5%
Construction sector	2,003	271,927	0.7%
Manufacturing sector (excluding automotive and steel)	1,342	511,900	0.3%
Rail industry	84	18,400	0.5%

*Turnover estimates for the start of 2016 have been used rather than more recent estimates in order to allow a better comparison with the steel demand estimates, which are only available for 2015.
Sources:
- Level of demand: BEIS, *Future Capacities and Capabilities of the UK Steel Industry*,
- Turnover (except rail): BEIS, *Business population estimates 2016*,
- Turnover (rail): ORR, *UK rail industry financial information 2014-15*

242. From the available evidence, there is likely to be a significant positive impact on downstream groups if the safeguard measures were revoked. In absolute terms, this may be large given the size of the demand for steel products covered by the proposed measures, though we have not been able to assess the magnitude of this based on the available evidence. However, the average impacts on individual businesses are likely to be quite small given how small steel costs are compared to the overall size of these businesses.

Consumers

243. If downstream industries faced lower costs as a result of revoking the measures, they could choose to absorb those cost savings or pass them on to their customers. This choice will depend on factors such as how responsive demand is to changes in price and the level of competition industries face. Many of the main downstream products for steel (such as cars, buildings and appliances) are likely to be fairly price inelastic especially for relatively small changes in prices. Therefore, with the removal of the safeguard measure, it is likely that in many cases businesses will choose to absorb cost decreases rather than pass them onto consumers.

244. Table 31 summarises the likely impacts on affected groups if the measure were to be revoked.

Table 31: Expected impacts on affected groups if the safeguard measures were to be extended rather than revoked

Group	Expected impacts
Coal industry	Negligible
Scrap metal industry	Positive impact overall and on individual businesses
Steel industry	Significant positive impact overall and on individual businesses

Steel importers	Significant negative impact overall and on individual businesses
Downstream sectors	Significant negative impact overall but relatively small impact on individual businesses
Consumers	Negligible

E 7 Impacts on particular geographic areas or particular groups

245. The previous section assessed the overall impacts of the proposed measures. This section looks at how these impacts are distributed. We consider how impacts are likely to be distributed by geography and whether any particular groups might be disproportionately impacted.

E 7.1 Geographic impacts

Upstream

246. BEIS energy statistics show that the majority of people employed in the coal industry are in Wales (66% in 2019).[67] We expect that the proposed measures would have a negligible impact on this industry because the steel industry accounts for less than 1% of coal use.[68] Therefore we do not expect there to be any geographic impacts from this group.

247. The BMRA website lists the locations of a number of scrap yards (see table 32) which gives some indication of the geographic distribution of the scrap industry. We are unable to identify areas with regional concentrations of employment because the data is too broad and only covers businesses rather than employment. It is also unclear whether all of these scrap yards take steel. There is limited evidence of geographic impacts from this group.

Table 32: Known locations of scrap yards

Location	Number of scrap yards
Northern Ireland	**6**
Scotland	**45**
Wales	**19**
West Glamorgan	2
Other Welsh	17
England	**342**

[67] BEIS, *Digest of UK Energy Statistics (DUKES) 2020, Chapter 2*
[68] BEIS, *Digest of UK Energy Statistics (DUKES) 2020, table 2.4*

Bristol	3
Greater Manchester	3
Hertfordshire	6
Middlesex	3
Oxfordshire	1
Somerset	6
South Yorkshire	13
Warwickshire	3
Wiltshire	2
Other English	302

Source: BMRA website

Steel industry

248. Our analysis of the geographic impacts on the steel industry is limited to those who provided questionnaire responses and thus provides a useful but incomplete picture of the entire industry. The known employment by location is plotted in Figure 3. This shows that thousands of people are employed by the industry in areas such as south Wales (especially Port Talbot) and Scunthorpe.

Figure 3: Known employees by location for producers of steel products (map on left) and importers of steel products (map on right)

Source: Questionnaire responses
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249. We expect that the impacts on the steel industry from revoking the measures could be significant and might put jobs in the industry at risk. Table 33 shows the known employment in the steel industry as a percentage of the total working age population in each local authority. It demonstrates that the steel industry is a major employer in Neath Port Talbot (4.6%) and North Lincolnshire (3.1%).

Table 33: Share of steel producers in total employment in local authority areas

Local authority	Employment from responding UK steel producers as a percentage of total working age population in the area
Neath Port Talbot	4.6%
North Lincolnshire	3.1%
Hartlepool	0.9%
Newport	0.9%
Redcar and Cleveland	0.8%

Flintshire	0.7%
Carmarthenshire	0.6%
Cardiff	0.3%
North Northamptonshire	0.3%
Wolverhampton	0.3%
Caerphilly	0.2%
Warwick	0.1%
Sheffield	0.0%

Sources: Questionnaire responses; ONS, Annual population survey 2020

250. Deprivation statistics from NOMIS show that both of these areas have relatively high unemployment,[69] high rates of people without a formal qualification[70] and low job densities[71] relative to the country as a whole. Job losses in these areas could be more damaging than if they were to occur in less deprived areas as it might be harder for people to find new employment opportunities.

Importers

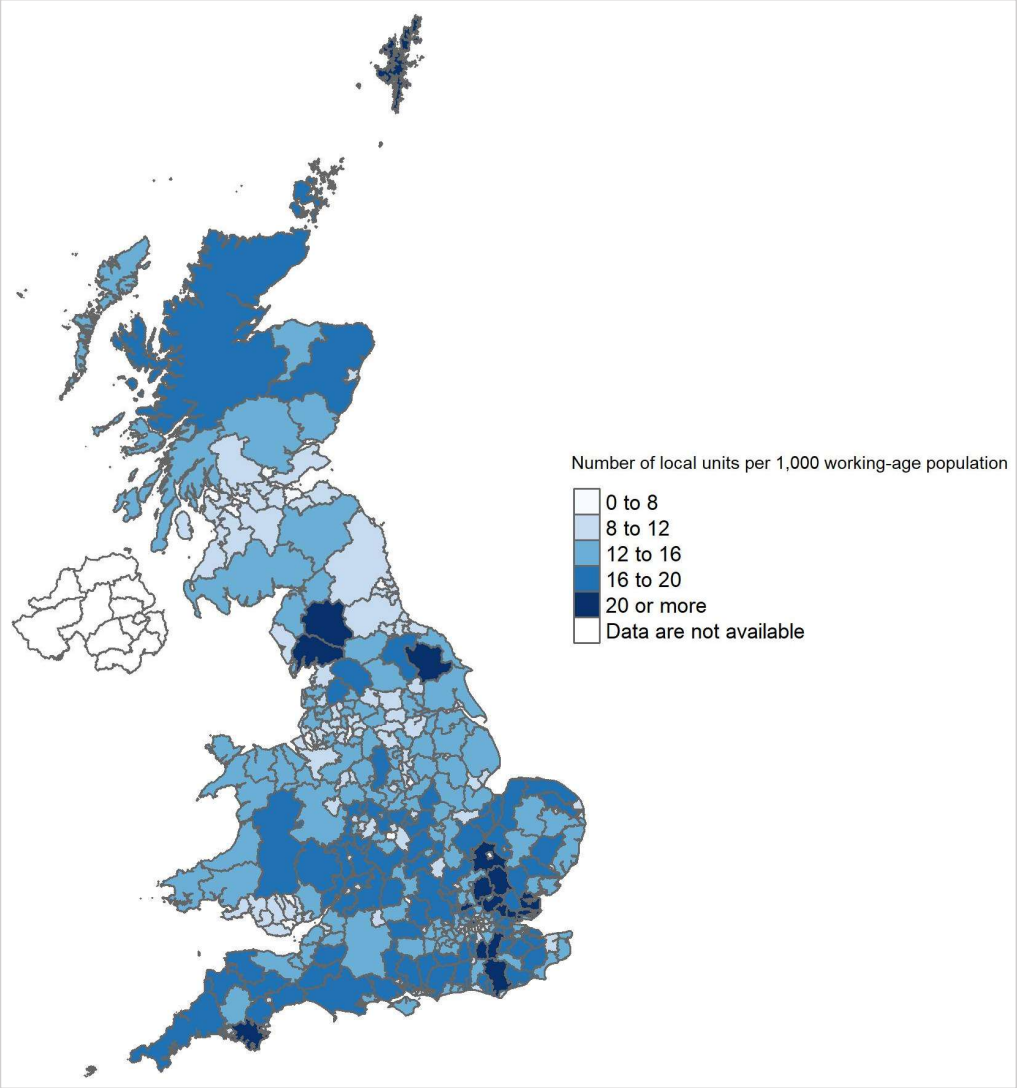
251. Figure 3 also shows the known employment by location for importers of steel products. As with the steel industry, this analysis is limited to the questionnaire responses provided. The total known employment from this group is far smaller than for the UK steel industry and there is no local authority district with more than 30 known employees from the importers of steel products so there is no evidence of any significant geographic impacts from this group as a result of the proposed measures.

Downstream

252. The sectors and industries downstream of the steel producers and importers employ large numbers of people across the country with notable concentrations of businesses in and around London. It should be noted that not all of the businesses in this sector will have links to the steel industry, but we do not have any other data on the locations of affected downstream groups.

[69] NOMIS, Claimant count per local authority, 2019
[70] NOMIS, KS501K Qualifications and students, 2019
[71] NOMIS, Jobs density per local authority, 2019

Figure 4: Heat map showing the number of PAYE and VAT based enterprises per 1,000 working age population for the construction and production sectors



Sources: ONS, [UK business: activity, size and location, 2020]; ONS, *Labour force survey 2015, LI01 Local labour market indicators by unitary and local authority*

253. In section E 6.3 we found that there may be significant negative impacts on downstream groups as a result of the proposed measures but that there would not be a significant impact on individual downstream businesses in most cases. There may be some downstream businesses for whom steel is a more significant input, but we do not have any evidence on who these might be or where they are located. Therefore, we do not have any evidence of significant geographic impacts from the expected impacts on downstream groups.

Cumulative geographic impacts

254. When looking at the cumulative geographic impacts, we have clear evidence of positive geographic impacts for UK steel producers if the safeguard measures are extended. For other groups we either have no evidence or the evidence suggests

there is no geographic impact. Therefore, we have evidence that maintaining the measure could have positive effects on relatively deprived areas but no evidence of negative geographic impacts.

E 7.2 Particular groups

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

256. No party provided any evidence with respect to potential impacts on any particular groups, either as workers or consumers. Steel products have a broad range of applications and they are not sold directly to final consumers which makes it less likely that they might be affected by the proposed measures.

257. Therefore, there are no obvious impacts on protected or other groups which might result from the extension, revocation or variation of the measures.

E 8 Consequences for the competitive environment

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

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

Background

259. Of the eight registered UK producers of the like or directly competitive goods, five were sampled and four returned sufficient questionnaire responses. For the goods subject to review, there are a range of suppliers from third countries importing into the UK. The number and range of suppliers varies by product category. We have estimated market shares using sales volume data from the sampled UK producers and import data for 2019. These market shares are rough estimates and it is likely that actual market shares of UK producers are higher due to the use of sampling and limited data provided from one UK producer that covers several product categories. However, based on research it is likely that most, if not all, producers for the certain steel products have been captured by the sample.

260. Our evidence indicates that UK producers had an overall market share of approximately 35-40% in 2019 for those product categories that are produced in the UK. Market shares of UK producers have varied over the POI and have not recovered to levels seen at the start of the POI. Market shares also vary by product category, ranging from under 5% for large welded tubes (category 25B) to over 80% for stainless wire rod (category 15).

261. Imports had 60-65% market share in 2019, with the highest market share for the EU (40%), Turkey (8%) and South Korea (4%). The number of countries or regions from where the product categories are imported into the UK ranges from 10 to 59.

262. The steel products covered in this review are generally quite homogenous products, with very little differentiation between the like or directly competitive goods and goods subject to review within each product category. However, there is little substitutability between product categories. The market exhibits high barriers to entry, due to the high degree of capital and human investment required for steel production. Steel production facilities require expensive equipment as well as experienced individuals to operate the machinery.

263. Price trends throughout the POI and MRP vary for each product category. For some product categories, UK steel prices and imported steel generally move together, however for others there are more fluctuations between the two. The degree of price movements indicates a level of price competition for the product categories.

264. The UK's exit from the EU is likely to have an impact on the market, but uncertainty remains around what specific impacts could materialise in future. However, as the quota amount maintains traditional trade flows, the market structure is not expected to change drastically as competition should be maintained at levels seen at the end of the POI and during the MRP. Quality, reliability of supply and delivery lead times are areas where suppliers may be able to compete. Reduced delivery times due to local supply may work in the favour of UK producers.

E 8.1 Impact on the number or range of suppliers

265. If the existing safeguard measures were to be extended as proposed, the UK market for certain steel products would be likely to remain similar to that of 2019, as the quotas are based on recent data to reflect changes in market conditions. The new trading relationship with the EU following UK exit is likely to impact imports from the EU. UK steel producers will theoretically face less competition from EU producers, as the EU is included in the extended safeguard measures, which was not the case during the MRP. This means that there may be changes in the portion of the market that is taken up by imports from the EU.

266. The number and range of suppliers should be similar to levels seen between 2017 and 2019 with in-quota imports allowed from a range of sources reflecting traditional trade flows. In the short-term, the extension of the safeguard measures will restrict a proportion of supplies of certain steel products to those suppliers from countries with their own quotas that were active in the UK market between 2017 and 2019 representing 5% or more of import volumes. However, other suppliers will have access to the residual quota, providing some opportunities for switching to other supply sources.

267. The extension of the safeguards measure is intended to allow UK producers to adjust to the competitive environment. UK producers will have a further 3 years, i.e.

the intended duration of the measure, to make adjustments to their business, as reflected in their adjustment plans, to compete with imported steel products. This will maintain the number of UK producers, whilst allowing them to focus on adjustments that will allow them to remain competitive, or compete more effectively, in the longer term.

268. Revocation of the safeguard measures would potentially lead to overseas suppliers having increased access to the UK market. However, this could potentially lead to UK producers being unable to compete with imported steel and losing significant market share, as seen during the POI. Increased quantities in imports may result in downward price pressures for UK producers, squeezing their profit margins, resulting in the inability of UK producers to maintain their market share. Therefore, the number and range of overseas suppliers may potentially increase, but there could be a loss of UK suppliers, with the net impact on the number of suppliers unclear.

269. It should be noted that UK producers provide UK consumers the ability to source locally produced steel benefiting from faster delivery times as well as reduced costs. Moreover, interested parties submitted statements that price and continuity of supply are important to customers. Some importers have indicated that long-term relationships with suppliers are important, indicating that adjustments in the number and range of suppliers may happen over the longer term rather than as an immediate effect of revoking the safeguard measures.

E 8.2 Impact on the ability of suppliers to compete

270. In general, interested parties have stated that the UK market is competitive for steel products covered by these measures. The extension of the safeguard measures in the form of a TRQ, means that the suppliers will maintain a level of competition within the quota amount as there is no in-quota safeguarding tariff. However, the out-of-quota safeguarding tariff, which applies on imports above the quota amount, will impact the extent to which overseas suppliers can compete on price. The illustrative analysis in Table 28 shows that average imports over 2017-19 did not exceed the proposed 2021 quotas for most product categories.

271. Revocation of the safeguard measures is likely to have a beneficial impact on the ability of overseas suppliers to compete, due to the increased access to the UK market without safeguard measures.

272. In the short-term, the extension of the safeguard measures may hinder the ability of suppliers to compete as effectively as in the absence of the measures. The aim of the quota in maintaining traditional trade flows should enable a level of competition between UK producers and imported steel. On the other hand, in the long-term, UK producers will be able to adjust to maintain their competitiveness, ensuring a supply of local steel.

E 8.3 Impact on the incentives to compete vigorously

273. There is limited evidence on how suppliers' incentives to compete may be impacted with the extension of the safeguard measures.

274. In the short-term, the quotas provide incentives for suppliers to compete in the UK market, however the out-of-quota safeguarding tariff, that applies to all imports past the quota amount, is likely to hinder incentives for UK suppliers to compete with overseas suppliers due to the associated increased costs. The residual quota would allow for new overseas suppliers to enter the UK market. In the long-term, UK producers should be in a better position to compete with imported steel as they will have had time to make adjustments to the business while the safeguard measures are in place. Thus, third country suppliers would face a healthy level of competition in the UK market with the presence of competitive UK producers.

275. Revocation of the safeguard measures is likely to increase the incentives to compete vigorously as UK producers compete with imported steel to maintain or gain market share.

E 8.4 Impact on the choices and information available to customers

276. There is limited evidence to suggest that choices and information to customers would be negatively impacted with the extension of the safeguard measures. The quotas will continue to allow customers to choose between UK producers and imported steel, with potential limitations to customer choice when considering imported steel that may be subject to the out-of-quota safeguarding tariff. Within the quota, import options will be reflective of traditional trade flows based on recent import volume data, which should have a minimal impact on consumer choices and the information available.

277. Revocation of the safeguard measures could impact the choices around locally sourced steel, which comes with faster delivery times and reduced costs. This is likely to materialise if UK steel producers lose significant market share and are forced to exit the market.

E 9 Other factors

278. As part of the EIT assessment, we have to consider any other factors that may be relevant in concluding whether the proposed trade remedy measures are in the economic interest of the UK. We found no evidence of any other relevant factors for this investigation and no evidence was provided by interested parties.

E 10 Form of measure

279. The default form of these safeguard measures is a TRQ (Tariff Rate Quota), which has been calculated as explained in section D 7.

280. A safeguarding amount, in the form of an ad-valorem tariff, has been considered as an alternative measure. There is insufficient evidence to calculate a suitable tariff. Moreover, this would not allow imports to be maintained at traditional levels, as the tariff would be applied on all imports. This would result in imports being less attractive and would potentially distort existing trade patterns.

281. The alternative measure would change the analysis above, as we would not be considering quotas, which aim to maintain traditional trade flows. A safeguarding amount would have a different, potentially more negative, impact in comparison to a TRQ. There would be no access to imports within a quota, which would not allow consumers of steel to benefit from maintaining traditional trade flows.

E 11 Conclusions

282. The proposed measure for the extension of the safeguard measures is a TRQ, as explained in the previous section.

283. In the injury analysis, a significant increase in imports was found for all product categories apart from product category 28. The likelihood of a reoccurrence of imports in increased quantities was found for all product categories if the safeguard measures were revoked. For the assessment on the likelihood of recurrence of serious injury, we found that there is a likelihood that serious injury would recur if the safeguard measures were revoked for all product categories, except 7 and 25A. Therefore, product categories 7, 25A and 28 have been removed from the proposed measures and were not assessed in the EIT.

284. In the significance assessment, we found that the scrap metal industry, coal industry and importers of steel products are relatively small in terms of both numbers of employees and GVA. We also found that the UK steel sector is economically significant with higher employment figures in comparison to the upstream industry and importers. Due to the prevalence of steel as an input, the downstream industries are an order of magnitude bigger than the steel industry by all metrics.

285. From assessing the impacts of the proposed extended safeguard measures, we found that the measure would significantly benefit the UK steel and scrap metal industries. We found that importers of steel into the UK could incur some costs. The size of these costs would depend on the extent to which imports exceed the quota amounts with the extension of the safeguard measures. While the impact on individual downstream businesses and consumers is expected to be fairly small, owing to the large numbers affected total costs for downstream sectors and consumers may be significant overall but risks to employment as considered low. There is evidence to suggest that price increases might be greater for products like railway material, stainless wire rod and organic coated sheets than others.

286. We found no evidence of major geographic effects for upstream industries because the significance of steel to the coal sector is fairly small and because there was a lack of data for the scrap metal industry. For the UK steel industry, we found evidence that there could be significant benefits of extending the safeguard measures in certain deprived areas such as Port Talbot, due to the presence of the

steel industry as a major employer and the threats to employment in the industry if the measures were revoked. We do not consider it likely that there would be any significant geographic impacts for importers due to low employee numbers. The downstream industries are concentrated in a variety of areas, however due to the low impact on individual companies, we do not expect there to be significant regional impacts. There is no evidence to suggest any particular groups will be impacted.

287. The analysis of the competitive environment highlights variation in market shares across the product categories. On consequences for the competitive environment, there are likely to be positive and negative impacts from the proposed extended measures. The quotas are set at a level that maintains traditional trade flows, meaning most imports will be unconstrained and competition would not be affected up to the quota amounts. However, once the quota amounts are reached, the level of competition in the steel market will be inhibited.

288. There is no evidence on other factors that we consider to be relevant under the EIT.

289. The Secretary of State guidance on the EIT states that there is no starting presumption that safeguard measures are in the economic interest of the UK, and that a measure is not in the economic interest of the UK if the negative impacts are disproportionate to the positive impacts.

290. The key positive impacts of extending the measures, as compared to revoking the measures, that we have identified as part of our review include:

- Benefits to the UK steel industry from removing the likelihood of serious injury, in light of global overcapacity and the risk of trade diversion due to continuation of measures in other major markets. The steel industry is economically significant with a GVA of over £2.2 billion and employment of around 33,000, some of which is concentrated in economically deprived areas like Neath Port Talbot and North Lincolnshire.
- Benefits to upstream suppliers of scrap metal that rely on demand from the steel industry and would suffer if there were serious injury to UK steel producers.
- Some positive impacts on the competitive environment arising from UK producers being able to remain viable as suppliers to the UK market, preserving the ability and incentives to compete in the longer term and offering locally sourced steel preferred by some customers.

291. On the other hand, the key negative impacts include:

- Negative impact on importers, resulting from the application of a TRQ on goods they import, which will likely reduce their ability to compete with UK producers. The evidence suggests that importers are a lot less economically significant than UK steel producers with a smaller GVA and turnover and employing relatively few people both overall and in any particular area.
- Increase in costs to downstream industries from the measures being extended as compared to them being revoked, resulting from the application of a 25% out-of-quota safeguarding tariff on import volumes above the quota

amount. However, we found that the impact is likely to be smaller (0-19% across categories) and that steel costs are likely to account for a small proportion (under 1%) of turnover, indicating that even a relatively large change in the price of steel products is unlikely to have a significant impact on average businesses in these groups. Taken together, these downstream industries are more economically significant than UK producers and the aggregate impact on them may be large.

- Some negative impacts on the competitive environment, particularly on the number or range of suppliers and their ability and incentives to compete beyond the quota amount. We found that market share of UK producers varies considerably across product categories and is very low (under 5%) for large welded tubes (category 25B) and much larger (over 80%) for stainless wire rod (category 15).

292. Given the large number of countries and regions from which products under all categories (including category 15) are imported into the UK, we did not consider that the relatively high market share of UK producers is likely to create significant negative consequences for the competitive environment. We did, however, consider the small market share of UK producers for large welded tubes (category 25B) to be an important factor in assessing whether the negative impacts would be disproportionate to the positive impacts of extending the measures. A small UK market share would indicate that the potential increase in the price of imports for downstream users may be quite large as compared to the benefits to producers. We note, however, that known consumption for this product category, averaged over 2017-19, was smaller than the 2021 annualised quota, which would suggest that there would be no price impacts if import patterns similar to 2017-19 were observed in the future. The estimated price impacts in Table 28 assume that consumption remains constant. If consumption were to increase by more than the rate of liberalisation of the measure, the potential price impacts could be more significant.

293. It is not possible to predict future import volumes with any certainty, but we note that import volumes under category 25B have fluctuated over the first two quarters of 2020 and were much greater than the 2017-19 average in the first quarter and smaller in the second quarter. This could point to the possibility of increased costs to downstream users if future UK demand was very strong. Although imports under other categories have also fluctuated over the first two quarters of 2020, the only other category where they have risen above the 2017-19 average is category 19, where the estimated market share of known UK producers is much greater (over 50%).

294. In light of the small market share of UK producers for category 25B, the possibility of increased costs to downstream users under strong demand conditions in the future and the lack of a presumption for safeguard measures being in the economic interest of the UK, we have concluded on the basis of the evidence available that extending measures for category 25B would not be in the economic interest of the UK.

295. For all other product categories (1, 2, 4, 5, 13, 15, 19, 20, 21 and 26), we recognise that there are some potentially significant negative impacts as summarised above, but do not consider them to outweigh or be disproportionate to

the more significant positive impacts. The main reasons for this are that the available evidence shows that:

- extending the measures would prevent the likelihood of serious injury to the economically significant steel sector facing a challenging global market;
- that injury could include potential adverse impacts on jobs in the steel sector resulting from the measures being revoked, which would be concentrated in economically deprived areas of the UK; and
- the ability to import within the quota amount without needing to pay the 25% out-of-quota safeguarding amount would limit the increased costs faced by downstream users and importers, and help maintain historical trade flows of steel products.

296. Having considered all of the evidence presented by interested parties and all of the factors listed in the legislation, we have concluded that the EIT is met for product categories 1, 2, 4, 5, 13, 15, 19, 20, 21 and 26, but not for product category 25B. It is therefore recommended that this category is removed from the coverage of the extended steel safeguard measures.

SECTION F: Recommendation

297. In accordance with the Regulations, TRID intends to recommend the following.

298. TRID intends to make a preliminary decision in accordance with regulations 50(1) and (2) of the Regulations that certain goods belonging to a specified category of steel products were either not being produced by UK producers (Annex B – Table 40) or not being imported into the UK in increased quantities (Annex B – Table 41) during the POI, as detailed in the table below. This intended preliminary decision in relation to these goods is to revoke the application of the tariff rate quotas (TRQ).

Table 34: Product categories recommended for revocation based on no UK production or no increased imports

Product Number	Product category	Commodity Codes
4B	Metallic Coated Sheets	7210 30 00, 7210 69 00 30
6	Tin Mill products	7209 18 99, 7210 11 00, 7210 12 20, 7210 12 80, 7210 50 00, 7210 70 10, 7210 90 40, 7212 10 10, 7212 10 90, 7212 40 20
12	Non Alloy and Other Alloy Merchant Bars and Light Sections	7214 30 00, 7214 91 10, 7214 91 90, 7214 99 31, 7214 99 39, 7214 99 50, 7214 99 71, 7214 99 79, 7214 99 95, 7215 90 00, 7216 10 00, 7216 21 00, 7216 22 00, 7216 40 10, 7216 40 90, 7216 50 10, 7216 50 91, 7216 50 99, 7216 99 00, 7228 10 20, 7228 20 10, 7228 20 91, 7228 30 20, 7228 30 41, 7228 30 49, 7228 30 61, 7228 30 69, 7228 30 70, 7228 30 89, 7228 60 20, 7228 60 80, 7228 70 10, 7228 70 90, 7228 80 00
14	Stainless Bars and Light Sections	7222 11 11, 7222 11 19, 7222 11 81, 7222 11 89, 7222 19 10, 7222 19 90, 7222 20 11, 7222 20 19, 7222 20 21, 7222 20 29, 7222 20 31, 7222 20 39, 7222 20 81, 7222 20 89, 7222 30 51, 7222 30 91, 7222 30 97, 7222 40 10, 7222 40 50, 7222 40 90
16	Non Alloy and Other Alloy Wire Rod	7213 10 00, 7213 20 00, 7213 91 10, 7213 91 20, 7213 91 41, 7213 91 49, 7213 91 70, 7213 91 90, 7213 99 10, 7213 99 90, 7227 10 00, 7227 20 00, 7227 90 10, 7227 90 50, 7227 90 95
17	Angles, Shapes and Sections of Iron or Non Alloy Steel	7216 31 10, 7216 31 90, 7216 32 11, 7216 32 19, 7216 32 91, 7216 32 99, 7216 33 10, 7216 33 90
19	Railway Material	7302 10 40, 7302 40 00
27	Non Alloy and other alloy cold finished bars	7215 10 00, 7215 50 11, 7215 50 19, 7215 50 80, 7228 10 90, 7228 20 99, 7228 50 20, 7228 50 40, 7228 50 61, 7228 50 69, 7228 50 80
28	Non Alloy Wire	7217 10 10, 7217 30 41, 7217 30 49, 7217 30 50, 7217 30 90

299. TRID also intends to make a preliminary decision in accordance with regulation 50(1) and (4) of the Regulations where goods belonging to a specified category of steel products were not being imported into the UK in increased quantities deemed to be significant, or are not causing serious injury to the domestic industry, as detailed in the table below. This intended preliminary decision in relation to these goods is a preliminary decision intended to be made upon the conclusion of this transition review to revoke the application of the TRQ.

Table 35: Product categories recommended for revocation based on no increased imports or not causing serious injury

Product Number	Product category	Commodity Codes
7	Non Alloy and Other Alloy Quarto Plates	7208 51 20, 7208 51 91, 7208 51 98, 7208 52 91, 7208 90 20, 7208 90 80, 7210 90 30, 7225 40 12, 7225 40 40, 7225 40 60
25A	Large welded tubes	7305 11 00, 7305 12 00
28	Non Alloy Wire	7217 10 31, 7217 10 39, 7217 10 50, 7217 10 90, 7217 20 10, 7217 20 30, 7217 20 50, 7217 20 90, 7217 90 20, 7217 90 50, 7217 90 90

300. TRID intends to make a preliminary decision in accordance with regulation 50(1), (4) and (5) of the Regulations where goods belonging to a specified category of steel products were determined not to meet the Economic Interest Test and therefore should not be continued unvaried, be varied or replaced by a safeguarding amount, as detailed in the table below. This intended preliminary decision in relation to these goods is a preliminary decision intended to be made upon the conclusion of this transition review to revoke the application of the TRQ.

Table 36: Product categories recommended for revocation based on not meeting the Economic Interest Test

Product Number	Product category	Commodity Codes
25B	Large welded tubes	7305 19 00, 7305 20 00, 7305 31 00, 7305 39 00, 7305 90 00

301. TRID intends to make a preliminary decision in accordance with regulation 50(1) and (4) of the Regulations where goods belonging to a specified category of steel products were being imported into the UK in increased quantities deemed significant. This intended preliminary decision in relation to these categories of goods, is a preliminary decision intended to be made upon the conclusion of this transition review that the application of the TRQ should be varied, and that the period for which the TRQ should apply to the goods should be extended, as they continue to be necessary to facilitate adjustment of UK producers to the importation of those goods. The recommendations made are as follows:

The categories of goods subject to the decision above are as follows:

Table 37: Product categories recommended for maintaining safeguard measures

Product Number	Product category	Commodity Codes
1	Non Alloy and Other Alloy Hot Rolled Sheets and Strips	7208 10 00, 7208 25 00, 7208 26 00, 7208 27 00, 7208 36 00, 7208 37 00, 7208 38 00, 7208 39 00, 7208 40 00, 7208 52 10, 7208 52 99, 7208 53 10, 7208 53 90, 7208 54 00, 7211 13 00, 7211 14 00, 7211 19 00, 7212 60 00, 7225 19 10, 7225 30 10, 7225 30 30, 7225 30 90, 7225 40 15, 7225 40 90, 7226 19 10, 7226 91 20, 7226 91 91, 7226 91 99
2	Non Alloy and Other Alloy Cold Rolled Sheets	7209 15 00, 7209 16 90, 7209 17 90, 7209 18 91, 7209 25 00, 7209 26 90, 7209 27 90, 7209 28 90, 7209 90 20, 7209 90 80, 7211 23 20, 7211 23 30, 7211 23 80, 7211 29 00, 7211 90 20, 7211 90 80, 7225 50 20, 7225 50 80, 7226 20 00, 7226 92 00
4	Metallic Coated Sheets	7210 20 00, 7210 30 00, 7210 41 00, 7210 49 00, 7210 61 00, 7210 69 00 20, 7210 69 00 80, 7210 90 80, 7212 20 00, 7212 30 00, 7212 50 20, 7212 50 30, 7212 50 40, 7212 50 61, 7212 50 69, 7212 50 90, 7225 91 00, 7225 92 00, 7225 99 00, 7226 99 10, 7226 99 30, 7226 99 70
5	Organic Coated Sheets	7210 70 80, 7212 40 80
13	Rebars	7214 20 00, 7214 99 10
15	Stainless Wire Rod	7221 00 10, 7221 00 90
19	Railway Material	7302 10 22, 7302 10 28, 7302 10 50
20	Gas pipes	7306 30 41, 7306 30 49, 7306 30 72, 7306 30 77
21	Hollow sections	7306 61 10, 7306 61 92, 7306 61 99
26	Other Welded Pipes	7306 11 10, 7306 11 90, 7306 19 10, 7306 19 90, 7306 21 00, 7306 29 00, 7306 30 11, 7306 30 19, 7306 30 80, 7306 40 20, 7306 40 80, 7306 50 20, 7306 50 80, 7306 69 10, 7306 69 90, 7306 90 00

302. Certain developing countries (Annex C, Table 50) and FTA partners (Annex C, Table 50) are exempt from TRQ's relating to product categories as listed in above Table 38.

303. TRID intends to make the preliminary decision that tariff rate quotas and an out-of-quota safeguarding duty of 25% are applied. Precise details of the TRQs and country specific quotas can be found in Annex C.

304. TRID intends to make the preliminary decision that the measures are extended for a period of three years.

305. The liberalisation rate for the measures has been set at 3% for each year that the measure is in place, thereby ensuring that the pace of liberalisation is maintained. This means that the quota amounts will increase by 3%, allowing an increased volume of imports to access the UK market. Precise details of the quotas can be found in Annex C.

306. We invite all interested parties, contributors or any other person who has supplied information to us to provide both confidential and non-confidential comments on this preliminary decision and intended preliminary decision, within seven days of publication of this Statement of Intended Final Determination – i.e. before 5pm BST on 26 May 2021.

ANNEXES

Annex A – Goods subject to review

Goods subject to review

The goods subject to review in this transition review are detailed in the following table[72]:

Table 38: Good subject to review

Product Number	Product category	Commodity Codes
1	Non Alloy and Other Alloy Hot Rolled Sheets and Strips	7208 10 00, 7208 25 00, 7208 26 00, 7208 27 00, 7208 36 00, 7208 37 00, 7208 38 00, 7208 39 00, 7208 40 00, 7208 52 10, 7208 52 99, 7208 53 10, 7208 53 90, 7208 54 00, 7211 13 00, 7211 14 00, 7211 19 00, 7212 60 00, 7225 19 10, 7225 30 10, 7225 30 30, 7225 30 90, 7225 40 15, 7225 40 90, 7226 19 10, 7226 91 20, 7226 91 91, 7226 91 99
2	Non Alloy and Other Alloy Cold Rolled Sheets	7209 15 00, 7209 16 90, 7209 17 90, 7209 18 91, 7209 25 00, 7209 26 90, 7209 27 90, 7209 28 90, 7209 90 20, 7209 90 80, 7211 23 20, 7211 23 30, 7211 23 80, 7211 29 00, 7211 90 20, 7211 90 80, 7225 50 20, 7225 50 80, 7226 20 00, 7226 92 00
4A	Metallic Coated Sheets	TARIC codes: 7210 41 00 20, 7210 49 00 20, 7210 61 00 20, 7210 69 00 20, 7212 30 00 20, 7212 50 61 20, 7212 50 69 20, 7225 92 00 20, 7225 99 00 11, 7225 99 00 22, 7225 99 00 45, 7225 99 00 91, 7225 99 00 92, 7226 99 30 10, 7226 99 70 11, 7226 99 70 91, 7226 99 70 94
4B	Metallic Coated Sheets	CN Codes: 7210 20 00, 7210 30 00, 7210 90 80, 7212 20 00, 7212 50 20, 7212 50 30, 7212 50 40, 7212 50 90, 7225 91 00, 7226 99 10 TARIC codes: 7210 41 00 30, 7210 41 00 80, 7210 49 00 30, 7210 49 00 80, 7210 61 00 30, 7210 61 00 80, 7210 69 00 30, 7210 69 00 80, 7212 30 00 80, 7212 50 61 30, 7212 50 61 80, 7212 50 69 30, 7212 50 69 80, 7225 92 00 80, 7225 99 00 23, 7225 99 00 41, 7225 99 00 93, 7225 99 00 95, 7226 99 30 90, 7226 99 70 19, 7226 99 70 96
5	Organic Coated Sheets	7210 70 80, 7212 40 80
6	Tin Mill products	7209 18 99, 7210 11 00, 7210 12 20, 7210 12 80, 7210 50 00, 7210 70 10, 7210 90 40, 7212 10 10, 7212 10 90, 7212 40 20

[72] Please note that the list uses the same category numbers and category names as EU Regulation 2019/159 for those goods subject to review within this Transition Review. Product categories 3, 8, 9, 10, 18, 22, and 24, were not included in the list to be transitioned within the Notice of Determination and are therefore not on this list.

7	Non Alloy and Other Alloy Quarto Plates	7208 51 20, 7208 51 91, 7208 51 98, 7208 52 91, 7208 90 20, 7208 90 80, 7210 90 30, 7225 40 12, 7225 40 40, 7225 40 60
12	Non Alloy and Other Alloy Merchant Bars and Light Sections	7214 30 00, 7214 91 10, 7214 91 90, 7214 99 31, 7214 99 39, 7214 99 50, 7214 99 71, 7214 99 79, 7214 99 95, 7215 90 00, 7216 10 00, 7216 21 00, 7216 22 00, 7216 40 10, 7216 40 90, 7216 50 10, 7216 50 91, 7216 50 99, 7216 99 00, 7228 10 20, 7228 20 10, 7228 20 91, 7228 30 20, 7228 30 41, 7228 30 49, 7228 30 61, 7228 30 69, 7228 30 70, 7228 30 89, 7228 60 20, 7228 60 80, 7228 70 10, 7228 70 90, 7228 80 00
13	Rebars	7214 20 00, 7214 99 10
14	Stainless Bars and Light Sections	7222 11 11, 7222 11 19, 7222 11 81, 7222 11 89, 7222 19 10, 7222 19 90, 7222 20 11, 7222 20 19, 7222 20 21, 7222 20 29, 7222 20 31, 7222 20 39, 7222 20 81, 7222 20 89, 7222 30 51, 7222 30 91, 7222 30 97, 7222 40 10, 7222 40 50, 7222 40 90
15	Stainless Wire Rod	7221 00 10, 7221 00 90
16	Non Alloy and Other Alloy Wire Rod	7213 10 00, 7213 20 00, 7213 91 10, 7213 91 20, 7213 91 41, 7213 91 49, 7213 91 70, 7213 91 90, 7213 99 10, 7213 99 90, 7227 10 00, 7227 20 00, 7227 90 10, 7227 90 50, 7227 90 95
17	Angles, Shapes and Sections of Iron or Non Alloy Steel	7216 31 10, 7216 31 90, 7216 32 11, 7216 32 19, 7216 32 91, 7216 32 99, 7216 33 10, 7216 33 90
19	Railway Material	7302 10 22, 7302 10 28, 7302 10 40, 7302 10 50, 7302 40 00
20	Gas pipes	7306 30 41, 7306 30 49, 7306 30 72, 7306 30 77
21	Hollow sections	7306 61 10, 7306 61 92, 7306 61 99
25A	Large welded tubes	7305 11 00, 7305 12 00
25B	Large welded tubes	7305 19 00, 7305 20 00, 7305 31 00, 7305 39 00, 7305 90 00
26	Other Welded Pipes	7306 11 10, 7306 11 90, 7306 19 10, 7306 19 90, 7306 21 00, 7306 29 00, 7306 30 11, 7306 30 19, 7306 30 80, 7306 40 20, 7306 40 80, 7306 50 20, 7306 50 80, 7306 69 10, 7306 69 90, 7306 90 00
27	Non Alloy and other alloy cold finished bars	7215 10 00, 7215 50 11, 7215 50 19, 7215 50 80, 7228 10 90, 7228 20 99, 7228 50 20, 7228 50 40, 7228 50 61, 7228 50 69, 7228 50 80
28	Non Alloy Wire	7217 10 10, 7217 10 31, 7217 10 39, 7217 10 50, 7217 10 90, 7217 20 10, 7217 20 30, 7217 20 50, 7217 20 90, 7217 30 41, 7217 30 49, 7217 30 50, 7217 30 90, 7217 90 20, 7217 90 50, 7217 90 90

Annex B – Goods recommended for revocation following review

Table 39: No UK production

Product Number	Product category	Commodity Codes
4B	Metallic Coated Sheets	7210 30 00, 7210 69 00 30
19	Railway Material	7302 10 40, 7302 40 00
28	Non Alloy Wire	7217 10 10, 7217 30 41, 7217 30 49, 7217 30 50, 7217 30 90

Table 40: No increase in UK imports

Product Number	Product category	Commodity Codes
6	Tin Mill products	7209 18 99, 7210 11 00, 7210 12 20, 7210 12 80, 7210 50 00, 7210 70 10, 7210 90 40, 7212 10 10, 7212 10 90, 7212 40 20
12	Non Alloy and Other Alloy Merchant Bars and Light Sections	7214 30 00, 7214 91 10, 7214 91 90, 7214 99 31, 7214 99 39, 7214 99 50, 7214 99 71, 7214 99 79, 7214 99 95, 7215 90 00, 7216 10 00, 7216 21 00, 7216 22 00, 7216 40 10, 7216 40 90, 7216 50 10, 7216 50 91, 7216 50 99, 7216 99 00, 7228 10 20, 7228 20 10, 7228 20 91, 7228 30 20, 7228 30 41, 7228 30 49, 7228 30 61, 7228 30 69, 7228 30 70, 7228 30 89, 7228 60 20, 7228 60 80, 7228 70 10, 7228 70 90, 7228 80 00
14	Stainless Bars and Light Sections	7222 11 11, 7222 11 19, 7222 11 81, 7222 11 89, 7222 19 10, 7222 19 90, 7222 20 11, 7222 20 19, 7222 20 21, 7222 20 29, 7222 20 31, 7222 20 39, 7222 20 81, 7222 20 89, 7222 30 51, 7222 30 91, 7222 30 97, 7222 40 10, 7222 40 50, 7222 40 90
16	Non Alloy and Other Alloy Wire Rod	7213 10 00, 7213 20 00, 7213 91 10, 7213 91 20, 7213 91 41, 7213 91 49, 7213 91 70, 7213 91 90, 7213 99 10, 7213 99 90, 7227 10 00, 7227 20 00, 7227 90 10, 7227 90 50, 7227 90 95
17	Angles, Shapes and Sections of Iron or Non Alloy Steel	7216 31 10, 7216 31 90, 7216 32 11, 7216 32 19, 7216 32 91, 7216 32 99, 7216 33 10, 7216 33 90
27	Non Alloy and other alloy cold finished bars	7215 10 00, 7215 50 11, 7215 50 19, 7215 50 80, 7228 10 90, 7228 20 99, 7228 50 20, 7228 50 40, 7228 50 61, 7228 50 69, 7228 50 80

Table 41: No significant increase in UK imports

Product Number	Product category	Commodity Codes
28	Non Alloy Wire	7217 10 31, 7217 10 39, 7217 10 50, 7217 10 90, 7217 20 10, 7217 20 30, 7217 20 50, 7217 20 90, 7217 90 20, 7217 90 50, 7217 90 90

Table 42: No likelihood of serious injury

Product Number	Product category	Commodity Codes
7	Non Alloy and Other Alloy Quarto Plates	7208 51 20, 7208 51 91, 7208 51 98, 7208 52 91, 7208 90 20, 7208 90 80, 7210 90 30, 7225 40 12, 7225 40 40, 7225 40 60

Table 43: No likelihood of reoccurrence of injury

Product Number	Product category	Commodity Codes
25A	Large welded tubes	7305 11 00, 7305 12 00

Table 44: Goods not meeting the economic interest test

Product Number	Product category	Commodity Codes
25B	Large welded tubes	7305 19 00, 7305 20 00, 7305 31 00, 7305 39 00, 7305 90 00

Annex C – Goods recommended to be varied following review

Table 45: Goods recommended to be varied following review

Product Number	Product category	Commodity Codes
1	Non Alloy and Other Alloy Hot Rolled Sheets and Strips	7208 10 00, 7208 25 00, 7208 26 00, 7208 27 00, 7208 36 00, 7208 37 00, 7208 38 00, 7208 39 00, 7208 40 00, 7208 52 10, 7208 52 99, 7208 53 10, 7208 53 90, 7208 54 00, 7211 13 00, 7211 14 00, 7211 19 00, 7212 60 00, 7225 19 10, 7225 30 10, 7225 30 30, 7225 30 90, 7225 40 15, 7225 40 90, 7226 19 10, 7226 91 20, 7226 91 91, 7226 91 99
2	Non Alloy and Other Alloy Cold Rolled Sheets	7209 15 00, 7209 16 90, 7209 17 90, 7209 18 91, 7209 25 00, 7209 26 90, 7209 27 90, 7209 28 90, 7209 90 20, 7209 90 80, 7211 23 20, 7211 23 30, 7211 23 80, 7211 29 00, 7211 90 20, 7211 90 80, 7225 50 20, 7225 50 80, 7226 20 00, 7226 92 00
4	Metallic Coated Sheets	7210 20 00, 7210 30 00, 7210 41 00, 7210 49 00, 7210 61 00, 7210 69 00 20, 7210 69 00 80, 7210 90 80, 7212 20 00, 7212 30 00, 7212 50 20, 7212 50 30, 7212 50 40, 7212 50 61, 7212 50 69, 7212 50 90, 7225 91 00, 7225 92 00, 7225 99 00, 7226 99 10, 7226 99 30, 7226 99 70
5	Organic Coated Sheets	7210 70 80, 7212 40 80
13	Rebars	7214 20 00, 7214 99 10
15	Stainless Wire Rod	7221 00 10, 7221 00 90
19	Railway Material	7302 10 22, 7302 10 28, 7302 10 50
20	Gas pipes	7306 30 41, 7306 30 49, 7306 30 72, 7306 30 77
21	Hollow sections	7306 61 10, 7306 61 92, 7306 61 99
26	Other Welded Pipes	7306 11 10, 7306 11 90, 7306 19 10, 7306 19 90, 7306 21 00, 7306 29 00, 7306 30 11, 7306 30 19, 7306 30 80, 7306 40 20, 7306 40 80, 7306 50 20, 7306 50 80, 7306 69 10, 7306 69 90, 7306 90 00

Table 46: Quarterly volumes of country and residual tariff-rate quotas (in tonnes), year 1

Product category	Area/ country	From: 1/7/2021 To: 30/9/2021	From: 1/10/2021 To: 31/12/2021	From: 1/1/2022 To: 31/3/2022	From: 1/4/2022 To: 30/6/2022
1	EU	165,052	165,052	161,464	163,258
	Russia	11,782	11,782	11,526	11,654
	Taiwan	12,792	12,792	12,514	12,653
	Turkey	22,982	22,982	22,482	22,732
	Residual	15,621	15,621	15,282	15,452
2	EU	74,206	74,206	72,593	73,400
	India	9,106	9,106	8,908	9,007
	South Korea	11,146	11,146	10,904	11,025
	Vietnam	6,240	6,240	6,104	6,172
	Residual	16,673	16,673	16,310	16,491
4*	EU	302,951	302,951	296,365	299,658
	China	31,933	31,933	31,238	31,586
	South Korea	24,610	24,610	24,075	24,343
	Taiwan	32,637	32,637	31,927	32,282
	Residual	71,359	71,359	69,807	70,583
5	EU	33,537	33,537	32,808	33,172
	South Korea	10,884	10,884	10,647	10,765
	Residual	2,170	2,170	2,123	2,147
13	EU	50,362	50,362	49,267	49,815
	Belarus	21,051	21,051	20,594	20,822
	Russia	6,122	6,122	5,989	6,056
	Turkey	29,015	29,015	28,384	28,699
	Ukraine	12,398	12,398	12,129	12,263
	Residual	3,433	3,433	3,359	3,396
15	EU	226	226	221	223
	South Korea	62	62	60	61
	Taiwan	75	75	73	74
	Residual	29	29	28	29
19*	EU	9,186	9,186	8,986	9,086
	Residual	129	129	126	128
20	EU	6,472	6,472	6,331	6,402
	India	3,386	3,386	3,312	3,349
	Turkey	14,368	14,368	14,056	14,212

	UAE	2,135	2,135	2,089	2,112
	Residual	675	675	661	668
21	EU	10,099	10,099	9,880	9,989
	Turkey	34,133	34,133	33,391	33,762
	Residual	3,411	3,411	3,337	3,374
26	EU	20,298	20,298	19,857	20,078
	China	5,524	5,524	5,404	5,464
	Norway	2,985	2,985	2,920	2,952
	Turkey	10,238	10,238	10,015	10,127
	UAE	14,000	14,000	13,695	13,848
	Residual	6,609	6,609	6,466	6,537

*amended

Table 47: Quarterly volumes of country and residual tariff-rate quotas (in tonnes), year 2

Product category	Area/ country	From: 1/7/2022 To: 30/9/2022	From: 1/10/2022 To: 31/12/2022	From: 1/1/2023 To: 31/3/2023	From: 1/4/2023 To: 30/6/2023
1	EU	170,004	170,004	166,308	168,156
	Russia	12,135	12,135	11,871	12,003
	Taiwan	13,176	13,176	12,890	13,033
	Turkey	23,671	23,671	23,157	23,414
	Residual	16,090	16,090	15,740	15,915
2	EU	76,432	76,432	74,771	75,602
	India	9,379	9,379	9,175	9,277
	South Korea	11,481	11,481	11,231	11,356
	Vietnam	6,427	6,427	6,287	6,357
	Residual	17,173	17,173	16,799	16,986
4*	EU	312,039	312,039	305,256	308,647
	China	32,891	32,891	32,176	32,533
	South Korea	25,349	25,349	24,798	25,073
	Taiwan	33,616	33,616	32,885	33,250
	Residual	73,500	73,500	71,902	72,701
5	EU	34,543	34,543	33,792	34,167
	South Korea	11,210	11,210	10,966	11,088
	Residual	2,235	2,235	2,187	2,211
13	EU	51,873	51,873	50,745	51,309
	Belarus	21,683	21,683	21,211	21,447
	Russia	6,306	6,306	6,169	6,237

	Turkey	29,885	29,885	29,236	29,560
	Ukraine	12,770	12,770	12,493	12,631
	Residual	3,536	3,536	3,459	3,498
15	EU	232	232	227	230
	South Korea	64	64	62	63
	Taiwan	77	77	75	76
	Residual	30	30	29	29
19*	EU	9,461	9,461	9,256	9,359
	Residual	133	133	130	131
20	EU	6,666	6,666	6,521	6,594
	India	3,487	3,487	3,412	3,449
	Turkey	14,799	14,799	14,478	14,638
	UAE	2,199	2,199	2,151	2,175
	Residual	696	696	680	688
21	EU	10,402	10,402	10,176	10,289
	Turkey	35,157	35,157	34,393	34,775
	Residual	3,514	3,514	3,437	3,475
26	EU	20,907	20,907	20,453	20,680
	China	5,689	5,689	5,566	5,628
	Norway	3,074	3,074	3,007	3,041
	Turkey	10,545	10,545	10,316	10,430
	UAE	14,420	14,420	14,106	14,263
	Residual	6,808	6,808	6,660	6,734

*amended

Table 48: Quarterly volumes of country and residual tariff-rate quotas (in tonnes), year 3

Product category	Area/ country	From: 1/7/2023 To: 30/9/2023	From: 1/10/2023 To: 31/12/2023	From: 1/1/2024 To: 31/3/2024	From: 1/4/2024 To: 30/6/2024
1	EU	174,625	174,625	172,727	172,727
	Russia	12,465	12,465	12,330	12,330
	Taiwan	13,534	13,534	13,387	13,387
	Turkey	24,315	24,315	24,050	24,050
	Residual	16,527	16,527	16,348	16,348
2	EU	78,510	78,510	77,657	77,657
	India	9,634	9,634	9,530	9,530
	South Korea	11,793	11,793	11,665	11,665
	Vietnam	6,602	6,602	6,530	6,530
	Residual	17,640	17,640	17,448	17,448

4*	EU	320,522	320,522	317,038	317,038
	China	33,785	33,785	33,418	33,418
	South Korea	26,038	26,038	25,755	25,755
	Taiwan	34,530	34,530	34,154	34,154
	Residual	75,498	75,498	74,677	74,677
5	EU	35,482	35,482	35,096	35,096
	South Korea	11,515	11,515	11,390	11,390
	Residual	2,296	2,296	2,271	2,271
13	EU	53,283	53,283	52,704	52,704
	Belarus	22,272	22,272	22,030	22,030
	Russia	6,477	6,477	6,407	6,407
	Turkey	30,698	30,698	30,364	30,364
	Ukraine	13,117	13,117	12,975	12,975
	Residual	3,632	3,632	3,593	3,593
15	EU	239	239	236	236
	South Korea	65	65	65	65
	Taiwan	79	79	78	78
	Residual	31	31	30	30
19*	EU	9,719	9,719	9,613	9,613
	Residual	137	137	135	135
20	EU	6,848	6,848	6,773	6,773
	India	3,582	3,582	3,543	3,543
	Turkey	15,202	15,202	15,036	15,036
	UAE	2,259	2,259	2,234	2,234
	Residual	715	715	707	707
21	EU	10,685	10,685	10,569	10,569
	Turkey	36,113	36,113	35,721	35,721
	Residual	3,609	3,609	3,570	3,570
26	EU	21,476	21,476	21,242	21,242
	China	5,844	5,844	5,781	5,781
	Norway	3,158	3,158	3,123	3,123
	Turkey	10,832	10,832	10,714	10,714
	UAE	14,812	14,812	14,651	14,651
	Residual	6,993	6,993	6,917	6,917

*amended

Table 49: Developing countries

Afghanistan, Albania, Angola, Antigua and Barbuda, Argentina, Armenia, Bahrain, Bangladesh, Barbados, Belize, Benin, Bolivia, Botswana, Brazil, Brunei Darussalam, Burkina Faso, Burundi, Cabo Verde, Cambodia, Cameroon, Central African Republic, Chad, Chile, China, Colombia, Congo, Costa Rica, Côte d'Ivoire, Cuba, Democratic Republic of the Congo, Djibouti, Dominica, Dominican Republic, Ecuador, Egypt, El Salvador, Eswatini, Fiji, Gabon, Gambia, Georgia, Ghana, Grenada, Guatemala, Guinea, Guinea-Bissau, Guyana, Haiti, Honduras, Hong Kong, India, Indonesia, Jamaica, Jordan, Kazakhstan, Kenya, Kuwait, Kyrgyz Republic, Lao People's Democratic Republic, Lesotho, Liberia, Macao, Madagascar, Malawi, Malaysia, Maldives, Mali, Mauritania, Mauritius, Mexico, Moldova, Mongolia, Montenegro, Morocco, Mozambique, Myanmar, Namibia, Nepal, Nicaragua, Niger, Nigeria, Oman, Pakistan, Panama, Papua New Guinea, Paraguay, Peru, Philippines, Qatar, Rwanda, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Samoa, Saudi Arabia, Senegal, Seychelles, Sierra Leone, Solomon Islands, South Africa, Sri Lanka, Suriname, Tajikistan, Tanzania, Thailand, Former Yugoslav Republic of Macedonia, Togo, Tonga, Trinidad and Tobago, Tunisia, Turkey, Uganda, Ukraine, United Arab Emirates, Uruguay, Vanuatu, Venezuela, Vietnam, Yemen, Zambia, Zimbabwe.

Table 50: FTA partners with a global safeguard exclusion under the Agreement pursuant to regulation 44 of the Regulations.

FTA	Country
CARIFORUM-UK economic partnership agreement	Antigua and Barbuda Barbados Belize The Commonwealth of the Bahamas The Commonwealth of Dominica The Dominican Republic Grenada The Republic of Guyana Jamaica Saint Christopher (Kitts) and Nevis Saint Lucia Saint Vincent and the Grenadines The Republic of Trinidad and Tobago
Cote D'Ivoire	Cote D'Ivoire
UK-Kenya Economic Partnership Agreement	Kenya
Southern Africa Customs Union and Mozambique SACUM-UK economic partnership agreement (EPA)	Botswana Eswatini Lesotho Namibia South Africa Mozambique

Source: The UK's trade agreements, https://www.gov.uk/government/collections/the-uks-trade-agreements, retrieved 07/05/2021

Table 51: Developing Country Non-Exemptions by Product Category

Product category	Developing country non-exemptions (incl. 2017-2019 import share in %)
1	Turkey (10.1%)
2	Brazil (4.5%), India (7.8%), Ukraine (4.6%), Vietnam (5.3%)
4*	China (6.9%), India (5.0%), Turkey (4.8%)
5	n/a
13	Turkey (23.7%), Ukraine (10.1%)
15	n/a
19*	n/a
20	India (12.5%), Turkey (53.1%), United Arab Emirates (7.9%)
21	Turkey (71.6%), United Arab Emirates (4.7%)
26	China (9.3%), India (3.7%), Turkey (17.2%), United Arab Emirates (23.5%)

Annex D – Absolute and relative increase in import analysis

Table 52: Absolute increase in imports analysis (Index 2013 = 100)

Product category	2013	2014	2015	2016	2017
6. Tin Mill Products	100	98	113	116	98
12. Non Alloy and Other Alloy Merchant Bars and Light Sections	100	110	91	89	94
14. Stainless Bars and Light Sections	100	110	90	79	83
16. Non Alloy and Other Alloy Wire Rod	100	105	87	95	96
17. Angles, Shapes and Sections of Iron or Non Alloy Steel	100	108	104	102	100
27. Non Alloy and Other Alloy Cold Finished Bars	100	93	71	49	56

Source: HMRC imports data

Table 53: Imports as a percentage of UK production to assess relative increase in imports (%)

Product category	2013	2014	2015	2016	2017
6. Tin Mill Products	34	32	38	41	35
12. Non Alloy and Other Alloy Merchant Bars and Light Sections	69	80	70	73	74
14. Stainless Bars and Light Sections	994	1073	903	842	718
16. Non Alloy and Other Alloy Wire Rod	27	30	22	25	26
17. Angles, Shapes and Sections of Iron or Non Alloy Steel	126	119	93	71	82
27. Non Alloy and Other Alloy Cold Finished Bars	NO PRODUCTION DATA				

Sources: HMRC imports data, UK producers' questionnaire responses

Annex E – Injury analysis

Table 54: Import volume (Index 2013 = 100)

Product category	2013	2014	2015	2016	2017	2018	2019	Q1/2020	Q2/2020
1	100	127	120	104	105	115	111	98	61
2	100	124	115	110	121	122	89	79	70
4	100	112	112	155	150	134	118	116	63
5	100	136	132	164	206	202	280	207	126
7	100	97	95	119	111	132	116	89	85
13	100	167	177	114	122	137	126	117	61
15	100	306	144	107	145	145	105	95	117
19	100	56	83	170	102	307	2420	2057	772
20	100	165	111	135	107	106	112	119	23
21	100	128	105	103	114	113	130	113	32
25A	100	119	225	96	28	14	82	68	220
25B	100	145	145	337	209	91	98	218	71
26	100	109	124	143	140	135	97	78	63
Total	100	123	121	131	128	127	119	109	67

Source: HMRC import data. Q1 and Q2 2020 figures were multiplied by four and then indexed for fair comparison of trends.

Table 55: Import volume relative to production (Index 2013 = 100)

Product category	2013	2014	2015	2016	2017	2018	2019	Q1/2020	Q2/2020
1	100	122	118	130	124	163	133	130	64
2	100	119	128	191	163	173	130	119	122
4	100	110	107	234	218	182	169	156	174
5	100	148	151	173	225	218	298	282	175
7	NO PRODUCTION DATA								
13	100	160	172	90	113	139	110	134	121
15	100	310	158	108	150	155	132	96	185
19	100	49	64	186	141	389	3406	2561	1100
20	100	160	117	153	130	140	162	162	49
21	100	113	92	97	103	102	116	93	38
25A	100	105	2919	1528	509	379	1391	NO PRODUCTION	
25B	100	149	104	242	68	43	58	215	47
26	100	116	163	190	160	170	178	131	110
Total	100	118	120	163	154	161	145	140	99

Source: questionnaire responses and HMRC import data.

Table 56: Capacity Utilisation (Index 2013 = 100)

Product category	2013	2014	2015	2016	2017	2018	2019	Q1/2020	Q2/2020
1	100	104	100	79	84	69	83	74	93
2	100	105	90	58	74	70	68	67	58
4	100	85	78	29	26	33	37	47	31
5	100	113	108	117	113	115	118	94	92
13	100	104	103	127	108	99	115	87	51
15	100	99	91	95	92	89	76	95	61
19	100	113	117	82	65	71	64	75	66
20	100	111	101	96	101	109	105	112	80
21	100	111	101	96	101	109	105	112	80
25A	100	111	101	96	101	109	105	0	0
25B	100	111	101	96	101	109	105	112	80
26	100	111	101	96	101	109	105	112	80
Total	100	103	99	79	82	77	81	77	67

Source: questionnaire responses

Table 57: Production Volume (Index 2013 = 100)

Product category	2013	2014	2015	2016	2017	2018	2019	Q1/2020	Q2/2020
1	100	104	101	80	85	70	84	76	94
2	100	105	90	58	74	70	68	67	58
4	100	102	104	66	69	74	70	74	36
5	100	92	88	95	91	93	94	74	72
13									REDACTED
15	100	99	91	99	96	93	79	99	63
19									REDACTED
20	100	103	95	88	83	76	69	73	48
21	100	113	114	107	110	111	112	122	83
25A	100	113	8	6	6	4	6	0	0
25B	100	97	139	139	305	212	169	102	152
26	100	94	76	75	87	79	55	59	57
Total	100	104	101	80	83	78	82	78	68

Source: questionnaire responses. Q1 and Q2 2020 figures were multiplied by four and then indexed for fair comparison of trends.

Table 58: Sales Volume (Index 2013 = 100)

Product category	2013	2014	2015	2016	2017	2018	2019	Q1/2020	Q2/2020
1	100	101	104	88	92	89	85	88	47
2	100	91	86	80	80	79	73	69	41
4	100	98	98	69	65	66	68	73	28
5	100	96	97	108	102	107	105	89	65
13	100	113	114	135	121	107	121	106	72
15	100	86	71	85	71	76	74	98	93
19	100	88	82	73	53	50	58	56	69
20	100	97	99	97	93	87	84	92	54
21	100	115	126	125	122	129	133	137	84
25A	100	188	60	41	71	44	91	0	0
25B	100	99	104	90	85	60	85	63	269
26	100	106	90	96	98	90	77	78	62
Total	100	100	100	90	86	84	85	84	50

Source: questionnaire responses. Q1 and Q2 2020 figures were multiplied by four and then indexed for fair comparison of trends.

Table 59: Sales Value (Index 2013 = 100)

Product category	2013	2014	2015	2016	2017	2018	2019	Q1/2020	Q2/2020
1	100	95	81	64	97	105	93	84	44
2	100	83	66	62	90	93	80	67	39
4	100	92	78	58	71	76	75	71	26
5	100	97	92	97	107	118	119	94	71
13	100	104	84	104	116	115	123	97	67
15	100	84	64	68	70	82	81	98	91
19	100	87	78	65	51	53	62	60	78
20	100	91	80	69	81	81	75	74	44
21	100	111	109	104	125	147	143	134	83
25A	100	182	53	31	66	44	102	0	0
25B	100	95	89	73	76	58	87	53	241
26	100	103	79	75	96	98	82	77	62
Total	100	94	81	72	88	95	91	81	51

Source: questionnaire responses. Q1 and Q2 2020 figures were multiplied by four and then indexed for fair comparison of trends.

Table 60: Productivity (Index 2013 = 100)

Product category	2013	2014	2015	2016	2017	2018	2019	Q1/2020	Q2/2020
1	100	108	110	93	114	131	127	119	103
2	100	108	109	86	107	120	120	119	111
4	100	108	109	86	107	120	120	119	111
5	100	108	109	86	107	120	120	119	111
13	100	105	100	119	104	90	96	73	42
15	100	103	93	102	95	89	72	91	61
19									REDACTED
20	100	108	109	86	107	120	120	119	111
21	100	108	109	86	107	120	120	119	111
25A	100	108	109	86	107	120	120	119	111
25B	100	108	109	86	107	120	120	119	111
26	100	108	109	86	107	120	120	119	111
Total	100	108	111	90	104	116	118	116	98

Source: questionnaire responses. Q1 and Q2 2020 figures were multiplied by four and then indexed for fair comparison of trends.

Table 61: Profit (Index 2013 = +/-100)

Product category	2013	2014	2015	2016	2017	2018	2019	Q1/2020	Q2/2020
1									REDACTED
2									
4									
5									
13									
15									
19									
20									
21									
25A									
25B									
26									
Total	-100	-83	-209	-15	81	-131	-243	-296	-135

Source: questionnaire responses

Table 62: Number of employees (Index 2013 = 100)

Product category	2013	2014	2015	2016	2017	2018	2019	Q1/2020	Q2/2020

1	100	96	91	89	77	65	66	64	66
2	100	96	90	89	77	64	66	64	66
4	100	96	90	89	77	64	66	64	66
5	100	96	90	89	77	64	66	64	66
13									REDACTED
15	100	96	98	97	102	104	110	109	104
19									REDACTED
20	100	96	90	89	77	64	66	64	66
21	100	96	90	89	77	64	66	64	66
25A	100	96	90	89	77	64	66	64	66
25B	100	96	90	89	77	64	66	64	66
26	100	96	90	89	77	64	66	64	66
Total	100	96	91	90	80	68	70	67	69

Source: questionnaire responses

Table 63: Median wages (Index 2013 = 100)

Product category	2013	2014	2015	2016	2017	2018	2019	Q1/2020	Q2/2020
1	100	100	98	99	103	106	105	108	108
2	100	101	96	99	103	108	106	110	110
4	100	101	96	99	103	108	106	110	110
5	100	101	96	99	103	108	106	110	110
13									REDACTED
15	100	101	100	100	103	105	106	28	26
19									REDACTED
20	100	101	96	99	103	108	106	110	110
21	100	101	96	99	103	108	106	110	110
25A	100	101	96	99	103	108	106	110	110
25B	100	101	96	99	103	108	106	110	110
26	100	101	96	99	103	108	106	110	110
Total	100	101	96	98	113	119	116	118	118

Source: questionnaire responses

Table 64: Domestic market share (Index 2013 = 100)

Product category	2013	2014	2015	2016	2017	2018	2019	Q1/2020	Q2/2020
1	100	88	93	91	93	87	86	94	87
2	100	84	85	84	79	78	90	93	73
4	100	91	91	55	54	60	67	72	54

5	100	88	90	86	76	78	65	71	77
13	100	80	77	109	100	87	98	94	109
15	100	80	91	98	91	92	96	100	98
19	100	101	100	98	98	91	56	59	84
20	100	67	92	79	90	87	82	83	165
21	100	94	110	111	104	107	101	110	151
25A	100	157	27	42	252	307	111	0	0
25B	100	69	72	27	41	66	87	29	353
26	100	98	75	69	72	69	80	100	99
Total	100	87	88	79	78	78	81	85	85

Source: questionnaire responses and HMRC import data.

Table 65: UK consumption (Index 2013 = 100)

Product category	2013	2014	2015	2016	2017	2018	2019	Q1/2020	Q2/2020
1	100	115	112	97	99	103	99	94	54
2	100	108	101	96	101	101	81	75	56
4	100	107	107	126	120	110	101	101	51
5	100	109	108	125	135	137	160	126	84
13	100	142	148	124	122	123	124	112	66
15	100	107	78	87	78	82	77	98	95
19	100	88	82	75	54	55	103	95	83
20	100	144	108	123	103	100	103	111	33
21	100	122	114	113	117	120	131	124	56
25A	100	119	224	96	28	14	82	67	218
25B	100	144	144	331	206	90	98	214	76
26	100	109	121	139	136	131	95	78	63
Total	100	114	113	114	111	108	104	99	59

Source: questionnaire responses and HMRC import data. Q1 and Q2 2020 figures were multiplied by four and then indexed for fair comparison of trends.

Table 66: UK producers' price (Index 2013 = 100)

Product category	2013	2014	2015	2016	2017	2018	2019	Q1/2020	Q2/2020
1	100	94	78	72	105	118	109	95	93
2	REDACTED								
4									
5									

13	100	91	74	77	96	108	101	92	93
15	100	98	90	79	99	108	110	100	99
19	100	99	95	89	97	105	107	107	113
20									REDACTED
21									
25A									
25B									
26									
Total	100	94	81	80	103	113	108	97	103

Source: questionnaire responses

Table 67: Average import price (Index 2013 = 100)

Product category	2013	2014	2015	2016	2017	2018	2019	Q1/2020	Q2/2020
1	100	94	78	75	102	114	108	87	92
2	100	91	78	84	106	110	114	109	106
4	100	93	81	80	103	112	107	60	129
5	100	84	80	79	92	106	106	95	104
13	100	89	72	75	92	107	103	94	100
15	100	75	116	83	98	104	114	109	138
19	100	139	156	70	90	65	29	71	74
20	100	93	93	89	117	130	132	115	137
21	100	87	81	79	98	109	102	96	126
25A	100	107	98	67	101	162	122	74	99
25B	100	46	46	66	79	106	58	61	45
26	100	90	78	86	120	105	112	123	91
Total	100	88	78	85	107	111	105	85	110

Source: HMRC import data