Trade Remedies Authority

Report of Findings

TRA Report of Findings to the Secretary of State as Directed Under Call-In of the Transition Review of Safeguard Measures on Certain Steel Products Reconsideration

Case TF0006

01 June 2022

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Executive Summary

1. On 1 October 2020 the Trade Remedies Authority (TRA) published a Notice of Initiation for a transition review of the EU safeguard measure on certain categories of steel products ('the transition review') under the Safeguard Regulations 2019.[1, 2] On 7 September 2021 the TRA initiated an applied-for reconsideration of our original decision in the transition review under the Reconsideration and Appeals Regulations 2019.[3] On 22 March 2022 the Secretary of State 'called-in' the reconsideration under Regulation 3(b) of the Call-In Regulations 2022.[4]

2. To inform her decision, and in addition to the matters described in regulation 7 of the Call-in Regulations 2022, the Secretary of State directed the TRA to conduct specified analyses and assessments and to provide a report of our findings.

3. In exercise of our functions under regulation 7 of the Call-In Regulations 2022, and as directed, the TRA have produced this Report of Findings.

4. The findings from the TRA analysis conducted before the 22 March 2022, against the terms of the legislation applying to this reconsideration at the time and reported under point 1 of the call-in directions, suggest that the grounds presented in applications for the reconsideration should not be upheld and that the evidence would support a Secretary of State decision to uphold the original decision.

5. The findings from the TRA analysis conducted after 22 March 2022, against the terms set out in the call-in directions and reported under points 2 and 3 of those directions, provide evidence that would support a Secretary of State decision to

[1] The Trade Remedies (Increase in Imports Causing Serious Injury to UK Producers) (EU Exit) Regulations 2019 (SI 2019/449).

[2] Until June 2021, the UK's trade remedies investigations functions were carried out by the Trade Remedies Investigations Directorate (TRID) as part of the UK Department for International Trade (DIT). On 1 June 2021, the Trade Remedies Authority (TRA) was established as an executive non-departmental government body sponsored by DIT. In this document 'the TRA' is used to cover all of our activities both before and after our establishment as the TRA.

[3] The Trade Remedies (Reconsideration and Appeals) (EU Exit) Regulations 2019 (SI 2019/910).

[4] The Trade Remedies (Review and Reconsideration of Transitioned Trade Remedies) Regulations 2022 (SI 2022/113).

extend the safeguard measure to prevent or remedy serious injury or threat of serious injury to UK producers and a Secretary of State conclusion that UK producers are adjusting.

6. The TRA further found that the evidence would support a Secretary of State determination that extending tariff rate quotas for all product categories where this is possible meets the Economic Interest Test.

7. The TRA has proposed tariff rate quotas (TRQ) for each individual product category subject to the reconsideration and to which the measure currently applies.

0 Introduction

0.1 Background

Steel Safeguard Transition Review

8. On 1 October 2020 the Trade Remedies Authority (TRA) published a Notice of Initiation for a transition review of the EU safeguard measure on certain categories of steel products under regulation 49 of the Safeguard Regulations 2019.

9. On 3 June 2021 the TRA made a recommendation to the Secretary of State for International Trade (SoS) at the conclusion of its transition review (the 'original decision').

10. Under the Safeguard Regulations the SoS had the power to accept or reject the TRA recommendation in full but not to vary it.

11. The Government introduced legislation which gave the SoS powers to make provision for a tariff rate quota to apply in relation to all or some of the steel products specified in the taxation notice.

12. The SoS decided to accept the TRA recommendation to retain the measure on ten categories of steel products and, under the new powers, to extend to 30 June 2022 the transitioned safeguard measures on five of the remaining 9 categories the TRA had recommended to be revoked.

13. In announcing this extension, the SoS made it clear it was designed in part to allow for reconsideration and appeal processes to take their course. TRQ measures were allowed to fall for the remaining four categories.

Reconsideration

14. The TRA accepted eight applications for reconsideration, 22 non-application submissions and two further formal responses from interested parties. Details of these and how they were analysed by the reconsideration panel are included in Chapter 1.

Secretary of State for International Trade Call-In

15. On 22 March 2022, the SoS informed the TRA that under Regulation 3(b) of the Call-in Regulations, she intended to take a decision as to whether to vary, maintain or revoke the tariff rate quotas applicable to goods that were the subject of the reconsideration.

16. To inform this decision, the SoS directed the TRA to provide analysis and assessments under five points:

    1) The analysis carried out and the conclusions reached on the reconsideration prior to the date of the call-in letter.
    2) An assessment of the evidence relating to the 19 products transitioned from the EU measure in the 3 steel product category groups (family groups).
    3) A separate assessment of the 10 product categories recommended for extension by the TRA in 2021 in the same family groups.
    4) An assessment of the Economic Interest Test for each individual product category.
    5) Proposed TRQs for each individual product category subject to the reconsideration and to which the measure currently applies.

17. Additionally, for the analysis under points 2 and 3, the TRA was directed to consider whether:

    a) The goods were imported into the United Kingdom in increased quantities and whether this increase was significant.
    b) The importation of those goods in increased quantities would be likely to recur if they were no longer subject to a tariff rate quota.
    c) There is serious injury or a threat of serious injury to UK producers.

d) Any continuation of a tariff rate quota is necessary at an individual product category level to prevent or remedy serious injury or threat of serious injury to UK producers.

e) There is evidence that the UK producers are adjusting.

18. The letter issuing these directions is at Annex A.

19. These points and sub-points form the structure of the substantive body of this report with corresponding chapter and section numbers.

0.2 Chapter Summaries

Chapter 1 – Pre-Call-In Analysis and Conclusions

20. Under point 1 of the directed assessment the TRA here provides findings from the analysis carried out and the conclusions reached on the reconsideration prior to call in.

21. The TRA accepted eight applications for reconsideration, the grounds of which set the scope for ongoing analysis. In addition to these, the TRA received 22 non-application submissions and two further responses from Interested Parties which were all taken into consideration.

22. The reconsideration panel developed a range of analytical processes and frameworks and applied these to the grounds.

23. The findings from the TRA analysis, reached under the legislation applying to this reconsideration at the time, suggest that the grounds should not be upheld.

Chapter 2

2.1 – Increase in Imports and Significance

24. Under point 2(a) of the directed assessment the TRA has considered whether the goods listed in the 19 steel product categories in three family groups were

imported into the United Kingdom in increased quantities during the period of investigation (POI) applied during the transition review and whether this met the sudden, recent, sharp, and significant increase criteria.

25. The TRA finds that the aggregated UK import data for group 1 (flat products) and group 3 (pipes/tubes) does show a sudden, recent, sharp, and significant absolute and relative increase.

26. The TRA finds that the aggregated UK import data for group 2 (long products) does not show a sudden, recent, sharp, and significant absolute increase or relative increase.

2.2 – Likelihood of Increase in Imports

27. Under point 2(b) of the directed assessment the TRA has considered whether the importation of goods listed in the 19 steel product categories in three family groups in increased quantities would be likely to recur if they were no longer subject to a TRQ.

28. The TRA has also considered in a forward-looking assessment whether the importation of these goods in increased quantities would be likely to occur if they were no longer subject to a TRQ.

29. The TRA finds that the evidence for the global steel market suggests it is highly likely there will be an oversupply in the international market for steel products under review for the foreseeable future.

30. An industry level analysis considering capacity, import trends, actions of other authorities, and attractiveness of UK market indicates a significant likelihood that imports would increase across all categories if the measure were revoked.

31. A group level analysis considering import trends finds it likely that imports would significantly increase for all groups if safeguard measures were revoked.

2.3 – Serious Injury or Threat of Serious Injury to UK Producers

32. Under point 2(c) of the directed assessment the TRA has considered whether, for the goods listed in 19 steel product categories in three ‘family groups’, there is serious injury or a threat of serious injury to UK producers.

33. The TRA has assessed several indicators to identify impairment to the position of UK industry, however caused, and reported where we believe that, based on findings against one or more indicators, there is evidence that provides an indication of, or would be consistent with serious injury.

34. At an industry level, each assessment has found an indication of serious injury except for the indicator ‘productivity’ and ‘market share’ where no indication of serious injury was found.

35. At an industry level other potential factors have been assessed to establish whether they could also be a cause of serious injury. The TRA considered COVID-19, the UK’s departure from the EU, and cost of production and found it is not clear that any of these caused the serious injury previously experienced, nor is there any reason to believe that any of these factors (or all combined) are significant enough to foreseeably break a link between import pressure and serious injury.

36. At an aggregated group level, assessments have been undertaken to identify any indications of serious injury. For group 1 an indication of serious injury has been found in all assessments except productivity and price effects where no indication of serious injury was found. For group 2 an indication of serious injury has been found in all assessments except increase in imports, market share, sales volume, and capacity utilisation where no indication of serious injury was found. For group 3 an indication of serious injury has been found in all assessments except sales volume, production volume, productivity, and capacity utilisation where no indication of serious injury was found.

37. As a result of the above assessments at industry and group level the TRA finds that there are indications of serious injury to UK producers for all three steel product category groups.

2.4 – Necessity of TRQ

38. Under point 2(d) of the directed assessment the TRA has considered whether any continuation of a TRQ would be necessary at an individual product category level to prevent or remedy serious injury or threat of serious injury to UK producers.

39. The TRA finds that there is evidence that supports a conclusion that extending the safeguard measure where possible at individual product category level is necessary to prevent or remedy serious injury or threat of serious injury to UK producers.

2.5 – Adjustment Plans

40. Under point 2(e) of the directed assessment the TRA has considered whether there is evidence that that the UK producers are adjusting to the importation of like goods and directly competitive goods.

41. The TRA has found that authenticated adjustment plans from UK producers outline clear and realistic strategies and timeframes to complete adjustment strategies. Evidence has been provided that UK producers have taken actions throughout the POI and MRP giving assurance that the plans are deliverable. While the TRA has not been able to identify end dates for some of the measures within the adjustment plans, because they have been described as ongoing, the TRA finds 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 measure 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.

Chapter 3

3.1 – Increase in Imports and Significance

42. Under point 3(a) of the directed assessment the TRA has considered whether the goods listed in 10 steel product categories in three family groups were imported into the United Kingdom in increased quantities during the period of investigation applied during the transition review and whether this met the sudden, recent, sharp, and significant increase criteria.

43. The TRA finds that the aggregated UK import data for all groups does show a sudden, recent, sharp, and significant absolute and relative increase.

3.2 – Likelihood of Increase in Imports

44. Under point 3(b) of the directed assessment the TRA has considered whether the importation of goods listed in the 10 steel product categories in three family groups in increased quantities would be likely to recur if they were no longer subject to a tariff rate quota.

45. The TRA has also considered in a forward-looking assessment whether the importation of these goods in increased quantities would be likely to occur if they were no longer subject to a tariff rate quota.

46. The TRA finds that the evidence for the global steel market suggests it is highly likely there will be an oversupply in the international market for steel products under review for the foreseeable future.

47. An industry level analysis considering capacity, import trends, actions of other authorities, and attractiveness of UK market indicates a significant likelihood that imports would increase across all categories if the measure were revoked.

48. A group level analysis considering import trends finds it likely that imports would significantly increase for all groups if safeguard measures were revoked.

3.3 – Serious Injury or Threat of Serious Injury to UK Producers

49. Under point 3(c) of the directed assessment the TRA has considered whether, for the goods listed in 10 steel product categories in three 'family groups', there is serious injury or a threat of serious injury to UK producers.

50. The TRA has assessed several indicators to identify impairment to the position of UK industry, however caused, and reported where we believe that, based on findings against one or more indicators, there is evidence that provides an indication of, or would be consistent with serious injury.

51. At an industry level, each assessment has found an indication of serious injury, except for the indicator productivity where no indication of injury was found.

52. At an industry level other potential factors have been assessed to establish whether they could also be a cause of serious injury. The TRA considered COVID-19, the UK's departure from the EU, and cost of production and found it is not clear that any of these caused the serious injury previously experienced, nor is there any reason to believe that any of these factors (or all combined) are significant enough to break a link between import pressure and serious injury.

53. At an aggregated group level, assessments have been undertaken to identify any indications of serious injury. For group 1 an indication of serious injury has been found in all assessments except productivity where no indication of serious injury was found. For group 2 an indication of serious injury has been found in all assessments except employment where no indication of serious injury was found. For group 3 an indication of serious injury has been found in all assessments except productivity and capacity utilisation where no indication of injury was found.

54. As a result of the above assessments at industry and group level the TRA finds that there are indications of serious injury to UK producers for all three steel

product category groups. In addition, we have found indications of a threat of serious injury when considering these injury factors against imports trends from 2013 – 2021.

3.4 – Necessity of TRQ

55. Under point 3(d) of the directed assessment the TRA has considered whether any continuation of a TRQ is necessary at an individual product category level to prevent or remedy serious injury or threat of serious injury to UK producers.

56. The TRA finds that there is evidence that supports a conclusion that extending the safeguard measure where possible at individual product category level is necessary to prevent or remedy serious injury or threat of serious injury to UK producers.

3.5 – Adjustment Plans

57. Under point 3(e) of the directed assessment the TRA has considered whether there is evidence that that the UK producers are adjusting to the importation of like goods and directly competitive goods.

58. The TRA has found that authenticated adjustment plans from UK producers outline clear and realistic strategies and timeframes to complete adjustment strategies. Evidence has been provided showing that UK producers have taken actions throughout the POI and MRP giving assurance that the plans are deliverable. While the TRA has not been able to identify end dates for some of the measures within the adjustment plans, because they have been described as ongoing, the TRA finds 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 measure in 2018. The domestic industry has also provided sufficient evidence to show that, although 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.

Chapter 4

59. Under point 4 of the directed assessment the TRA has considered the Economic Interest Test (as required under regulation 7(1)(c)(iii) of the Call-in Regulations 2022) for each individual steel product category.

60. The TRA found evidence of positive impacts of extending the measure, as compared to revoking it. These 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 the measure in other major markets. Extending the measure is also likely to benefit the upstream suppliers of scrap metal that rely on demand from the steel industry and would allow UK producers to remain viable suppliers to the UK market and competitive in the long term.

61. The TRA recognises that there are some potentially significant negative impacts of extending the measure. For example, importers would be less able to compete with UK producers above quota amounts and costs to downstream industries could increase. In the short-term, extension of the safeguard measure may hinder the ability of overseas suppliers to compete as effectively as in the absence of the measure and may result in a lower number of suppliers in the UK market.

62. The TRA concluded that the negative impacts do not outweigh the significant impacts and therefore found that the EIT is met for a safeguard measure to be applied to product categories 1, 2, 4, 5, 6, 7, 12A, 12B, 13, 16, 17, 19, 20, 21, 25A, 25B, and 26.

Chapter 5 – TRQ Methodology and Calculations

63. Under point 5 of the directed assessment the TRA has calculated proposed TRQs for each individual product category subject to the reconsideration and to which the measure currently applies. Specifically, these are product categories 1, 2, 4, 5, 6, 7, 12A, 12B, 13, 16, 17, 19, 20, 21, 25A, 25B, and 26.

Overview TRA findings for assessment stages 2 and 4	2a		2b	2c	2d	2e	4
Group/Category	**Was there a 'significant' import increase over POI**		**Increased imports likely if TRQ revoked?**	**Is there is an indication of serious injury to domestic industry?**	**Is TRQ continuation necessary?**	**Is UK industry adjusting?**	**Is EIT met for TRQ to be applied?**
	Absolute	**Relative**					
1 – flat products (aggregated)	**Y**	**Y**	**Y**	**Y**	**N/A**	**Y**	**N/A**
1. Non-Alloy and Other Alloy Hot Rolled Sheets and Strips	n	y	y	y	y	y	y
2. Non-Alloy and Other Alloy Cold Rolled Sheets	y	y	y	y	y	y	y
4. Metallic Coated Sheets	y	y	y	y	y	y	y
5. Organic Coated Sheets	y	y	y	y	y	y	y
6. Tin Mill Products	n	n	y	y	y	y	y
7. Non-Alloy and Other Alloy Quarto Plates	y	y	y	y	y	y	n/a
2 – long products (aggregated)	**N**	**N**	**Y**	**Y**	**N/A**	**Y**	**N/A**
12A. Non-Alloy and Other Alloy Merchant Bars and Light Sections	n	n	y	y	y	y	y
12B. Non-Alloy and Other Alloy Merchant Bars and Light Sections	n	n	y	y	y	y	y
13. Rebars	y	y	y	y	y	y	y
14. Stainless Bars and Light Sections	n	n	y	n	n/a	y	n/a
15. Stainless Wire Rod	y	y	y	y	n/a	y	n/a
16. Non-Alloy and Other Alloy Wire Rod	n	n	y	y	y	y	y
17. Angles, Shapes and Sections of Iron or Non-Alloy Steel	n	n	y	y	y	y	y
19. Railway Material	y	y	y	y	y	y	y
27. Non-Alloy and Other Alloy Cold Finished Bars	n	n	y	y	n/a	y	n/a
28. Non-Alloy Wire	y	y	y	y	n/a	y	n/a
3 – pipes/tubes (aggregated)	**Y**	**Y**	**Y**	**Y**	**N/A**	**Y**	**N/A**
20. Gas Pipes	y	y	y	y	y	y	y
21. Hollow Sections	y	n	y	y	y	y	y
25A. Large Welded Tubes	n	y	y	y	y	y	y
25B. Large Welded Tubes	y	n	y	y	y	y	y
26. Other Welded Pipes	y	y	y	y	y	y	y

Overview TRA findings for assessment stages 3 and 4	3a		3b	3c	3d	3e	4
Group/Category	**Was there a 'significant' import increase over POI**		**Increased imports likely if TRQ revoked?**	**Is there is an indication of serious injury to domestic industry?**	**Is TRQ continuation necessary?**	**Is UK industry adjusting?**	**Is EIT met for TRQ to be applied?**
	Absolute	**Relative**					
1 – flat products (aggregated)	**Y**	**Y**	**Y**	**Y**	**N/A**	**Y**	**N/A**
1. Non-Alloy and Other Alloy Hot Rolled Sheets and Strips	n	y	y	y	y	y	y
2. Non-Alloy and Other Alloy Cold Rolled Sheets	y	y	y	y	y	y	y
4. Metallic Coated Sheets	y	y	y	y	y	y	y
5. Organic Coated Sheets	y	y	y	y	y	y	y
2 – long products (aggregated)	**Y**	**Y**	**Y**	**Y**	**N/A**	**Y**	**N/A**
13. Rebars	y	y	y	y	y	y	y
19. Railway Material	y	y	y	y	y	y	y
3 – pipes/tubes (aggregated)	**Y**	**Y**	**Y**	**Y**	**N/A**	**Y**	**N/A**
20. Gas Pipes	y	y	y	y	y	y	y
21. Hollow Sections	y	n	y	y	y	y	y
25A. Large Welded Tubes	n	y	y	y	y	y	y
25B. Large Welded Tubes	y	n	y	y	y	y	y
26. Other Welded Pipes	y	y	y	y	y	y	y

0.3 TRQ Reviews

64. The TRA initiated three separate TRQ reviews, focusing on specific issues that required attention beyond the scope of the reconsideration.

HMRC Data Update (SM0015)

65. Information from one applicant, initially supplied in the reconsideration, suggested that the original decision for category 19 (railway materials) products was based on a dataset which included a fundamental error.

66. On 11 November 2021, HMRC issued corrected figures for a number of commodity codes that the TRA had used to make its original decision. As well as category 19 (railway materials) HMRC provided revised figures for categories 4 (metallic coated sheets) and 5 (organic coated sheets). This confirmed that the published data on which parts of the original decision was made was incorrect.

67. As a matter of good administration, public bodies must correct known errors as soon as is reasonably practicable. The TRA therefore determined that correcting this error should not be contingent on the overall reconsideration timeline. On the 4 February 2022 the TRA initiated this as a separate TRQ review under regulation 35B(2)(b) of the Safeguard Regulations and will investigate the effect of these errors on the recommended TRQs.

68. Stakeholder interest has been higher than anticipated and has resulted in more complex questions than originally expected.

69. This TRQ review is separate to the reconsideration and is ongoing. The updated data has been used as the basis for relevant TRQ proposals in chapter 5 of this report.

Developing Country Exemptions (SM0016)

70. An exception for developing countries from safeguard measures is designed at WTO level to benefit developing countries which only export in small amounts,

with a ‘failsafe’ which allows countries to challenge the exception if imports rise above a given threshold. Imports from a developing country are not subject to tariffs if their market share is less than 3% of the total imports into the UK and provided imports from all low-volume exporters collectively account for not more than 9% of those imports. This exception was carried over into the UK trade remedies framework and the TRA periodically re-assesses the developing country list.

71. Information from one applicant, initially supplied into the reconsideration, suggested that India and Vietnam had each exceeded the 3% threshold for a specific product category.

72. This matter relates to alleged changes underlying trade data beyond the TF0006 Period of Investigation (POI), and it was determined to be a valid trade remedy issue. On the 28 February 2022, the TRA initiated this as a separate TRQ review under regulation 35B(2)(a) of the Safeguard Regulations to investigate these allegations and the effect on the recommended TRQs.

73. While this TRQ review is separate to the reconsideration and is ongoing, the TRQs proposed in chapter 5 reflect the most up-to-date exceptions for low volume exporter developing countries.

TRQs for the Russian Federation and the Republic of Belarus (SM0019)

74. In response to the Russian invasion of Ukraine on 24 February 2022, the UK government imposed an ‘additional 35 percent tariff, on top of current tariffs’ on goods from Russia and Belarus, including steel, which came into effect on 25 March 2022.

75. Given this and the potential for further sanctions, UK stakeholders raised the issue of them being unable to source certain steel products from Russia and Belarus at a competitive price and therefore being obliged by current TRQs to find alternative sources that may be subject to higher tariffs. They asked the TRA to consider recommending the reallocating of quotas from Russia and

Belarus to other countries (so that they can import more steel at a basic duty rate from those sources) or suspending safeguard measures altogether.

76. On 6 April 2022 the TRA initiated a TRQ review on its own initiative, under regulation 35B(2)(b) of the Safeguard Regulations and investigated the effect of such sanctions on recommended TRQs.

77. This TRQ review is separate to the reconsideration and has been concluded with a TRA recommendation to the Secretary of State. The relevant TRQ proposals in chapter 5 of this report are aligned to that recommendation.

0.4 Transition Review Process Overview

78. The TRA follows the same basic process for transition reviews as for new investigations.

79. Safeguard remedies protect domestic industries against unforeseen surges of imports. Safeguard investigations assess whether an unforeseen surge in imports is causing or threatening to cause serious injury to the domestic producers of a given country.

80. When we initiate a transition review we publish a notice of initiation and notify the SoS and interested parties, among others.

81. The notice of initiation sets out, amongst other things, the scope of an investigation or transition review by reference to the goods concerned. The scope of an investigation is limited to a specific goods description, and we will set this out in our notice of initiation.

82. Once we initiate an investigation, we set a period for interested parties and contributors to contact us: this is known as a registration period. Parties who register with us have the opportunity to be involved in the investigation.

83. An interested party is any party directly involved in our investigation. This may include, amongst others: a foreign government; an exporter or importer of the goods concerned; a UK producer of the like goods; a trade or business

association representing one or many of these parties. A contributor is a person or organisation who is not an interested party but who has contacted us so that they can participate in an investigation or a review.

84. For every case we investigate we analyse industry data relating to a specific time period before the case initiated – this is the period of investigation, often abbreviated to POI. The POI for the transition review was the years 2013 to 2017 mirroring the period of the original European Commission's investigation in connection with the EU tariff rate quotas. During the review, the TRA used data provided for the POI.

85. During the transition review the TRA used data provided for a Most Recent Period or MRP to assess whether the safeguard measure on certain steel products should be reduced or extended in the UK. The MRP for the transition review was the period between the end of the POI up to the most recent complete quarter for which data was available when the transition review was initiated i.e., 1 January 2018 to 30 June 2020.

86. TRQs are intended to maintain traditional trade flows. During the transition review the TRA used data from the years 2017 to 2019, which at the time the TRA considered the last three representative years for trade flows given the impact of the COVID-19 pandemic on international trade to determine traditional trade flows for the calculation of TRQs. This timeframe was also used during the transition review to identify developing countries deemed exempt from a safeguard measure.

87. To carry out our investigations, we ask for information from interested parties and contributors. This includes accounting records, company-specific data, pricing practices and indicators of the economic performance of the UK industry. If we find that the information supplied in a returned questionnaire is insufficient, we may issue a notice to the relevant interested party or contributor to request further information. This is known as a deficiency notice.

88. Where a case involves a large number of either products or individual parties, we may verify and review a smaller dataset or pool of interested parties to permit the investigation to proceed – a process called sampling.

89. The TRA authenticate data we receive to help us establish an accurate and reasonable dataset for the conduct of our investigation. During initial desk analysis we seek to establish complete and reliable data for calculating trade remedy measures. We use this analysis to determine specific questions and areas to consider in further authentication. If we find submitted data is incomplete, we may send a deficiency notice. We may also carry out authentication to assess the origin and validity of submitted data.

90. When carrying out trade remedies investigations and reviews we gather a range of information from interested parties and contributors. We need to handle this evidence in a way which respects the confidentiality of this information and is also fair and transparent.

91. It is important that parties involved in a case have the opportunity to understand the evidence provided by other interested parties and contributors and defend their own interests by submitting responses to such information if necessary. However, some of the information parties provide to us may be confidential to them. Therefore, we ask parties to provide non-confidential versions of their evidence so that we can make this available to other parties. If a non-confidential version is not provided, we may not be able to use the information.

92. To ensure transparency and an opportunity to comment the TRA usually publish a document indicating likely conclusions during a case. In a safeguard case this is called a Statement of Intended Preliminary Decision or SIPD.

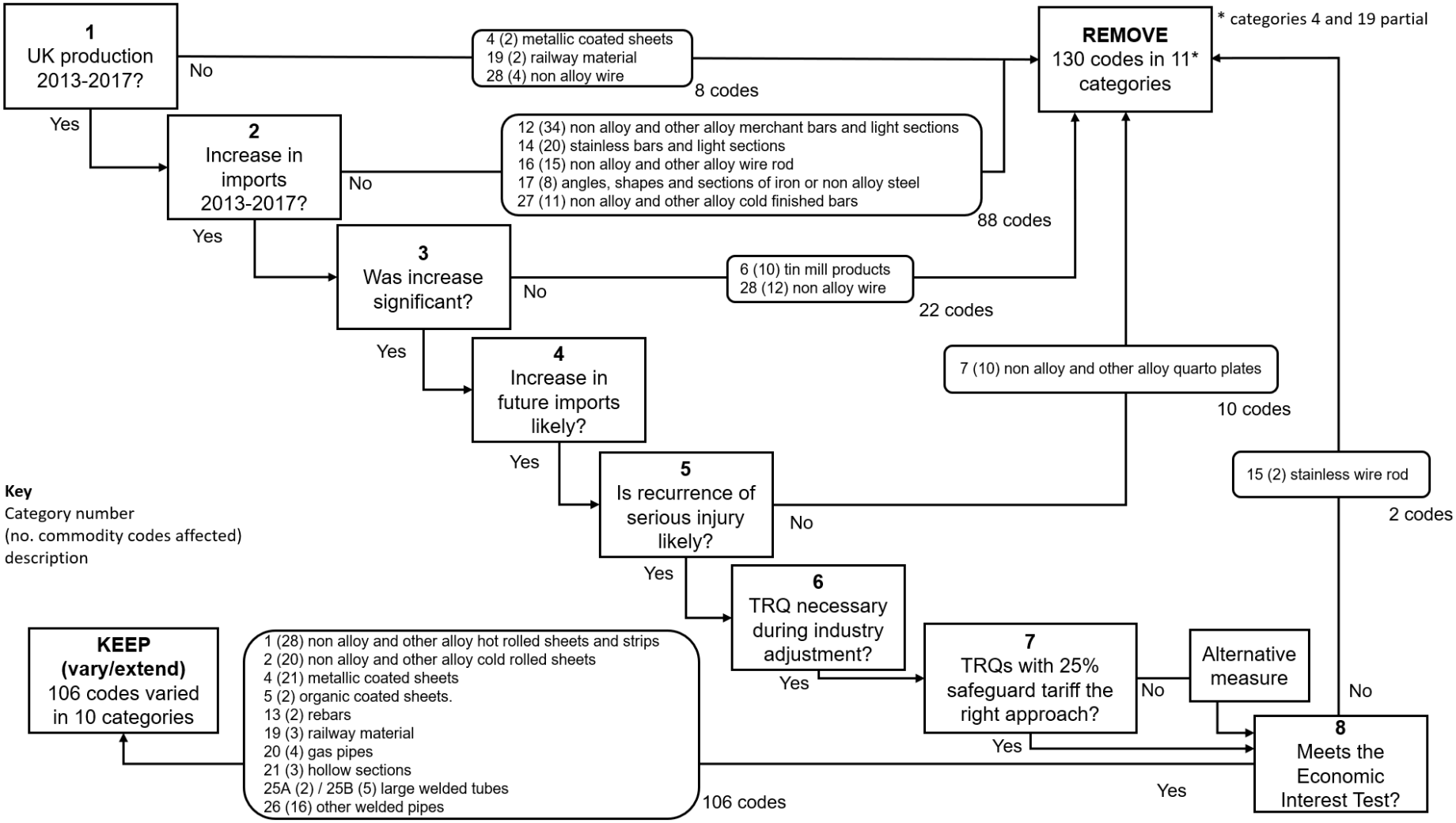
93. To undertake the transition review of the safeguard measure on certain steel products (TF0006) the TRA was required to assess evidence against a process established by the Safeguard Regulations 2019 and otherwise compliant with domestic and WTO standards. That process can be described as asking the following questions:

1) Were the goods in each product category made by UK steel producers?
2) If so, was there a surge in imports during the period of the original EU investigation (2013-2017)?
3) If so, was the increase significant, sharp, sudden, and recent?
4) If so, if the goods were no longer subject to a tariff rate quota, would the increase in imports have been likely to recur?
5) If so, if goods were no longer subject to a tariff rate quota, would there have been serious injury to UK producers of like goods and directly competitive goods?
6) If so, was it necessary to continue the tariff rate quota in order to help UK producers of the like and directly competitive goods adjust to the imports?
7) If so, would it be better to impose an alternative tariff rate quota or apply a safeguard amount (that is, an additional amount of import duty) on the goods concerned to prevent serious injury to UK producers?
8) Would any proposed measure be in the wider economic interest of the UK (the 'Economic Interest Test')?

94. In accordance with the Safeguard Regulations 2019 any commodity codes or product categories which did not pass an earlier stage in the process were recommended for revocation and were not considered at a later stage.

95. A summary diagram of the process and outcome at each stage is given in figure 1.

Figure 1: The steel safeguards transition review process and outcomes



Scope and Time Periods

96. This Report of Findings is made as directed by the Secretary of State in the letter calling in the reconsideration of the transition review.

97. The scope of this Report is set by directions from the Secretary of State and takes into account the scope, including timings, of the transition review which is being reconsidered and the issues raised in the accepted applications for reconsideration which resulted in initiation.

98. In the context of call-in the SoS directed the TRA to use the information already held and considered relevant for carrying out the necessary assessments.

99. In the transition review the TRA considered 1 January 2013 to 31 December 2017 as the POI, 1 January 2018 to 30 June 2020 as the MRP, and 1 January 2017 to 31 December 2019 as the last three representative years for assessing traditional trade flows. The TRA gathered information about these periods during the transition review to inform assessments.

100. The applications for reconsideration included grounds relating to factors outside these time periods. During reconsideration the TRA found that events occurring outside the timeframe of the transition review fell outside the scope of the reconsideration.

101. Therefore, this report concentrates analysis and findings principally on the time periods which were considered during the original transition review; these were the periods for which TRA held most complete data and for which reconsideration outcomes would be most consistent with the scope of the transition review.

102. Exceptionally, where data has been readily available and we have considered it important to the analysis and findings, the TRA has also assessed data beyond 30 June 2020.

103. The TRA acknowledge that inheriting these transition review time periods makes it necessary to disaggregate 2020 into January to June (Q1/Q2) and

July to December (Q3/Q4). This results in a complex dataset for this report including assessing additional and adapted data points for the year 2020 in places. A similar approach was made necessary by the partial dataset available for 2020 during the transition review. The TRA have maintained this approach rather than extend the MRP beyond the period considered in transition review and taking into account the available data.

Aggregation and Category Analysis

104. The TRA has been directed to make assessments regarding three family groups of steel product categories. To do this the TRA has aggregated together the available data for the identified product categories. The principal method of aggregation has been the sum of values for each identified product category; where a different approach to aggregating data has been used this is noted. Assessments and findings have then been made directly on that aggregated data.

105. To provide a complete account of the available evidence, the TRA has further provided data for all of the product categories in each group without merging it together. The TRA has directly assessed this information to provide product category level findings to identify where individual categories in a group follow or diverge from aggregated group trends.

106. Group level findings are based on assessments of aggregated underlying data and therefore may differ from findings at product category level without conflict.

Indexing

107. Indexing allows information to be presented against an initial value set as a baseline figure of 100 which can then be used to show relative increases or decreases. For example:

Year	1	2	3	4	5
Data value	20	30	40	15	10
Indexed value	100	150	200	75	50

108. In this example the index value of 150 in year 2 indicates an increase by 50% compared to the value in year 1, the reference period.

109. Indexing is used in Chapters 2-5 of this report to assess quantitative evidence.

1 Reconsideration Call-In Chapter – Submissions (Assessment 1)

110. Under point 1 of the Secretary of State's letter, the TRA has presented its analysis and the conclusions from that analysis of the work undertaken during the reconsideration prior to the date of the letter.

111. The TRA is also describing the key assumptions and methodology applied by the TRA in conducting this analysis which was undertaken against the Reconsideration and Appeals Regulations 2019 and the Safeguard Regulations 2019.

112. This analysis and conclusions are provided to inform the decision of the Secretary of State on whether to vary, maintain or revoke the tariff rate quotas under reconsideration.

113. To understand the findings reported in this chapter it is important to be familiar with the process applied by the TRA during the transition review. That process is described under section 0.4 of this report and is depicted in figure 1 above.

114. In accordance with the Safeguard Regulations 2019 which were used to conduct the original analysis, any commodity codes or product categories which did not pass an earlier stage in the process were recommended for revocation and were not considered at a later stage.

1.1 Background

115. On 1 October 2020, the TRA published a Notice of Initiation of a transition review of the EU tariff rate quotas on certain categories of steel products pursuant to regulation 49 of the Safeguard Regulations.

116. On 3 June 2021, the TRA made a recommendation to the SoS at the conclusion of its transition review ('the original decision').

117. Following the publication of the original decision the TRA accepted eight applications with grounds for reconsideration in line with regulation 10(2) of the Reconsideration and Appeals Regulations.

118. In addition to these eight applications the TRA received submissions from 24 interested parties. 22 of these submissions provided further grounds and a further two submissions challenged grounds provided by other interested parties.

119. The eight applications and 24 submissions have been published in non-confidential versions on the transition review/reconsideration public file.

1.2 Methodology

120. The findings in this Chapter relate to reconsideration work undertaken by the TRA prior to 22 March 2022.

121. The TRA's aim in a reconsideration is to fully consider the grounds put forward by applicants and fulfil our obligations under the Reconsideration and Appeals Regulations.

122. Unless subject to call-in, reconsideration is an applicant-led process and as a result it is, within reason, for applicants to establish the scope.

123. All grounds for reconsideration received within the applications were assessed. All grounds received within the additional 24 submissions which related to the application grounds were also considered.

124. In conducting this analysis, the TRA considered whether each ground:

- related to matters outside the scope and timeframe of the original decision or was otherwise irrelevant or outside the scope of reconsideration;
- related to a point of law and which must therefore be addressed accordingly;
- was previously assessed in the original decision and if so whether TRA's internal processes were duly followed; and
- presented any new, different, or stronger information or argument that caused the TRA to conclude that the original decision should be varied.

1.3 Applications and Submissions

1.3.1 Overview

125. The TRA received a large number of grounds in eight applications and in additional submissions. The TRA recorded each individual ground received and identified it against each category of steel product it had been raised against. This resulted in a list of over 250 grounds – although many were closely related or repeated for different categories of steel products.

126. The TRA analysed all grounds individually but identified nine common themes, as below, into which most grounds could be categorised. An additional category of 'other' was used to capture a small group of grounds that could not be readily assigned to a common theme.

1) COVID-19 and the UK's exit from the EU
2) Economic Interest Test (EIT)
3) The publication of the EU safeguards determination*
4) HMRC vs ISSB data, and the use of Below Threshold Trade Allocations (BTTA)
5) Increase in Imports and Significance Assessment
6) Serious Injury Assessment
7) Interconnectedness
8) Timeframe
9) UK Production
10) Other*

*These grounds were raised exclusively in applications and not in additional submissions.

1.3.2 Summary of Applications

127. The eight applications to reconsider the original decision are from:

- British Steel Ltd — producer
- CELSA Steel UK — producer
- Liberty Steel UK — producer
- Tata Steel Europe — producer
- UK Steel — industry body

- Aircraft Materials importer
- Cooper Coated Coils Ltd importer
- FT Pipeline Systems Ltd importer

128. Each application includes a slightly different set of grounds for reconsiderations (with some overlaps). Outcomes sought are consistent across some applications. UK producers request an extension of safeguard measure on their categories of goods, while importers request the measure to be revoked on specific commodity codes that were relevant to them.

129. The TRA's recommendations for categories 1, 4, 6, 7, 12, 14, 16, 17, 19, 21, 25B, 26, 27, and 28 are challenged. Categories 12, 16, and 17 are challenged in more than three applications each.

130. The full account of grounds received is available via the applicant and interested party submissions published to the public file.

1.4 Summary of Findings by Theme

131. During the transition review the TRA applied the assessment process set out in section 0.4 and figure 1.

1.4.1 COVID-19 and the UK's Exit from the EU

132. Grounds were raised by applicants for reconsideration relating to COVID-19. These referred to the macro-economic impacts on the industry; specifically staff shortages caused by the pandemic, continuing disruption in trade networks, and the decrease in the UK's economic growth and global competitiveness.

133. Grounds were raised by applicants for reconsideration relating to the UK's exit from the EU. These referred to the macro-economic impacts on the industry; specifically the increase in costs associated with preparation for leaving the EU, the disruption in trade networks, and the decrease in UK economic growth and global competitiveness.

134. Impacts associated with COVID-19 and with the UK's departure from the EU were considered at stage 5 in assessing the likelihood of serious injury to UK producers of the like goods and directly competitive goods if goods were no longer subject to a TRQ. This stage of the assessment process was the most appropriate place to consider these because they were among several factors to which impaired performance of the UK steel industry might be attributed. It was important in the transition review to assess robustly causation between injury and increased imports or other potential causal factors.

135. In accordance with the Safeguard Regulations 2019 any commodity codes or product categories which did not pass an earlier stage in the process were recommended for revocation and were not considered at a later stage.

136. These grounds were raised in relation to product categories 6, 7, 12, 14, 15, 16, 17, 27, and 28.

137. In the transition review categories 12, 14, 16, 17, and 27 were recommended for revocation at stage 2 based on no increase in UK imports. Categories 6 and 28 were recommended for revocation at stage 3 based on no significant increase in UK imports. These categories therefore were not assessed at stage 5.

138. Category 7 was recommended for revocation at stage 5 based on no likelihood of serious injury.

139. Category 15 was recommended for revocation at stage 8 as the EIT was not met – with the only known UK producer being supportive of the measure being revoked.

140. COVID-19 and the UK's exit from the EU were considered at the 'injury' assessment (stage 5) for both categories 7 and 15. In the transition review Recommendation to the Secretary of State the TRA stated:

> '…
>
> 122. 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 the TRA sees 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.

123. The TRA does 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 measure was removed.

…'[5]

141. The TRA's reconsideration analysis therefore showed that COVID-19 and the UK's exit from the EU did not affect the transition review outcome for any category concerned either because the categories in question were recommended for revocation at an earlier stage in the process, or because the assessment had already taken this factor into account.

142. As a result, the findings from the TRA analysis suggest that the grounds grouped in this theme should not be upheld.

1.4.2 Economic Interest Test (EIT)

143. One UK producer argued that product category 6 should have been considered as having experienced a significant increase in imports (at stage 2) and that on this basis the EIT (at stage 8) should be carried out. Category 6 was recommended for revocation at stage 2 based on no significant increase in UK imports. The TRA did not find evidence in the reconsideration application to support a different outcome.

144. In accordance with the Safeguard Regulations 2019 any commodity codes or product categories which did not pass an earlier stage in the process were recommended for removal and were not considered at a later stage.

145. New evidence was also presented by several applicants to support the EIT for certain other categories. The new information presented to support EIT was not available during the transition review and so could not have been considered.

[5] *TRA's Recommendation to the Secretary of State, Transition review TF0006 – Safeguard measure on certain steel products*, https://www.trade-remedies.service.gov.uk/public/case/TF0006/submission/187accc2-e0e6-40b7-8d2f-fdc9b10d536d/

146. The findings from the TRA analysis therefore suggest that the grounds grouped in this theme should not be upheld.

1.4.3 The Publication of the EU Safeguard Determination

147. Grounds were raised by applicants for reconsideration and in other submissions relating to the TRA publishing its transition review recommendation before the EU published its decision in a parallel expiry review and the broader impact this would have on the UK industry and trade flows.

148. The TRA concluded the transition review and made a Recommendation to the SoS on 3 June 2021 to permit decision making and administration in advance of the 30 June 2021.

149. The EU published the outcome of its expiry review on 25 June 2021.[6]

150. During reconsideration the TRA found these grounds related to events occurring outside the timeframe of the transition review and therefore falling outside the scope of the reconsideration.

151. The findings from the TRA analysis therefore suggest that the grounds grouped in this theme should not be upheld.

1.4.4 HMRC vs ISSB Data and the Use of Below Threshold Trade Allocations (BTTA)

152. Grounds were raised by applicants for reconsideration relating to the TRA's decision to use HMRC data and to not use International Steel Statistics Bureau (ISSB) data.

153. This issue was considered during the transition review and is addressed in paragraphs 37-40 of the TRA Recommendation to the SoS:

'…

[6] https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32021R1029

37. A number of interested parties have submitted that the TRA should have used International Steel Statistics Bureau (ISSB) import data in order to undertake the increase in imports analysis stating that it more accurately reflects imports. Given the concerns put forward about the impact of the Below Threshold Trade Allocations (BTTA) on the TRA's increase in imports analysis for this review, the TRA has carefully considered the import data provided by parties and the underlying methodology to establish whether the TRA can verify its findings and use these in this transition review.

38. The TRA has established that, while the methodology used by ISSB is broadly in line with HMRC methods, it involves the use of BTTA estimates published by HMRC in bulk data downloads at the 8-digit commodity code level. The purpose of this data is to ensure that total trade accounts for below threshold trade, and that trade figures are accurate at an aggregated level of Harmonised System 2 and Standard International Trade Classification 2. At more detailed levels, such as 8-digits, the data may not be representative of trade. Therefore, we do not consider these estimates to be suitable for use at the 8-digit level, and as a result, it is not possible to rely on them for the TRA's increase in imports analysis.

39. For example, DCMS has reported that BTTA is now only available at 2-digit HS commodity code level in HMRC online tables because estimates at the 8-digit commodity code level were found to be less robust. Research for the Forestry Commission6 found that for specific products the HMRC BTTA estimates were not representative when compared to other data sources. Note that these findings do not undermine the use of this data in other contexts: the BTTA estimates used in the ISSB data can provide an indication of changing trade patterns.

40. However, we consider that the BTTA bulk data should not be used in isolation and is not sufficiently representative for the TRA to use for its increase in imports calculations. As such, having considered all options, the TRA has used the official HMRC UK Trade Info data for its increase in imports analysis.

…'[7]

154. During the reconsideration the TRA found that it was reasonable for the original case team not to have used BTTA data (and therefore ISSB data) for analysis of imports at the 8-digit level. The applicant presented nothing new, different, or stronger that would change the original analysis.

155. The findings from the TRA analysis therefore suggest that the grounds grouped in this theme should not be upheld.

[7] *TRA's Recommendation to the Secretary of State, Transition review TF0006 – Safeguard measure on certain steel products*, https://www.trade-remedies.service.gov.uk/public/case/TF0006/submission/187accc2-e0e6-40b7-8d2f-fdc9b10d536d/

1.4.5 Increase in Imports and Significance Assessment

156. Regarding increase in imports, four grounds were raised relating to whether the TRA had correctly undertaken, as well as an assessment of 'absolute' import increase, an assessment of 'relative' import volumes as a percentage of UK production volume. In the first case, the TRA found that during the transition review the TRA had in fact undertaken the assessment which was claimed to have been omitted. In the second case, the TRA found that no production data was available for the product category in question and therefore no analysis of relative increase was possible. In the third and fourth cases, TRA found that the claimed relative increases had been considered and had either not been found or had been found but were not significant. Nothing new, different, or stronger, had been provided.

157. Regarding significance assessment, four key sub-themes were raised as grounds by applicants for reconsideration.

158. First, that in relation to category 6 the TRA should have considered the significance of import volumes in a broader context including whether the increase was causing injury to UK producers. The TRA found that category 6 was recommended for revocation at stage 3 based on no significant increase in UK imports. Therefore, the TRA did not assess the likelihood of serious injury to the UK producers as this is done at the later stage 5.[8]

159. Second, that the TRA failed to base its increase in imports analysis on the trends of imports and erroneously relied on a period-beginning to period-end comparison. The TRA found that imports assessments during the transition review did consider intervening trends and was explained in paragraph 35 of the TRA Recommendation to the Secretary of State.

160. Third, that the TRA reached inconsistent or otherwise incorrect conclusions resulting from an inadequate methodology in assessing 'significance'. The TRA found that during the transition review the TRA had applied a clear

[8] Data relating to import volumes for category 6 can be found in sections 2.1.1.1 and 2.1.2.1 of this report.

methodology for assessing significance and set out conclusions which complied with domestic and WTO obligations, and that these grounds did not provide anything new, different, or stronger.

161. Fourth, that the TRA found a relative increase in imports in relation to category 12 and no adequate justification was given why this was not considered sufficient to recommend extension. The TRA found that during the transition review no relative increase had been found for category 12.[9]

162. In all cases the findings from the TRA analysis therefore suggest that the grounds grouped in this theme should not be upheld.

1.4.6 Serious Injury Assessment

163. In relation to categories 6, 7, 12, 14, 16, 17, and 28 applicants proposed that the TRA should have considered factual evidence of injury to the steel sector which was submitted and has been widely publicised – in particular in relation to category 7.

164. Categories 12, 14, 16, and 17 were recommended for revocation at stage 2 based on no increase in UK imports. Categories 6 and 28 were recommended for revocation at stage 3 based on no significant increase in UK imports. In accordance with the Safeguard Regulations 2019 these product categories were recommended for revocation and were not considered at the later 'injury' stage 5.

165. Category 7 was recommended for revocation at stage 5 based on no likelihood of serious injury because of a lack of authenticated data on which to base an assessment.[10]

166. In all cases the findings from the TRA analysis therefore suggest that the grounds grouped in this theme should not be upheld.

[9] Data relating to import volumes for category 12 can be found in sections 2.1.1.2 and 2.1.2.2 of this report.

[10] Data relating to injury for category 7 can be found in section 2.3.3 of this report – noting that, unlike during the transition review, under call-in the TRA has made use of unauthenticated data where this is the only data available.

1.4.7 Interrelatedness

167. The key sub theme in these grounds raised by applicants for reconsideration is that the TRA erred in considering each product category separately which neglects high interconnectivity of steel products. Applicants stated that injury in relation to a single product category in the UK market directly impacts the profitability of other products because they use common production processes (the example is given of product categories 12, 13, 14, 15, 16 and 27 being sourced from a common process). Applicants argue that if one product suffers disruption due to imports then other products made in the same process become uncompetitive as volumes drop and costs increase. Applicants also argued that substitutability between product categories further increases the likelihood of an increase in imports if the measure were revoked on some products. Applicants argued that conducting assessments on a 'global' or 'product family' level would better capture the realities of steel production and the TRA should have taken that approach. The TRA found that the Safeguard Regulations 2019 dictate that during the transition review analysis had to be done at the individual category level.

168. Other applicants argued that the commodity code classification system is inadequate to form the basis of the analysis undertaken by the TRA during the transition review and that product categories should either have been changed in scope or otherwise adapted to differentiate more appropriately between different product types. The TRA found that during the transition review the only available option for the TRA to adapt a product category had been to remove commodity codes where no domestic production or increase in imports of goods had been found, pursuant to regulation 50(2) of the Safeguard Regulations 2019. In particular the absence of UK production which gave rise to removal of these codes was not contested during the transition review. The TRA found that the decisions made were justifiable based on the evidence and data available at the time.

169. In all cases the findings from the TRA analysis therefore suggest that the grounds grouped in this theme should not be upheld.

1.4.8 Timeframe

170. In relation to category 17 one applicant argued that that, during the transition review, the TRA had failed to adequately consider imports since 2017 as it was required to do by regulation 49(5A) of the Safeguard Regulations 2019.

171. Category 17 was recommended for revocation at stage 2 based on no increase in UK imports. In accordance with the Safeguard Regulations 2019 these product categories were recommended for removal and were not considered at the later stages where regulation 49(5A) of the Safeguard Regulations 2019 required that data pertaining to the MRP (2018 to Q2/2020) be considered.

172. As a result, the TRA found that during the transition review the TRA was under no obligation to consider imports outside the POI 2013-2017 in relation to product category 17.

173. The findings from the TRA analysis therefore suggest that the grounds grouped in this theme should not be upheld.

1.4.9 UK Production

174. Grounds were raised by applicants for reconsideration relating to UK production including requests to remove specific products from the existing measure.

175. The TRA found that the presented information could have been but was not made available during the transition review. This information was therefore not available during the transition review and the TRA could not have taken it into account.

176. The TRA found that a claimed request made under the transition review to remove certain goods from safeguard measures was not supported by information on the case file – and that one UK producer had stated that it did produce goods of the kind in question, contrary to the statement made by the applicant in question.

177. The findings from the TRA analysis therefore suggest that the grounds grouped in this theme should not be upheld.

1.4.10 Other

178. Seven key sub-themes were raised in these grounds by applicants for reconsideration and in other submissions.

179. First, applicants submitted further information for the TRA to consider for categories 12, 14, 16, and 27. In each case however the TRA found that the new information related to a stage in the transition review process which was not relevant for the category in question because it had been recommended for revocation at an earlier stage.

180. Second, an applicant claimed to be a UK producer of category 27 goods. The TRA found they did not provide any new, different, or stronger information or argument in their ground than had been considered during the transition review.

181. Third, an applicant argued that a substantial trade diversion risk remained in place as a result of ongoing actions of other regulators, notably the US, and highlighted more recent trade data from 2021. The TRA found that imports from all countries during the relevant periods of analysis were considered during the transition review and that the 2021 data mentioned was outside the scope of the reconsideration.

182. Fourth, an applicant argued in relation to categories 7, 12, 14, 16, and 27 that safeguard measures continued to be necessary to prevent dumping of steel into the UK and submitted 2021 data to support this. The TRA found that the time period for the data provided was outside the scope of the reconsideration.

183. Fifth, an applicant argued that historical trade flows are not good indicators of future flows and gave an example. The TRA found that during the transition review the TRA had followed an approach consistent with WTO obligations in this area and had made adjustments to the data to make it more relevant to a forward-looking assessment.

184. Sixth, one applicant highlighted a concern regarding the use of HMRC data which was incorrect and resulted in an incorrect quota size. This issue is picked up in section 0.3 of this report where we discuss the HMRC data error TRQ Review. The proposed TRQs in chapter 5 of this report consider corrected figures. The TRA found that during the transition review it was reasonable for the TRA to have based its calculations on official trade flow statistics from the HMRC.

185. Seventh, one applicant stated that the TRA had erred in its interpretation of the Safeguards Regulations. The TRA found that, taken on its own, this statement was not specific enough to be feasibly examined under the reconsideration.

186. The findings from the TRA analysis therefore suggest that the grounds grouped in this theme should not be upheld.

1.5 Submitted Information in Response to Other Submissions

187. Interested parties were given the opportunity to respond to information submitted by other interested parties - allowing them to defend their interests. The TRA received two such submissions.

188. One interested party requested that the TRA dismiss certain grounds for reconsideration raised by another interested party and to confirm its original recommendation to revoke the safeguard measures targeting Product Category 14. As reported in section 1.4, the findings from the TRA analysis support upholding the original decision.

189. Another interested party contended that the overarching arguments of other interested parties have no legal or factual basis and that product-specific arguments of certain interested parties are misleading or counterfactual. This interested party requested that the TRA dismiss the grounds for reconsideration raised by other interested parties. As reported in section 1.4 the findings from the TRA analysis support upholding the original decision.

1.6 Findings

190. The TRA's analysis indicates that neither the grounds identified within the applications nor submissions, nor other information submitted including that in response to other submissions, presented a robust case that the transition review conclusions were incorrect at the time. As such the findings from the TRA analysis suggest that the grounds should not be upheld.

2.1 Reconsideration Call-In Chapter – Increase in Imports and Significance (Assessment 2(a))

Overview TRA findings for assessment stage	2a	
Group/Category	**Shows 'significant' increase over POI**	
	Absolute	**Relative**
1 – flat products (aggregated)	**Y**	**Y**
1. Non-Alloy and Other Alloy Hot Rolled Sheets and Strips	n	y
2. Non-Alloy and Other Alloy Cold Rolled Sheets	y	y
4. Metallic Coated Sheets	y	y
5. Organic Coated Sheets	y	y
6. Tin Mill Products	n	n
7. Non-Alloy and Other Alloy Quarto Plates	y	y
2 – long products (aggregated)	**N**	**N**
12A. Non-Alloy and Other Alloy Merchant Bars and Light Sections	n	n
12B. Non-Alloy and Other Alloy Merchant Bars and Light Sections	n	n
13. Rebars	y	y
14. Stainless Bars and Light Sections	n	n
15. Stainless Wire Rod	y	y
16. Non-Alloy and Other Alloy Wire Rod	n	n
17. Angles, Shapes and Sections of Iron or Non-Alloy Steel	n	n
19. Railway Material	y	y
27. Non-Alloy and Other Alloy Cold Finished Bars	n	n
28. Non-Alloy Wire	y	y
3 – pipes/tubes (aggregated)	**Y**	**Y**
20. Gas Pipes	y	y
21. Hollow Sections	y	n
25A. Large Welded Tubes	n	y
25B. Large Welded Tubes	y	n
26. Other Welded Pipes	y	y

191. For point 2(a) of the directed assessment under call-in, the TRA has considered whether the goods listed in 19 steel product categories in three family groups were imported into the United Kingdom in increased quantities during the period of investigation applied during the transition review (TF0006) and whether this increase was significant.

192. Where the only available data to TRA in undertaking an assessment is unauthenticated then this has been used. Where TRA have authenticated and unauthenticated data available for assessments, only the authenticated data

has been used. Where unauthenticated data has been used this has been referenced in the relevant tables.

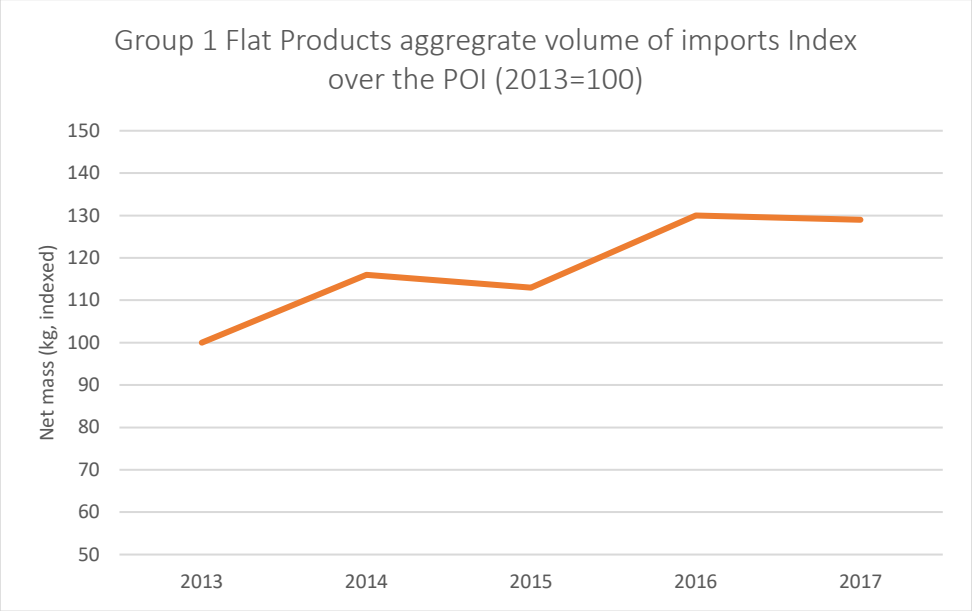
2.1.1 Absolute Increase

2.1.1.1 Group 1

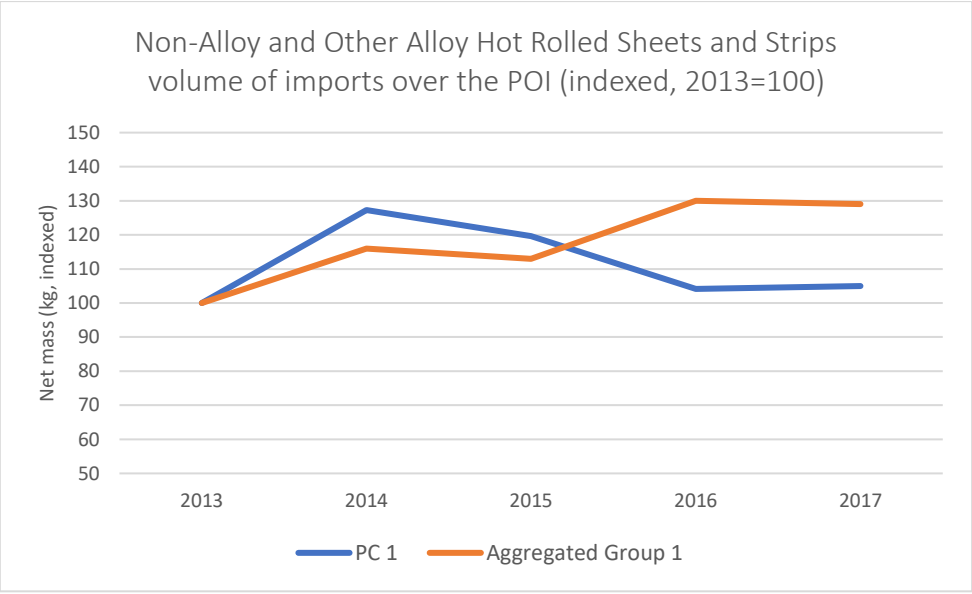
193. We find that the aggregated UK import data for group 1 (flat products) does show a sudden, recent, sharp, and significant absolute increase.

Group 1	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	108	152	148
5. Organic Coated Sheets	100	136	187	210	232
6. Tin Mill Products	100	98	113	116	98
7. Non-Alloy and Other Alloy Quarto Plates	100	97	95	119	111
Aggregated Total	100	116	113	130	129

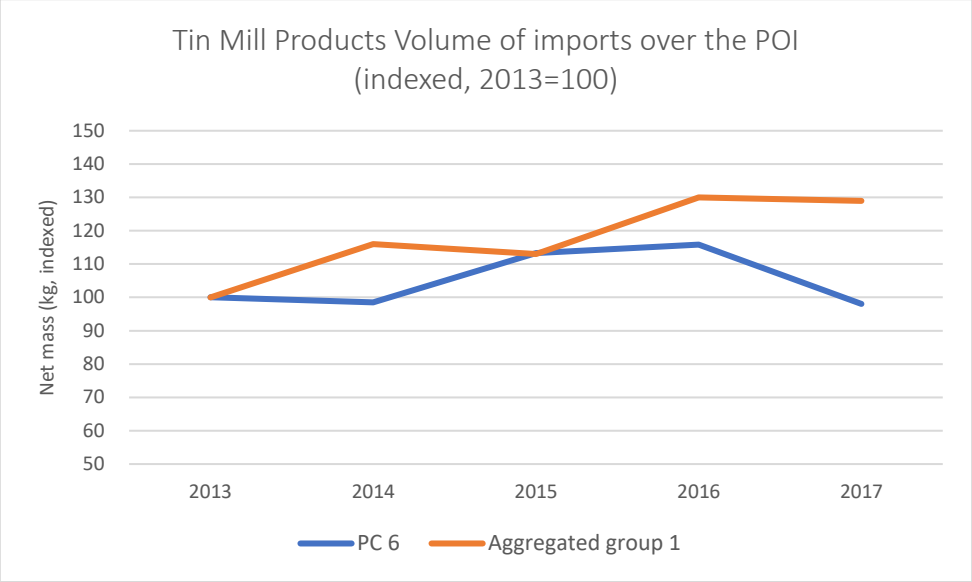
194. Annual UK imports increased by 29% over the POI. There was a 16% increase in import volume in 2014, followed by a 3% decline in imports in 2015. There was a further 15% increase in import volume in 2016 followed by a 1% decline in 2017.



195. Non-Alloy and Other Alloy Hot Rolled Sheets and Strips (PC 1) deviates from the aggregated trend of group 1 over the POI. Following a 27% increase in 2014, import volume for PC 1 declined 6% in 2015 and 13% in 2016, then grew 1% in 2017. Import volume grew 5% during the POI.



196. Tin Mill Products (PC 6) also deviates from the aggregated trend of group 1 over the POI. Import volume fell 2% in 2014, then grew 15% in 2015 and grew 3% in 2016, before falling 15% in 2017. Import volume fell 2% during the POI.



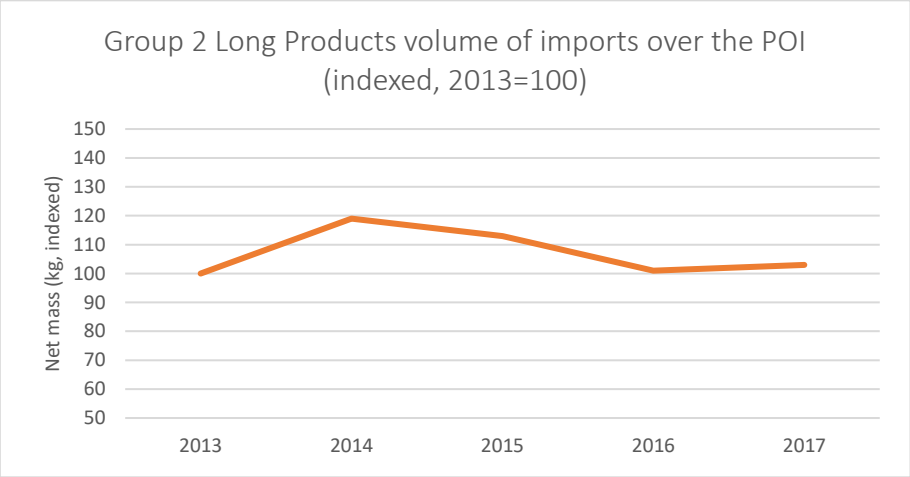
2.1.1.2 Group 2

197. We find that the aggregated UK import data for group 2 (long products) does not show a sudden, recent, sharp, and significant absolute increase. The individual product categories 13, 15, 19, and 28 deviate from the aggregated trend and individually show a sudden, recent, sharp, and significant absolute increase.

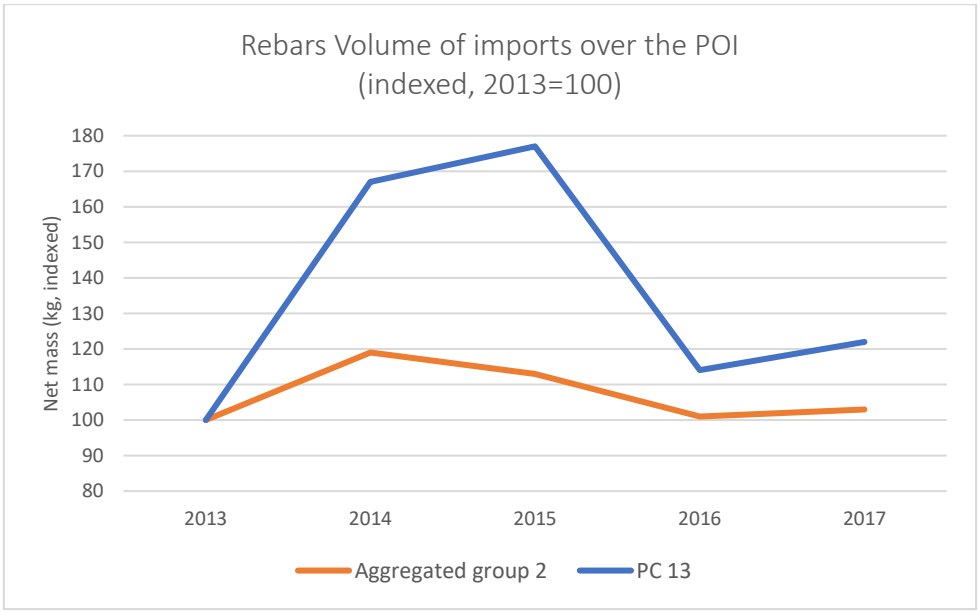
Group 2	2013	2014	2015	2016	2017
12A. Non-Alloy and Other Alloy Merchant Bars and Light Sections	100	111	106	76	88
12B. Non-Alloy and Other Alloy Merchant Bars and Light Sections	100	110	89	95	99
13. Rebars	100	167	177	114	122
14. Stainless Bars and Light Sections	100	110	89	78	83
15. Stainless Wire Rod	100	301	150	107	145
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	105	103	100
19. Railway Material	100	56	83	170	102
27. Non-Alloy and Other Alloy Cold Finished Bars	100	93	71	49	56
28. Non-Alloy Wire	100	119	121	133	135
Aggregated Total	100	119	113	101	103

198. In 2014 there was a 19% increase in UK imports of group 2 products, then a fall of 6% in 2015, an 11% fall in 2016, and a 1% increase in 2017. Over the POI

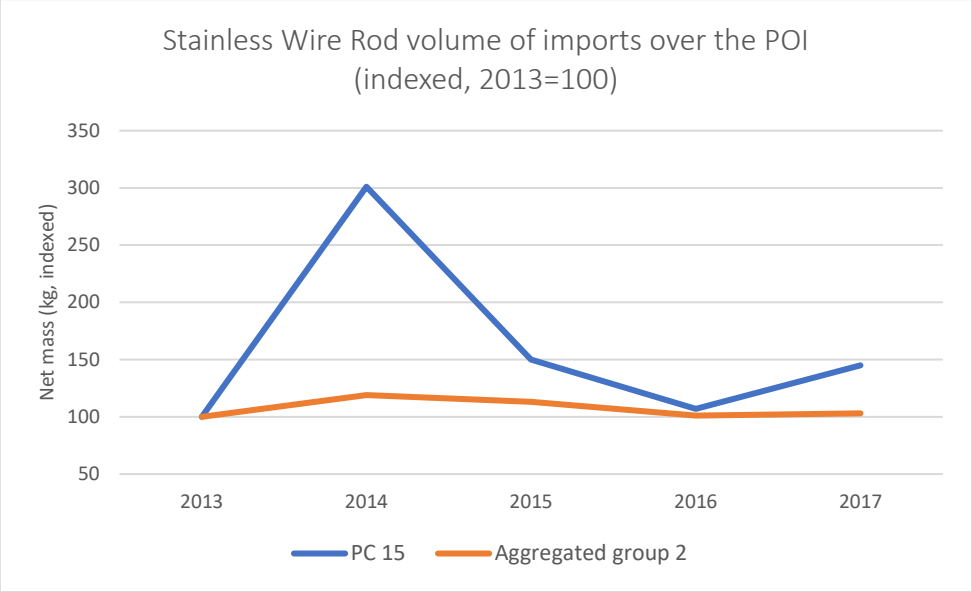
there was a 3% increase in annual absolute import volume. The TRA finds the 19% increase in 2014 to be significant, but due to the drop back to 2013 volumes in 2016 and 2017 (the last two years of the five-year POI) we find that group 2 products do not overall show a significant absolute increase in import volume during the POI.



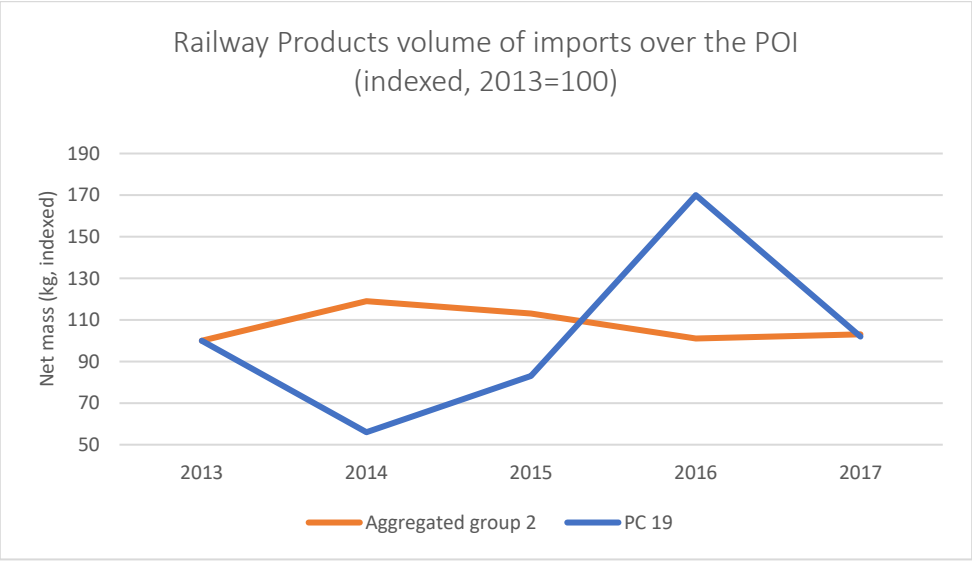
199. Rebars (PC 13) deviate from the aggregated trend of group 2 over the POI and do show a significant absolute increase. Import volume grew 67% in 2014, grew 6% in 2015 before it fell 36% in 2016, then grew 7% in 2017. Absolute import volume grew 22% over the POI.



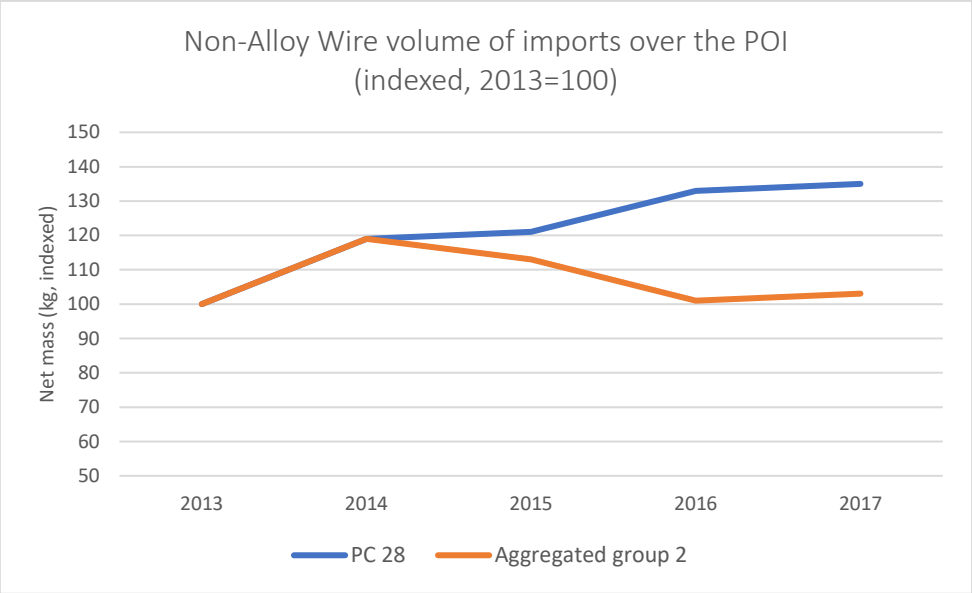
200. Stainless Wire Rod (PC 15) also deviates from the aggregated trend of group 2 over the POI and does show a significant absolute increase. Import volume increased by 201% in 2014, fell by 53% in 2015 and fell a further 26% in 2016, then increased 36% in 2017. Over the POI import volume increased 45%.



201. Railway products (PC 19) also deviate from the aggregated trend of group 2 over the POI and do show a significant absolute increase. Import volume fell in 2014, grew slightly in 2015, and rose sharply in 2016, the fourth year of the five year POI, before returning to near 2013 levels in 2017. Over the POI import volume increased 2%.



202. Non-alloy wire (PC 28) also deviates from the aggregated trend of group 2 over the POI and does show a significant absolute increase. Import volume rose in all years during the POI, growing 19% in 2014, 2% in 2015, 10% in 2016, and 2% in 2017. Over the POI import volume increased 35%.

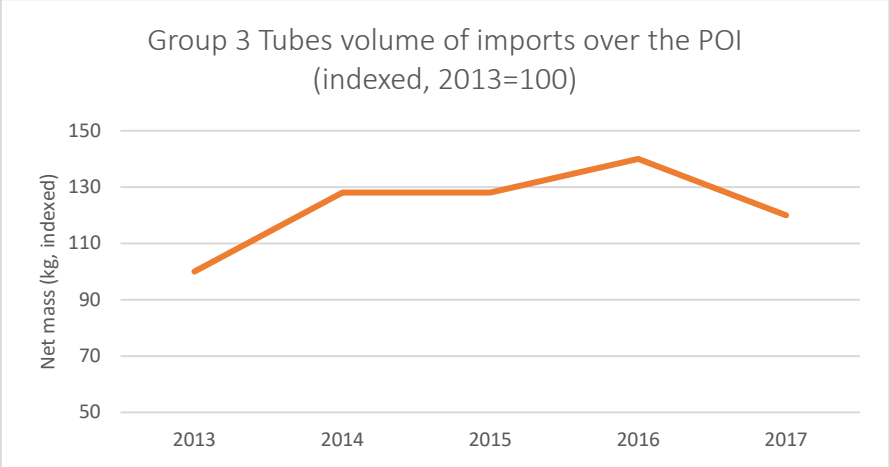


2.1.1.3 Group 3

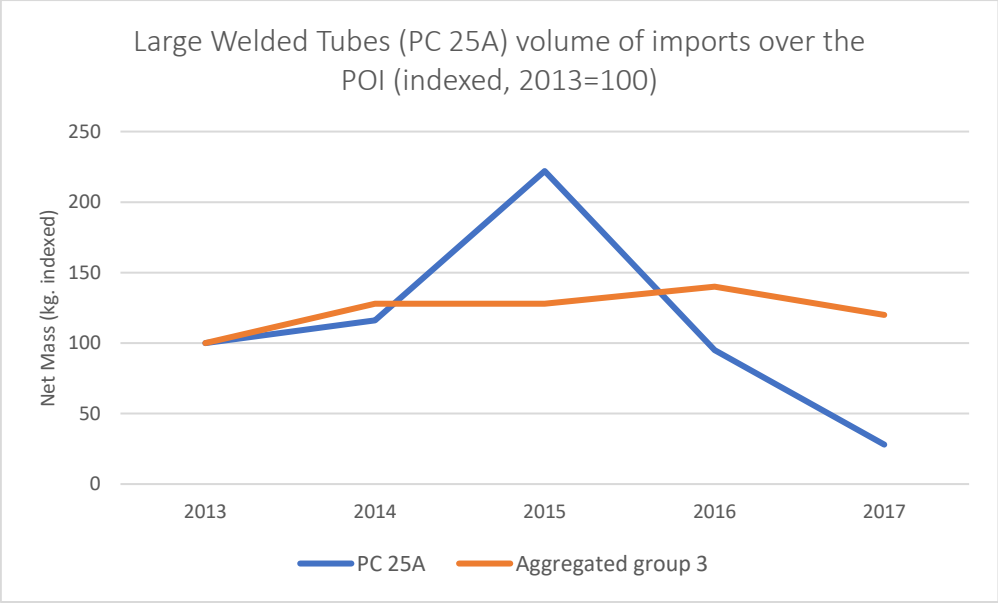
203. We find that the aggregated UK import data for group 3 (pipes/tubes) does show a sudden, recent, sharp, and significant absolute increase.

Group 3	2013	2014	2015	2016	2017
20. Gas Pipes	100	164	111	135	107
21. Hollow Sections	100	128	105	103	113
25A. Large Welded Tubes	100	116	222	95	28
25B. Large Welded Tubes	100	144	143	337	209
26. Other Welded Pipes	100	110	126	144	141
Aggregated Total	100	128	128	140	120

204. Over the POI there was a 20% increase in annual group 3 import volume. From in 2014 import volume grew 28%. Import volume grew 9% in 2016 followed by a decrease of 14% import volume in 2017.



205. Large welded tubes (PC 25A) deviated from the aggregated trend of group 3 over the POI. Imports grew 16% in 2014, then grew 89% in 2015, then fell 57% in 2016 and fell a further 71% in 2017. There was a 72% reduction in import volume over the POI.



2.1.2 Relative Increase

2.1.2.1 Group 1

206. We find that the aggregated UK import data for group 1 (flat products) does show a sudden, recent, sharp, and significant relative increase.

Group 1	Imports as % of UK production				
	2013	2014	2015	2016	2017
1. Non-Alloy and Other Alloy Hot Rolled Sheets and Strips	57	70	68	75	71
2. Non-Alloy and Other Alloy Cold Rolled Sheets	47	56	61	91	77
4. Metallic Coated Sheets	144	157	149	329	310
5. Organic Coated Sheets	25	37	54	56	64
6. Tin Mill Products	34	32	38	41	35
7. Non-Alloy and Other Alloy Quarto Plates*	128	126	124	278	394
Aggregated Total	77	87	89	134	124

**Unauthenticated data used. Product category 7 is not included in the aggregated total as its data is insufficient during the MRP.*

207. During the POI, for group 1, total import relative to domestic production increased from 73% to 124% and followed a similar pattern to the absolute analysis. There was a notable increase in 2016 and then a decline of 10 percentage points in 2017.

208. Product category 6 deviates from the aggregated trend for relative increase with only small changes at category level over the POI.

2.1.2.2 Group 2

209. We find that the aggregated UK import data for group 2 (long products) does not show a sudden, recent, sharp, and significant relative increase.

Group 2	Imports as % of UK production				
	2013	2014	2015	2016	2017
12. Non-Alloy and Other Alloy Merchant Bars and Light Sections	63	74	66	68	69
13. Rebars	103	164	177	92	116
14. Stainless Bars and Light Sections	994	1,071	901	841	717
15. Stainless Wire Rod	4	11	6	4	6
16. Non-Alloy and Other Alloy Wire Rod	27	30	22	25	26
17. Angles, Shapes and Sections of Iron or Non-Alloy Steel	125	118	93	71	82
19. Railway Material	2	1	1	3	2
27. Non-Alloy and Other Alloy Cold Finished Bars*	10,088	9,084	6,661	4,034	4,734

28. Non-Alloy Wire*	50	61	70	91	102
Aggregated Total	63	74	65	56	62

** Unauthenticated data used. Product category 27 has a significant proportion of UK production absent due to authentication issues, which has caused the high relative values for category 27.*

210. Group 2 relative imports decreased by one percentage point from 63% to 62% of domestically produced volume during the POI. The largest change in relative import volumes was an 11-percentage point increase which occurred in 2014. This was followed by a decrease of 9 percentage points in 2015, another decrease of 9 percentage points in 2016, and a 6-percentage point increase in 2017. Import volumes as a proportion of domestic production have remained relatively stable throughout the POI.

211. Product categories 13, 15, 19, and 28 deviate from the aggregated trend for relative increase with each showing a relative increase at category level over the POI, and annual periods of significant import volume growth.

212. Category 27 deviates significantly from the aggregated trend due to a very high relative import level that declines over the POI. This data is influenced significantly by the absence of data from a major UK producer of category 17, which we were not able to include in our analysis due to issues obtaining and authenticating this data.

2.1.2.3 Group 3

213. We find that the aggregated UK import data for group 3 (pipes/tubes) does show a sudden, recent, sharp, and significant relative increase.

Group 3	**Imports as % of UK production**				
	2013	**2014**	**2015**	**2016**	**2017**
20. Gas Pipes	143	228	166	219	185
21. Hollow Sections	56	63	52	54	58
25A. Large Welded Tubes	1,422	1,453	40,955	21,426	7,146
25B. Large Welded Tubes	1,145	1,695	1,179	2,764	783
26. Other Welded Pipes	329	384	541	631	532
Aggregated Total	123	145	149	173	142

214. During the POI the amount of group 3 imports increased by 19 percentage points from 123% to 142% of domestically produced volume. The relative import volume increased year-on-year in all annual periods from 2013 to 2016, with the largest increase of an additional 24 percentage points occurring in 2016. There was a significant decrease in the relative import volume of 31 percentage points in 2017, but this remains higher than the relative 2013 import volume.

215. Product categories 21 and 25B deviate from the aggregated trend for relative increase. Category 21 shows only minimal changes over the POI. Category 25B fluctuates to a significant peak in 2016 at more than double the 2013 figure before a sharp drop in 2017 relative to 2013 levels.

2.2 Reconsideration Call-In Chapter – Likelihood of Increase in Imports (Assessment 2(b))

Overview TRA findings for assessment stage	2b
Group/Category	**Increased imports likely if TRQ revoked?**
1 – flat products (aggregated)	**Y**
1. Non-Alloy and Other Alloy Hot Rolled Sheets and Strips	y
2. Non-Alloy and Other Alloy Cold Rolled Sheets	y
4. Metallic Coated Sheets	y
5. Organic Coated Sheets	y
6. Tin Mill Products	y
7. Non-Alloy and Other Alloy Quarto Plates	y
2 – long products (aggregated)	**Y**
12A. Non-Alloy and Other Alloy Merchant Bars and Light Sections	y
12B. Non-Alloy and Other Alloy Merchant Bars and Light Sections	y
13. Rebars	y
14. Stainless Bars and Light Sections	y
15. Stainless Wire Rod	y
16. Non-Alloy and Other Alloy Wire Rod	y
17. Angles, Shapes and Sections of Iron or Non-Alloy Steel	y
19. Railway Material	y
27. Non-Alloy and Other Alloy Cold Finished Bars	y
28. Non-Alloy Wire	y
3 – pipes/tubes (aggregated)	**Y**
20. Gas Pipes	y
21. Hollow Sections	y
25A. Large Welded Tubes	y
25B. Large Welded Tubes	y
26. Other Welded Pipes	y

216. For point 2(b) of the directed assessment under call-in, the TRA has considered whether the importation of goods listed in the 19 steel product categories in three family groups in increased quantities would be likely to recur if they were no longer subject to a tariff rate quota.

217. The TRA also considers that, in order to provide comprehensive advice under this point of the assessment, it is necessary to also make a forward-looking

assessment as to whether the importation of these goods in increased quantities would be likely to occur if they were no longer subject to a tariff rate quota. This applies in particular to group 2 (long products) where a previous significant increase during the POI has not been found at group level (see chapter 2.1.1.2). The TRA is making this forward-looking assessment in response to the final paragraph of the SoS letter, and under regulation 7(1)(c)(ii) and (iv) of the Call-in Regulations.

218. Where the only available data to TRA in undertaking an assessment is unauthenticated then this has been used. Where TRA have authenticated and unauthenticated data available for assessments, only the authenticated data has been used. Where unauthenticated data has been used this has been referenced in the relevant tables.

219. Figures for Q1 and Q2 2020 were multiplied by four and then indexed to allow for comparisons with previous years.

2.2.1 Industry Level Analysis

2.2.1.1 Capacity

220. According to data from the Organisation for Economic Co-operation and Development (OECD) and the World Steel Association (worldsteel) global steel production overcapacity remains high.

221. The latest data from the OECD show that worldwide steelmaking capacity marginally increased to 2,454 million tonnes in 2021,[11] while worldsteel figures show that world crude steel production increased 3.7% to 1,951 million tonnes in 2021.[12] Thereby the difference between global steelmaking capacity and crude steel production decreased to 504 million tonnes, down 16.9% in comparison to 2020. This reduction in excess capacity is driven by increased

[11] OECD, *91st Session of the OECD Steel Committee - Chair's Statement*, retrieved 28/04/2022.

[12] worldsteel, *December 2021 crude steel production and 2021 global crude steel production totals*, retrieved 28/04/2022.

production as capacity slightly increased in 2021, which indicates that capacity is likely to remain an ongoing injury factor.

Table 2.2.1: Global steelmaking capacity and crude steel production (in million tonnes)

	2013	2014	2015	2016	2017	2018	2019	2020	2021
Crude steelmaking capacity	2,362	2,386	2,377	2,368	2,352	2,328	2,362	2,453	2,454
Crude steel production	1,652	1,674	1,623	1,631	1,735	1,826	1,880	1,864	1,951
Excess capacity	710	712	754	737	617	502	482	589	504

Source: OECD and worldsteel, *Steelmaking capacity*[13]

222. The latest data from the World Steel Association shows total UK steel production at 7.2 million tonnes for 2020.[14] The global excess capacity for 2020 represents over 80 years' worth of total steel consumption in the UK. This indicates that any increase in the attractiveness of the UK steel market is likely to result in an increase in the UK import volume of steel products. If even a small proportion of this excess capacity was diverted as additional steel imports to the UK, this would have a significant impact on UK steel producers.

223. The Global Forum on Steel Excess Capacity was established in 2016 – covering all G20 economies with the objective to resolve the international overcapacity issue. As shown in table 2.2.1, global excess capacity has remained significant despite the Forum's active efforts. The People's Republic of China and the Kingdom of Saudi Arabia, representing over half of global steel production capacity, are noticeable absentees having disengaged from the Forum's work. The TRA 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.

[13] OECD, *Steelmaking capacity*, retrieved 28/04/2022; worldsteel, *Global crude steel output decreases by 0.9% in 2020*, retrieved 28/04/2022; OECD, *89th Session of the OECD Steel Committee - Chair's Statement*, retrieved 28/04/2022, worldsteel, *December 2021 crude steel production and 2021 global crude steel production totals*, retrieved 28/04/2022, OECD, *91st Session of the OECD Steel Committee - Chair's Statement*, retrieved 28/04/2022.

[14] worldsteel, The Largest Steel Producing Countries Million Tonnes (Mt), retrieved 03/05/2022

224. Questionnaire responses from exporters registered in the transition review indicate that there is spare production capacity across all product categories.

225. The OECD and worldsteel figures reflect the global capacity and production of crude steel. These figures therefore reflect the capacity and production for all steel products and not just those within the scope of this reconsideration. The TRA has been unable to source capacity and production data for the exact steel products within scope of the reconsideration at a global level. However, the TRA still consider that the OECD and worldsteel figures are relevant due to the interconnected nature of the steel industry and the fact that all steel products originate from crude steel.

226. Overall, the evidence for the global steel market suggests it is highly likely there will be an oversupply in the international market for steel products under review in the foreseeable future.

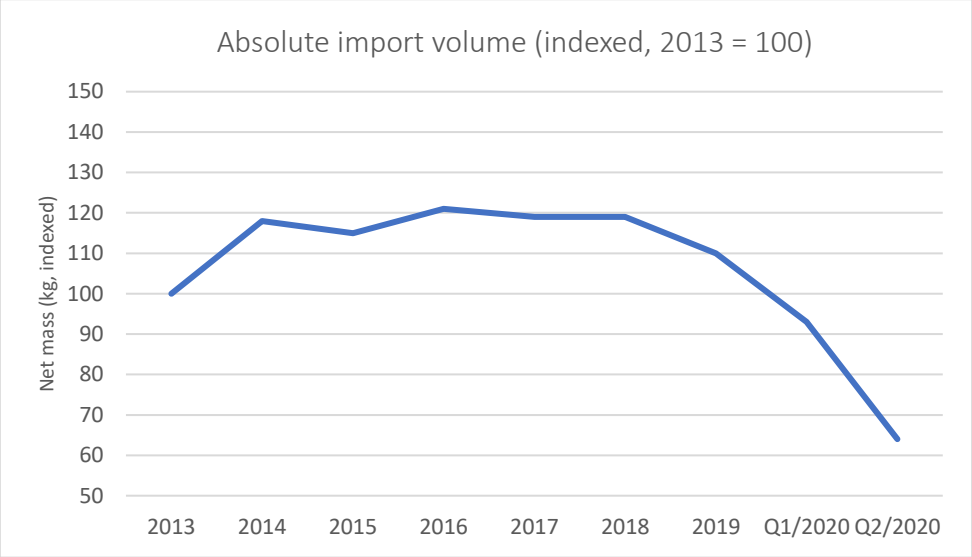
2.2.1.2 Import Trends

227. The TRA has collated HMRC import data for all commodity codes subject to the safeguard measure as below.

Table 2.2.2: Absolute import Volume (Index 2013 = 100)

2013	2014	2015	2016	2017	2018	2019	Q1/2020	Q2/2020
100	118	115	121	119	119	110	93	64

Source: import volume data from non-published import data, provided by HMRC in February and April 2022

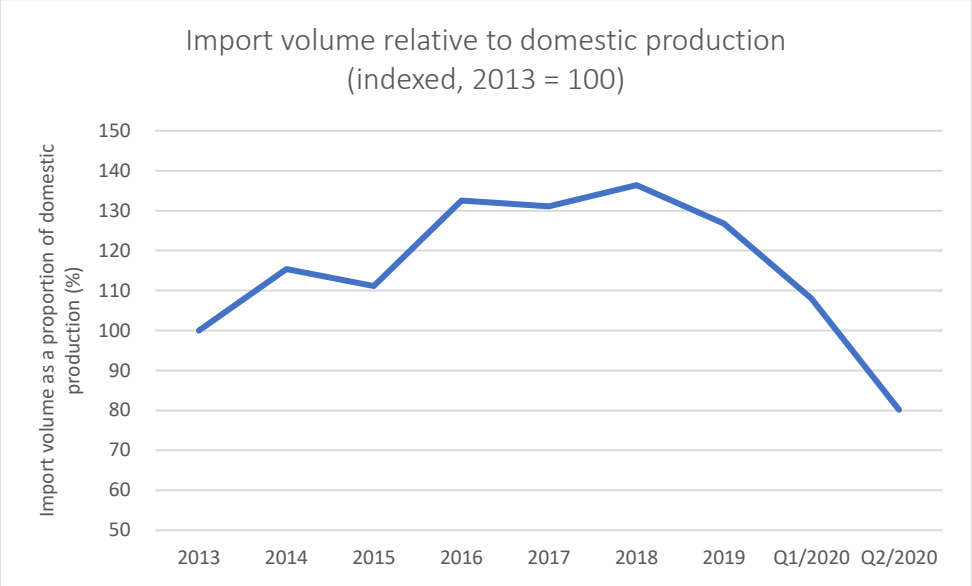


228. Absolute UK import volume increased 18% in 2014, then remained at a similar absolute level from 2014 to 2018, peaking in 2016. In quarter one 2020 there was a 15% fall in import volume, followed by a 31% fall in import volume in quarter two 2020 – potentially associated with global disruption during the pandemic. The absolute UK import volume increased 19% during the POI, during the MRP it fell 46%, and across the full POI and MRP it fell 36%.

Table 2.2.3: Import volume relative to production (Index 2013 = 100)

2013	2014	2015	2016	2017	2018	2019	Q1/2020	Q2/2020
100	115	111	132	131	136	127	108	80

Source: Questionnaire responses; import volume data from non-published import data, provided by HMRC in February and April 2022.



229. Relative UK import volume increased 15% in 2014, then fell slightly in 2015, before increasing significantly in 2016 and peaking in 2018. Relative imports declined significantly from 2019 to 2020 Q2. The relative UK import volume increased 31% during the POI, then during the MRP it fell 41%, and across the full POI and MRP period it fell 20%.

230. Both absolute and relative import volume trends show that absolute and relative imports rose significantly during the POI. During the combined POI and MRP, absolute imports and imports volume relative to production fell 36% and 20% respectively which can be partially explained by the safeguard measure implemented in 2018 and the COVID-19 pandemic in 2020.

231. Due to these other explanatory factors, it is unclear whether the decline in aggregate import volume during the MRP indicates a reduction in the likelihood that imports would increase to levels experienced during the POI if the measure were revoked.

2.2.1.3 Other Factors

Actions of Other Authorities

232. In March 2018 the US imposed a 25% tariff on steel imports. This applied globally with some exemptions which have been periodically reviewed and amended. UK Steel highlighted during the transition review that the impact of this measure 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. This statement is supported by US import trends for steel mill products, which declined in 2018, 2019, and 2020.[15] The 2021 OECD report on 'Latest Developments in Steelmaking Capacity'[16] describes various planned investments in the US steel industry that could lead to an increase in capacity in the coming years. The OECD increased their three-year US market capacity growth from 2.1% in 2020 to 2.6% in 2021.[17]

233. In response to the US Section 232 tariffs on steel, the EU and other countries established their own trade remedy measures to protect against trade diversions. In particular, the EU has a steel safeguard measure in relation to all steel products within the scope of this reconsideration which the EU extended by three years from 1 July 2021. Figures published by the WTO show that 17 reporting WTO members initiated safeguard measures in relation to 'base metals and articles of base metal', which include steel products, between 2019 and 2021.[18] We note that these may be new investigations or extensions and that these measures may cover more products than are within the scope of the reconsideration. However, these figures do indicate that steel safeguards is part of an ongoing active global field.

234. The TRA considers it likely that the UK would experience the impact of significant increases in import volume at the industry level if the safeguard measure were revoked.

Attractiveness of UK Market

[15] International Trade Administration, *Steel Imports Report: United States* and *Steel Industry Executive Summary: March 2021*, retrieved 11/05/2022

[16] OECD, *Latest Developments in Steelmaking Capacity*, retrieved 28/04/2022

[17] OECD, *OECD papers on steelmaking capacity developments*, retrieved 05/05/2022

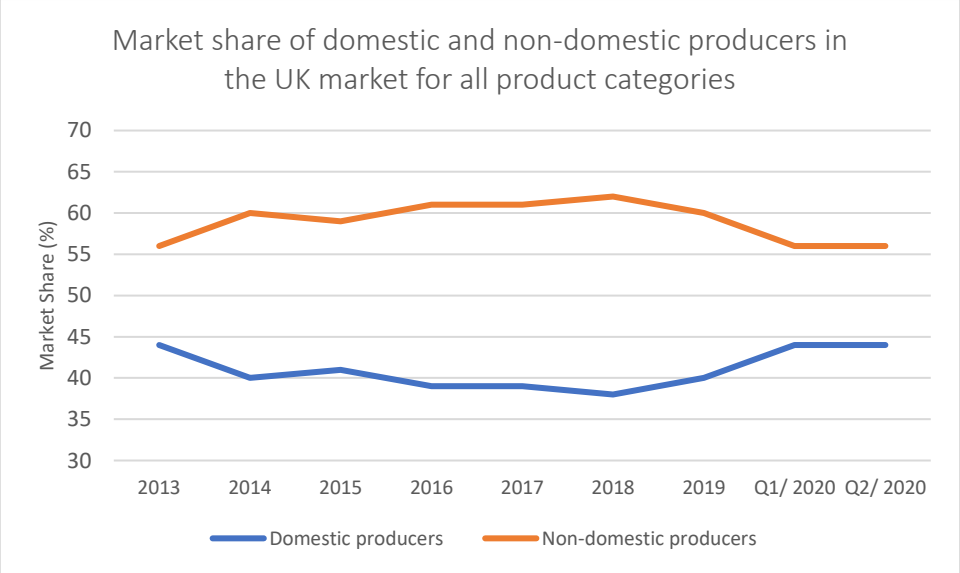
[18] WTO, https://www.wto.org/english/tratop_e/safeg_e/SG_InitiationsBySector.pdf, retrieved 25/05/2022.

235. The trade remedy measures implemented by other countries have reduced the attractiveness of their respective steel markets as an export destination. Consequently, this has comparatively increased the attractiveness of the UK as an export destination for steel products.

236. The UK steel market is characterised by a high level of import penetration of at least 56% during the POI and MRP.

Table 2.2.4: UK steel industry market share by volume (%)

Market Share	2013	2014	2015	2016	2017	2018	2019	Q1/ 2020	Q2/ 2020
Domestic producers	44	40	41	39	39	38	40	44	44
EU producers	41	39	40	41	39	42	40	39	38
Non-EU or non-UK producers	15	21	19	20	22	20	19	17	19



237. Table 2.2.4 shows import market share grew during the POI, peaked in 2018, then fell during the MRP. Import market share remained at 56% at the start of the POI and the end of the MRP. Despite the EU safeguard measure implemented in 2018, imports lost only 6% of their market share during the MRP from a 2018 peak.

238. Other countries who have significant steel industries but have not implemented safeguard measures include Japan and South Korea, which have import

penetration levels of 7% to 9%[19] and 33% to 36%[20] respectively from 2013 to 2016. This is significantly lower than the UK import penetration level during the POI or the MRP despite the implementation of the EU's safeguard measure in 2018 and indicates that the UK is a comparatively attractive market for steel imports.

239. This indicates that despite the implementation of the safeguard measure in 2018 the UK steel market remains an attractive export destination for steel products.

240. This further indicates a significant likelihood that aggregated imports would increase across all categories if the measure were revoked.

241. TRA considered information regarding past quota use as an input to this assessment. Where supply and demand for steel products across different categories is considered interrelated, quota underuse or exhaustion might impact across categories in unpredictable ways, undermining the usefulness of this data for both category and aggregated assessments. We found a lack of UK-specific data during the POI and part of the MRP. We also found that a given overall product category quota may appear underused while individual allocations or the residual portion have been routinely exhausted. This is compounded by data limitations regarding surplus capacity in overseas markets. We concluded that because of these data limitations, overall quota use has poor predictive capacity for future trends should not be used.

2.2.2 Group Level Analysis

2.2.2.1 Import Trends

242. It is likely that imports would significantly increase for all groups if the safeguard measure were revoked.

[19] International Trade Administration, *Steel Imports Report: Japan (February 2017)*, accessed 05/05/2022

[20] International Trade Administration, *Steel Imports Report: South Korea (September 2019)*, accessed 05/05/2022

243. This is due to increasing aggregated imports for all groups during the POI, the ongoing high rate of import volume during the MRP despite the introduction of the EU safeguard measure in 2018 and the COVID-19 pandemic in 2020, and the increase in import volume during the POI and MRP relative to domestic production of multiple product categories in each group.

2.2.2.1.1 Group 1

244. We find it likely that importation of group 1 products in increased quantities would recur if the safeguard measure were revoked. This is due to the growth of group 1 imports during the POI and the high rate of absolute and relative import in the MRP despite the implementation of the EU safeguard measure in 2018 and the COVID-19 pandemic in 2020.

Table 2.2.5: Absolute import volume of group 1 products over the POI and MRP (2013=100)

Group 1	**POI**					**MRP**			
	2013	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020 Q1**	**2020 Q2**
1. Non-Alloy and Other Alloy Hot Rolled Sheets and Strips	100	127	120	104	105	115	111	87	61
2. Non-Alloy and Other Alloy Cold Rolled Sheets	100	124	115	110	121	122	89	79	70
4. Metallic Coated Sheets	100	112	108	152	148	133	118	100	71
5. Organic Coated Sheets	100	136	187	210	232	213	282	207	126
6. Tin Mill Products	100	98	113	116	98	57	48	41	36
7. Non-Alloy and Other Alloy Quarto Plates	100	97	95	119	111	132	116	89	85
Aggregated Group 1 Total	100	116	113	130	129	125	114	93	69

245. Annual UK imports decreased by 3% from 2017 to 2018 and decreased a further 9% from 2018 to 2019. There was a decline in import rate of 18% from 2019 to 2020 Q1 and a further decline of 26% from 2020 Q1 to Q2.

246. The decrease in absolute import value can be partially explained by of the imposition of the EU safeguard measure in 2018 halting import increases and the COVID-19 pandemic, and the decline in the quantity of imports during the MRP can be partially explained by these factors. Import volume is nevertheless higher in 2018 or 2019 than in 2013 or 2015. This indicates that the UK has remained an attractive market for group 1 products during the MRP and is likely to remain an attractive market in the foreseeable future.

Table 2.2.6: Import volume relative to domestic production of group 1 products over the POI and MRP (2013=100)

Product Category	2013	2014	2015	2016	2017	2018	2019	2020 Q1	2020 Q2
1. Non-Alloy and Other Alloy Hot Rolled Sheets and Strips	57	70	68	75	71	93	76	66	37
2. Non-Alloy and Other Alloy Cold Rolled Sheets	47	56	61	91	77	82	62	56	58
4. Metallic Coated Sheets	144	157	149	329	310	260	242	194	281
5. Organic Coated Sheets	25	37	54	56	64	57	75	71	44
6. Tin Mill Products	34	32	38	41	35	21	20	19	12
7. Non-Alloy and Other Alloy Quarto Plates*	128	126	124	278	394	No Production Data			
Aggregated Group 1 Weighted Average	77	87	89	134	124	128	112	99	74

** Unauthenticated data used. Product category 7 is not included in the aggregated total due to insufficient data during the MRP.*

247. The aggregated average relative import volume increased over the POI and declined over the MRP. The decline in import volume during the MRP can likely be partially explained by the EU safeguard measure implemented in 2018 halting import increases and the COVID-19 pandemic in 2020, so the ongoing high level of import penetration indicates that the UK remains an attractive market for import. It is therefore likely that group 1 imports would increase if the measure were revoked which would likely cause injury to UK producers.

248. There were increases in imports relative to domestic production for all group 1 products, except for product category 1 and 6, from the beginning of the POI and the end of the MRP. This shows that the UK remains an attractive export destination for group 1 products, which indicates likelihood of a significant increase in group 1 product imports if the safeguard measure were to be revoked or group 1.

2.2.2.1.2 Group 2

249. We find it likely that importation of group 2 products in increased quantities would occur if safeguard measures were revoked.[21] This is due to the high rate of absolute and relative import during the MRP despite the implementation of the EU safeguard measure in 2018 halting import increases and the COVID-19 pandemic in 2020.

Table 2.2.7: Absolute import volume of group 2 products over the POI and MRP (2013=100)

Group 2	POI					MRP			
	2013	2014	2015	2016	2017	2018	2019	2020 Q1	2020 Q2
12A. Non-Alloy and Other Alloy Merchant Bars and Light Sections	100	111	106	76	88	125	113	100	78
12B. Non-Alloy and Other Alloy Merchant Bars and Light Sections	100	110	89	95	99	112	89	68	36
13. Rebars	100	167	177	114	122	137	126	124	61
14. Stainless Bars and Light Sections	100	110	89	78	83	96	101	78	73
15. Stainless Wire Rod	100	301	150	107	145	145	105	95	117
16. Non-Alloy and Other Alloy Wire Rod	100	105	87	95	96	90	94	103	62
17. Angles, Shapes and Sections of Iron or Non-Alloy Steel	100	108	105	103	100	109	100	60	50
19. Railway Material	100	56	83	170	102	307	962	2,057	772

[21] It was not possible to analyse whether importation of those goods in increased quantities would be likely to recur - see section 2.1.1.2.

27. Non-Alloy and Other Alloy Cold Finished Bars	100	93	71	49	56	56	60	55	39
28. Non-Alloy Wire	100	119	121	133	135	138	114	91	67
Aggregated group 2 total	100	119	113	101	103	112	105	88	57

250. Annual UK imports increased 10% from 2017 to 2018 and decreased 7% from 2018 to 2019. There was another 16% decline in import volume from 2019 to 2020 Q1 and a further 32% decline from 2020 Q1 to Q2.

251. Decreases in UK import volume during the MRP can be partially explained by the imposition of the EU safeguard measure in 2018 halting import increases and the COVID-19 pandemic in 2020. While this decrease can be seen, import volumes remained higher in 2018 and 2019 than at the start of the POI. This suggests that the UK remains an attractive market for group 2 products.

Table 2.2.8: Import volume relative to domestic production of group 2 products over the POI and MRP (2013=100)

Product Category	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020 Q1**	**2020 Q2**
12. Non-Alloy and Other Alloy Merchant Bars and Light Sections	63	74	66	68	69	89	70	61	41
13. Rebars	103	164	177	92	116	143	113	147	125
14. Stainless Bars and Light Sections	994	1,071	901	841	717	821	1,070	712	636
15. Stainless Wire Rod	4	11	6	4	6	6	5	4	7
16. Non-Alloy and Other Alloy Wire Rod	27	30	22	25	26	23	28	25	18
17. Angles, Shapes and Sections of Iron or Non-Alloy Steel	125	118	93	71	82	98	91	56	39
19. Railway Material	2	1	1	3	2	7	24	45	19
27. Non-Alloy and Other Alloy Cold Finished Bars*	10,088	9,084	6,661	4,034	4,734	4,323	4,902	4,741	3,311
28. Non-Alloy Wire*	50	61	70	91	102	102	87	68	53

Aggregated Group 2 Weighted Average	63	74	65	56	62	70	68	55	38

** Unauthenticated data used*

252. Imports increased relative to domestic production for product categories 13, 15, 19, and 27 from 2013 to 2020 Q2. All group 2 products except product categories 17 and 27 saw an increase in relative imports from 2013 to 2019. Assuming that 2020 data was affected negatively by the COVID-19 pandemic, this shows that the UK remains an attractive export destination for most group 2 products despite the imposition of the safeguard measure.

253. This indicates a high likelihood of an increase in group 2 product imports if the safeguard measure were revoked for group 2.

254. Category 27 deviates significantly from all other categories in group 2 due to a very high relative import level that declines over the POI. This data is influenced significantly due to the absence of data from a major UK producer of category 17, which we were not able to include in our analysis due to issues obtaining and authenticating this data.

2.2.2.1.3 Group 3

255. We find it likely that importation of group 3 products in increased quantities would recur if the safeguard measure were to be revoked. This is due to the high rate of absolute and relative imports during the MRP despite the implementation of the EU safeguard measure in 2018 and the COVID-19 pandemic in 2020.

Table 2.2.9: Absolute import volume of group 3 products over the POI and MRP (2013=100)

Group 3	**POI**					**MRP**			
	2013	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020 Q1**	**2020 Q2**
20. Gas Pipes	100	164	111	135	107	106	112	119	23
21. Hollow Sections	100	128	105	103	113	113	130	113	32
25A. Large Welded Tubes	100	116	222	95	28	14	81	67	217

25B. Large Welded Tubes	100	144	143	337	209	90	98	218	71
26. Other Welded Pipes	100	110	126	144	141	136	98	78	63
Aggregated group 3 total	100	128	128	140	120	107	109	107	63

256. Annual UK import volume for group 3 products increased over the POI, then fell 11% from 2017 to 2018 before growing 2% from 2018 to 2019. During 2020 import volume fell, first by 2% from 2019 to 2020 Q1 then by 41% 2020 Q1 to Q2.

257. Decreases in UK import volume during the MRP can be partially explained by the imposition of the EU safeguard measure in 2018 halting import increases and the COVID-19 pandemic in 2020. While this decrease can be seen, import volumes remained higher in 2018 and 2019 than at the start of the POI. This suggests that the UK remains an attractive market for group 3 products.

Table 2.2.10: Import volume relative to domestic production of group 3 products over the POI and MRP (2013=100)

Product Category	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020 Q1**	**2020 Q2**
20. Gas Pipes	143	228	166	219	185	200	231	231	70
21. Hollow Sections	56	63	52	54	58	57	65	52	21
25A. Large Welded Tubes	1422	1453	40955	21426	7146	5310	19526		
25B. Large Welded Tubes	1145	1695	1179	2764	783	487	661	2463	535
26. Other Welded Pipes	329	384	541	631	532	565	591	436	364
Aggregated Group 3 Weighted Average	123	145	149	173	142	129	137	124	104

258. There were increases in imports relative to domestic production for only product category 26 from the POI to the end of the MRP, and all group 3 products except product category 25B saw an increase in relative imports from 2013 to 2019. Assuming that 2020 data was affected negatively by the COVID-19

pandemic, this shows that the UK remains an attractive export destination for most group 3 products despite the imposition of the safeguard measure, which indicates an increased likelihood of a significant increase in group 3 product imports if the safeguard measure were to be revoked for group 3.

2.2.2.1.4 Data Beyond 2020 Q2

259. Since the initial data parameters were decided in the transition review additional import data has become available for the 3rd and 4th quarters of 2020 and for 2021. This data is shown in the tables below and has been considered as a further indicator of the likelihood of an import surge if the safeguard measure was revoked.

Table 2.2.11: Absolute import volume of all product groups over the POI, MRP, and Q3/2020-2021 (2013=100)

Aggregated industry	POI					MRP				Additional Data		
	2013	2014	2015	2016	2017	2018	2019	Q1/ 2020	Q2/ 2020	Q3/ 2020	Q4/ 2020	2021
All product groups	100	118	115	121	119	119	110	93	64	75	88	101

260. 2020 shows on an industry wide level that import volume recovered during the latter half of 2020 and in 2021 following a low point in Q2/2020. COVID-19 continued to affect business during the period and it is likely this factor suppressed the volume of steel imports that otherwise would have occurred during this time.

261. Despite this significant import suppressive factor, aggregated import volume returned to over 2013 levels in 2021. This indicates that the UK remains an attractive market for imports at an industry level and this increases the likelihood that an import surge would occur if the safeguard measure were to be revoked.

Table 2.2.12: Absolute import volume of group 1 products over the POI, MRP, and Q3/2020 -2021 (2013=100)

Group 1	POI					MRP				Additional Data		
	2013	2014	2015	2016	2017	2018	2019	Q1/2020	Q2/2020	Q3/2020	Q4/2020	2021
1. Non-Alloy and Other Alloy Hot Rolled Sheets and Strips	100	127	120	104	105	115	111	87	61	67	52	91
2. Non-Alloy and Other Alloy Cold Rolled Sheets	100	124	115	110	121	122	89	79	70	65	72	76
4. Metallic Coated Sheets	100	112	108	152	148	133	118	100	71	73	96	124
5. Organic Coated Sheets	100	136	187	210	232	213	282	207	126	223	237	255
6. Tin Mill Products	100	98	113	116	98	57	48	41	36	41	51	33
7. Non-Alloy and Other Alloy Quarto Plates	100	97	95	119	111	132	116	89	85	92	115	75
Aggregated Group 1 Total	100	116	113	130	129	125	114	93	69	75	85	103

262. The post-Q2/2020 group 1 aggregated import trend is similar to the industry level trend, as import volume recovered year on year from a low point in Q2/2020 before returning to higher than 2013 levels in 2021.

263. Given the import suppressing effect of the COVID-19 pandemic and the safeguard measure this is consistent with the previous finding for group 1 based on POI and MRP absolute import data that the UK remains an attractive market for steel imports and that an import surge is likely if the safeguard measure were to be revoked.

264. Product categories 6 and 2 deviate from the group level trend as import volumes have not recovered after they declined during the MRP. This suggests that the UK market for these two product categories is less attractive than other steel products in this group. It is unclear whether this significantly affects the likelihood that an import surge of these products would occur if the measure were to be revoked.

Table 2.2.13: Absolute import volume of group 2 products over the POI, MRP, and Q3/2020-2021 (2013=100)

Group 2	POI					MRP				Additional Data		
	2013	2014	2015	2016	2017	2018	2019	Q1/2020	Q2/2020	Q3/2020	Q4/2020	2021
12A. Non-Alloy and Other Alloy Merchant Bars and Light Sections	100	111	106	76	88	125	113	100	78	65	64	95
12B. Non-Alloy and Other Alloy Merchant Bars and Light Sections	100	110	89	95	99	112	89	68	36	42	88	98
13. Rebars	100	167	177	114	122	137	126	124	61	102	87	118
14. Stainless Bars and Light Sections	100	110	89	78	83	96	101	78	73	71	77	79
15. Stainless Wire Rod	100	301	150	107	145	145	105	95	117	199	194	189
16. Non-Alloy and Other Alloy Wire Rod	100	105	87	95	96	90	94	103	62	57	83	78
17. Angles, Shapes and Sections of Iron or Non-Alloy Steel	100	108	105	103	100	109	100	60	50	53	78	99
19. Railway Material	100	56	83	170	102	307	962	2057	772	497	227	145
27. Non-Alloy and Other Alloy Cold Finished Bars	100	93	71	49	56	56	60	55	39	39	43	58
28. Non-Alloy Wire	100	119	121	133	135	138	114	91	67	86	96	106
Aggregated group 2 total	100	119	113	101	103	112	105	88	57	65	81	97

265. Group 2 aggregated import volume increased in every period post-Q2/2020, similar to the industry level trend.

266. Given the import suppressive effect of the COVID-19 pandemic and the safeguard measure, this is consistent with the finding for group 2 based on POI and MRP absolute import data, that the UK remains an attractive market and

that an import surge of group 2 products is likely if the measure were to be revoked.

267. Product category 15 is notable for high import volume between Q3/2020 and during 2021 relative to 2013 and the MRP, despite the COVID-19 pandemic and the safeguard measure intended to prevent import surges. This suggests that the UK market for category 15 products has become highly attractive to imports and a particularly high likelihood that an import surge would recur at product category level if the measure were to be revoked.

268. Categories 14, 16, and 27 deviate from the group level trend as the decline in import volume seen during the MRP or POI was not fully recovered by 2021. The import volume in all three categories was higher in 2021 than it was in either Q2 or Q3 2020. This slower recovery indicates a lower attractiveness for these categories than at the group level. This suggests a lower-than-group likelihood that an import surge would occur for these products if the measure were to be revoked.

Table 2.2.14: Absolute import volume of group 3 products over the POI, MRP, and Q3/2020-2021 (2013=100)

Group 3	**POI**					**MRP**				**Additional Data**		
	2013	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**Q1/2020**	**Q2/2020**	**Q3/2020**	**Q4/2020**	**2021**
20. Gas Pipes	100	164	111	135	107	106	112	119	23	71	130	106
21. Hollow Sections	100	128	105	103	113	113	130	113	32	72	115	126
25A. Large Welded Tubes	100	116	222	95	28	14	81	67	217	395	398	59
25B. Large Welded Tubes	100	144	143	337	209	90	98	218	71	41	9	53
26. Other Welded Pipes	100	110	126	144	141	136	98	78	63	79	93	89
Aggregated group 3 total	100	128	128	140	120	107	109	107	63	105	132	98

269. Group 3 aggregated import volume increased significantly during the latter half of 2020 before falling back to levels similar to 2013 – a stronger recovery for imports which deviates slightly from the industry-level trend.

270. Given the import suppressive effect of the COVID-19 pandemic and the safeguard measure, this is strong import recovery is consistent with the finding for group 3 based on POI and MRP absolute import data that the UK remains an attractive market and a particularly strong likelihood of an import surge of group 2 products if the measure were to be revoked.

271. Import volumes of product category 25A, which were volatile during the POI grew very significantly in Q3/2020 and remained at that level in Q4/2020 before falling significantly in 2021. Given the import-suppressing effect of the safeguard measure and the COVID-19 pandemic this marked surge indicates very strong likelihood of an import surge of product category 25A if the safeguard were to be revoked.

272. Category 25B deviates significantly from the group level trend as import volume continued to fall during the last two quarters of 2020, before rising to level half of that shown in 2013. The lack of import volume to levels seen in the POI indicates that the UK market for category 25B is less attractive than other products in group 3 and suggests a reduced likelihood that an import surge would recur if the safeguard measure were to be revoked.

2.2.2.2 Market Share

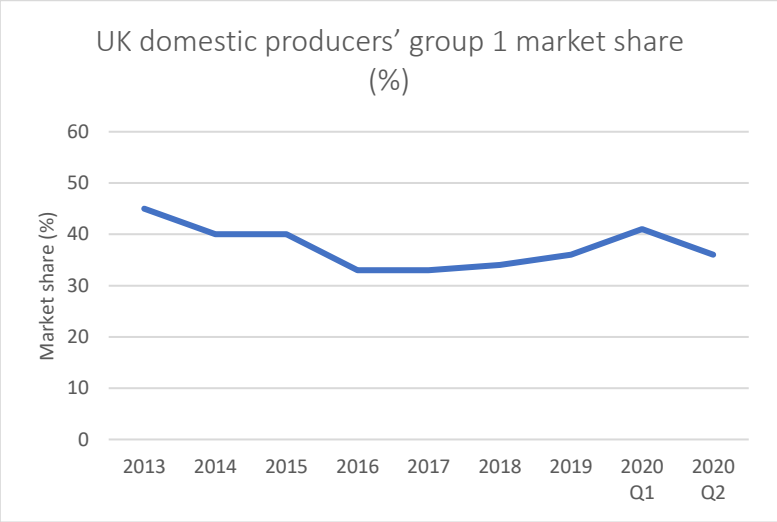
273. The trend of domestic producer market share during the POI and MRP indicates that the UK will remain an attractive market for group 1 and 3 products and group 2 products have individual categories that remain attractive to import. Market share analysis suggests that there is strong likelihood that the UK market for group 1 products is attractive as shown by the continued loss of market share in the MRP despite the EU safeguard measure. Market share for group 2 products has increased in the aggregate but product categories 16 and 19 have seen market share fall in the MRP. Group 3 products have slightly increased their market share, but the majority of the market is still supplied by imports throughout the POI and MRP.

2.2.2.2.1 Group 1

274. The TRA finds it likely there will be high import penetration of group 1 products for the foreseeable future due to the loss of domestic producer market share during the POI and the low growth rate during the MRP.

Table 2.2.15: UK group 1 domestic producers' market share by volume (%)

Domestic producers market share	2013	2014	2015	2016	2017	2018	2019	Q1/ 2020	Q2/ 2020
1. Non-Alloy and Other Alloy Hot Rolled Sheets and Strips	47	41	43	43	44	41	40	47	41
2. Non-Alloy and Other Alloy Cold Rolled Sheets	48	40	41	40	37	37	43	44	35
4. Metallic Coated Sheets	34	31	32	19	19	21	23	28	17
5. Organic Coated Sheets	69	61	53	53	49	52	45	48	53
6. Tin Mill Products	63	63	57	54	57	69	73	76	82
7. Non-Alloy and Other Alloy Quarto Plates	[INSUFFICIENT DATA]								
Aggregated Group 1	45	40	40	33	33	34	36	41	36



275. Table 2.2.11 shows that domestic producers held the highest market share of group 1 products in 2013 and the least market share in 2016 and 2017. The group 1 market share held by domestic producers fell 12 percentage points during the POI and rose by 2 percentage points during the MRP. There was only an increase of only two percentage points in market share during the MRP.

276. Product category 4 saw the most significant drop in domestic producer market share in group 1, falling from its peak of 34% in 2013 to 17% in 2020 Q2. This

further indicates that product category 4 remains a highly attractive market for imports in the UK.

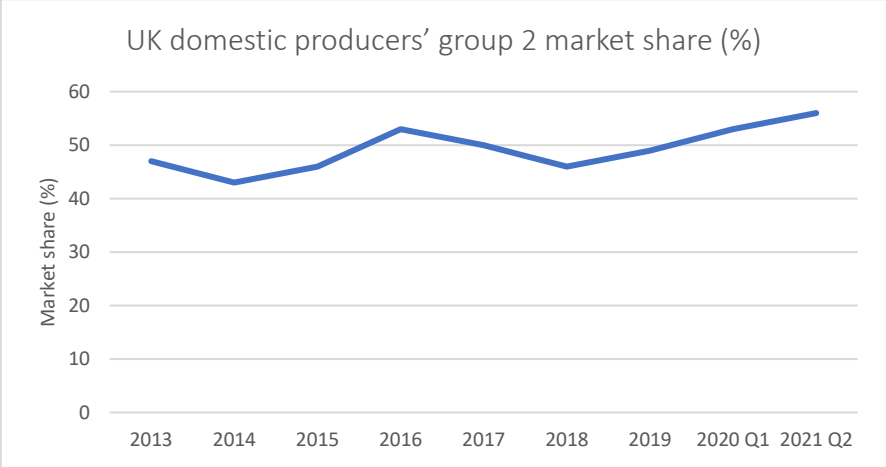
277. Product category 6 was the only product category that showed strong signs of domestic producer recovery in the MRP. Domestic producer market share grew each period from 69% in 2018 to 82% in 2020 Q2. All other product categories showed less than one percent increase in domestic producer market share during the MRP.

2.2.2.2.2 Group 2

278. The TRA finds it likely there will be high import penetration of group 2 products for the foreseeable future due to the consistent level of import penetration during the POI and MRP.

Table 2.2.16: UK group 2 domestic producers' market share by volume (%)

Domestic producers market share	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**Q1/ 2020**	**Q2/ 2020**
12. Non-Alloy and Other Alloy Merchant Bars and Light Sections	37	34	36	36	37	33	37	37	40
13. Rebars	46	37	36	51	46	40	45	42	50
14. Stainless Bars and Light Sections	1	1	1	1	1	1	1	0	0
15. Stainless Wire Rod	90	73	82	88	82	83	87	91	88
16. Non-Alloy and Other Alloy Wire Rod	57	57	63	63	63	64	61	61	61
17. Angles, Shapes and Sections of Iron or Non-Alloy Steel	37	36	42	50	47	42	48	61	59
19. Railway Material	98	99	98	96	96	89	75	58	82
27. Non-Alloy and Other Alloy Cold Finished Bars	[INSUFFICIENT DATA]								
28. Non-Alloy Wire	[INSUFFICIENT DATA]								
Aggregated Group 2	45	41	44	50	48	44	47	50	54



279. Table 2.2.12 shows that domestic producers held the highest aggregated market share of group 2 products in 2020 Q2 and the least amount of market share in 2014. The aggregated domestic producer market share grew both over the POI and the MRP. Market share increased during the MRP suggesting that the safeguard measure has reduced the attractiveness of the UK market for imports.

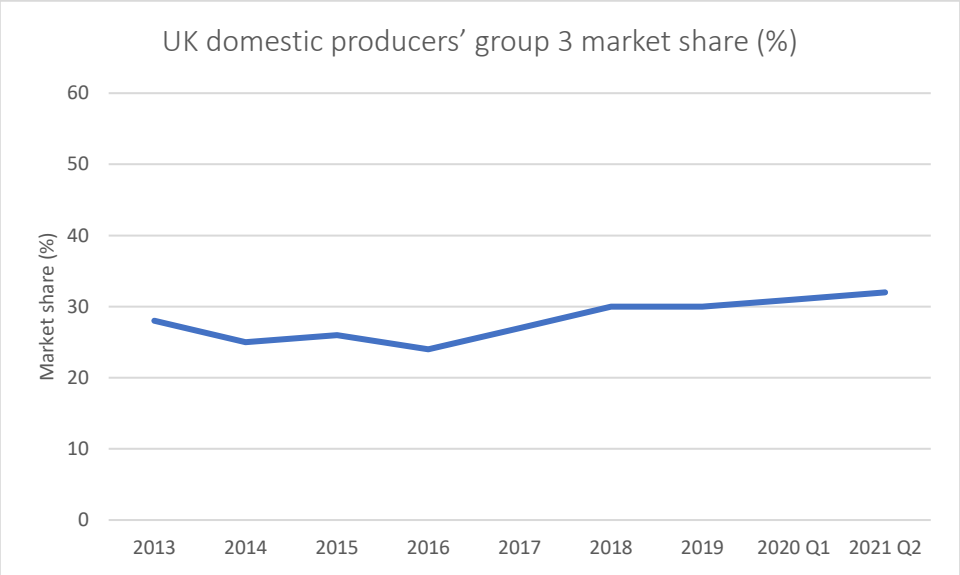
280. Product category 19 and product category 16 deviate from the aggregated group 2 trend as their domestic producer market share declined during the MRP. Product category 19 domestic producer market shares fell from 89% in 2018 to 58% in 2020 Q1 before rising to 82% in 2020 Q2, and product category 16 domestic producer market share fell from 64% in 2018 to 61% in 2019 where it remained consistent for the rest of the MRP. The decrease in domestic producer market share despite the implementation of the safeguard measure indicates that the UK markets for product categories 16 and 19 will continue to be attractive for imports for the foreseeable future.

2.2.2.2.3 Group 3

281. The TRA finds it likely there will be a high import penetration of group 3 products for the foreseeable future due to the high level of import penetration in the group at an aggregate level and particularly in product categories 25A, 25B, and 26.

Table 2.2.17: UK group 3 domestic producers' market share by volume (%)

Domestic producers market share	2013	2014	2015	2016	2017	2018	2019	Q1/ 2020	Q2/ 2020
20. Gas Pipes	31	21	28	24	28	27	25	25	51
21. Hollow Sections	46	43	50	51	47	49	46	51	69
25A. Large Welded Tubes	0	1	0	0	1	1	1	0	0
25B. Large Welded Tubes	3	2	2	1	1	2	2	1	9
26. Other Welded Pipes	9	9	7	6	7	6	8	9	9
Aggregated Group 3	28	25	26	24	27	30	30	31	32



282. Table 2.2.13 shows that domestic producers held the highest aggregated market share of group 2 products in 2020 Q2 and the least amount of market share in 2016. There was only a 2-percentage point increase in domestic producer market share during the MRP despite the impact of the safeguard measure. The majority of the UK demand for group 3 products continues to be supplied by imports, which indicates that the UK is an attractive market for group 3 products.

283. The UK market for product categories 25A, 25B, and 26 is overwhelmingly supplied by imports during all periods of the POI and MRP. The domestic producer market share for product categories 25B and 26 increased during the MRP but as over 90% of these markets continue to be supplied by imports in all

periods, we find the UK market remains attractive for imports. Table 9 shows that these three product categories comprise over 45% of group 3 product import volume during all periods in the MRP, so their very high market penetration rate is highly impactful for group 3.

2.2.3 Findings

284. We find it likely that importation of products in increased quantities would occur for all family groups if safeguard measures were to be revoked.

285. The TRA have found that there is a high likelihood there will be international overcapacity across all steel products for the foreseeable future. We also found that other large steel markets such as the EU and the People's Republic of China have imposed protective measures on steel products. No suitable data on major steel economies is available to comparatively assess the likely UK market share of imported steel in any category or group in a scenario where the UK is the only major industrialised economy without a safeguard measure in place. We further found that import penetration of the UK steel market remained high despite the safeguard measure.

286. At group level, the TRA have found factors indicating likelihood of a significant increase in imports if the safeguard measure were to be revoked. Groups 1 and 3 have shown high levels of import penetration in the absence of a safeguard measure during the POI. Group 2 has seen increasing domestic producer market share during the POI and MRP but product categories within the group have seen reductions in market share.

287. Data from Q3/2020 to the end of 2021 is consistent with and supports findings for the POI and MRP.

288. The above factors indicate that it is likely that the UK's high import penetration and high attractiveness to steel imports is likely to continue. If the safeguard measure were to be revoked, it is likely that an increase in imports would occur across all product categories and groups. This likelihood is increased by

potential for significant trade diversion resulting from safeguard measures in other major economies.

2.3 Reconsideration Call-In Chapter – Injury (Assessment 2(c))

Overview TRA findings for assessment stage	2c
Group/Category	**Is there is an indication of serious injury to domestic industry?**
1 – flat products (aggregated)	**Y**
1. Non-Alloy and Other Alloy Hot Rolled Sheets and Strips	y
2. Non-Alloy and Other Alloy Cold Rolled Sheets	y
4. Metallic Coated Sheets	y
5. Organic Coated Sheets	y
6. Tin Mill Products	y
7. Non-Alloy and Other Alloy Quarto Plates	y
2 – long products (aggregated))	**Y**
12A. Non-Alloy and Other Alloy Merchant Bars and Light Sections	y
12B. Non-Alloy and Other Alloy Merchant Bars and Light Sections	y
13. Rebars	y
14. Stainless Bars and Light Sections	n
15. Stainless Wire Rod	y
16. Non-Alloy and Other Alloy Wire Rod	y
17. Angles, Shapes and Sections of Iron or Non-Alloy Steel	n
19. Railway Material	y
27. Non-Alloy and Other Alloy Cold Finished Bars	y
28. Non-Alloy Wire	y
3 – pipes/tubes (aggregated)	**Y**
20. Gas Pipes	y
21. Hollow Sections	y
25A. Large Welded Tubes	y
25B. Large Welded Tubes	y
26. Other Welded Pipes	y

Overview TRA findings for assessment stage per injury indicator										2c
Group/Category	Increase in imports	Market share	Sales volume	Production volume	Productivity	Capacity utilisation	Profit	Employment	Price effects	**Is there is an indication of serious injury to domestic industry?**
1 – flat products (aggregated)	**Y**	**Y**	**Y**	**Y**	**N**	**Y**	**Y**	**Y**	**Y**	**Y**
1. Non-Alloy and Other Alloy Hot Rolled Sheets and Strips	y	y	y	y	n	y	y	y	y	y
2. Non-Alloy and Other Alloy Cold Rolled Sheets	y	y	y	y	n	y	y	y	y	y
4. Metallic Coated Sheets	y	y	y	y	n	y	y	y	y	y
5. Organic Coated Sheets	y	y	y	y	n	y	y	y	y	y
6. Tin Mill Products	y	n	y	n	n	y	y	y	y	y
7. Non-Alloy and Other Alloy Quarto Plates	y	y	y	y	n	y	y	y	y	y
2 – long products (aggregated)	**Y**	**N**	**N**	**N**	**Y**	**N**	**Y**	**N**	**Y**	**Y**
12A. Non-Alloy and Other Alloy Merchant Bars and Light Sections	y	y	y	y	y	y	n	n	y	y
12B. Non-Alloy and Other Alloy Merchant Bars and Light Sections	y	y	y	y	y	y	n	n	y	y
13. Rebars	y	y	n	n	y	n	y	n	y	y
14. Stainless Bars and Light Sections	y	y	n	n	n	n	n	y	y	n
15. Stainless Wire Rod	y	y	y	n	y	y	y	n	y	y
16. Non-Alloy and Other Alloy Wire Rod	y	y	n	n	y	n	y	n	y	y
17. Angles, Shapes and Sections of Iron or Non-Alloy Steel	n	n	n	n	y	n	y	n	y	y
19. Railway Material	y	y	y	y	y	y	n	n	y	y
27. Non-Alloy and Other Alloy Cold Finished Bars	n	y	n	y	y	n	y	n	y	y
28. Non-Alloy Wire	y	y	n	n	y	n	y	n	y	y
3 – pipes/tubes (aggregated)	**Y**	**Y**	**N**	**N**	**N**	**N**	**Y**	**Y**	**Y**	**Y**
20. Gas Pipes	y	y	y	y	n	n	y	y	y	y
21. Hollow Sections	y	n	n	n	n	n	y	n	y	y
25A. Large Welded Tubes	y	y	y	y	n	n	y	y	y	y
25B. Large Welded Tubes	y	y	y	n	n	n	n	n	y	y
26. Other Welded Pipes	y	y	y	y	n	n	y	y	y	y

289. Under point 2(c) of the directed assessment the TRA has considered whether, for the goods listed in 19 steel product categories in three 'family groups', there is serious injury or a threat of serious injury to UK producers.

290. When considering injury, the TRA assess absolute values and trends across several indicators to identify impairment to the position of UK industry, however caused. Some indicators are related: for example, a rise in imports to cause UK industry to lose market share, or to reduce prices in order to maintain market share; either might be expected to reduce profitability. Some indicators may point in different directions; an increase in productivity might result from reduction in employment or wages.

291. Indicators are not weighted in this assessment – all are considered equally. There is no single pattern, threshold or value which would allow the TRA to conclude whether there is or is not injury. Further this assessment is not made on the balance of how many indicators do or do not show impairment. Nor does a contrary indication – either an indicator or a category showing a picture inconsistent with others – invalidate an overall finding. Overall, we are establishing whether the domestic industry shows signs of existing or threatened serious injury.

292. A strong indicator of injury in any case is profitability – sustained loss-making across multiple products/commodity codes is a clear and strong indicator of impairment in a commercial context. The TRA assess the indicators together to understand whether collectively they would support a conclusion that the industry position depicted is impaired. That is a matter of judgement which the TRA applies in other cases but, under the terms of call in, is a judgement reserved to the SoS.

293. The TRA has therefore considered whether there is evidence of serious injury by assessing each indicator at industry level (aggregating the data from all product categories) to show the overall situation for UK producers of like goods and directly competitive goods; for each of the family groups (aggregating the data from the product categories in that group) to demonstrate whether there is

serious injury or a likelihood of serious injury; and for each individual category to explore any category level divergence from the group level aggregated trends.

294. Throughout this report aggregated group level findings are based on assessments of aggregated underlying data and are not derived from product category level findings. Group level findings and associated product category findings may differ without contradiction. See section 'Aggregation and category analysis' in chapter 0 for more information.

295. Where the only available data to TRA in undertaking an assessment is unauthenticated then this has been used. Where TRA have authenticated and unauthenticated data available for assessments, only the authenticated data has been used. Where unauthenticated data has been used this has been referenced in the relevant tables.

296. Figures for Q1 and Q2 2020 were multiplied by four and then indexed to allow for comparisons with previous years.

Injury Indicators and Approach to Aggregation

297. In undertaking this assessment, the TRA has considered any increase/decrease in imports, market share, sales value, sales volume, production volume, productivity, capital utilisation, profit, employment, and price effects, as below.

Indicator	Description	Group level aggregation comments
Import volume	Absolute import volume (kilotonnes) and import volume relative to domestic production into the UK	Sum of product categories for a given year
Sales value	Sales value of domestically produced steel in the UK (£)	Sum of product categories for a given year
Sales volume	Sales volume of domestically produced steel in the UK (tonnes)	Sum of product categories for a given year

Production volume	Production volume of domestically produced steel in the UK (tonnes)	Sum of product categories for a given year
Employee numbers	Total number of employees of UK producers	This is the sum of the number of employees in all product categories in a group for a given year. Two UK producers did not provide employment figures by product category. Instead, one supplied figures for the entire business and other by site location. We allocated the number of employees by product category in proportion to the production of each category. This means that, for the product categories concerned, the productivity indicator is effectively determined by us and self-cancelling. One producer from group 2 only provided employment numbers from 2017 onwards, even though they were operating prior to that. We have excluded these figures from the aggregated indicator for all periods, otherwise we would see a significant increase in 2017 caused by the introduction of their employment figures.
Productivity	Ratio between production and number of employees (%)	Weighted (by UK sales value) average of productivity at product category level. We have also excluded the producer from group 2 that did not supply employment figures up to 2017 from the aggregated figures.
Median wage	Annual median wage (£)	This is the median wage in each product category for a given year multiplied by the number of employees in each product category. Weighted average of the median wage at product category level. Weighted by the number of employees by product category. Similar to employment, one producer from group 2 only provided median wages from 2017 onwards, even though they were producing prior to that. We have excluded these figures from the aggregated indicator otherwise.
Price effects	Value (£) of imports divided by the volume of imports. For domestic producers: sales value in the UK	Sum of imports value for all product categories in a given year as a proportion of the sum of imports volume.

	divided by sales volume in the UK	
Market share	Percentage of domestic and EU and non-EU market share (%)	UK market share is the total sales volume in the UK from UK producers divided by the total known UK consumption (i.e. sales volume plus imports). Sum of sales volume of all product categories divided by the sum of consumption of all categories. Importer market share was divided between EU and non-EU as EU market share is expected to be positively impacted by the EU safeguard measure implemented in 2018 at the expense of non-EU market share. This is because imports from the EU would not need to pay the measure to import into the UK, whereas all non-EU imports would be susceptible to the measure.
Capacity utilisation	Production as a proportion of production capacity (%)	Weighted (by UK sales value) average of capacity utilisation at product category level.
Profit Margin	Profit Margin (%). Difference between the average price of sales in the UK and the average cost to make and sell per as a proportion of the average price of sales in the UK. Profit Margin is available at product category level.	Weighted (by UK sales value) average of each product category profit margin.

2.3.1 Industry Level Assessment

Increase in Imports

Absolute Import Volume (indexed)

2013	2014	2015	2016	2017	2018	2019	Q1/2020	Q2/2020
100	118	115	121	119	119	110	93	64

298. In absolute terms, import volume of steel into the UK increased during the POI, peaking in 2016, when compared to the start of the POI. There was then decrease in Q1/2020 and Q2/2020 when compared to the start of the POI. The significant decline in imports in the second quarter of 2020 could be attributed to COVID-19 affecting the figures.

Relative Import Volume (Indexed)

2013	2014	2015	2016	2017	2018	2019	Q1/2020	Q2/2020
100	115	111	132	131	136	127	114	87

Note: unauthenticated data used in all periods

299. In relative terms, import volume of steel into the UK increased during the POI, peaking in 2018, when compared to the start of the POI. There was a decrease only in Q2/2020 when compared to the start of the POI. The significant decline in imports in the second quarter of 2020 could be attributed to COVID-19 affecting the figures.

Absolute Import Volume with Additional Data Periods (Kilotonnes)

Index	Additional Data		
2013	Q3/2020	Q4/2020	2021
100	75	88	101

300. In the period between Q3/2020 and 2021, import volume rose each period from the low point of Q2/2020 to similar import volume to 2013 levels in 2021. This supports the likelihood that the reduction in import volume in Q2/2020 can be attributed to the effect of COVID-19, as imports increased significantly following the sharp declines in Q1 and Q2 of 2020.

301. At an industry level for absolute and relative imports there is an indication of serious injury to domestic industry based on the trends assessed.

Market Share (%)

	2013	2014	2015	2016	2017	2018	2019	Q1/ 2020	Q2/ 2020
Domestic	44	40	41	39	39	38	40	44	44
EU	41	39	40	41	39	42	40	39	38
Non-EU	15	21	19	20	22	20	19	17	19
Total Imports	56	60	59	61	61	62	60	56	56

** Categories with no sales data were excluded from aggregated totals to allow for a better comparison*

302. A distinction was made between EU and non-EU data so we could make a clear conclusion what the effect of EU safeguard measures would have on imports before the UK left the EU.

303. Breaking down imports into those from the EU and outside of the EU shows the market share taken by non-EU imports grew during the POI, rising from 15% in 2013 to 22% in 2017. In that same period, EU imports remained stable. The market share of both EU and non-EU imports remained relatively stable after 2018. Imports have been distinguished between EU and non-EU due to the UK's membership of the EU during the POI and MRP, which would affect the expected trade flows during these periods.

304. This indicates that the introduction of the EU safeguard measure in 2018 halted the increase in imports seen in the POI although it should be noted that the measure would not have affected EU imports at that time as the UK remained part of the EU.

305. At an industry level for market share there is an indication of serious injury to domestic industry based on the trends assessed.

Sales Value (Indexed)

year	2013	2014	2015	2016	2017	2018	2019	Q1/2020	Q2/2020
index	100	94	82	78	95	102	100	90	63

306. The value of sales for UK producers shows a steady decrease from 2013 to 2016 before increasing for the final year of the POI. In 2018 and 2019 the value of sales reflected the same value at the start of the POI. In Q1/2020 and Q2/2020 the value of sales drops below that at the start of the POI. The significant decline in sales value in Q2/2020 could be attributed to COVID-19 affecting the figures.

307. At an industry level for sales value there is an indication of serious injury to domestic industry based on the trends assessed.

Sales Volume (Indexed)

year	2013	2014	2015	2016	2017	2018	2019	Q1/2020	Q2/2020
index	100	100	102	100	96	93	94	94	62

308. The volume of sales for UK producers remains steady from 2013 to 2016, but then declined each year from 2017 to Q2/2020 when compared to the start of the POI. The significant decline in sales volume in Q2/2020 could be attributed to COVID-19 affecting the figures.

309. At an industry level for sales volume there is an indication of serious injury to the domestic industry based on the decline observed following the POI prior to the potential distorting impact of Covid-19, even when considering the potential impact of COVID -19 on Q2/2020.

Production Volume (Tonnes)

year	2013	2014	2015	2016	2017	2018	2019	Q1/2020	Q2/2020
index	100	103	103	91	91	86	86	84	79

Note: unauthenticated data used

310. The production volume for UK producers was relatively stable from 2013 to 2015, before decreasing from 2016 to Q2/2020. At the end of the POI the production volume was 9% lower when compared to the start of the POI. The sudden decline in production volume in Q2/2020 could be attributed to COVID-19 affecting the figures.

311. At an industry level for production volume there is an indication of serious injury to domestic industry based on the decline observed during the POI and MRP prior to the potential distorting impact of Covid-19, even when considering the potential impact of COVID-19 on Q2/2020.

Productivity (Tonnes/Employee)

year	2013	2014	2015	2016	2017	2018	2019	Q1/2020	Q2/2020
index	100	105	108	115	114	116	110	113	82

312. The productivity of UK producers increased for all years between 2014 and Q1/2020 when compared to the start of the POI, increasing by a high of 16% in 2019. Productivity of all domestic producers increased in 2014 and further in 2016, which we can attribute to decreasing employment numbers. The significant decline in productivity in Q2/2020 could be attributed to COVID-19 affecting the figures.

313. At an industry level for productivity there is no indication of serious injury to domestic industry based on the trends assessed.

Capacity Utilisation (%)

year	2013	2014	2015	2016	2017	2018	2019	Q1/2020	Q2/2020
index	100	102	104	98	89	89	89	87	90

314. The capacity utilisation for UK producers have increased 4% from 2013 to 2015, but from 2016 to Q2/2020 it has decreased for all periods when compared to the POI. The lowest period was in Q1/2020 when it had reduced by 13% when compared to the start of the POI.

315. Some companies have shut sites entirely where they were loss-making, decreasing capacity by approximately 20%. 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). For companies with temporary closures the opportunity remains for these to be reopened should market conditions recover to the extent it is viable for them to do so.

316. At an industry level for capacity utilisation there is an indication of serious injury to domestic industry based on the trends assessed.

Profit (%)

year	2013	2014	2015	2016	2017	2018	2019	Q1/2020	Q2/2020
index	-100	-113	-221	-82	2	-78	-213	-265	-176

317. The profit margins for UK producers have fluctuated across the POI and MRP, although at no point did the industry overall do better than breaking even. The highest losses recorded where in 2015 and 2019 when average profits were -9%. The 2019 loss of -9% indicates a particular concern with this period of time also being covered by a safeguard measure.

318. It is unclear what profit level would allow the UK steel industry to remain viable, but loss generating steel operations are usually closed by group companies in the long run. The UK has had multiple steel production sites shut operations in the POI and MRP so there is a strong likelihood that loss generating sites would continue to shut if profit levels do not improve in the foreseeable future.

319. At an industry level for profit there is an indication of serious injury to domestic industry based on the trends assessed.

Employment

Employee Numbers

year	2013	2014	2015	2016	2017	2018	2019	Q1/2020	Q2/2020
index	100	96	92	91	79	67	70	67	69

320. Employment numbers for UK producers have decreased consistently across the POI and MRP, and at the lowest in 2018 and Q1/2020 falling by 33% when compared to the start of the POI. This is evidenced by interested parties in their adjustment plans with the closure of at least one plant and temporarily closing others as part of cost-reducing schemes.

321. One of the UK producers was excluded from these figures. The number of employees for this UK producer also decreased significantly between 2017 and 2020.

322. At an industry level for employee numbers there is an indication of serious injury to domestic industry based on the trends assessed.

Median Wage (£)

year	2013	2014	2015	2016	2017	2018	2019	Q1/2020	Q2/2020
index	100	100	96	99	103	107	105	109	109

323. The median wage for the UK producers decreased between 2013 and 2016, before then increasing to a high of 9% in Q1/2020 and Q2/2020 when compared to the start of the POI. One UK producer was excluded from the aggregated figures due to insufficient authentication, but as their median wage increased by 9% in 2019 but then reverted to back 2013 levels we would not expect that including their data would have affected the aggregated trend significantly.

324. At an industry level for median wage there is no indication of serious injury to domestic industry based on the trends assessed.

Price Effects (in the UK, £/Tonne)

Cat	2013	2014	2015	2016	2017	2018	2019	Q1/ 2020	Q2/ 2020
EU import value	100	93	81	87	106	112	108	105	101
Domestic producers ' average sales price	100	94	80	78	99	110	106	96	101
Non-EU import value	100	84	75	71	97	104	102	91	103

325. Prices for UK producers have decreased for all years during the POI when compared to the start of the POI. Although domestic prices in 2017 returned to within 1% of the POI we find indications of serious injury between 2013 and 2016. Although remaining higher than at the start of the POI prices decreased during the MRP despite a safeguard measure being in place. EU prices followed a similar trend in movement across the POI and MRP. Non-EU prices decreased at a higher rate than UK prices across the POI and MRP.

326. At an industry level for price effects there is an indication of serious injury to domestic industry based on the trends assessed.

2.3.2 Causation and Non-Attribution

327. The TRA then considered whether other factors besides competitive pressure from imports may have caused or contributed to any serious injury found. In particular, the TRA analysed whether other factors could break a link between import pressures and serious injury.

COVID-19

328. There was a 1.4% decrease in global steel production for the first quarter of 2020.[22] Whether this can be attributed to the COVID-19 pandemic is not clear as industries did not start to be affected until late in March near the end of the first quarter. A decrease in steel prices over 2020[23] was apparent but industry-wide expectations were that prices would regain momentum as some areas of the market had remained buoyant.

329. Given that COVID-19 was not a factor during the POI when serious injury was first identified, this is not something that could likely break the initial causal link between the surge in imports and serious injury identified in that period during the transition review. Looking forward, neither the short term nor the long-term impact of COVID-19 on the steel industry is clear but the TRA sees no evidence that it would break a link between import pressure and serious injury.

The EU Exit Referendum 2016 and Leaving the EU Customs Union

330. 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 COVID-19 pandemic in early 2020, UK demand for steel remained relatively strong (see below), suggesting perceived uncertainty around the UK's departure did not have a marked negative impact on domestic demand.

[22] Research and Markets, Steel Industry: COVID-19 Impact, Steel Industry Affected by Lowered Demand During COVID-19 Outbreak, accessed 05/05/22
[23] The Fabricator, Steel market's views on COVID-19 evolve, accessed 05/05/22

Demand by Volume

	2013	2014	2015	2016	2017	2018	2019	Q1/ 2020	Q2/ 2020
UK Sales Volume (indexed)	100	100	102	100	96	93	94	94	62
Import Volume (indexed)	100	118	115	121	119	119	110	93	64
Demand (indexed)	100	111	109	113	109	108	103	93	63

Source: questionnaire responses; import volume data from non-published import data, provided by HMRC in February and April 2022. Q1 and Q2 2020 import figures multiplied by four and then indexed for a comparison of trends. Please note that import volume data for categories 7, 27 and 28 have been omitted in this calculation as there is insufficient sales data for the equivalent categories.

331. The imposition of the steel safeguard measure by the EU from 2018 for producers then within the 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 into the UK. While UK producers will need to compete with other producers outside the EU 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. The TRA does not find that the uncertainty over the UK-EU27 trading relationship was a cause of serious injury suffered during the POI and it is reasonable to believe it would not break a link between import pressure and serious injury if the measure were to be revoked.

Cost of Production

332. 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 equivalents and this presents

some challenges to the UK steel industry [24], but it is not clear that this was a cause of serious injury capable of breaking a link between import pressure and injury.

UK Producer Cost of Production (Indexed)

	2013	2014	2015	2016	2017	2018	2019	Q1/ 2020	Q2/ 2020
Domestic producers' average cost of production (indexed)	100	94	82	77	95	108	110	105	104
Domestic producers' total profit margin (%, indexed)	-100	-113	-221	-82	2	-78	-213	-265	-176

Source: questionnaire responses. Cost of production does not include selling costs. Q1 and Q2 2020 import figures multiplied by four and then indexed for a comparison of trends.

333. If cost of production were the main cause of serious injury, the TRA would expect to see a correlation between rising costs and decreasing profits: this is not evident. During the POI and MRP cost of production remained largely stable whilst profit margins fluctuated. Indeed, between 2013 and 2015 both indexes decreased whilst between 2016 and 2017 both increased at the same time, which would not support the existence of a detrimental link between cost of production and profit margins.

334. Therefore, although UK industry does face some challenges around its relatively high costs of production, it cannot be said that this was the main cause of any serious injury suffered during the POI and it is reasonable to conclude it would not break a link between import pressure and injury if the measure were to be revoked.

Findings

335. While the TRA acknowledges 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 at industry level previously experienced, nor is

[24] Make UK, UK Steel Electricity Price Report, accessed 05/05/22

there any reason to believe that any or all are significant enough to foreseeably break a link between import pressure and injury.

2.3.3 Group Level Assessment

2.3.3.1 Group 1

Increase in Imports

Absolute Import Volume (Kilotonnes)

	POI					MRP			
	2013	2014	2015	2016	2017	2018	2019	Q1/ 2020	Q2/ 2020
1. Non-Alloy and Other Alloy Hot Rolled Sheets and Strips	100	127	120	104	105	115	111	87	61
2. Non-Alloy and Other Alloy Cold Rolled Sheets	100	124	115	110	121	122	89	79	70
4. Metallic Coated Sheets	100	112	108	152	148	133	118	100	71
5. Organic Coated Sheets	100	136	187	210	232	213	282	207	126
6. Tin Mill Products	100	98	113	116	98	57	48	41	36
7. Non-Alloy and Other Alloy Quarto Plates	100	97	95	119	111	132	116	89	85
Aggregated group 1 Total	100	116	113	130	129	125	114	93	69

336. There was an absolute increase in imports for all years within the POI when compared to the start of the POI, with the highest increase being recorded in 2016 at 30%. Imports fell throughout the MRP from 125% down to 69% when compared to the start of the POI. The significant decline in sales volume in Q2/2020 could be attributed to COVID-19 affecting the figures.

337. At an aggregated group level absolute import levels indicates serious injury for UK producers in relation to family group 1, even when considering the potential impact of COVID -19 on Q2/2020. At a category level, there are no product categories that deviate significantly from the aggregated trend.

Relative import volume (% of UK production)

Product Category	2013	2014	2015	2016	2017	2018	2019	2020 Q1	2020 Q2
1. Non-Alloy and Other Alloy Hot Rolled Sheets and Strips	57	70	68	75	71	93	76	66	37
2. Non-Alloy and Other Alloy Cold Rolled Sheets	47	56	61	91	77	82	62	56	58
4. Metallic Coated Sheets	144	157	149	329	310	260	242	194	281
5. Organic Coated Sheets	25	37	54	56	64	57	75	71	44
6. Tin Mill Products	34	32	38	41	35	21	20	19	12
7. Non-Alloy and Other Alloy Quarto Plates*	128	126	124	278	394	No production data			
Aggregated Group 1 Average	77	87	89	134	124	128	112	99	74

** Unauthenticated data used. Product category 7 is not included in the aggregated total as its data is insufficient during the MRP.*

338. There was a relative increase in imports for all years within the POI and MRP, except for Q2/2020, when compared to the start of the POI. The significant decline in sales volume in Q2/2020 could be attributed to COVID-19 affecting the figures.

339. At an aggregated group level relative import levels indicates serious injury for UK producers in relation to family group 1, even when considering the potential impact of COVID-19 on Q2/2020. At a category level, there are no product categories that deviate significantly from the aggregated trend.

Absolute import volume with additional data periods (Kilotonnes)

Group 1	Index	Additional Data		
	2013	Q3/ 2020	Q4/ 2020	2021
1. Non-Alloy and Other Alloy Hot Rolled Sheets and Strips	100	67	52	91
2. Non-Alloy and Other Alloy Cold Rolled Sheets	100	65	72	76
4. Metallic Coated Sheets	100	73	96	124
5. Organic Coated Sheets	100	223	237	255
6. Tin Mill Products	100	41	51	33
7. Non-Alloy and Other Alloy Quarto Plates	100	92	115	75
Aggregated Group 1 Total	100	75	85	103

340. From 2020 Q3 to 2021, group 1 aggregated imports grew during each period and rose to 2013 levels in 2021 despite the effect of the COVID-19 pandemic. This supports a finding that the impact of Covid-19 may be temporary and that,

taken over the whole period, aggregated import volume data indicates serious injury for UK producers in relation to family group 1.

341. Categories 2 and 6 deviate significantly from the group trend due to slow or inconsistent growth post-Q2/2020.

Market Share (%)

Cat		2013	2014	2015	2016	2017	2018	2019	Q1/ 2020	Q2/ 2020
1	Domestic	47	41	43	43	44	41	40	47	41
	EU	36	40	38	40	38	44	45	37	43
	Non-EU	17	19	19	17	19	15	15	15	17
2	Domestic	48	40	41	40	37	37	43	44	35
	EU	33	33	34	41	38	43	34	31	17
	Non-EU	19	27	25	20	24	20	24	25	48
4	Domestic	34	31	32	19	19	21	23	28	17
	EU	52	50	55	55	49	54	53	52	46
	Non-EU	13	18	13	25	32	25	23	20	37
5	Domestic	69	61	53	53	49	52	45	48	53
	EU	31	38	32	34	34	35	36	39	37
	Non-EU	0	1	15	13	17	12	20	13	10
6	Domestic	63	63	57	54	57	69	73	76	82
	EU	32	31	35	37	35	20	14	12	7
	Non-EU	5	6	8	9	9	11	13	12	11
7	Domestic	No sales data								
	EU	71	64	75	72	70	82	67	82	73
	Non-EU	29	36	25	28	30	18	33	18	27
Total	Domestic	45	40	40	33	33	34	36	41	36
	EU	42	42	43	46	42	46	44	41	36
	Non-EU	14	18	16	20	25	20	20	18	28

342. Overall, the domestic producers' market share decreased over the POI, giving way to both EU and Non-EU imports. Following the introduction of the EU measure, recovery was apparent for product categories 2, 4, 5, and 6. Recovery for many UK producers was limited and market share fell back in 2020. Exceptionally category 6 finished the POI with a higher market share for UK producers than in 2013.

343. At an aggregated group level market share indicates serious injury for UK producers in relation to family group 1. However, at a category level product

category 6 did not follow the group trend as its market share improved significantly during the MRP.

Sales Volume (Tonnes)

Cat	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
6	100	97	89	79	75	74	77	77	96
7	No sales data								
Total	100	98	97	82	81	80	79	79	47

344. Across all product categories in product family 1 the sales volume decreased. Product category 1 was the only product category to have an increase, only slightly from 2013-2015. Product categories 1, 4, and 6 increased between 2019 and 2020 suggesting a slight recovery before falling again in the second quarter of 2020.

345. The aggregated sales volume shows sales falling in the POI. Sales remain significantly below 2013 values. In addition, sales volume fell significantly in Q2/2020 - possibly as a result of the COVID-19 pandemic.

346. At an aggregated group level sales volume indicates serious injury for UK producers in relation to family group 1 based on the decline observed during the POI and MRP prior to the potential distorting impact of Covid-19, even when considering the potential impact of COVID -19 on Q2/2020. At a category level, product categories 1, 4, and 6 deviated from group trend during annual periods but all followed the general trend during the POI and MRP.

Production Volume (Tonnes)

Cat	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
6	100	105	101	96	96	92	83	72	101
7*	100	98	99	55	36	No production data			
Total	100	103	98	75	81	75	78	73	72

Note: Unauthenticated data used. Product category 7 is not included in the aggregated total as its data is insufficient during the MRP.*

347. Production volume generally decreased throughout the POI. There was a sudden drop in production in product categories 2 and 4 in 2016 before stabilising in 2017. Apart from product category 6 production levels throughout the MRP stayed below those at the start of the POI suggesting serious injury to the UK industry.

348. At the aggregated level, there was a slight rise in 2017 and 2019 before dipping back down in 2020. In 2016 and 2018 there was a sharp decrease in production volume before rising slightly at the end of the POI in 2019. 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.

349. At an aggregated group level production volume indicates serious injury for UK producers in relation to family group 1 based on the decline observed during the POI and MRP prior to the potential distorting impact of COVID-19, even when considering the potential impact of COVID-19 on Q2/2020. However, at a category level, category 6 does not follow the group trend as production data indicates no serious injury for UK producers during the POI in relation to family group 1.

Productivity (Tonnes/Employee)

Cat	2013	2014	2015	2016	2017	2018	2019	Q1/2020	Q2/2020
1	100	108	110	93	111	124	124	120	101
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
6	100	108	109	86	107	120	120	119	111
7	No production or employment data								
Total	100	108	109	88	109	121	121	119	109

350. All product categories in family group 1 showed a general increase in productivity. Data from categories 2, 4 and 6 is based on company-wide productivity due to producers not being able to provide us with product-specific data. There was dip in 2016 and a sharp rise in 2017 and 2018 before dropping again in Q2/2020. The increase in productivity coincides with a fall in employee numbers.

351. At an aggregated group level productivity indicates no serious injury for UK producers in relation to family group 1. At a category level, there are no product categories that deviate significantly from the aggregated trend.

Capacity Utilisation (%)

Cat	2013	2014	2015	2016	2017	2018	2019	Q1/ 2020	Q2/ 2020
1	100	104	100	80	85	71	85	76	91
2	100	105	90	58	74	70	68	67	58
4	100	93	95	60	62	67	64	67	33
5	100	113	108	117	113	115	118	94	92
6	100	105	101	96	96	92	83	72	101
7	-	-	-	-	-	-	-	-	-
Total	100	102	100	85	80	80	83	75	85

352. Average capacity utilisation in relation to family group 1 generally decreased across the POI, rising slightly in 2019 and falling again in 2020. Capacity utilisation remained at low levels across the POI and MRP. After an increase in 2014, levels dropped in 2015 and further in 2016. Category 4 experienced the sharpest decrease in the POI before stabilising in the MRP and then falling sharply in the second quarter of 2020.

353. At an aggregated group level capacity utilisation indicates serious injury for UK producers in relation to family group 1. At a category level, there are no product categories that deviate significantly from the aggregated trend.

Profit Margin (%)

Cat	2013	2014	2015	2016	2017	2018	2019	Q1/ 2020	Q2/ 2020
1	-	-	-	-	-	-	-	-	-
2	-	-	-	-	-	-	-	-	-
4	-	-	-	-	-	-	-	-	-
5	-	-	-	-	-	-	-	-	-
6	-	-	-	-	-	-	-	-	-
7	-	-	-	-	-	-	-	-	-
Total	-100	-110	-226	-118	-1	-100	-177	-253	-189

*Figures redacted at category level due to confidentiality.

354. Although average profit margins have fluctuated across the POI, UK producers have struggled to make and sustain a profit in relation to most product categories in product group 1. Considering all product categories in product family 1 the only positive profit margin for any category was achieved in 2017 where a small subset had a large increase. However, they all have decreased since 2017 and there has been no positive indication in the MRP. They have fallen rapidly in 2019 and there was a sharp drop in the first quarter of 2020.

355. Profit margins remaining low throughout the POI indicate serious injury for domestic producers.

356. At an aggregated group level profit indicates serious injury for UK producers in relation to family group 1. At a category level, there are no product categories that deviate significantly from the aggregated group trend.

Employment

Employee Numbers

Cat	2013	2014	2015	2016	2017	2018	2019	Q1/ 2020	Q2/ 2020
1	100	97	92	91	77	56	68	63	89
2	100	97	83	67	69	59	57	57	52
4	100	95	96	77	64	61	59	62	32
5	100	85	80	110	85	78	79	62	65
6	100	98	92	111	90	76	69	61	91
7	-	-	-	-	-	-	-	-	-
Total	100	95	90	86	75	62	65	61	66

357. Throughout the POI and MRP there was a steady decline in employee numbers before levelling off after 2018. There was a period of stabilisation in the MRP after the imposition of EU safeguard measure. Categories 1 and 5 saw a slight increase in 2019 before a decline in the MRP.

358. Generally, there was a decrease in employment from the start of the POI to the end of the MRP.

359. At the aggregated group level employment trend indicates serious injury for UK producers in relation to family group 1. At a category level, product categories 1 and 5 deviate from group trend during annual periods but all product categories followed the general trend during the POI and MRP.

Median Wage (£)

Cat	2013	2014	2015	2016	2017	2018	2019	Q1/ 2020	Q2/ 2020
1	100	100	96	99	103	108	105	109	110
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
6	100	101	96	99	103	108	106	110	110
7	-	-	-	-	-	-	-	-	-
Total	100	100	96	99	103	108	105	110	110

360. Average median wage for domestic producers for product group 1 remain generally stable throughout the POI. Wages increased in 2018 and in 2020. Data from categories 2-6 is based on company-wide productivity due to producers not being able to provide us with product-specific data. With median wages increasing in the POI even before the EU safeguard measure was introduced and a lack of product-specific data it is not possible to ascertain serious injury from this indicator.

361. At an aggregated group level, the median wage indicates no serious injury for UK producers in relation to family group 1. At a category level, there are no product categories that deviate significantly from the aggregated trend.

362. The increase in median wages during the MRP can be partially explained by productivity being consistent during the POI and increasing at a greater rate than median wages during the MRP. This additional explanatory factor for median wages gives greater weight to employment numbers, which show significant serious injury during the POI and MRP. This indicates that there has been serious injury to UK employment at the aggregated group level in relation to group 1.

Price Effects (in the UK, £/Tonne)

Cat		2013	2014	2015	2016	2017	2018	2019	Q1/ 2020	Q2/ 2020
1	EU import value	100	93	77	74	100	110	104	93	88
	Domestic producers' average sales price	100	94	78	72	105	118	109	95	93
	Non-EU import value	100	96	79	76	108	123	115	94	102
2	EU import value	100	94	82	82	103	103	118	107	126
	Domestic producers' average sales price	100	92	76	77	113	119	110	97	97
	Non-EU import value	100	89	73	86	112	125	109	116	109
4	EU import value	100	92	80	84	107	113	108	102	99
	Domestic producers' average sales price	100	94	79	83	110	116	111	97	94
	Non-EU import value	100	97	82	70	101	114	107	94	102
5	EU import value	100	85	80	79	94	110	115	98	97
	Domestic producers' average sales price	100	100	95	90	105	110	113	106	109
	Non-EU import value	100	62	61	57	74	77	76	73	109
6	EU import value	100	98	81	86	84	118	131	126	151
	Domestic producers' average sales price	100	95	88	80	93	104	107	107	104
	Non-EU import value	100	91	81	74	84	92	96	93	94
7	EU import value	100	98	92	86	104	108	112	112	105
	Domestic producers' average sales price	No sales data								

Cat		2013	2014	2015	2016	2017	2018	2019	Q1/ 2020	Q2/ 2020
	Non-EU import value	100	97	103	79	114	128	131	105	111
Total	EU import value	100	93	81	83	103	110	110	102	100
	Domestic producers' average sales price	100	95	81	81	106	115	111	99	106
	Non-EU import value	100	96	84	80	112	125	119	106	114

363. The value of imported goods into the UK have followed fluctuations of domestic producer sales prices. Throughout the POI domestic prices have been lower than at the start of the POI, except for 2017. Although 2017 prices are higher than those at the start of the POI we find indications of serious injury from 2013 to 2016. All product categories saw an increase towards the start of the MRP, likely due to the implementation of the EU safeguard measure in 2018, before levelling off at the end. EU and domestic prices have decreased in 2020 while non-EU prices have increased. Increases and decreases in price generally affect both UK products and imports. This indicates that prices have been increased significantly due to the measure, and its revocation would likely cause prices to return to levels seen in the POI. This could cause serious injury to the UK industry through loss of sales revenue.

364. At an aggregated group level price effects indicates serious injury for UK producers in relation to family group 1. At a category level, there are no product categories that deviate significantly from the aggregated trend.

2.3.3.2 Group 2

Increase in Imports

Absolute Import Volume (Kilotonnes)

Group 2	POI					MRP			
	2013	2014	2015	2016	2017	2018	2019	Q1/ 2020	Q2/ 2020
12A. Non-Alloy and Other Alloy	100	111	106	76	88	125	113	100	78

Group 2	POI					MRP			
	2013	2014	2015	2016	2017	2018	2019	Q1/ 2020	Q2/ 2020
Merchant Bars and Light Sections									
12B. Non-Alloy and Other Alloy Merchant Bars and Light Sections	100	110	89	95	99	112	89	68	36
13. Rebars	100	167	177	114	122	137	126	124	61
14. Stainless Bars and Light Sections	100	110	89	78	83	96	101	78	73
15. Stainless Wire Rod	100	301	150	107	145	145	105	95	117
16. Non-Alloy and Other Alloy Wire Rod	100	105	87	95	96	90	94	103	62
17. Angles, Shapes and Sections of Iron or Non-Alloy Steel	100	108	105	103	100	109	100	60	50
19. Railway Material	100	56	83	170	102	307	962	2,057	772
27. Non-Alloy and Other Alloy Cold Finished Bars	100	93	71	49	56	56	60	55	39
28. Non-Alloy Wire	100	119	121	133	135	138	114	91	67
Aggregated group 2 total	100	119	113	101	103	112	105	88	57

365. There was an absolute increase in imports from 2013 to 2019, with a highest increase of 19% in 2014 when compared to the start of the POI. Imports started to decrease year on year during the MRP, falling by 43% when compared to the start of the POI. The significant decline in sales volume in Q2/2020 could be attributed to COVID-19 affecting the figures.

366. At an aggregated group level absolute imports indicates serious injury for UK producers in relation to family group 2, even when considering the potential impact of COVID-19 on Q2/2020. At a category level, the product categories 14, 16, and 27 do not follow the group trend as they indicate no serious injury for UK producers in relation to family group 2.

Relative Import Volume (% of UK Production)

Product Category	2013	2014	2015	2016	2017	2018	2019	Q1/ 2020	Q2/ 2020
12. Non-Alloy and Other Alloy Merchant Bars and Light Sections	63	74	66	68	69	89	70	61	41
13. Rebars	103	164	177	92	116	143	113	147	125
14. Stainless Bars and Light Sections	994	1,071	901	841	717	821	1,070	712	636
15. Stainless Wire Rod	4	11	6	4	6	6	5	4	7
16. Non-Alloy and Other Alloy Wire Rod	27	30	22	25	26	23	28	25	18
17. Angles, Shapes and Sections of Iron or Non-Alloy Steel	125	118	93	71	82	98	91	56	39
19. Railway Material	2	1	1	3	2	7	24	45	19
27. Non-Alloy and Other Alloy Cold Finished Bars*	10,088	9,084	6,661	4,034	4,734	4,323	4,902	4,741	3,311
28. Non-Alloy Wire*	50	61	70	91	102	102	87	68	53
Aggregated group 2 average	63	74	65	56	62	70	68	55	38

** unauthenticated data used*

367. Import volume relative to domestic production fluctuated across the POI and MRP when compared to the start of the POI, with a high of 74% in 2014 and a low of 38% in Q2/2020. There is no obvious trend in relative imports across the POI or MRP, however the end of the POI shows an increase of 7% in 2017 when compared to the start of the POI. The significant decline in sales volume in Q2/2020 could be attributed to COVID-19 affecting the figures.

368. At an aggregated group level relative imports indicate serious injury for UK producers in relation to family group 2, even when considering the potential impact of COVID-19 on Q2/2020. However, at a category level, the product categories 17 and 27 do not follow the group trend as they indicate no serious injury for UK producers in relation to family group 2.

Absolute Import Volume with Additional Data Periods (Kilotonnes)

Group 2	Index	Additional Data		
	2013	Q3/ 2020	Q4/ 2020	2021

12A. Non-Alloy and Other Alloy Merchant Bars and Light Sections	100	65	64	95
12B. Non-Alloy and Other Alloy Merchant Bars and Light Sections	100	42	88	98
13. Rebars	100	102	87	118
14. Stainless Bars and Light Sections	100	71	77	79
15. Stainless Wire Rod	100	199	194	189
16. Non-Alloy and Other Alloy Wire Rod	100	57	83	78
17. Angles, Shapes and Sections of Iron or Non-Alloy Steel	100	53	78	99
19. Railway Material	100	497	227	145
27. Non-Alloy and Other Alloy Cold Finished Bars	100	39	43	58
28. Non-Alloy Wire	100	86	96	106
Aggregated group 2 total	100	65	81	97

369. From Q3/2020 to 2021, group 2 aggregated imports grew during each period and rose to 2013 levels in 2021 despite the effect of the COVID-19 pandemic. This supports the finding that aggregated import volume data indicates serious injury for UK producers in relation to family group 2.

370. Categories 14, 16, and 27 deviate significantly from the group trend, showing slower and less consistent growth than other categories during the period post-Q2/2020.

Market Share (%)

Cat		2013	2014	2015	2016	2017	2018	2019	Q1/ 2020	Q2/ 2020
12A&B	Domestic	37	34	36	36	37	33	37	37	40
	EU	48	42	44	44	44	46	43	48	47
	Non-EU	15	24	19	19	19	21	20	14	13
13	Domestic	46	37	36	51	46	40	45	42	50
	EU	29	20	15	22	26	22	21	30	30
	Non-EU	24	43	49	28	28	38	34	28	20
14	Domestic	1	1	1	1	1	1	1	0	0
	EU	84	82	81	83	82	86	87	89	92
	Non-EU	15	17	18	16	17	14	12	10	7
15	Domestic	90	73	82	88	82	83	87	91	88
	EU	7	10	13	7	11	8	10	9	12
	Non-EU	2	17	6	5	7	9	3	1	0
16	Domestic	57	57	63	63	63	64	61	61	61
	EU	39	38	34	35	35	34	38	39	39
	Non-EU	4	6	3	2	2	1	1	0	0
17	Domestic	37	36	42	50	47	42	48	61	59
	EU	57	55	53	41	47	51	50	39	38

Cat		2013	2014	2015	2016	2017	2018	2019	Q1/ 2020	Q2/ 2020
	Non-EU	6	9	5	9	6	7	3	1	3
19	Domestic	98	99	98	96	96	89	75	58	82
	EU	2	1	2	4	3	11	24	42	18
	Non-EU	0	0	0	0	0	0	1	0	0
27	Domestic	0	0	0	0	0	0	0	0	0
	EU	82	81	72	72	74	76	72	66	74
	Non-EU	18	19	28	28	26	24	28	34	26
28	Domestic	0	0	0	0	0	0	0	0	0
	EU	68	63	63	66	65	65	61	63	69
	Non-EU	32	37	37	34	35	35	39	37	31
total	Domestic	45	41	44	50	48	44	47	50	54
	EU	44	40	37	36	40	41	40	40	39
	Non-EU	11	19	19	14	13	16	13	10	8

** Categories with no sales data were excluded from aggregated totals to allow for a better comparison*

371. The domestic producer market share has fluctuated between 41% and 54% over the POI and MRP. EU market share has remained relatively stable across the POI and MRP. Non-EU market share has fluctuated between 8% and 19% over the POI and MRP. At an aggregated group level market share does not indicate serious injury for product group 2.

372. At an aggregated level the market share of the UK held by the domestic industry is at most half of the UK market during the POI or MRP. Only product category 17 showed a significant increase in domestic market share during the POI and MRP and all other categories either saw consistent or increasing import penetration. At a category level, all product categories had stable domestic market shares during the POI and MRP, with the exception of product category 17 which showed no market share indication of serious injury.

Sales Volume (Tonnes)

Cat	2013	2014	2015	2016	2017	2018	2019	Q1/2020	Q2/2020
12A&B	100	98	90	88	94	97	94	76	52
13	100	113	114	135	121	107	121	106	72
14	100	85	85	116	157	86	112	99	54
15	100	86	71	85	71	76	74	98	93
16	100	102	110	119	120	119	108	117	71

Cat	2013	2014	2015	2016	2017	2018	2019	Q1/2020	Q2/2020
17	100	104	129	173	152	136	157	156	122
19	100	88	82	73	53	50	58	56	69
27	-	-	-	-	-	-	-	-	-
28	-	-	-	-	-	-	-	-	-
Total	100	102	109	126	115	108	114	111	82

373. The domestic producers' sales volume for product group 2 has increased across the POI and at peak had increased by 26% in 2016 when compared to the start of the POI. During the MRP sales volume remained higher than the start of the POI or all periods except Q2/2020. At an aggregated group level sales volume does not indicate serious injury for family group 2.

374. There are however categories of steel products within group two that do not reflect the group trend. Categories 12A, 12B, 15, and 19 all show a general decrease in sales volume across the POI and MRP.

375. At an aggregated group level production indicates no serious injury for UK producers in relation to family group 2. However, at a category level 12A, 12B, 15, and 19 do not follow the group trend as they indicate serious injury for UK producers in relation to family group 2.

Production Volume (Tonnes)

Cat	2013	2014	2015	2016	2017	2018	2019	Q1/2020	Q2/2020
12A&B	100	95	89	84	88	82	86	79	70
13	100	104	103	127	108	99	115	87	51
14	100	102	99	93	114	117	94	110	114
15	100	102	99	93	114	117	94	110	114
16	100	94	104	99	97	102	89	107	92
17	100	115	141	182	153	140	138	134	163
19	100	113	129	91	72	79	71	80	70
27 Producer 1*	100	100	100	59	59	No production data			
27 Producer 2*	100	103	107	122	120	130	123	117	117
28	100	97	85	72	66	67	65	66	62
Total	100	101	109	112	103	101	97	100	92

** Unauthenticated data used*

376. The production volume for group 2 has increased across the POI and at peak had increased by 12% in 2016 when compared to the start of the POI. During the MRP production volume reduced for all periods when compared to the start of the POI.

377. At an aggregated group level production volume does not indicate serious injury for domestic producers in relation to product group 2.

378. There are however categories of steel products within family group 2, specifically categories 12A, 12B, 19, and 27 (producer 1), that do show a general decrease in production volume across the POI (counter to the group trend) and MRP.

Productivity (Tonnes/Employee)

Cat	2013	2014	2015	2016	2017	2018	2019	Q1/ 2020	Q2/ 2020
12A&B Producer 1	-	-	-	-	100	93	90	123	126
12A&B Producer 2	100	86	87	79	75	62	67	68	71
13	100	105	100	119	104	90	96	73	42
14	100	113	118	126	156	159	134	126	132
15	100	103	93	102	95	89	72	91	61
16 Producer 1	-	-	-	-	100	93	90	123	126
16 Producer 2	100	97	111	88	92	101	84	108	73
17 Producer 1	-	-	-	-	100	93	90	123	126
17 Producer 2	100	75	74	85	94	62	62	61	52
19	-	-	-	-	100	93	90	123	126
27	No data available								
28	No data available								
Total	100	101	107	105	99	97	91	93	59

379. Productivity for family group 2 has remained relatively stable across the POI and has then declined during the MRP when compared to the POI. At an aggregated group level productivity indicates serious injury for domestic producers in relation to family group 2 during the MRP but not the POI.

380. At an aggregated group level productivity indicates serious injury for UK producers in relation to family group 2. However, at a category level 14 do not

follow the group trend as they indicate no serious injury for UK producers in relation to family group 2.

Capacity Utilisation (%)

Cat	2013	2014	2015	2016	2017	2018	2019	Q1/2020	Q2/2020
12A&B	100	94	88	84	89	83	88	82	73
13	100	104	103	127	108	99	115	87	51
14	100	102	99	93	114	117	94	110	114
15	100	99	91	95	92	89	76	95	61
16	100	93	104	93	93	101	89	109	89
17	100	118	149	194	160	149	146	143	178
19	100	113	117	82	65	71	64	75	66
27	-	-	-	-	-	-	-	-	-
28	-	-	-	-	-	-	-	-	-
Total	100	103	111	112	99	97	95	98	95

381. Capacity utilisation for group 2 has remained low and relatively stable across the POI and MRP. It has increased to a high of 60% in 2016 and a low of 51% in Q2/2020. At a group level there is no indication of serious injury across the POI or MRP for family group 2.

382. Category 17 displays an increasing trend across the POI and MRP which does not reflect the group trend. In addition, categories 12A, 12B, 15, and 19 display a decreasing trend across the POI and MRP which also does not reflect the group trend.

383. At an aggregated group level, no serious injury is indicated by capacity utilisation across the POI and MRP. At a product category level, categories 12A, 12B, 15 and 19 do not follow the group trend as they indicate serious injury for UK producers in relation to family group 2.

Profit Margin (%)

Cat	2013	2014	2015	2016	2017	2018	2019	Q1/ 2020	Q2/ 2020
12A&B	-	-	-	-	-	-	-	-	-

13	-	-	-	-	-	-	-	-	-
14	-	-	-	-	-	-	-	-	-
15	-	-	-	-	-	-	-	-	-
16	-	-	-	-	-	-	-	-	-
17	-	-	-	-	-	-	-	-	-
19	-	-	-	-	-	-	-	-	-
27	-	-	-	-	-	-	-	-	-
28	-	-	-	-	-	-	-	-	-
Total	100	133	125	264	267	359	-308	-287	-10

*Figures redacted at category level due to confidentiality.

384. Profit margin for domestic producers in relation to family group 2 has increased throughout the POI but decreased during the MRP. Profit margin was at its lowest in Q2/2020 and at its highest in 2018. Profit margin at the aggregated group level is low, but this obscures the losses incurred by categories 15, 16, 13, and 17.

385. Categories 12A and 12B, 14 and 19 have consistently yielded profit during the POI and MRP, whereas category 15 and 16 have yielded low profits or losses and categories 13 and 17 have consistently yielded losses over the same period. No profit data was submitted for products 27 or 28 during either the POI or the MRP.

386. At an aggregated group serious level injury is indicated across the POI and MRP when considering the low profit levels. At a product category level, categories 12A, 12B, 14 and 19 do not follow the group trend as they indicate no serious injury for UK producers in relation to family group 2.

Employment

Employee Numbers

Cat	2013	2014	2015	2016	2017	2018	2019	Q1/ 2020	Q2/ 2020
12A&B Producer 1	-	-	-	-	100	110	112	69	50
12A&B Producer 2	100	114	112	111	112	111	119	115	113
13	100	99	103	106	104	109	119	119	120
14	100	90	83	73	73	73	70	87	87
15	100	96	98	97	102	104	110	109	104

Cat	2013	2014	2015	2016	2017	2018	2019	Q1/ 2020	Q2/ 2020
16 Producer 1	-	-	-	-	100	107	95	80	76
16 Producer 2	100	99	103	106	104	109	119	119	120
17 Producer 1	-	-	-	-	100	100	102	72	87
17 Producer 2	100	114	112	111	112	111	119	115	113
19	-	-	-	-	100	118	110	90	77
27	-	-	-	-	-	-	-	-	-
28	-	-	-	-	-	-	-	-	-
Total	100	103	104	105	105	107	115	114	113

387. Employment numbers for group 2 display a slight increase across the POI and MRP when compared to the start of the POI – peaking at 115% of 2013 levels in 2019. Employee numbers are relatively consistent for each product category with the exception of category 14, which saw a significant decrease from 2014 to 2016.

388. At a group level aggregated employee numbers do not indicate serious injury for UK producers in relation to family group 2. At the product category level, only category 14 employee numbers indicated serious injury for UK producers in relation to group 2.

Median Wage (£)

Cat	2013	2014	2015	2016	2017	2018	2019	Q1/ 2020	Q2/ 2020
12A&B Producer 1	-	-	-	-	100	104	109	98	101
12A&B Producer 2	100	100	100	100	102	103	104	104	104
13	100	100	100	100	102	103	104	104	104
14	100	111	109	92	112	106	99	109	99
15	100	101	100	100	103	105	106	112	105
16 Producer 1	-	-	-	-	100	103	109	98	101
16 Producer 2	100	100	100	100	102	103	104	104	104
17 Producer 1	100	100	100	100	102	103	104	104	104
17 Producer 2	-	-	-	-	100	106	109	98	101
19	-	-	-	-	100	104	109	98	101
27	-	-	-	-	-	-	-	-	-
28	-	-	-	-	-	-	-	-	-
Total	100	100	100	98	102	103	103	105	103

389. Aggregated median wages for group 2 remain relatively stable across the POI and MRP. There are no product categories that significantly deviate from this trend.

390. At an aggregated group level median wages indicates no serious injury for UK producers in relation to family group 2. At a product category level, there are no categories that deviate significantly from the aggregated trend.

Price Effects (in the UK, £/Tonne)

Cat		2013	2014	2015	2016	2017	2018	2019	Q1/ 2020	Q2/ 2020
12A & B	EU import value	100	97	86	80	100	118	119	114	122
	Domestic producers' average sales price	100	94	81	78	99	107	108	93	98
	Non-EU import value	100	85	86	74	92	103	97	97	138
13	EU import value	100	93	80	79	92	105	104	89	89
	Domestic producers' average sales price	100	91	74	77	96	108	101	92	93
	Non-EU import value	100	89	71	72	93	110	104	98	115
14	EU import value	100	95	86	81	96	105	107	118	105
	Domestic producers' average sales price	100	94	84	76	89	99	100	99	91
	Non-EU import value	100	96	100	91	110	107	113	132	132
15	EU import value	100	96	120	84	98	115	101	97	118
	Domestic producers' average sales price	100	98	90	79	99	108	110	100	99
	Non-EU import value	100	92	101	110	128	135	187	154	962
16	EU import value	100	95	85	79	95	110	101	87	87
	Domestic producers' average sales price	100	93	74	74	95	109	103	94	94
	Non-EU import value	100	97	84	87	113	144	153	294	2,213
17	EU import value	100	94	78	78	90	100	98	91	90

Cat		2013	2014	2015	2016	2017	2018	2019	Q1/ 2020	Q2/ 2020
	Domestic producers' average sales price	100	94	80	75	95	110	106	98	96
	Non-EU import value	100	92	77	70	90	105	108	101	103
19	EU import value	100	148	164	74	94	69	76	75	79
	Domestic producers' average sales price	100	99	95	89	97	105	107	107	113
	Non-EU import value	100	32	76	32	27	23	18	36	19
27	EU import value	100	95	92	99	114	136	139	126	134
	Domestic producers' average sales price	-	-	-	-	-	-	-	-	-
	Non-EU import value	100	89	86	79	97	109	103	99	99
28	EU import value	100	94	90	98	104	104	110	108	112
	Domestic producers' average sales price	-	-	-	-	-	-	-	-	-
	Non-EU import value	100	89	86	79	97	109	103	99	99
Total	EU import value	100	96	82	77	90	105	105	99	105
	Domestic producer's average sales price	100	93	78	75	92	104	101	94	99
	Non-EU import value	100	82	67	69	91	98	97	93	117

** Categories with no sales data were excluded from aggregated totals to allow for a better comparison*

391. Prices for UK producers fell for all years during the POI when compared to 2013. Prices for EU imports have also fallen for all years during the POI, but these decreases are relatively aligned to that of prices of UK producers. Prices for Non-EU imports have fallen throughout the POI, when compared to 2013, and have fallen at a greater rate than domestic producer prices.

392. Prices for UK producers rose from 2018, which we would expect with the implementation of the EU safeguard measure in 2018. Prices are generally

consistent with 2013 price levels for domestic and EU or non-EU imports throughout the MRP and more stable than POI prices. This indicates that if the safeguard measure were revoked prices could revert to the lower price level seen during the POI as they would no longer be supported.

393. At an aggregated group level price effects indicate serious injury for UK producers in relation to family group 2. At a product category level, there are no categories that deviate significantly from the aggregated group 2 trend.

2.3.3.3 Group 3

Increase in Imports

Absolute Import Volume (Kilotonnes)

Group 3	POI					MRP			
	2013	2014	2015	2016	2017	2018	2019	2020 Q1	2020 Q2
20. Gas Pipes	100	164	111	135	107	106	112	119	23
21. Hollow Sections	100	128	105	103	113	113	130	113	32
25A. Large Welded Tubes	100	116	222	95	28	14	81	67	217
25B. Large Welded Tubes	100	144	143	337	209	90	98	218	71
26. Other Welded Pipes	100	110	126	144	141	136	98	78	63
Aggregated group 3 total	100	128	128	140	120	107	109	107	63

394. There was an absolute increase in imports for all years within the POI and MRP, except Q2/2020, when compared to the start of the POI, with the highest increase being recorded in 2016 at 40%. Imports, however, decreased in the MRP when compared to the last year of the POI. The significant decline in sales volume in Q2/2020 could be attributed to COVID-19 affecting the figures. The only product category that deviates significantly from the aggregated group trend is category 25A, which shows a significant decline in absolute import volume towards the end of the POI and start of the MRP.

395. At an aggregated group level absolute import volume indicates serious injury for UK producers in relation to family group 3, even when considering the potential impact of COVID-19 on Q2/2020. At a product category level, only category 25A does not follow the group trend and indicates reduced serious injury for UK producers in relation to family group 3.

Relative Import Volume (% of UK Production)

Product Category	2013	2014	2015	2016	2017	2018	2019	2020 Q1	2020 Q2
20. Gas Pipes	143	228	166	219	185	200	231	231	70
21. Hollow Sections	56	63	52	54	58	57	65	52	21
25A. Large Welded Tubes	1422	1453	4095	2142	7146	5310	1952	Insufficient data	
25B. Large Welded Tubes	1145	1695	1179	2764	783	487	661	2463	535
26. Other Welded Pipes	329	384	541	631	532	565	591	436	364
Aggregated Group 3 Average	123	145	149	173	142	129	137	124	104

396. There was a relative increase in imports for all years within the POI and MRP, except for Q2/2020, when compared to the start of the POI. The significant decline in sales volume in Q2/2020 could be attributed to COVID-19 affecting the figures. The only product category that deviates significantly from the aggregated group trend is category 25B, which shows a significant decline in absolute import volume towards the end of the POI and start of the MRP.

397. At an aggregated group level relative imports indicates serious injury for UK producers in relation to family group 3, even when considering the potential impact of COVID-19 on Q2/2020. At a product category level, only category 25B does not follow the group trend and indicates reduced serious injury for UK producers in relation to family group 3.

Absolute Import Volume with Additional Data Periods (Kilotonnes)

Group 3	Index	Additional Data

	2013	Q3/2020	Q4/ 2020	2021
20. Gas Pipes	100	71	130	106
21. Hollow Sections	100	72	115	126
25A. Large Welded Tubes	100	395	398	59
25B. Large Welded Tubes	100	41	9	53
26. Other Welded Pipes	100	79	93	89
Aggregated group 3 total	100	105	132	98

398. Group 3 aggregated imports grew during the last two quarters of 2020 before falling to volumes similar to 2013 levels despite the effect of the COVID-19 pandemic. This supports the finding that aggregated import volume data indicates serious injury for UK producers in relation to family group 3.

399. Category 25B deviates from the group trend due to import volume falling during the last two quarters of 2020 and rising only during 2021 to a level significantly lower than seen during any period within the POI or MRP. This reduces the likelihood that category 25B would incur injury if the measure were to be revoked

Market Share (%)

Cat		2013	2014	2015	2016	2017	2018	2019	Q1/ 2020	Q2/ 2020
20	Domestic	31	21	28	24	28	27	25	25	51
	EU	12	7	15	24	18	16	18	16	22
	Non-EU	57	72	57	52	54	57	57	58	27
21	Domestic	46	43	50	51	47	49	46	51	69
	EU	18	14	13	13	11	12	11	11	16
	Non-EU	36	43	37	37	41	39	43	38	15
25A	Domestic	0	1	0	0	1	1	1	0	0
	EU	20	63	92	91	69	89	13	13	98
	Non-EU	80	36	8	8	30	9	86	87	2
25B	Domestic	3	2	2	1	1	2	2	1	9
	EU	72	70	63	88	44	64	80	91	56
	Non-EU	25	28	35	11	55	34	18	9	34
26	Domestic	9	9	7	6	7	6	8	9	9
	EU	51	43	36	31	32	29	38	40	50
	Non-EU	40	48	57	63	61	65	55	50	41
Total	Domestic	28	25	26	24	27	30	30	31	32
	EU	29	27	33	35	23	21	22	27	48
	Non-EU	43	48	41	41	50	49	49	43	20

400. EU and Non-EU market share generally decreased over the end of the POI and MRP. The domestic producer market share decreased from 2013-2016 but increased during the MRP possibly as a result of the EU safeguard measure. Domestic market shares particularly increased for category 20 at the end of the MRP, and the domestic market share of category 21 increased over both the POI and the MRP.

401. At an aggregated group level, market share indicates serious injury for UK producers in relation to family group 3. At a product category level, only category 21 does not follow the group trend and indicates reduced serious injury for UK producers in relation to family group 3.

Sales Volume (Tonnes)

Cat	2013	2014	2015	2016	2017	2018	2019	Q1/ 2020	Q2/ 2020
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	-	-
25B	100	99	104	90	85	60	85	63	269
26	100	106	90	96	98	90	77	78	62
Total	100	110	117	117	114	117	118	123	77

402. The sales volume for UK producers for family group 3 increased in 2014 and 2015 and remained stable up to the first half of 2020. In the second quarter of 2020 it dropped significantly to a level below that seen in 2013. At an aggregated group level sales volume does not indicate serious injury for family group 3.

403. However, the sales volume increase for group 3 is entirely driven by product category 21 as sales for the remaining categories either decrease across the POI and MRP or are below the 2013 levels.

404. At an aggregated group level, sales volume indicates no serious injury for UK producers in relation to family group 3. At a product category level, categories 20, 25A, 25B and 26 do not follow the group trend as they indicate serious injury for UK producers in relation to family group 3.

Production Volume (Tonnes)

Cat	2013	2014	2015	2016	2017	2018	2019	Q1/ 2020	Q2/ 2020
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	-	-
25B	100	97	139	139	305	212	169	102	152
26	100	94	76	75	87	79	55	59	57
Total	100	109	106	100	104	102	98	106	75

405. The production volume for group 3 has remained relatively stable across the POI and MRP but has fallen by 25% in Q2/2020 when compared to the start of the POI. At an aggregated group level production volume does not indicate serious injury for domestic producers in relation to family group 3 during the MRP or POI.

406. There are however categories of steel products within family group 3, specifically categories 20, 25A, and 26 that show a general decrease in production volume across the POI and MRP.

407. At an aggregated group level production volume indicates no serious injury for UK producers in relation to family group 3. At a product category level, categories 20, 25A, and 26 do not follow the group trend as they indicate significant serious injury for UK producers in relation to family group 3.

Productivity (Tonnes/Employee)

Cat	2013	2014	2015	2016	2017	2018	2019	Q1/ 2020	Q2/ 2020
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	-	-
25B	100	108	109	86	107	120	120	119	111
26	100	108	109	86	107	120	120	119	111
Total	100	108	109	86	107	120	120	119	111

408. Productivity for family group 3 has increased for all years across the POI and MRP, except for 2016 when there was a decline of 14%. At its peak,

productivity had increased by 20% in years 2018 and 2019 when compared to the start of the POI. At an aggregated group level productivity does not indicate serious injury for domestic producers in relation to family group 3 during the POI or MRP.

409. Productivity is the same for all categories as the producer was not able to provide us with product-specific data.

410. At an aggregated group level productivity indicates no serious injury for UK producers in relation to family group 3. At a product category level, there are no categories that deviate significantly from the aggregated group 3 trend.

Capacity Utilisation (%)

Cat	2013	2014	2015	2016	2017	2018	2019	Q1/ 2020	Q2/ 2020
20	100	111	102	96	102	109	105	112	80
21	100	111	102	96	102	109	105	112	80
25A	100	111	102	96	101	110	105	-	-
25B	100	111	102	96	102	109	105	112	80
26	100	111	102	96	102	109	105	112	80
Total	100	111	102	96	102	109	105	112	80

411. Capacity utilisation for group 3 remained relatively stable across the POI and MRP - increasing to a maximum of 12% above and fell to a minimum of 20% below 2013 levels.

412. At an aggregated group level capacity utilisation indicates no serious injury for UK producers in relation to family group 3. At a product category level, there are no categories that deviate significantly from the aggregated group 3 trend.

Profit (%)

Cat	2013	2014	2015	2016	2017	2018	2019	Q1/ 2020	Q2/ 2020
20	-	-	-	-	-	-	-	-	-
21	-	-	-	-	-	-	-	-	-
25A	-	-	-	-	-	-	-	-	-
25B	-	-	-	-	-	-	-	-	-
26	-	-	-	-	-	-	-	-	-

Total	-100	-172	-151	-116	-246	-231	-216	-103	-230

*Figures redacted at category level due to confidentiality.

413. Profit margin for domestic producers in relation to family group 3 fluctuated across the POI and MRP, though they were negative in all years. Profit margins were the lowest in 2017 and improved afterwards up to Q2/2020. At an aggregated group level serious injury is indicated across the POI and MRP when considering the negative profit levels. At a category level, only 25B has consistently generated positive profit during the POI and MRP.

414. At an aggregated group level profit indicates serious injury for UK producers in relation to family group 3. At a product category level, only category 25B deviates from the aggregated group 3 trend and indicate no serious injury for UK producers in relation to family group 3.

Employment

Employee Numbers

Cat	2013	2014	2015	2016	2017	2018	2019	Q1/ 2020	Q2/ 2020
20	100	95	87	102	77	63	58	62	43
21	100	105	104	123	103	93	94	103	75
25A	100	105	7	7	5	3	5	-	-
25B	100	90	128	161	285	177	142	86	137
26	100	87	70	87	81	66	46	50	51
Total	100	101	97	115	97	85	82	89	67

415. Employment numbers for group 2 peaked at a 15% increase in 2016 when compared to the start of the POI. However, employment numbers decreased for years 2017 to Q2/2020 and with all showing levels lower when compared to the start of the POI. At group level employment numbers indicate serious injury for family group 3.

416. Category 25B shows a different trend to that of the group level total. Employment numbers have increased for all years during the POI and MRP,

except for years 2014 and Q1/2020. Increases peaked at 185% in 2017 when compared to the start of the POI.

417. The UK producer of group 3, which also produces under group 1, supplied company-wide employee numbers, which were then split by product category according to the production volume of each category. The total number of employees from this producer declined over the POI and MRP, therefore, any increases in employment for categories in group 3 are more likely to reflect increases in production.

418. Data from category 26 is based on company-wide employment numbers due to producers not being able to provide us with product-specific data.

419. At an aggregated group level employment numbers indicates serious injury for UK producers in relation to family group 3. At a product category level, category 25B does not follow the aggregated group 3 trend as they indicate no serious injury for UK producers in relation to family group 3.

Median Wage (£)

Cat	2013	2014	2015	2016	2017	2018	2019	Q1/ 2020	Q2/ 2020
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	99	103	108	106	110	110

420. Average median wage for group 3 shows modest increase for all years within the POI and MRP, except for 2015 and 2016. The median wage peaked in Q1/2020 and Q2/2020 and remained within 10% of the 2013 level during the POI and MRP.

421. At an aggregated group level median wage indicates no serious injury for UK producers in relation to family group 3. At a product category level, there are no product categories that deviate significantly from the aggregated group 3 trend.

422. The increase in median wages during the MRP can be partially explained by productivity being consistent during the POI and increasing at a greater rate than median wages during the MRP. This additional explanatory factor for median wages gives greater weight to employment numbers, which show significant serious injury during the MRP. This indicates that there has been serious injury to UK employment at the aggregated group level in relation to group 3.

Price Effects (in the UK, £/Tonne)

Cat		2013	2014	2015	2016	2017	2018	2019	Q1/ 2020	Q2/ 2020
20	EU import value	100	107	95	86	103	130	136	124	88
	Domestic producers' average sales price	100	94	81	72	87	93	89	81	81
	Non-EU import value	100	95	90	82	118	126	124	107	161
21	EU import value	100	95	89	90	116	121	114	107	111
	Domestic producers' average sales price	100	97	87	83	103	113	107	97	99
	Non-EU import value	100	91	84	78	102	115	111	103	115
25A	EU import value	100	75	65	43	73	107	92	87	64
	Domestic producers' average sales price	100	97	88	76	93	99	112	-	-
	Non-EU import value	100	104	83	99	90	163	137	75	162
25B	EU import value	100	80	46	105	178	243	95	104	49
	Domestic producers' average sales price	100	96	86	81	89	97	102	85	90
	Non-EU import value	100	18	36	32	25	11	24	10	33
26	EU import value	100	95	99	147	209	171	142	169	93
	Domestic producers' average sales price	100	98	87	79	98	109	107	99	100
	Non-EU import value	100	87	67	55	69	78	92	82	87
Total	EU import value	100	89	75	109	175	166	121	130	73
	Domestic producers' average sales price	100	96	85	80	98	108	102	93	94

Cat		2013	2014	2015	2016	2017	2018	2019	Q1/ 2020	Q2/ 2020
	Non-EU import value	100	73	76	66	86	85	87	72	115

423. Prices for UK producers have fallen for all years during the POI and MRP, except for 2018, when compared to the start of the POI. Prices for EU imports have risen from 2016 to Q1/2020 but have fallen again in Q2/2020 when compared to the start of the POI. Prices for Non-EU imports have decreased for all years, except for Q2/2020, when compared to the start of the POI.

424. This indicates that if the safeguard measure were revoked prices could decrease further to the lower price level seen during the POI as they would no longer be supported.

425. At an aggregated group level, price effects indicate serious injury for UK producers in relation to family group 3. At a product category level, there are no categories that deviate significantly from the aggregated group 3 trend.

2.3.4 Summary of Findings

426. This chapter has assessed indicators for serious injury at the industry level, causation and non-attribution at the industry level, and indicators for serious injury at the group level.

427. Indicators are not weighted in this assessment – all are considered equally. There is no single pattern, threshold, or value which would allow the TRA to conclude whether there is or is not injury, and this assessment is not made on the balance of how many indicators do or do not show impairment. Nor does a contrary indication – either an indicator or a category showing a picture inconsistent with others – invalidate an overall finding. Overall, we are establishing whether the domestic industry shows signs of existing or threatened serious injury. The TRA assess the indicators together to understand whether they would collectively support a finding that the industry position depicted is impaired.

428. At an industry level, assessments for increase in imports, market share, sales value, sales volume, production volume, productivity, capacity utilisation, profit, employment, and price effects have been undertaken to identify any indications of serious injury. For all assessments at industry level an indication of serious injury has been found in at least some of these indicators, except for productivity where no indication of serious injury was found. While productivity can be a useful indicator, we do not consider that the absence of an indication of serious injury on it alone can invalidate a finding based on indications of serious injury from several other indicators.

429. At an industry level COVID-19, the UK's departure from the EU, and cost of production have been assessed to establish whether they could also be a cause of serious injury. Whilst the TRA acknowledges 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 foreseeably break a link between import pressure and serious injury.

430. At aggregated group level assessments for increase in imports, market share, sales volume, production volume, productivity, capacity utilisation, profit, employment, and price effects have been undertaken to identify any indications of serious injury.

431. For group 1 an indication of serious injury has been found in all assessments except productivity where no indication of serious injury was found.

432. There is an indication of serious injury when considering the injury indicators in group 1 together. Although there is an increase in productivity this is considered against a decrease in sales volume and production volume. In addition, there are increasing imports and a decreasing domestic market share, alongside a decrease in prices and negative profits.

433. For group 2 an indication of serious injury has been found in all assessments except sales volume, production volume, market share, capacity utilisation, and employment where no indication of serious injury was found.

434. There is an indication of serious injury when considering the injury indicators in group 2 together. Despite an increase in imports, UK producers have been able to retain their level of market share through increased production and sales. However, there is an indication that this has only been achieved by UK industries reducing prices and returning negative profits.

435. For group 3 an indication of serious injury has been found in all assessments except sales volume, production volume, productivity, and capacity utilisation where no indication of serious injury was found.

436. There is an indication of serious injury when considering the injury indicators in group 3 together. Although there are increases in sales volume, production volume, productivity, and capacity utilisation, this is considered alongside increasing imports and a decreasing domestic market share which suggests that UK producers are not equally benefiting from a growing market. This is further supported by UK producers experiencing a decrease in prices and negative profits.

437. As a result of the above assessments at industry and group level the TRA finds that there are indications of serious injury and threat of serious injury to UK producers for all three steel product category groups.

2.4 Reconsideration Call-In Chapter – Necessity of TRQ Continuation (Assessment 2(d))

Overview TRA findings for assessment stage	2d
Group/Category	**Is TRQ continuation necessary?**
1 – flat products (aggregated)	
1. Non-Alloy and Other Alloy Hot Rolled Sheets and Strips	y
2. Non-Alloy and Other Alloy Cold Rolled Sheets	y
4. Metallic Coated Sheets	y
5. Organic Coated Sheets	y
6. Tin Mill Products	y
7. Non-Alloy and Other Alloy Quarto Plates	y
2 – long products (aggregated)	
12A. Non-Alloy and Other Alloy Merchant Bars and Light Sections	y
12B. Non-Alloy and Other Alloy Merchant Bars and Light Sections	y
13. Rebars	y
14. Stainless Bars and Light Sections	n/a
15. Stainless Wire Rod	n/a
16. Non-Alloy and Other Alloy Wire Rod	y
17. Angles, Shapes and Sections of Iron or Non-Alloy Steel	y
19. Railway Material	y
27. Non-Alloy and Other Alloy Cold Finished Bars	n/a
28. Non-Alloy Wire	n/a
3 – pipes/tubes (aggregated)	
20. Gas Pipes	y
21. Hollow Sections	y
25A. Large Welded Tubes	y
25B. Large Welded Tubes	y
26. Other Welded Pipes	y

438. Under point 2(d) of the directed assessment the TRA has considered whether any continuation of a tariff rate quota is necessary at an individual product category level to prevent or remedy serious injury or threat of serious injury to UK producers.

439. Safeguard measures are intended to contain a surge in imports and allow time for domestic producers to adjust to injurious import pressures.

440. In context of the called-in reconsideration of transition review TF0006 the TRA find that the evidence would support an argument that it is necessary to extend a safeguard measure where revoking the measure could increase import pressure and thereby impede UK producers' adjustment or otherwise cause prolonged or exacerbated serious injury to domestic industry.

441. The TRA finds that revocation of the safeguard measure is likely to result in increased import volumes across all steel product categories resulting in increased import pressure on the domestic industry (See Chapter 2.2).

442. The TRA further finds that the UK steel production industry is experiencing serious injury and is likely to suffer further serious injury if the measure were to be revoked (See Chapter 2.3).

443. The TRA consequently finds that the evidence supports a conclusion that extending the safeguard measure where possible at individual product category level is necessary to prevent or remedy serious injury or threat of serious injury to UK producers.

444. The product categories for which TRQs may be extended are 1, 2, 4, 5, 6, 7, 12a, 12b, 13, 16, 17, 19, 20, 21, 25A, 25B, and 26 (See Chapter 5).

2.5 Reconsideration Call-In Chapter – Adjustment Plans (Assessment 2(e))

Overview TRA findings for assessment stage	2e
Group/Category	**Is UK industry adjusting?**
1 – flat products (aggregated)	**Y**
1. Non-Alloy and Other Alloy Hot Rolled Sheets and Strips	y
2. Non-Alloy and Other Alloy Cold Rolled Sheets	y
4. Metallic Coated Sheets	y
5. Organic Coated Sheets	y
6. Tin Mill Products	y
7. Non-Alloy and Other Alloy Quarto Plates	y
2 – long products (aggregated)	**Y**
12A. Non-Alloy and Other Alloy Merchant Bars and Light Sections	y
12B. Non-Alloy and Other Alloy Merchant Bars and Light Sections	y
13. Rebars	y
14. Stainless Bars and Light Sections	y
15. Stainless Wire Rod	y
16. Non-Alloy and Other Alloy Wire Rod	y
17. Angles, Shapes and Sections of Iron or Non-Alloy Steel	y
19. Railway Material	y
27. Non-Alloy and Other Alloy Cold Finished Bars	y
28. Non-Alloy Wire	y
3 – pipes/tubes (aggregated)	**Y**
20. Gas Pipes	y
21. Hollow Sections	y
25A. Large Welded Tubes	y
25B. Large Welded Tubes	y
26. Other Welded Pipes	y

2.5.1 Background

445. Under point 2.e of the directed assessment the TRA has considered whether there is evidence that the UK producers are adjusting to the importation of like goods and directly competitive goods.

446. The TRA has assessed adjustment plans provided by UK producers to determine whether these provide sufficient evidence that the domestic industry

has been adjusting since the EU safeguard measure was put in place and that sufficient planning is in place for further adjustment.

2.5.2 Adjustment Plans

447. UK producers provided the TRA with adjustment plans containing the measures that they have planned or initiated in order to demonstrate their adjustment to market conditions.

448. The TRA has assessed six aspects (identified aspects from received questionnaires) of these authenticated adjustment plans:

1) Staff reduction
2) Asset closure
3) Production strategy
4) Pricing strategy
5) Investment
6) Carbon reduction and sustainability

449. For each of the sampled UK producers, the TRA has reviewed the adjustment plans provided against other information from questionnaire responses and open-source research, to understand what measure have been taken or are planned and the timeframe and impact of these. This analysis enables us to find 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 were to be revoked.

2.5.3 Summary of Findings

2.5.3.1 Staff Reduction

450. 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.

451. There is evidence stating that some producers are reducing staff numbers to improve their cost competitiveness and financial performance, and in doing so help facilitate their adjustment. One UK producer committed to reducing the number of employees by around 20% between 2017 and 2020. Another UK producer announcing to reduce employment by 3,000 employees in 2019.

452. These adjustments have been driven by increasing costs and decreasing demand within the steel market. Overall, the UK steel industry is aiming to improve financial performance by reducing staff numbers.

2.5.3.2 Asset Closure

453. Asset closure has been adopted by UK producers as an adjustment method to increase sustainability, reduce separate legal entities to reduce costs and complexity, aid in transparency, and increase governance. There is evidence to suggest that some producers are closing assets or are planning the closure of assets to help facilitate their adjustment. One UK producer closed its mills in 2015 and sold small distribution sites in order to focus on sales to larger independent stockists in 2020. Another UK producer is seeking buyers for business units that cater mainly to niche markets and simplifying its corporate structure.

2.5.3.3 Production Strategy

454. Production Strategy is an important part of the adjustment plans as UK producers aim to reduce costs and increase efficiency.

455. There is evidence to suggest that some producers are reducing their volumes of production to help facilitate their adjustment. Generally, production is being reduced to match market demand. Producers are aiming to reduce costs and increase efficiencies through the optimisation and streamlining of their production processes.

2.5.3.4 Pricing Strategy

456. Some UK producers are adjusting by implementing pricing strategies to reflect market conditions and reduce costs. These strategies include adjusting prices to reflect market conditions, ‘in-sourcing’ contracts, improving cash flow management, improving product mix, and increase sales of higher value steels. These will ultimately reduce costs and increase earnings before interest, taxes, depreciation, and amortization through targeted investments on productivity, sustainability, and value-added growth

2.5.3.5 Investment

457. UK producers have included investment in their adjustment plans. There is evidence to suggest that some producers are investing, or planning to invest, intending to improve competitiveness by increasing productivity and innovation, releasing new products onto the market, and providing better quality goods. One UK producer has committed investment of £1.2bn.

2.5.3.6 Carbon Reduction and Sustainability

458. Carbon reduction and sustainability measures have been implemented by many producers in order to reduce costs, support clean growth, and increase efficiencies whilst protecting and creating new jobs. There is evidence to suggest that some producers are actively planning to reduce their carbon emissions to facilitate their adjustment. Plans and commitments have been provided by producers to show how they expect to reduce emissions or capture those they are producing. Measures also include reusing waste and minimising water use.

2.5.4 Findings

459. The TRA has found that authenticated adjustment plans from UK producers outline clear and realistic strategies and timeframes to complete adjustment strategies. Evidence has been provided of taking the actions set out throughout the POI and MRP giving assurance that the plans are deliverable. While the TRA has not been able to identify end dates for some of the measures within the adjustment plans, because they have been described as ongoing, the TRA

analysis suggests 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 measure 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.

3.1 TRA Reconsideration Call-In Chapter – Increase in Imports and Significance (Assessment 3(a))

Overview TRA findings for assessment stage	3a	
Group/Category	Shows 'significant' increase over POI	
	Absolute	Relative
1 – flat products (aggregated)	**Y**	**Y**
1. Non-Alloy and Other Alloy Hot Rolled Sheets and Strips	n	y
2. Non-Alloy and Other Alloy Cold Rolled Sheets	y	y
4. Metallic Coated Sheets	y	y
5. Organic Coated Sheets	y	y
2 – long products (aggregated)	**Y**	**Y**
13. Rebars	y	y
19. Railway Material	y	y
3 – pipes/tubes (aggregated)	**Y**	**Y**
20. Gas Pipes	y	y
21. Hollow Sections	y	n
25A. Large Welded Tubes	n	y
25B. Large Welded Tubes	y	n
26. Other Welded Pipes	y	y

460. For point 3(a) of the directed assessment under call-in, the TRA has considered whether the goods listed in the 10 steel product categories recommended by the TRA in 2021 in three 'family groups' were imported into the United Kingdom in increased quantities during the period of investigation applied during the transition review (TF0006) and whether this increase was significant.

461. Where the only available data to TRA in undertaking an assessment is unauthenticated then this has been used. Where TRA have authenticated and unauthenticated data available for assessments, only the authenticated data has been used. Where unauthenticated data has been used this has been referenced in the relevant tables.

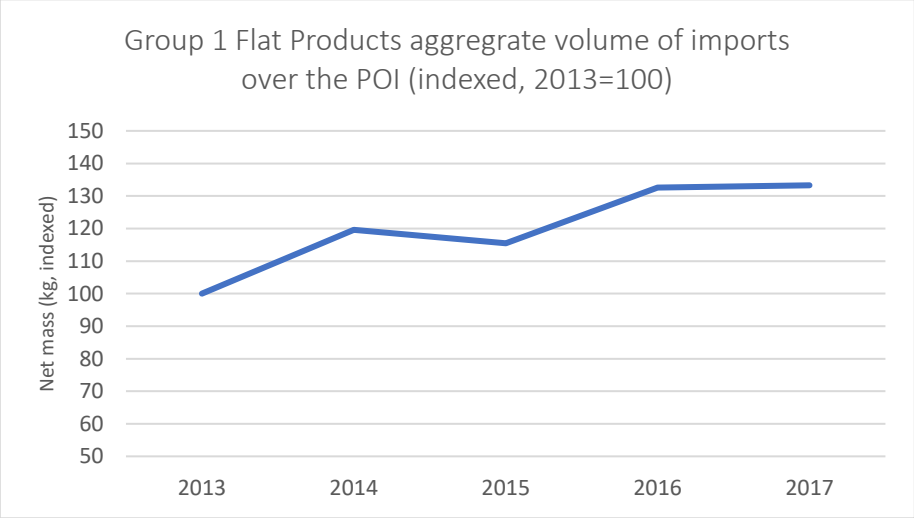
3.1.1 Absolute Increase

3.1.1.1 Group 1

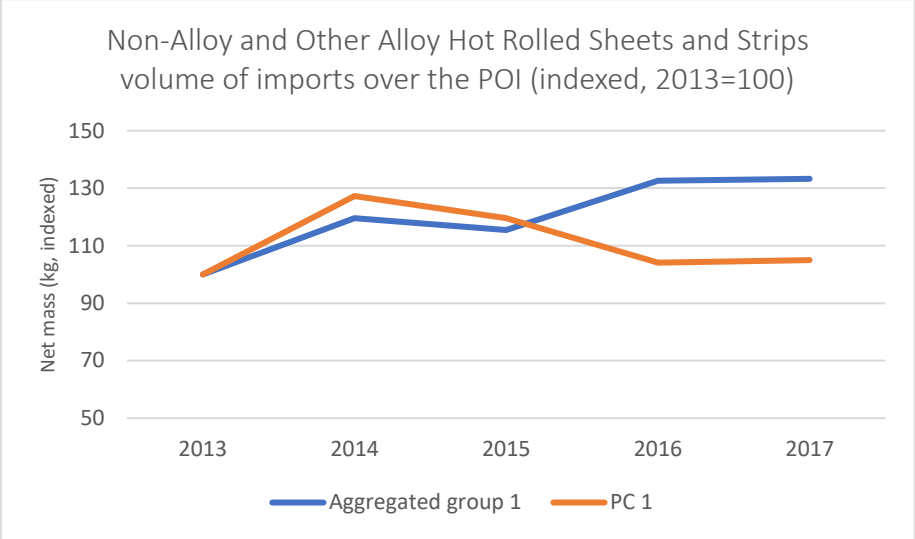
462. We find that the aggregated UK import data for group 1 (flat products) does show a sudden, recent, sharp, and significant absolute increase.

Group 1	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	108	152	148
5. Organic Coated Sheets	100	136	187	210	232
Aggregated Total	100	120	115	133	133

463. Annual UK imports increased by 33% over the POI. There was a 20% increase in import volume in 2014, followed by a 4% decline in imports in 2015. There was a further 16% increase in import volume in 2016 followed by a plateau in 2017.



464. Non-Alloy and Other Alloy Hot Rolled Sheets and Strips (PC 1) deviates from the absolute aggregated trend of group 1 over the POI. Following a 27% increase in 2014, import volume for PC 1 declined 6% in 2015 and 13% in 2016, then grew 1% in 2017. Import volume grew only 5% during the POI.

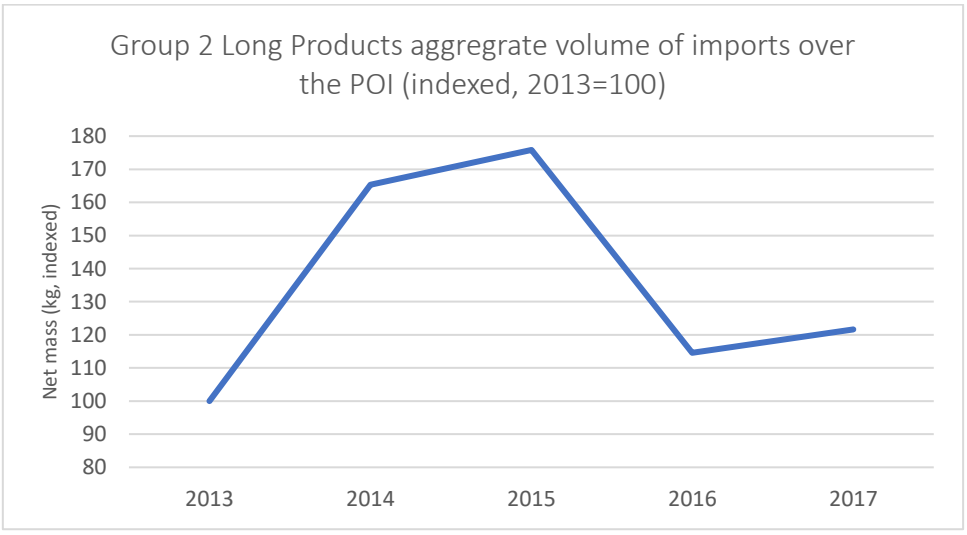


3.1.1.2 Group 2

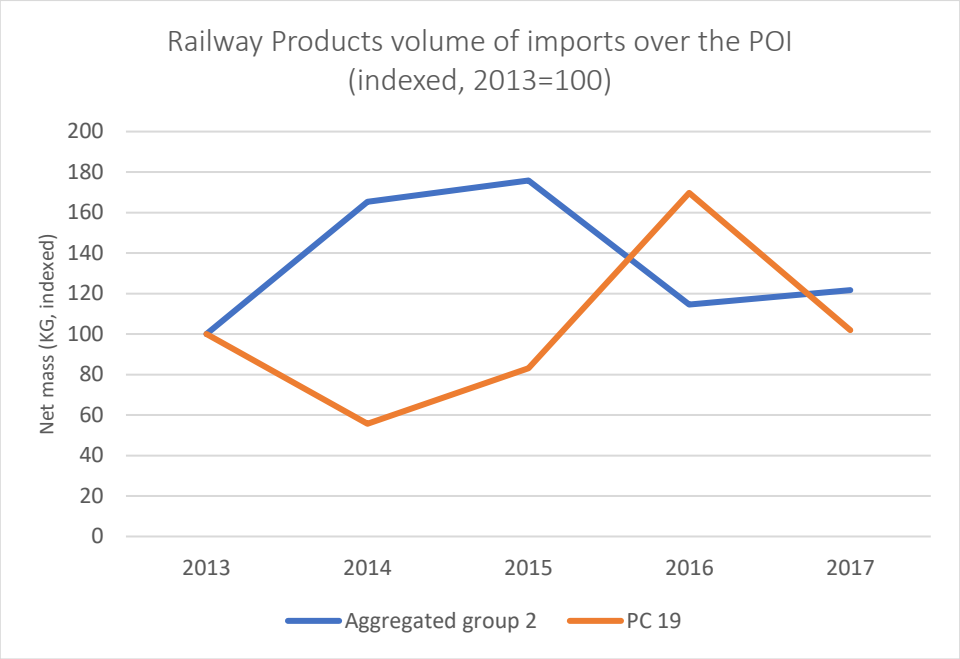
465. We find that the aggregated UK import data for group 2 (long products) does show a sudden, recent, sharp, and significant absolute increase.

Group 2	2013	2014	2015	2016	2017
13. Rebars	100	167	177	114	122
19. Railway Material	100	56	83	170	102
Aggregated Total	100	165	176	115	122

466. Over the POI there was a 22% increase in annual absolute import volume. In 2014 there was a 65% increase in UK imports of group 2 products, followed by a 7% increase in 2015. Imports fell 35% in 2016 before growing 6% in 2017.



467. Railway products (PC 19) deviates from the aggregated trend of group 2 over the POI. Import volume fell in 2014, grew slightly in 2015, and rose sharply in 2016 before returning to near 2013 levels in 2017. Over the POI import volume increased 2%. This behaviour is contrary to the aggregated group trend, nonetheless due to the significant rise in import volume in 2016 category 19 meets the criteria.



3.1.1.3 Group 3

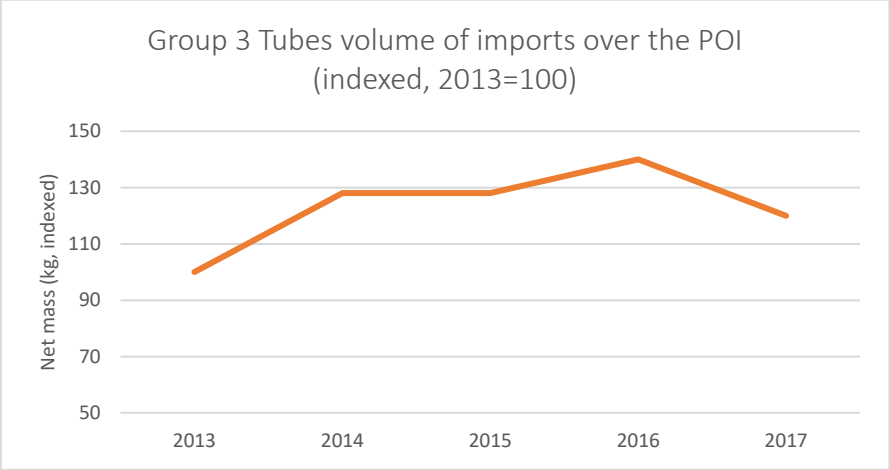
468. We find that the aggregated UK import data for group 3 (pipes/tubes) does show a sudden, recent, sharp, and significant absolute increase.

469. As all five product categories in group 3 were recommended for extension by the TRA in 2021, the data and analysis in 3.1.1.3 will be the same as 2.1.1.3.

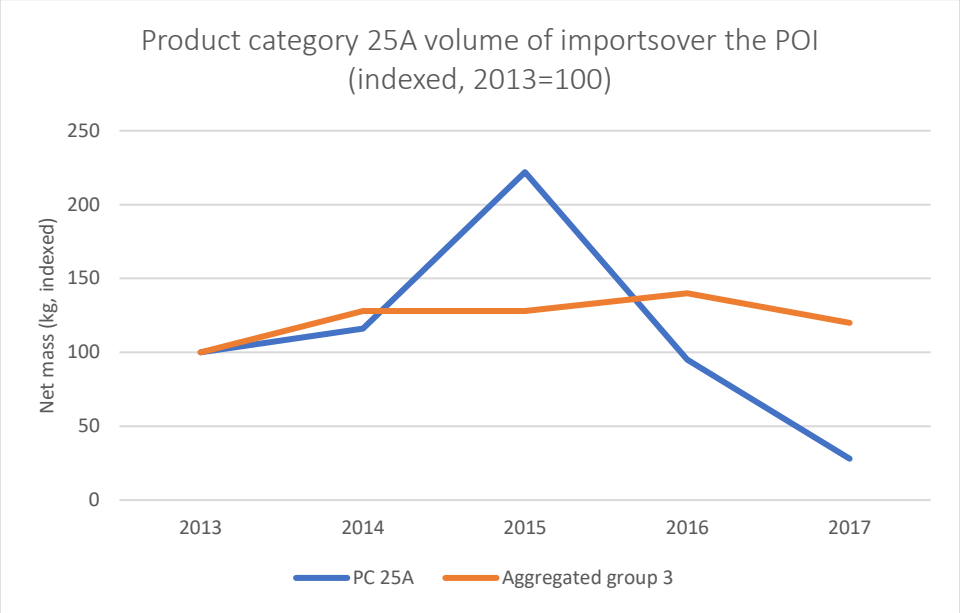
Group 3	2013	2014	2015	2016	2017
20. Gas Pipes	100	164	111	135	107
21. Hollow Sections	100	128	105	103	113
25A. Large Welded Tubes	100	116	222	95	28

25B. Large Welded Tubes	100	144	143	337	209
26. Other Welded Pipes	100	110	126	144	141
Aggregated Total	100	128	128	140	120

470. Over the POI there was a 20% increase in annual group 3 import volume. From 2013 to 2014 import volume grew 28%. Import volume grew 9% from 2015 to 2016 followed by a decrease of 14% import volume 2016 to 2017.



471. Large welded tubes (PC 25A) deviated from the aggregated trend of group 3 over the POI. Imports grew 16% in 2014, then grew 89% in 2015, then fell 57% in 2016 and fell a further 71% in 2017. There was a 72% reduction in import volume over the POI.



3.1.2 Relative Increase

3.1.2.1 Group 1

472. We find that the aggregated UK import data for group 1 (flat products) does show a sudden, recent, sharp, and significant relative increase.

Group 1	Imports as % of UK production				
	2013	2014	2015	2016	2017
1. Non-Alloy and Other Alloy Hot Rolled Sheets and Strips	57	70	68	75	71
2. Non-Alloy and Other Alloy Cold Rolled Sheets	47	56	61	91	77
4. Metallic Coated Sheets	144	157	149	329	310
5. Organic Coated Sheets	25	37	54	56	64
Aggregated Total	79	92	94	143	129

473. During the POI, for group 1, total import relative to domestic production increased from 79 percentage points to 129 percentage points and followed a similar pattern to the absolute analysis. There were significant increases in 2014 and 2016 and declined only in 2017 by 14 percentage points.

474. None of the individual product categories deviate significantly from the aggregated group trend. All categories rose across the POI and grew during the most significant aggregated growth periods of 2014 and 2016.

3.1.2.2 Group 2

475. We find that the aggregated UK import data for group 2 (long products) does show a sudden, recent, sharp, and significant relative increase.

Group 2	Imports as % of UK production				
	2013	2014	2015	2016	2017
13. Rebars	103	164	177	92	116
19. Railway Material	2	1	1	3	2
Aggregated Total	60	92	93	62	79

476. Group 2 relative imports rose from 60 to 79 percentage points of domestically produced volume during the POI. There were significant rises in relative volume of 32 and 17 percentage points in 2014 and 2017 respectively, and a fall of 31 percentage points in 2016.

477. Product category 19 deviates significantly from the aggregated trend as it increases only in periods where the aggregated trend decreases and decreases only when the aggregated trend increases. However, the 2016 value of 3 percentage points is almost three times the 2015 value which demonstrates a relative increase in imports that meets the criteria.

3.1.2.3 Group 3

478. We find that the aggregated UK import data for group 3 (pipes/tubes) does show a sudden, recent, sharp, and significant relative increase.

479. As all five product categories in group 3 were recommended for extension by the TRA in 2021, the data and analysis in 3.1.2.3 will be the same as 2.1.2.3.

Group 3	Imports as % of UK production				
	2013	2014	2015	2016	2017
20. Gas Pipes	143	228	166	219	185
21. Hollow Sections	56	63	52	54	58

25A. Large Welded Tubes	1,422	1,453	40,955	21,426	7,146
25B. Large Welded Tubes	1,145	1,695	1,179	2,764	783
26. Other Welded Pipes	329	384	541	631	532
Aggregated Total	123	145	149	173	142

480. During the POI, relative imports of group 3 products increased from 123 to 142 percentage points of domestic production volume. The relative import volume increased year-on-year in all years from 2013 to 2016, with the largest increase of an additional 24 percentage points occurring between 2015 to 2016. There was a significant decrease in the relative import volume of 31 percentage points from 2016 to 2017, but this remains higher than the relative 2013 import volume.

481. Product categories 21 and 25B deviate from the aggregated trend for relative increase. Category 21 shows only minimal changes over the POI. Category 25B fluctuates to a significant peak in 2016 at more than double the 2013 figure before a sharp drop in 2017 relative to lower than 2013 levels.

3.2 TRA Reconsideration Call-In Chapter – Likelihood of Increase in Imports (Assessment 3(b))

Overview TRA findings for assessment stage	2b
Group/Category	**Increased imports likely if TRQ revoked?**
1 – flat products (aggregated)	**Y**
1. Non-Alloy and Other Alloy Hot Rolled Sheets and Strips	y
2. Non-Alloy and Other Alloy Cold Rolled Sheets	y
4. Metallic Coated Sheets	y
5. Organic Coated Sheets	y
2 – long products (aggregated)	**Y**
13. Rebars	y
19. Railway Material	y
3 – pipes/tubes (aggregated)	**Y**
20. Gas Pipes	y
21. Hollow Sections	y
25A. Large Welded Tubes	y
25B. Large Welded Tubes	y
26. Other Welded Pipes	y

482. For point 3(b) of the directed assessment under call-in, the TRA has considered whether the importation of goods listed in the 10 steel product categories recommended for extension by the TRA in 2021 in three family groups in increased quantities would be likely to recur if they were no longer subject to a TRQ.

483. Where the only available data to TRA in undertaking an assessment is unauthenticated then this has been used. Where TRA have authenticated and unauthenticated data available for assessments, only the authenticated data has been used. Where unauthenticated data has been used this has been referenced in the relevant tables.

484. The quarterly data for 2020 have been multiplied by four and then indexed to allow for comparisons with previous years.

3.2.1 Industry Level Analysis

3.2.1.1 Capacity

485. According to data from the Organisation for Economic Co-operation and Development (OECD) and the World Steel Association (worldsteel) global steel production overcapacity remains high.

486. As OECD and worldsteel data does not specify steel commodity codes, this industry capacity analysis is equally relevant to the 19 product categories in chapter 2 and the 10 product categories in chapter 3. For this reason, the data and analysis conducted in 3.2.1.1 is the same as in 2.2.1.1.

487. The latest data from the OECD show that worldwide steelmaking capacity marginally increased to 2,454 million tonnes in 2021,[25] while worldsteel figures show that world crude steel production increased 3.7% to 1,951 million tonnes in 2021.[26] Thereby the difference between global steelmaking capacity and crude steel production decreased to 504 million tonnes, down 16.9% in comparison to 2020. This reduction in excess capacity is driven by increased production as capacity slightly increased in 2021, which indicates that capacity is likely to remain an ongoing injury factor.

Table 3.2.1: Global Steelmaking Capacity and Crude Steel Production (in Million Tonnes)

	2013	2014	2015	2016	2017	2018	2019	2020	2021
Crude steelmaking capacity	2,362	2,386	2,377	2,368	2,352	2,328	2,362	2,453	2,454
Crude steel production	1,652	1,674	1,623	1,631	1,735	1,826	1,880	1,864	1,951
Excess capacity	710	712	754	737	617	502	482	589	504

Source: OECD and worldsteel, *Steelmaking capacity*[27]

[25] OECD, *91st Session of the OECD Steel Committee - Chair's Statement*, retrieved 28/04/2022.

[26] worldsteel, *December 2021 crude steel production and 2021 global crude steel production totals*, retrieved 28/04/2022.

[27] OECD, *Steelmaking capacity*, retrieved 28/04/2022; worldsteel, *Global crude steel output decreases by 0.9% in 2020*, retrieved 28/04/2022; OECD, *89th Session of the OECD Steel Committee - Chair's Statement*, retrieved 28/04/2022, worldsteel, *December 2021 crude steel production and 2021 global crude steel production totals*, retrieved 28/04/2022, OECD, *91st Session of the OECD Steel Committee - Chair's Statement*, retrieved 28/04/2022.

488. The latest data from the World Steel Association shows total UK steel production at 7.2 million tonnes for 2020.[28] The global excess capacity for 2020 represents over 80 years' worth of total steel consumption in the UK. This indicates that any increase in the attractiveness of the UK steel market is likely to result in an increase in the UK import volume of steel products. If even a small proportion of this excess capacity was diverted as additional steel imports to the UK, this would have a significant impact on UK steel producers.

489. The Global Forum on Steel Excess Capacity was established in 2016 – covering all G20 economies with the objective to resolve the international overcapacity issue. As shown in table 3.2.1, global excess capacity has remained significant despite the Forum's active efforts. The People's Republic of China and Saudi Arabia, representing over half of global steel production capacity, are noticeable absentees having disengaged from the Forum's work. The TRA 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.

490. Questionnaire responses from exporters registered in the transition review indicate that there is spare production capacity across all product categories.

491. The steel capacity figures produced by the OECD and worldsteel capture all worldwide steel production including steel products that do not fall within the scope of the product categories recommended for extension by the TRA in 2021. The figures reported in table 3.2.1 have nevertheless been used as a reliable indicator of overcapacity in the production of steel products under review.

492. Overall, the evidence for the global steel market suggests it is highly likely there will be an oversupply in the international market for steel products under review in the foreseeable future.

[28] worldsteel, The Largest Steel Producing Countries Million Tonnes (Mt), retrieved 03/05/2022

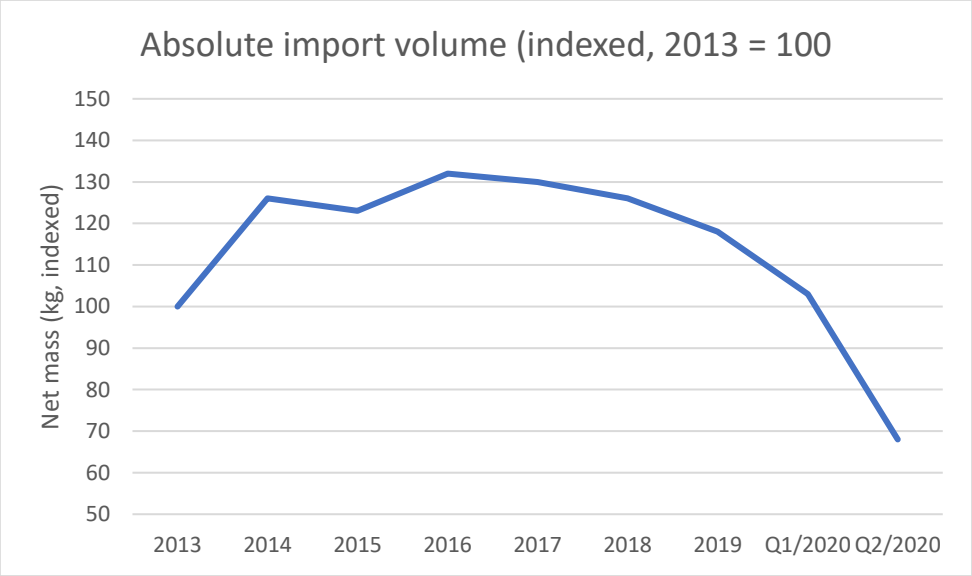
3.2.1.2 Import Trends

493. The TRA has collated HMRC import data for all commodity codes recommended for extension by the TRA in 2021 as below.

Table 3.2.2: Absolute Import Volume (Index 2013 = 100)

2013	2014	2015	2016	2017	2018	2019	Q1/2020	Q2/2020
100	126	123	132	130	126	118	103	68

Source: import volume data from non-published import data, provided by HMRC in February and April 2022

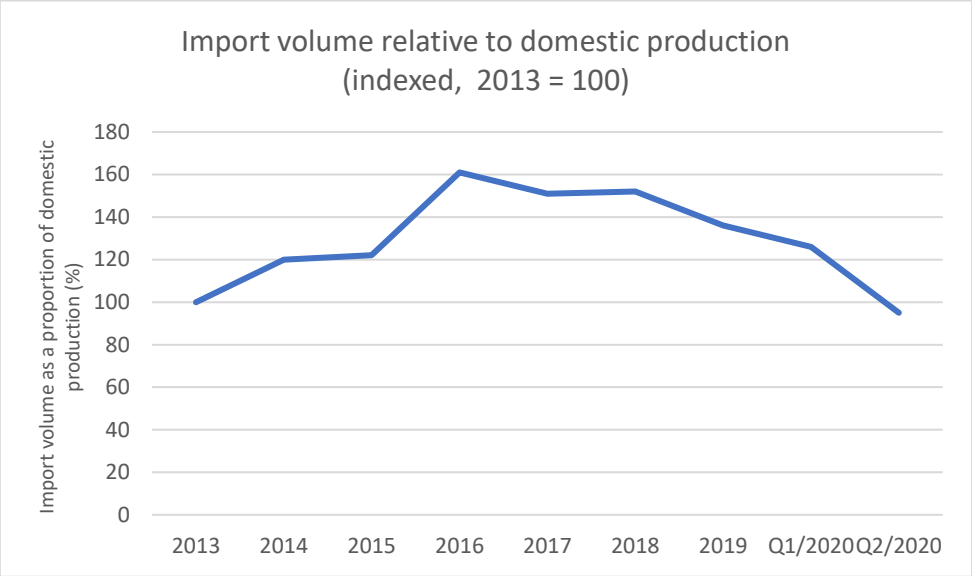


494. The absolute UK import volume increased 30% during the POI, during the MRP it fell 46%, and across the full POI and MRP period it fell 32%. Absolute UK import volume increased 26% in 2014, then plateaued from 2014 to 2018, peaking in 2016. In quarter one 2020 there was a 12% fall in import volume, followed by a 33% fall in import volume in quarter two 2020 – potentially associated with global disruption during the pandemic.

Table 3.2.3: Import Volume Relative to Production (Index 2013 = 100)

2013	2014	2015	2016	2017	2018	2019	Q1/2020	Q2/2020
100	120	122	161	151	152	136	126	95

Source: Questionnaire responses; import volume data from non-published import data, provided by HMRC in February and April 2022.



495. The relative UK import volume increased 51% during the POI, then during the MRP it fell 37%, and across the full POI and MRP period it fell 5%. Relative UK import volume increased 15% in 2014, then fell slightly in 2015, before increasing significantly in 2016 and peaking in 2018. Relative imports declined significantly from 2019 to 2020 Q2.

496. Both absolute and relative import volume trends show that absolute and relative imports rose significantly during the POI. During the combined POI and MRP, absolute imports and imports volume relative to production fell 32% and 5% respectively which can be partially explained by the safeguard measure implemented in 2018 and the COVID-19 pandemic in 2020.

497. Due to these other explanatory factors, the absolute and relative import trends indicate likelihood that an increased level of imports similar to levels shown during the POI would recur.

3.2.1.3 Other Factors

Actions of Other Authorities

498. The past actions of other authorities are not affected by which product categories we are reviewing, so other authority actions are equally relevant to the 19 categories in chapter 2 and the 10 categories in chapter 3. For this reason, the data and analysis conducted in 3.2.1.3 is the same as in 2.2.1.3.

499. In March 2018 the US imposed a 25% tariff on steel imports. This applied globally with some exemptions which have been periodically reviewed and amended. UK Steel highlighted during the transition review that the impact of this measure 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. This statement is supported by US import trends for steel mill products, which declined in 2018, 2019, and 2020.[29] The 2021 OECD report on 'Latest Developments in Steelmaking Capacity'[30] describes various planned investments in the US steel industry that could lead to an increase in capacity in the coming years. The OECD increased their three-year US market capacity growth from 2.1% in 2020 to 2.6% in 2021.[31]

500. To defend against trade diversion of steel from the US many countries and blocs have established trade remedy measures including the EU, Turkey, the Eurasian Economic Union, Canada, the People's Republic of China, and Ukraine. Several of these measures have been amended since their implementation but none have been revoked outright.

501. The TRA considers it likely that the UK would experience significant increases in import volume at the industry level if the safeguard measure were to be revoked.

Attractiveness of UK Market

502. The trade remedy measures implemented by other countries have reduced the attractiveness of their respective steel markets as an export destination.

[29] International Trade Administration, *Steel Imports Report: United States* and *Steel Industry Executive Summary: March 2021*, retrieved 11/05/2022

[30] OECD, *Latest Developments in Steelmaking Capacity*, retrieved 28/04/2022

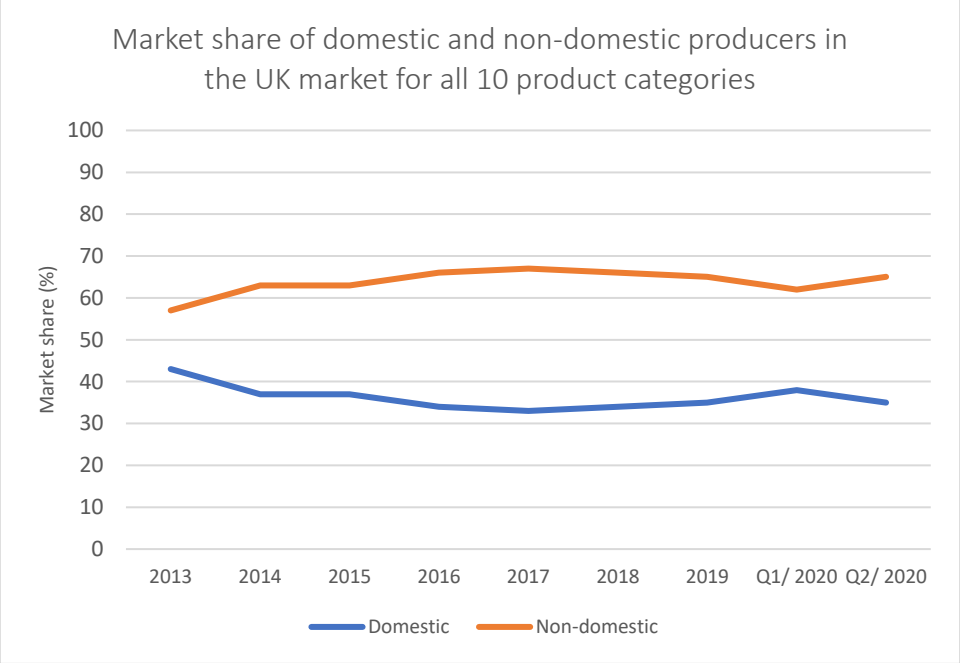
[31] OECD, *OECD papers on steelmaking capacity developments*, retrieved 05/05/2022

Consequently, this has comparatively increased the attractiveness of the UK as an export destination for steel products.

503. The UK steel market is characterised by a high level of import penetration of at least 57% during the POI and 62% during periods within the MRP.

Table 3.2.4: UK Steel Industry Market Share by Volume (%)

Market Share	2013	2014	2015	2016	2017	2018	2019	Q1/ 2020	Q2/ 2020
Domestic	43	37	37	34	33	34	35	38	35
EU	39	38	39	42	39	41	40	40	39
Non-EU and non-UK	18	25	24	24	28	25	25	22	26
Non-domestic	57	63	63	66	67	66	65	62	65



504. Table 3.2.4 shows non-domestic market share grew during the POI, peaking in 2017, then fell during the MRP, with the exception of 2020 Q2. Non-domestic market share increased 8 percentage points during the POI and MRP. Despite the EU safeguard measure implemented in 2018, non-EU and non-UK market share grew 1% during the MRP.

505. Other countries who have significant steel industries but have not implemented safeguard measures include Japan and South Korea, which have import penetration levels of 7% to 9%[32] and 33% to 36%[33] respectively from 2013 to 2016. This is significantly lower than the UK import penetration level during the POI or the MRP despite the implementation of the EU's safeguard measure in 2018 and indicates that the UK is a comparatively attractive market for steel imports.

506. This indicates that despite the implementation of the safeguard measure in 2018 the UK steel market remains an attractive export destination for steel products.

507. This further indicates a significant likelihood that aggregated imports would increase across all categories if the measure were to be revoked.

508. TRA considered information regarding past quota use as an input to this assessment but found that data limitations and other issues, including the lack of UK-specific data during the POI and part of the MRP and poor predictive capacity of overall quota use for future trends, meant this data should not be used.

3.2.2 Group Level Analysis

3.2.2.1 Import Trends

509. It is likely that imports would significantly increase for all groups if safeguard measures were revoked.

510. This is due to increasing aggregated imports for all groups during the POI, the ongoing high rate of import volume during the MRP despite the introduction of the EU safeguard measure in 2018 and the COVID-19 pandemic in 2020, and

[32] International Trade Administration, *Steel Imports Report: Japan (February 2017)*, accessed 05/05/2022

[33] International Trade Administration, *Steel Imports Report: South Korea (September 2019)*, accessed 05/05/2022

the increase in import volume during the POI and MRP relative to domestic production of multiple product categories in each group.

3.2.2.1.1 Group 1

511. We find it likely that importation of group 1 products in increased quantities would recur if safeguard measures were revoked. This is due to the growth of group 1 imports during the POI and the high rate of absolute and relative imports in the MRP despite the implementation of the EU safeguard measure in 2018 and the COVID-19 pandemic in 2020.

Table 3.2.5: Absolute Import Volume of Group 1 Products Over the POI and MRP (2013=100)

Group 1	POI					MRP			
	2013	2014	2015	2016	2017	2018	2019	2020 Q1	2020 Q2
1. Non-Alloy and Other Alloy Hot Rolled Sheets and Strips	100	127	120	104	105	115	111	87	61
2. Non-Alloy and Other Alloy Cold Rolled Sheets	100	124	115	110	121	122	89	79	70
4. Metallic Coated Sheets	100	112	108	152	148	133	118	100	71
5. Organic Coated Sheets	100	136	187	210	232	213	282	207	126
Aggregated Group 1 Total	100	120	115	133	133	128	117	96	69

512. Annual UK imports decreased by 4% in 2018 and decreased a further 9% in 2019. There was a decline in import rate of 18% from in 2020 Q1 and a further decline of 28% in Q2.

513. The decrease in absolute import value can be partially explained by of the imposition of the EU safeguard measure in 2018 halting import increases and the COVID-19 pandemic, and the decline in the quantity of imports during the MRP can be partially explained by these factors. Import volume is nevertheless

higher in 2018 or 2019 than in 2013 or 2015. This indicates that the UK has remained an attractive market for group 1 products during the MRP and is likely to remain an attractive market in the foreseeable future.

Table 3.2.6: Import Volume Relative to Domestic Production of Group 1 Products Over the POI and MRP (2013=100)

Product Category	2013	2014	2015	2016	2017	2018	2019	2020 Q1	2020 Q2
1. Non-Alloy and Other Alloy Hot Rolled Sheets and Strips	57	70	68	75	71	93	76	66	37
2. Non-Alloy and Other Alloy Cold Rolled Sheets	47	56	61	91	77	82	62	56	58
4. Metallic Coated Sheets	144	157	149	329	310	260	242	194	281
5. Organic Coated Sheets	25	37	54	56	64	57	75	71	44
Aggregated Group 1 Weighted Average	79	92	94	143	129	129	111	98	75

514. The aggregated weighted average relative import volume increased over the POI and declined over the MRP. The decline in import volume during the MRP can likely be partially explained by the EU safeguard measure implemented in 2018 halting import increases and the COVID-19 pandemic in 2020, so the ongoing high level of import penetration indicates that the UK remains an attractive market for import. It is therefore likely that group 1 imports would increase if the measure were revoked which would likely cause injury to UK producers.

515. There were increases in imports relative to domestic production for all group 1 products, except for product category 1, from the beginning of the POI and the end of the MRP. This shows that the UK remains an attractive export destination for group 1 products, which indicates likelihood of a significant increase in group 1 product imports if the safeguard measure were to be revoked for group 1.

3.2.2.1.2 Group 2

516. We find it likely that importation of group 2 products in increased quantities would occur if safeguard measures were revoked.[34] This is due to the high rate of absolute and relative import during the MRP despite the implementation of the EU safeguard measure in 2018 and the COVID-19 pandemic in 2020.

Table 3.2.7: Absolute Import Volume of Group 2 Products Over the POI and MRP (2013=100)

Group 2	POI					MRP			
	2013	2014	2015	2016	2017	2018	2019	2020 Q1	2020 Q2
13. Rebars	100	167	177	114	122	137	126	124	61
19. Railway Material	100	56	83	170	102	307	962	2,057	772
Aggregated group 2 total	100	165	176	115	122	139	136	148	70

517. Annual UK imports increased 14% in 2018 and decreased 2% in 2019. There was another 9% increase in import volume in 2020 Q1, followed by a sharp 53% decline in 2020 Q2.

518. Decreases in UK import volume during the MRP, specifically 2020 Q2, can be partially explained by the imposition of the EU safeguard measure in 2018 and the COVID-19 pandemic in 2020. While this decrease can be seen, import volumes remained higher in 2018, 2019 and 2020 Q1 than at the start of the POI. This suggests that the UK remains an attractive market for group 2 products.

Table 3.2.8: Import Volume Relative to Domestic Production of Group 2 Products Over the POI and MRP (2013=100)

Product Category	2013	2014	2015	2016	2017	2018	2019	2020 Q1	2020 Q2
13. Rebars	103	164	177	92	116	143	113	147	125
19. Railway Material	2	1	1	3	2	7	24	45	19
Aggregated Group 2 Weighted Average	60	92	93	62	79	93	85	106	72

[34] It was not possible to analyse whether importation of those goods in increased quantities would be likely to recur - see section 2.1.1.2.

519. Imports increased relative to domestic production for all group 2 product categories during the POI and MRP. Assuming that 2020 data was negatively affected by the COVID-19 pandemic in 2020, this indicates a high likelihood that the UK remains an attractive export destination for group 2 products in the foreseeable future.

3.2.2.1.3 Group 3

520. We find it likely that importation of group 3 products in increased quantities would recur if safeguard measures were revoked. This is due to the high rate of absolute and relative imports during the MRP despite the implementation of the EU safeguard measure in 2018 and the COVID-19 pandemic in 2020.

521. As all five product categories in group 3 were recommended for extension by the TRA in 2021, the data and analysis in 3.2.2.1.3 will be the same as 2.2.2.1.3.

Table 3.2.9: Absolute Import Volume of Group 3 Products Over the POI and MRP (2013=100)

Group 3	POI					MRP			
	2013	2014	2015	2016	2017	2018	2019	2020 Q1	2020 Q2
20. Gas Pipes	100	164	111	135	107	106	112	119	23
21. Hollow Sections	100	128	105	103	113	113	130	113	32
25A. Large Welded Tubes	100	116	222	95	28	14	81	67	217
25B. Large Welded Tubes	100	144	143	337	209	90	98	218	71
26. Other Welded Pipes	100	110	126	144	141	136	98	78	63
Aggregated group 3 total	100	128	128	140	120	107	109	107	63

522. Annual UK import volume for group 3 products increased over the POI, then fell 11% from 2017 to 2018 before growing 2% from 2018 to 2019. During 2020 import volume fell, first by 2% from 2019 to 2020 Q1 then by 41% 2020 Q1 to Q2.

523. Decreases in UK import volume during the MRP can be partially explained by the imposition of the EU safeguard measure in 2018 halting import increases and the COVID-19 pandemic in 2020. While this decrease can be seen, import volumes remained higher in 2018 and 2019 than at the start of the POI. This suggests that the UK remains an attractive market for group 3 products.

Table 3.2.10: Import Volume Relative to Domestic Production of Group 3 Products Over the POI and MRP (2013=100)

Product Category	2013	2014	2015	2016	2017	2018	2019	2020 Q1	2020 Q2
20. Gas Pipes	143	228	166	219	185	200	231	231	70
21. Hollow Sections	56	63	52	54	58	57	65	52	21
25A. Large Welded Tubes	1422	1453	40955	21426	7146	5310	19526	-	-
25B. Large Welded Tubes	1145	1695	1179	2764	783	487	661	2463	535
26. Other Welded Pipes	329	384	541	631	532	565	591	436	364
Aggregated Group 3 Weighted Average	123	145	149	173	142	129	137	124	104

524. There were increases in imports relative to domestic production for only product category 26 from the POI to the end of the MRP, and all group 3 products except product category 25B saw an increase in relative imports from 2013 to 2019. Assuming that 2020 data was affected negatively by the COVID-19 pandemic, this shows that the UK remains an attractive export destination for most group 3 products despite the imposition of the safeguard measure, which indicates an increased likelihood of a significant increase in group 3 product imports if the safeguard measure were to be revoked for group 3.

3.2.2.1.4 Data Beyond 2020 Q2

525. Since the initial data parameters were decided in the transition review additional import data has become available for the 3rd and 4th quarters of 2020 and for 2021. This data is shown in the tables below and has been

considered as a further indicator of the likelihood of an import surge if the safeguard measure was revoked.

Table 3.2.11: Absolute Import Volume of all Product Groups Over the POI, MRP, and Q3/2020-2021 (2013=100)

Aggregated industry	POI					MRP				Additional Data		
	2013	2014	2015	2016	2017	2018	2019	Q1/ 2020	Q2/ 2020	Q3/ 2020	Q4/ 2020	2021
All product groups	100	126	123	132	130	126	118	103	68	83	91	109

526. Data after Q2/2020 shows on an industry-wide level that import volume recovered during the latter half of 2020 and in 2021 following a low point in Q2/2020. COVID-19 continued to affect business during the period, and it is likely this factor suppressed the volume of steel imports that otherwise would have occurred during this time.

527. Despite this significant import suppressive factor, aggregated import volume rose above 2013 levels in 2021. This indicates that the UK remains an attractive market for imports at an industry level and this increases the likelihood that an import surge would occur if the safeguard measure was revoked.

Table 3.2.12: Absolute Import Volume of Group 1 Products Over the POI, MRP, and Q3/2020 -2021 (2013=100)

Group 1	POI					MRP				Additional Data		
	2013	2014	2015	2016	2017	2018	2019	Q1/ 2020	Q2/ 2020	Q3/ 2020	Q4/ 2020	2021
1. Non-Alloy and Other Alloy Hot Rolled Sheets and Strips	100	127	120	104	105	115	111	87	61	67	52	91
2. Non-Alloy and Other Alloy Cold Rolled Sheets	100	124	115	110	121	122	89	79	70	65	72	76
4. Metallic Coated Sheets	100	112	108	152	148	133	118	100	71	73	96	124

5. Organic Coated Sheets	100	136	187	210	232	213	282	207	126	223	237	255
Aggregated Group 1 Total	100	120	115	133	133	128	117	96	69	75	83	111

528. The post-Q2/2020 group 1 aggregated import trend is similar to the industry level trend, as import volume recovered year-on-year from a low point in Q2/2020 before returning to higher than 2013 levels in 2021.

529. Given the import suppressing effect of the COVID-19 crisis and the safeguard measure this is consistent with the previous finding that the UK remains an attractive market for steel imports and that an import surge of group 1 products is likely if the safeguard measure was revoked.

530. Product category 2 deviates from the group level trend as import volumes have not recovered after declining during the MRP. This suggests that the UK market for these two product categories is less attractive than other steel products in this group. It is unclear whether this significantly affects the likelihood that an import surge of these products would occur if the measure was revoked.

Table 3.2.13: Absolute Import Volume of Group 2 Products Over the POI, MRP, and Q3/2020-2021 (2013=100)

Group 2	POI					MRP				Additional Data		
	2013	2014	2015	2016	2017	2018	2019	Q1/2020	Q2/2020	Q3/2020	Q4/2020	2021
13. Rebars	100	167	177	114	122	137	126	124	61	102	87	118
19. Railway Material	100	56	83	170	102	307	962	2057	772	497	227	145
Aggregated group 2 total	100	165	176	115	122	139	136	148	70	107	89	118

531. Group 2 aggregated import volume increased in Q3/2020 before declining slightly in Q4/2020 before increasing to import volumes in 2021 higher than 2013 levels.

532. Given the import suppressive effect of the COVID-19 pandemic and the safeguard measure, this is consistent with the finding for group 2 based on POI

and MRP absolute import data that the UK remains an attractive market and that an import surge of group 2 products is likely if the measure was revoked.

533. Product category 19 had a declining import volume during all periods post Q2/2020. Import volume is significantly higher relative 2013 volume, so while import volume did decline the data trend still suggests that the UK market is an attractive market for imports for category 19 and we consider it likely that an import surge would recur if it's measure was revoked.

Table 3.2.14: Absolute Import Volume of Group 3 Products Over the POI, MRP, and Q3/2020-2021 (2013=100)

Group 3	POI					MRP				Additional Data		
	2013	2014	2015	2016	2017	2018	2019	Q1/2020	Q2/2020	Q3/2020	Q4/2020	2021
20. Gas Pipes	100	164	111	135	107	106	112	119	23	71	130	106
21. Hollow Sections	100	128	105	103	113	113	130	113	32	72	115	126
25A. Large Welded Tubes	100	116	222	95	28	14	81	67	217	395	398	59
25B. Large Welded Tubes	100	144	143	337	209	90	98	218	71	41	9	53
26. Other Welded Pipes	100	110	126	144	141	136	98	78	63	79	93	89
Aggregated group 3 total	100	128	128	140	120	107	109	107	63	105	132	98

534. Group 3 aggregated import volume increased significantly during the latter half of 2020 before falling back to levels similar to 2013 – a stronger recovery for imports which deviates slightly from the industry level trend.

535. As all five product categories in group 3 were recommended for extension by the TRA in 2021, the data and analysis in group 3 section of 3.2.2.1.4 will be the same as 2.2.2.1.4.

536. Given the import suppressive effect of the COVID-19 pandemic and the safeguard measure, the strong import recovery is consistent with the finding for group 3 based on POI and MRP absolute import data that the UK remains an

attractive market and a particularly strong likelihood of an import surge of group 2 products if the measure was revoked.

537. Import volumes of product category 25A, which were volatile during the POI grew very significantly in Q3/2020 and remained at that level in Q4/2020 before falling significantly in 2021. Given the import suppressing effect of the safeguard measure and the COVID-19 pandemic this marked surge indicates very strong likelihood of an import surge of product category 25A if the safeguard was revoked.

538. Category 25B deviates significantly from the group level trend as import volume continued to fall during the last two quarters of 2020, before rising to level half that shown in 2013. The lack of import volume to levels seen in the POI indicates that the UK market for category 25B is less attractive than other products in group 3 and suggests a reduced likelihood that an import surge would recur if the safeguard measure was revoked.

3.2.2.2 Market Share

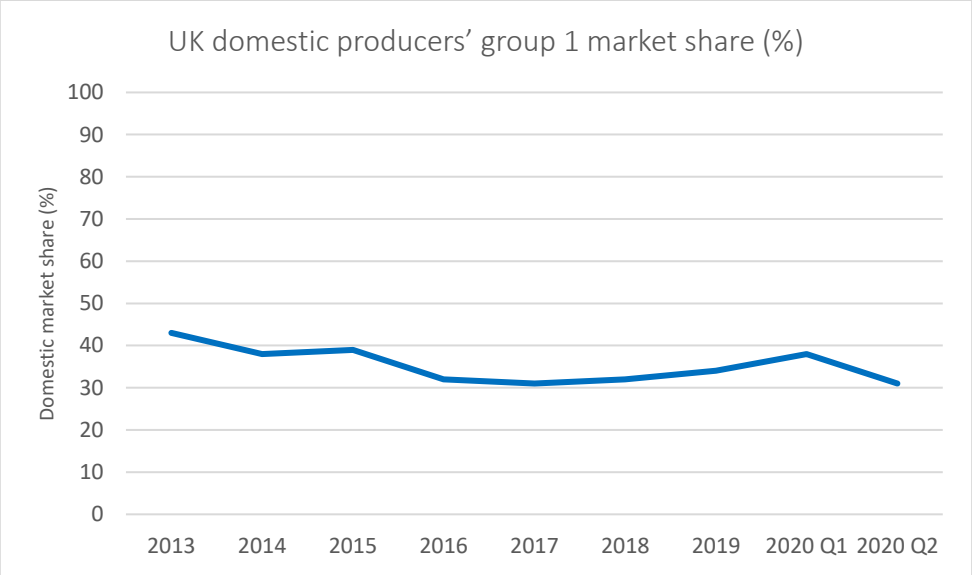
539. The trend of domestic producer market share during the POI and MRP indicates that the UK will remain an attractive market for all groups. Market share analysis suggests that there is strong likelihood that the UK market for group 1 products is attractive as shown by the continued loss of market share in the MRP despite the EU safeguard measure. The domestically held market share for group 2 products saw a decline over the POI and a significant rise only during 2020 Q2 during the MRP, suggesting a likelihood that after considering the COVID-19 pandemic the UK group 2 market remains attractive to imports. Group 3 products have slightly increased market share, but the majority of the market is still supplied by imports throughout the POI and MRP.

3.2.2.2.1 Group 1

540. The TRA finds it likely there will be high import penetration of group 1 products for the foreseeable future due to the loss of domestic producer market share during the POI and the low growth rate during the MRP.

Table 3.2.15: UK Group 1 Domestic Producers' Market Share by Volume (%)

Domestic producers market share	2013	2014	2015	2016	2017	2018	2019	Q1/ 2020	Q2/ 2020
1. Non-Alloy and Other Alloy Hot Rolled Sheets and Strips	47	41	43	43	44	41	40	47	41
2. Non-Alloy and Other Alloy Cold Rolled Sheets	48	40	41	40	37	37	43	44	35
4. Metallic Coated Sheets	34	31	32	19	19	21	23	28	17
5. Organic Coated Sheets	69	61	53	53	49	52	45	48	53
Aggregated Group 1	43	38	39	32	31	32	34	38	31



541. Table 3.2.11 shows that domestic producers held the highest market share of group 1 products in 2013 and the least amount of market share in 2017 and 2020 Q2. The group 1 market share held by domestic producers fell 12 percentage points during the POI and was consistent during the MRP.

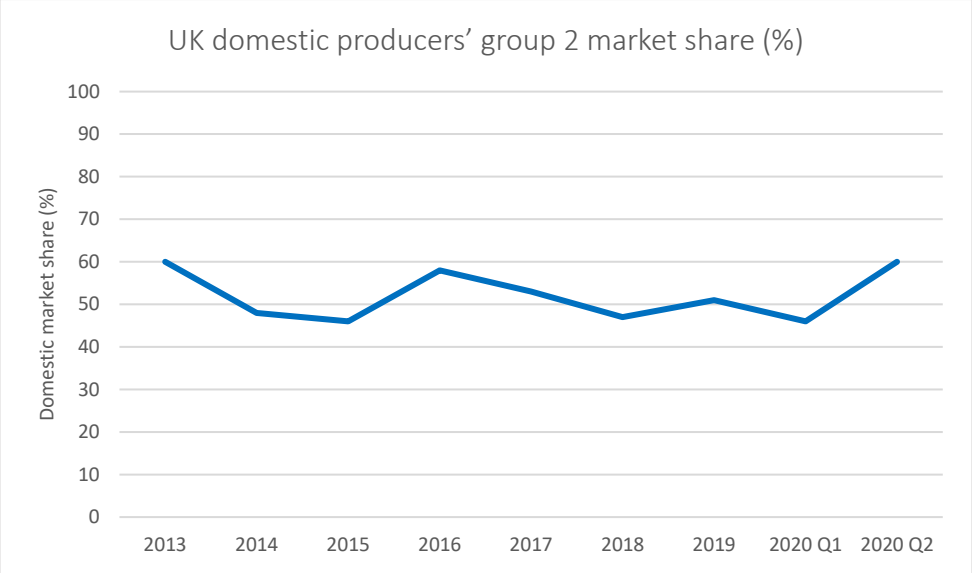
542. All four product categories in group 1 experienced reductions in domestic producer market share during the POI or the POI and MRP. Product category 4 saw the most significant drop in domestic producer market share in group 1, falling from its peak of 34 percentage points in 2013 to 17 percentage points in 2020 Q2. This further indicates that the UK market for group 1 products remains highly attractive for imports and will continue to be so for the foreseeable future.

3.2.2.2.2 Group 2

543. The TRA finds it likely there will be high import penetration of group 2 products for the foreseeable future due to the consistent level of import penetration during the POI and MRP.

Table 3.2.16: UK group 2 domestic producers' market share by volume (%)

Domestic producers market share	2013	2014	2015	2016	2017	2018	2019	Q1/ 2020	Q2/ 2020
13. Rebars	46	37	36	51	46	40	45	42	50
19. Railway Material	98	99	98	96	96	89	75	58	82
Aggregated Group 2	60	48	46	58	53	47	51	46	60



544. Table 3.2.12 shows that domestic producers held the highest aggregated market share of group 2 products in 2020 Q2 and the least amount of market share in 2014. The aggregated domestic producer market share grew both over the POI and the MRP. Market share increased during the MRP suggesting that the safeguard measure has reduced the attractiveness of the UK market for imports.

545. Product category 19 is overwhelmingly controlled by domestic producers during the POI, before a significant fall during the MRP, with a reversal only in 2020

Q2. This suggests an increase in the attractiveness of the significant change in the structure of the import market during the MRP.

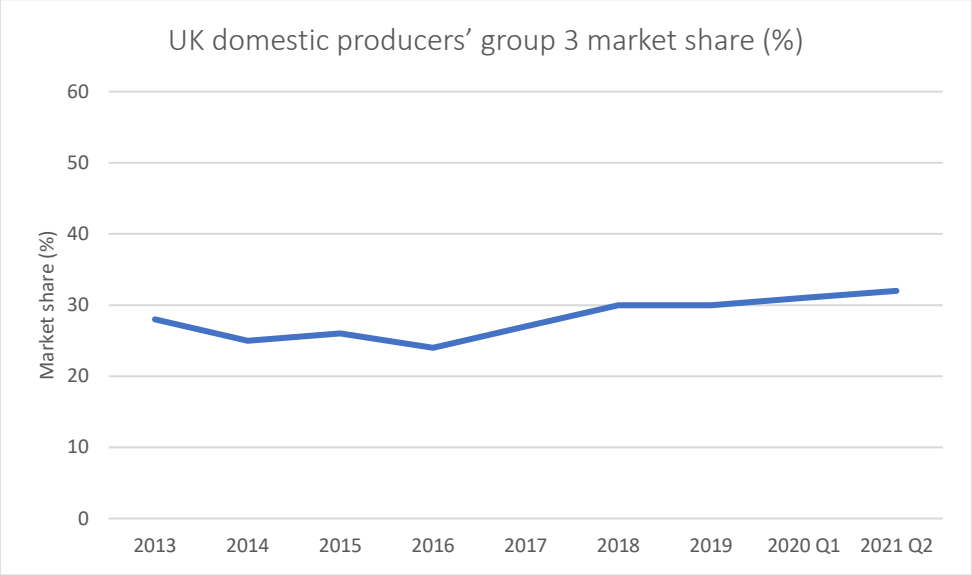
3.2.2.2.3 Group 3

546. The TRA finds it likely there will be a high import penetration of group 3 products for the foreseeable future due to the high level of import penetration in the group at an aggregate level, particularly in product categories 25A, 25B, and 26.

547. As all five product categories in group 3 were recommended for extension by the TRA in 2021, the data and analysis in 3.2.2.2.3 will be the same as 2.2.2.2.3.

Table 3.2.17: UK Group 3 Domestic Producers' Market Share by Volume (%)

Domestic producers market share	2013	2014	2015	2016	2017	2018	2019	Q1/ 2020	Q2/ 2020
20. Gas Pipes	31	21	28	24	28	27	25	25	51
21. Hollow Sections	46	43	50	51	47	49	46	51	69
25A. Large Welded Tubes	0	1	0	0	1	1	1	0	0
25B. Large Welded Tubes	3	2	2	1	1	2	2	1	9
26. Other Welded Pipes	9	9	7	6	7	6	8	9	9
Aggregated Group 3	28	25	26	24	27	30	30	31	32



548. Table 3.2.13 shows that domestic producers held the highest aggregated market share of group 2 products in 2020 Q2 and the least amount of market share in 2016. There was only a 2-percentage point increase in domestic producer market share during the MRP despite the impact of the safeguard measure. The majority of the UK demand for group 3 products continues to be supplied by imports, which indicates that the UK is an attractive market for group 3 products.

549. The UK market for product categories 25A, 25B, and 26 is overwhelmingly supplied by imports during all periods of the POI and MRP. The domestic producer market share for product categories 25B and 26 increased during the MRP but as over 90% of these markets continue to be supplied by imports in all periods, we find the UK market remains attractive for imports. Table 9 shows that these three product categories comprise over 45% of group 3 product import volume during all periods in the MRP, so their very high market penetration rate is highly impactful for group 3.

3.2.3 Findings

550. We find it likely that importation of products in increased quantities would occur for all family groups if safeguard measures were revoked.

551. The TRA have found that there is a high likelihood there will be international overcapacity across all steel products for the foreseeable future. We also found that other large steel markets such as the EU and the People's Republic of China have imposed protective measures on steel products. No suitable data on major steel economies is available to comparatively assess the likely UK market share of imported steel in any category or group in a scenario where the UK is the only major industrialised economy without safeguards in place. We further found that import penetration of the UK steel market remained high despite the safeguard measure.

552. At group level, the TRA have found factors indicating likelihood of a significant increase in imports if the safeguard measure was revoked. All groups have shown high levels of import penetration in the absence of a safeguard measure during the POI and MRP.

553. The above factors indicate that it is likely that the UK's high import penetration and high attractiveness to steel imports is likely to continue. If the safeguard measure were revoked, it is likely that an increase in imports would occur across all product categories and groups. This likelihood is increased by potential for significant trade diversion resulting from safeguard measures in other major economies.

3.3 TRA Reconsideration Call-In Chapter – Injury (Assessment 3(c))

Overview TRA findings for assessment stage	3c
Group/Category	**Is there is an indication of serious injury to domestic industry?**
1 – flat products (aggregated)	**Y**
1. Non-Alloy and Other Alloy Hot Rolled Sheets and Strips	y
2. Non-Alloy and Other Alloy Cold Rolled Sheets	y
4. Metallic Coated Sheets	y
5. Organic Coated Sheets	y
2 – long products (aggregated))	**Y**
13. Rebars	y
19. Railway Material	y
3 – pipes/tubes (aggregated)	**Y**
20. Gas Pipes	y
21. Hollow Sections	y
25A. Large Welded Tubes	y
25B. Large Welded Tubes	y
26. Other Welded Pipes	y

Overview TRA findings for assessment stage per injury indicator										3c
Group/Category	Increase in imports	Market share	Sales volume	Production volume	Productivity	Capacity utilisation	Profit	Employment	Price Effects	**Is there is an indication of serious injury to domestic industry?**
1 – flat products (aggregated)	**Y**	**Y**	**Y**	**Y**	**N**	**Y**	**Y**	**Y**	**Y**	**Y**
1. Non-Alloy and Other Alloy Hot Rolled Sheets and Strips	y	y	y	y	n	y	y	y	y	y
2. Non-Alloy and Other Alloy Cold Rolled Sheets	y	y	y	y	n	y	y	y	y	y
4. Metallic Coated Sheets	y	y	y	y	n	y	y	y	y	y
5. Organic Coated Sheets	y	y	y	y	n	y	y	y	y	y
2 – long products (aggregated)	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**N**	**Y**	**Y**
13. Rebars	y	y	n	n	y	n	y	n	y	y
19. Railway Material	y	y	y	y	y	y	n	n	y	y
3 – pipes/tubes (aggregated)	**Y**	**Y**	**Y**	**Y**	**N**	**N**	**Y**	**Y**	**Y**	**Y**
20. Gas Pipes	y	y	y	y	n	n	y	y	y	y
21. Hollow Sections	y	n	n	n	n	n	y	n	y	y
25A. Large Welded Tubes	y	y	y	y	n	n	y	y	y	y
25B. Large Welded Tubes	y	y	y	n	n	n	n	n	y	y
26. Other Welded Pipes	y	y	y	y	n	n	y	y	y	y

554. Under point 3(c) of the directed assessment the TRA has considered whether, for the goods listed in 10 steel product categories in three 'family groups', there is serious injury or a threat of serious injury to UK producers.

555. When considering injury, the TRA assess absolute values and trends across several indicators to identify impairment to the position of UK industry, however caused. Some indicators are related: for example, a rise in imports to cause UK industry to lose market share, or to reduce prices in order to maintain market share; either might be expected to reduce profitability. Some indicators may point in different directions; an increase in productivity might result from reduction in employment or wages.

556. Indicators are not weighted in this assessment – all are considered equally. There is no single pattern, threshold, or value which would allow the TRA to conclude whether there is or is not injury. Further this assessment is not made on the balance of how many indicators do or do not show impairment. Nor does a contrary indication – either an indicator or a category showing a picture inconsistent with others – invalidate an overall finding. Overall, we are establishing whether the domestic industry shows signs of existing or threatened serious injury.

557. A strong indicator of injury in any case is profitability – sustained loss-making across multiple products/commodity codes is a clear and strong indicator of impairment in a commercial context. The TRA assess the indicators together to understand whether collectively they would support a conclusion that the industry position depicted is impaired. That is a matter of judgement which the TRA applies in other cases but, under the terms of call in, is a judgement reserved to the SoS.

558. The TRA has therefore considered whether there is evidence of injury by assessing each indicator at industry level (aggregating the data from all product categories) to show the overall situation for UK producers of like goods and directly competitive goods; for each of the family groups (aggregating the data from the product categories in that group) to demonstrate whether there is serious injury or a likelihood of serious injury; and for each individual category to explore any category level divergence from the group level aggregated trends.

559. Throughout this report aggregated group level findings are based on assessments of aggregated underlying data and are not derived from product category level findings. Group level findings and associated product category findings may differ without contradiction. See section ‘Aggregation and category analysis’ in chapter 0 for more information.

560. Where the only available data to TRA in undertaking an assessment is unauthenticated then this has been used. Where TRA have authenticated and

unauthenticated data available for assessments, only the authenticated data has been used. Where unauthenticated data has been used this has been referenced in the relevant tables.

561. Figures for Q1 and Q2 2020 were multiplied by four and then indexed to allow for comparisons with previous years.

Injury Indicators and Approach to Aggregation

562. In undertaking this assessment, the TRA has considered any increase/decrease in imports, market share, sales value, sales volume, production volume, productivity, capital utilisation, profit, employment, and price effects, as below.

Indicator	Description	Group level aggregation comments
Import volume	Absolute import volume (kilotonnes) and import volume relative to domestic production into the UK	Sum of product categories, for a given year
Sales value	Sales value of domestically produced steel in the UK (£)	Sum of product categories for a given year
Sales volume	Sales volume of domestically produced steel in the UK (tonnes)	Sum of product categories for a given year
Production volume	Production volume of domestically produced steel in the UK (tonnes)	Sum of product categories for a given year
Employee numbers	Total number of employees of UK producers	This is the sum of the number of employees in all product categories in a group for a given year. Two UK producers did not provide employment figures by product category. Instead, one producer supplied figures for the entire business and other by site location. We allocated the number of employees by product category in proportion to the production of each category. This means that, for the product categories concerned, the productivity indicator is effectively determined by us and self-cancelling.

		One producer from group 2 only provided employment numbers from 2017 onwards, even though they were operating prior to that. We have excluded these figures from the aggregated indicator for all periods, otherwise we would see a significant increase in 2017 caused by the introduction of their employment figures.
Productivity	Ratio between production and number of employees (%)	Weighted (by UK sales value) average of productivity at product category level. We have also excluded the producer from group 2 that did not supply employment figures up to 2017 from the aggregated figures.
Median Wage	Annual median wage (£)	This is the median wage in each product category for a given year multiplied by the number of employees in each product category. Weighted average of the median wage at product category level. Weighted by the number of employees by product category. Similar to employment, one producer from group 2 only provided median wages from 2017 onwards, even though they were producing prior to that. We have excluded these figures from the aggregated indicator otherwise.
Price effects	Value (£) of imports divided by the volume of imports. For domestic producers: sales value in the UK divided by sales volume in the UK	Sum of imports value for all product categories in a given year as a proportion of the sum of imports volume.
Market share	Percentage of domestic and EU and non-EU market share (%)	UK market share is the total sales volume in the UK from UK producers divided by the total known UK consumption (i.e. sales volume plus imports). Sum of sales volume of all product categories divided by the sum of consumption of all categories. Importer market share was divided between EU and non-EU as EU market share is expected to be positively impacted by the EU safeguard measure implemented in 2018 at the expense of non-EU market share. This is because imports from the EU would not need to pay the measure to import into the UK, whereas all non-EU imports would be susceptible to the measure.

Capacity utilisation	Production as a proportion of production capacity (%)	Weighted (by UK sales value) average of capacity utilisation at product category level.
Profit Margin	Profit Margin (%). Difference between the average price of sales in the UK and the average cost to make and sell per as a proportion of the average price of sales in the UK. Profit Margin is available at product category level.	Weighted (by UK sales value) average of each product category profit margin.

3.3.1 Industry Level Assessment

Increase in Imports

Absolute Import Volume (Indexed)

2013	2014	2015	2016	2017	2018	2019	Q1/2020	Q2/2020
100	126	123	132	130	126	118	103	68

563. In absolute terms, import volume of steel into the UK increased during the POI, peaking in 2016, when compared to the start of the POI. There was then decrease in Q1/2020 and Q2/2020 when compared to the start of the POI. The significant decline in imports in the second quarter of 2020 could be attributed to COVID-19 affecting the figures.

Relative Import Volume (Indexed)

2013	2014	2015	2016	2017	2018	2019	Q1/ 2020	Q2/ 2020
100	120	122	161	151	152	136	126	95

564. In relative terms, import volume of steel into the UK increased during the POI, peaking in 2016, when compared to the start of the POI. There was a decrease only in Q2/2020 when compared to the start of the POI. The significant decline

in imports in the second quarter of 2020 could be attributed to COVID-19 affecting the figures.

565. At an industry level for absolute and relative imports there is an indication of serious injury to domestic industry based on the trends assessed, even when considering the potential impact of COVID-19 on Q2/2020.

Market Share (%)

	2013	2014	2015	2016	2017	2018	2019	Q1/ 2020	Q2/ 2020
Domestic	43	37	37	34	33	34	35	38	35
EU	39	38	39	42	39	41	40	40	39
Non-EU	18	25	24	24	28	25	25	22	26
Total Imports	57	63	63	66	67	66	65	62	65

** Categories with no sales data were excluded from aggregated totals to allow for a better comparison*

566. A distinction was made between EU and non-EU data so we could make a clear conclusion what the effect of EU safeguard measures would have on imports before we left the EU.

567. Breaking down imports into those from the EU and outside of the EU shows the market share taken by non-EU imports grew during the POI, rising from 18% in 2013 to 28% in 2017. In that same period, EU imports remained stable. The market share of both EU and non-EU imports remained relatively stable after 2018. Imports have been distinguished between EU and non-EU due to the UK's membership of the EU during the POI and MRP, which would affect the expected trade flows during these periods.

568. This indicates that the introduction of the EU safeguard measures in 2018 halted the increase in non-EU imports seen in the POI. The measures would not have affected EU imports at that time as the UK remained part of the EU.

569. At an industry level for market share there is an indication of serious injury to domestic industry based on the trends assessed.

Sales Value (Indexed)

year	2013	2014	2015	2016	2017	2018	2019	Q1/2020	Q2/2020
index	100	94	81	72	89	95	92	81	50

570. The value of sales for UK producers shows a steady decrease from 2013 to 2016 before increasing in 2017 and significantly in 2018. Total sales value is then seen to fall again across the whole market and remains below that seen in 2013.

571. At an industry level for sales value there is an indication of serious injury to domestic industry based on the trends assessed.

Sales Volume (Indexed)

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

572. The volume of sales for UK producers remains steady from 2013 to 2015, but then declined each year from 2017 to Q2/2020 when compared to the start of the POI. The significant decline in sales volume in Q2/2020 could be attributed to COVID-19 affecting the figures.

573. At an industry level for sales volume there is an indication of serious injury to domestic industry based on the decline observed prior to the potential distorting impact of COVID-19, even when considering the potential impact of COVID-19 on Q2/2020.

Production Volume (Tonnes)

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

574. Production volume generally decreased throughout the POI. There was a small increase in 2014 before dropping again in 2015. In 2016 there was then a sharp decrease in production volume before rising slightly in 2017. The sudden

decline in production volume in Q2/2020 could be attributed to COVID 19 affecting the figures.

575. At an industry level for production volume there is an indication of serious injury to domestic industry based on the decline observed prior to the potential distorting impact of COVID-19, even when considering the potential impact of COVID-19 on Q2/2020.

Productivity (Tonnes/Employee)

year	2013	2014	2015	2016	2017	2018	2019	Q1/2020	Q2/2020
index	100	111	105	125	116	110	118	99	76

576. The productivity of UK producers increased for all years between 2014 and Q1/2020 when compared to the start of the POI, increasing by a high of 25% in 2016. This increase can be attributed to decreasing employment numbers. The significant decline in productivity in Q2/2020 could be attributed to COVID-19 affecting the figures.

577. At an industry level for productivity there is no indication of serious injury to domestic industry based on the trends assessed, even when considering the potential impact of COVID-19 on Q2/2020.

Capacity Utilisation (%)

year	2013	2014	2015	2016	2017	2018	2019	Q1/2020	Q2/2020
index	100	103	102	86	78	79	82	77	66

578. The capacity utilisation generally decreased across the POI and MRP. There was a slight increase in 2014 and 2015 compared to 2013. The increase in 2018 and 2018 was preceded by another fall in 2020.

579. Some companies have shut sites entirely where they were loss-making, decreasing capacity by approximately 20%. 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). For companies with temporary closures the opportunity remains for these to be reopened should market conditions recovery to the extent it is viable to do so.

580. At an industry level for capacity utilisation there is an indication of serious injury to domestic industry based on the trends assessed.

Profit (%)

year	2013	2014	2015	2016	2017	2018	2019	Q1/2020	Q2/2020
index	-100	-118	-245	-52	28	-138	-217	-271	-117

581. The profit margins for UK producers have fluctuated across the POI and MRP, although at no point a profit was recorded. The highest losses recorded where in 2015 and Q1/2020 when profits decreased by -145% and -171% respectively when compared to 2013. The significant loss in 2019 indicates a particular concern with this period of time also being covered by a safeguard measure.

582. It is unclear what profit level would allow the UK steel industry to remain viable, but loss generating steel operations are usually closed by group companies in the long run. The UK has had multiple steel production sites shut operations in the POI and MRP so there is a strong likelihood that loss generating sites would continue to shut down if profit levels do not improve for the foreseeable future.

583. At an industry level for profit there is an indication of serious injury to domestic industry based on the trends assessed, even when considering the potential impact of COVID-19 on Q2/2020.

Employment

Employee Numbers

year	2013	2014	2015	2016	2017	2018	2019	Q1/2020	Q2/2020
index	100	96	90	87	76	64	67	65	64

584. Employment numbers for UK producers have decreased consistently across the POI and MRP, and at the lowest in 2018 and Q2/2020 falling by 36% when compared to the start of the POI. This is evidenced by interested parties in their adjustment plans with the closure of at least one plant and temporarily closing others as part of cost-reducing schemes.

585. One of the UK producers was excluded from these figures. The number of employees for this UK producer also decreased significantly between 2017 and 2020.

586. At an industry level for employee numbers there is an indication of serious injury to domestic industry based on the trends assessed.

Median Wage (£)

year	2013	2014	2015	2016	2017	2018	2019	Q1/2020	Q2/2020
index	100	100	96	99	103	108	105	109	109

587. The median wage for the UK producers decreased between 2013 and 2016, before then increasing to a high of 9% in Q1/2020 and Q2/2020 when compared to the start of the POI.

588. At an industry level for median wage there is no indication of serious injury to domestic industry based on the trends assessed.

Price Effects (in the UK, £/Tonne)

Cat	2013	2014	2015	2016	2017	2018	2019	Q1/ 2020	Q2/ 2020
EU import value	100	92	81	92	114	115	109	107	98
Domestic producers' average sales price	100	94	81	80	103	113	108	97	102
Non-EU import value	100	83	73	72	99	105	103	90	102

589. Prices for UK producers have decreased in the first 4 years of the POI and then increasing at the end of the POI. Prices then drop in Q1/2020 before stabilising in Q2/2020. EU and non-EU prices have followed a similar trend in movement across the POI and MRP.

590. At an industry level for prices effects there is an indication of serious injury to domestic industry based on the trends assessed.

3.3.2 Causation and Non-Attribution

591. The TRA then considered whether other factors besides competitive pressure from imports may have caused or contributed to any serious injury found. In particular, the TRA analysed whether other factors could break a link between import pressures and serious injury.

COVID-19

592. There was a 1.4% decrease in global steel production for the first quarter of 2020.[35] Whether this can be attributed to the COVID-19 pandemic is not clear as industries did not start to be affected until late in March near the end of the first quarter. A decrease in steel prices over 2020[36] was apparent but industry-wide expectations were that prices would regain momentum as some areas of the market had remained buoyant.

593. Given that COVID-19 was not a factor during the POI when serious injury was first identified, this is not something that could likely break the initial causal link between the surge in imports and serious injury identified in that period during the transition review. Looking forward, neither the short term nor the long-term impact of COVID-19 on the steel industry is clear but the TRA sees no evidence that it would break a link between import pressure and serious injury.

[35] Research and Markets, Steel Industry: COVID-19 Impact, Steel Industry Affected by Lowered Demand During COVID-19 Outbreak, accessed 05/05/22

[36] The Fabricator, Steel market's views on COVID-19 evolve, accessed 20/05/22

The EU Exit Referendum 2016 and Leaving the EU Customs Union

594. Uncertainty around the UK's trading relationship with the EU has been cited as a negative factor for the sector. Over the five-year period centred on the 2016 referendum, UK demand for steel remained relatively strong (see below), suggesting perceived uncertainty did not have a marked negative impact on domestic demand.

Demand by Volume (by 10 Product Codes)

	2013	2014	2015	2016	2017	2018	2019	Q1/ 2020	Q2/ 2020
UK Sales Volume (indexed)	100	100	100	90	86	84	85	84	50
Import Volume (indexed)	100	126	123	132	130	126	118	103	68
Demand (indexed)	100	114	113	114	111	108	103	95	60

Source: questionnaire responses; import volume data from non-published import data, provided by HMRC in February and April 2022. Q1 and Q2 2020 import figures multiplied by four and then indexed for a comparison of trends.

595. The imposition of the steel safeguard measure by the EU from 2018 for producers then within the 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 into the UK. While UK producers will need to compete with other producers outside the EU 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. The TRA does not find that the uncertainly over the UK-EU27 trading relationship was a cause of serious injury suffered during the POI and it is reasonable to believe it would not break a link between import pressure and serious injury if the measure were to be revoked.

Cost of Production

596. 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 equivalents and this presents some challenges to the UK steel industry [37], but it is not clear that this was a cause of serious injury capable of breaking a link between import pressure and injury.

UK Producer Cost of Production (by 10 Product Codes, Indexed)

	2013	2014	2015	2016	2017	2018	2019	Q1/ 2020	Q2/ 2020
Domestic producers' average cost of production (indexed)	100	94	85	82	103	120	119	107	117
Domestic producers' total profit margin (%)	-100	-118	-245	-52	28	-138	-217	-271	-117

Source: questionnaire responses; import volume data from non-published import data, provided by HMRC in February and April 2022. Cost of production is a weighted average across the industry and does not include selling costs. Q1 and Q2 2020 import figures multiplied by four and then indexed for a comparison of trends.

597. If cost of production were a main cause of serious injury, the TRA would expect to see a correlation between rising costs and a decrease in profits – this is not evident. Indeed, from 2013-2015 both costs of production and profit margins fell at the same time, whist between 2016 and 2017 both increased at the same time, contraindicating a detrimental link between cost of production and profits.

598. Therefore, although UK industry does face some challenges around its relatively high costs of production, it cannot be said that this was the main cause of any serious injury suffered during the POI and MRP and it is reasonable to conclude it would not break a link between import pressure and injury if the measure were to be revoked.

Findings

599. While the TRA acknowledges that COVID-19, EU exit, and high cost of production present challenges to the UK steel industry, it is not clear that any of

[37] Make UK, UK Steel Electricity Price Report, accessed 20/05/22

these caused the serious injury at industry level previously experienced, nor is there any reason to believe that any or all are significant enough to foreseeably break a link between import pressure and injury.

3.3.3 Group Level Assessment

3.3.3.1 Group 1

Increase in Imports

Absolute Import Volume (Kilotonnes)

Group 1	POI					MRP			
	2013	2014	2015	2016	2017	2018	2019	Q1/ 2020	Q2/ 2020
1. Non-Alloy and Other Alloy Hot Rolled Sheets and Strips	100	127	120	104	105	115	111	87	61
2. Non-Alloy and Other Alloy Cold Rolled Sheets	100	124	115	110	121	122	89	79	70
4. Metallic Coated Sheets	100	112	108	152	148	133	118	100	71
5. Organic Coated Sheets	100	136	187	210	232	213	282	207	126
Aggregated Group 1 Total	100	120	115	133	133	128	117	96	69

600. There was an absolute increase in imports for all years within the POI when compared to the start of the POI, with the highest increase being recorded in 2016 and 2017 at 33%. Imports fell throughout the MRP in Q2/2020 they were 31% lower than import volume in 2013. The significant decline in sales volume in Q2/2020 could be attributed to COVID-19.

601. At an aggregated group level absolute import levels indicates serious injury for UK producers in relation to family group 1. At a category level, there are no product categories that deviate significantly from the aggregated trend.

Relative Import Volume (% of UK Production)

Product Category	2013	2014	2015	2016	2017	2018	2019	Q1/ 2020	Q2/ 2020
1. Non-Alloy and Other Alloy Hot Rolled Sheets and Strips	57	70	68	75	71	93	76	66	37
2. Non-Alloy and Other Alloy Cold Rolled Sheets	47	56	61	91	77	82	62	56	58
4. Metallic Coated Sheets	144	157	149	329	310	260	242	194	281
5. Organic Coated Sheets	25	37	54	56	64	57	75	71	44
Aggregated Group 1 Weighted Average	79	92	94	143	129	129	111	98	75

602. Relative imports were higher when compared to the start of the POI in all periods within the POI and MRP, except for Q2/2020. The significant decline in sales volume in Q2/2020 could be attributed to COVID-19 affecting the figures.

Group 1	Index	Additional Data		
	2013	Q3/ 2020	Q4/ 2020	2021
1. Non-Alloy and Other Alloy Hot Rolled Sheets and Strips	100	67	52	91
2. Non-Alloy and Other Alloy Cold Rolled Sheets	100	65	72	76
4. Metallic Coated Sheets	100	73	96	124
5. Organic Coated Sheets	100	223	237	255
Aggregated Group 1 Total	100	75	83	111

603. From 2020 Q3 to 2021, group 1 aggregated imports grew during each period and rose to 2013 levels in 2021 despite the effect of the COVID-19 pandemic. All product category import volumes grew over the period, and only category 2 had fewer imports in 2021 than in 2013. This supports the finding that aggregated import volume data indicates serious injury for UK producers in relation to family group 1.

604. At an aggregated group level relative import levels indicates serious injury for UK producers in relation to family group 1. At a category level, there are no product categories that deviate significantly from the aggregated trend.

Market Share (%)

Cat		2013	2014	2015	2016	2017	2018	2019	Q1/2020	Q2/2020
1	Domestic	47	41	43	43	44	41	40	47	41
	EU	36	40	38	40	38	44	45	37	43
	Non-EU	17	19	19	17	19	15	15	15	17
2	Domestic	48	40	41	40	37	37	43	44	35
	EU	33	33	34	41	38	43	34	31	17
	Non-EU	19	27	25	20	24	20	24	25	48
4	Domestic	34	31	32	19	19	21	23	28	17
	EU	52	50	55	55	49	54	53	52	46
	Non-EU	13	18	13	25	32	25	23	20	37
5	Domestic	69	61	53	53	49	52	45	48	53
	EU	31	38	32	34	34	35	36	39	37
	Non-EU	0	1	15	13	17	12	20	13	10
Total	Domestic	43	38	39	32	31	32	34	38	31
	EU	42	43	44	47	43	48	46	43	40
	Non-EU	15	19	17	21	26	20	20	19	30

605. Overall, the domestic producers' market share decreased over the POI, giving way to both EU and Non-EU imports. Following the introduction of the EU measure, recovery was apparent for product categories 2, 4 and 5. Recovery for many UK producers was limited, and market share fell back in Q2/2020.

606. At an aggregated group level market share indicates serious injury for UK producers in relation to family group 1. At a category level, there are no product categories that deviate significantly from the aggregated trend.

Sales Volume (tonnes)

Cat	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
Total	100	98	98	82	81	81	79	80	41

607. Across all product categories in product family 1 the sales volume decreased. Product category 1 was the only product category to have an increase where it slightly increased from 2013-2015. Product categories 1 and 4 increased

between 2019 and 2020 suggesting a slight recovery before falling again in the second quarter of 2020.

608. The aggregated sales volume shows sales falling in the POI. Sales remain significantly below 2013 values. In addition, sales volume fell significantly in Q2/2020 – possibly as a result of the COVID-19 pandemic.

609. At an aggregated group level sales volume indicates serious injury for UK producers in relation to family group 1, even when considering the potential impact of COVID-19 on Q2/2020. At a category level, product categories 1 and 4 deviated from group trend during annual periods but all followed the general trend during the POI and MRP.

Production Volume (Tonnes)

Cat	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
Total	100	103	98	73	79	73	78	73	68

610. Production volume generally decreased throughout the POI. There was a sudden drop in production in product categories 2 and 4 in 2016 before stabilising in 2017. Production levels throughout the MRP stayed below those at the start of the POI suggesting injury to the UK industry.

611. At the aggregated level, there was a slight rise in 2017 and 2019 before dipping back down in 2020. In 2016 and 2018 there was a sharp decrease in production volume before rising slightly at the end of the POI in 2019. 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.

612. At an aggregated group level production volume indicates serious injury for UK producers in relation to family group 1, even when considering the potential

impact of COVID-19 on Q2/2020. At a category level, there are no product categories that deviate significantly from the aggregated trend.

Productivity (Tonnes/Employee)

Cat	2013	2014	2015	2016	2017	2018	2019	Q1/2020	Q2/2020
1	100	108	110	93	111	124	124	120	101
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
1	100	108	110	93	111	124	124	120	101
Total	100	108	110	88	109	121	121	119	108

613. All product categories in family group 1 showed a general increase in productivity. Data from categories 2 and 4 is based on company-wide productivity due to producers not being able to provide us with product-specific data. There was dip in 2016 and a sharp rise in 2017 and 2018 before dropping again in Q2/2020. The increase in productivity coincides with a fall in employee numbers.

614. At an aggregated group level productivity indicates no serious injury for UK producers in relation to family group 1. At a category level, there are no product categories that deviate significantly from the aggregated trend.

Capacity Utilisation (%)

Cat	2013	2014	2015	2016	2017	2018	2019	Q1/ 2020	Q2/ 2020
1	100	104	100	80	85	71	85	76	91
2	100	105	90	58	74	70	68	67	58
4	100	93	95	60	62	67	64	67	33
5	100	113	108	117	113	115	118	94	92
Total	100	101	100	82	78	79	83	75	65

615. Average capacity utilisation in relation to family group 1 generally decreased across the POI, rising slightly in 2019 and falling again in 2020. Capacity utilisation remained at low levels across the POI and MRP. After an increase in 2014, levels dropped in 2015 and further in 2016. Category 4 experienced the

sharpest decrease in the POI before stabilising in the MRP and then falling sharply in the second quarter of 2020.

616. At an aggregated group level capacity utilisation indicates serious injury for UK producers in relation to family group 1. At a category level, there are no product categories that deviate significantly from the aggregated trend.

Profit Margin (%)

Cat	2013	2014	2015	2016	2017	2018	2019	Q1/ 2020	Q2/ 2020
1	-	-	-	-	-	-	-	-	-
2	-	-	-	-	-	-	-	-	-
4	-	-	-	-	-	-	-	-	-
5	-	-	-	-	-	-	-	-	-
Total	-100	-109	-242	-111	24	-107	-189	-278	-216

*Figures redacted at category level due to confidentiality.

617. Although average profit margins have fluctuated across the POI, UK producers have struggled to make and sustain a profit in relation to most product categories in product group 1. Considering all product categories in product family 1 the only positive profit margin for any category was achieved in 2017 where a small subset had a large increase. However, they all have decreased since 2017 and there has been no positive indication in the MRP. They have fallen rapidly in 2019 and there was a sharp drop in the first quarter of 2020.

618. Profit margins remaining low throughout the POI indicate serious injury for domestic producers.

619. At an aggregated group level profit level indicates serious injury for UK producers in relation to family group 1. At a category level, there are no product categories that deviate significantly from the aggregated group trend.

Employment

Employee Numbers

Cat	2013	2014	2015	2016	2017	2018	2019	Q1/ 2020	Q2/ 2020
1	100	97	92	91	77	56	68	63	89
2	100	97	83	67	69	59	57	57	52
4	100	95	96	77	64	61	59	62	32
5	100	85	80	110	85	78	79	62	65
Total	100	95	90	83	73	60	64	61	63

620. Throughout the POI and MRP there was a steady decline in employee numbers before levelling off after 2018. There was a period of stabilisation in the MRP after the imposition of EU safeguard measure. Categories 1 and 5 saw a slight increase in 2019 before a decline in the MRP.

621. Generally, there was a decrease in employment from the start of the POI to the end of the MRP.

622. At the aggregated group level employment trend indicates serious injury for UK producers in relation to family group 1. At a category level, product categories 1 and 5 deviate from group trend during annual periods but all product categories followed the general trend during the POI and MRP.

Median Wage (£)

Cat	2013	2014	2015	2016	2017	2018	2019	Q1/ 2020	Q2/ 2020
1	100	100	96	99	103	108	105	109	110
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
Total	100	100	96	99	103	108	105	110	110

623. Average median wage for domestic producers for product group 1 remain generally stable throughout the POI. Wages increased in 2018 and in 2020. Data from categories 2-5 is based on company-wide productivity due to producers not being able to provide us with product-specific data. With median wages increasing in the POI even before the EU safeguard measure was introduced and a lack of product-specific data it is not possible to ascertain serious injury from this indicator.

624. At an aggregated group level, the median wage indicates no serious injury for UK producers in relation to family group 1. At a category level, there are no product categories that deviate significantly from the aggregated trend.

625. The increase in median wages during the MRP can be partially explained by productivity being consistent during the POI and increasing at a greater rate than median wages during the MRP. This additional explanatory factor for median wages gives greater weight to employment numbers, which show significant serious injury during the POI and MRP. This indicates that there has been serious injury to UK employment at the aggregated group level in relation to group 1.

Price Effects (in the UK, £/Tonne)

Cat		2013	2014	2015	2016	2017	2018	2019	Q1/ 2020	Q2/ 2020
1	EU import value	100	93	77	74	100	110	104	93	88
	Domestic producers average sales price	100	94	78	72	105	118	109	95	93
	Non-EU import value	100	96	79	76	108	123	115	94	102
2	EU import value	100	94	82	82	103	103	118	107	126
	Domestic producers average sales price	100	92	76	77	113	119	110	97	97
	Non-EU import value	100	89	73	86	112	125	109	116	109
4	EU import value	100	92	80	84	107	113	108	102	99
	Domestic producers average sales price	100	94	79	83	110	116	111	97	94
	Non-EU import value	100	97	82	70	101	114	107	94	102
5	EU import value	100	85	80	79	94	110	115	98	97
	Domestic producers average sales price	100	100	95	90	105	110	113	106	109
	Non-EU import value	100	62	61	57	74	77	76	73	109
Total	EU import value	100	92	80	82	105	111	110	101	99
	Domestic producers average sales price	100	94	81	81	108	117	112	98	100

Cat		2013	2014	2015	2016	2017	2018	2019	Q1/ 2020	Q2/ 2020
	Non-EU import value	100	96	82	80	112	125	119	105	114

626. The value of imported goods into the UK have followed fluctuations of domestic producer sales prices. All product categories saw an increase towards the start of the MRP before levelling off at the end, likely due to the implementation of the EU safeguard measure in 2018. EU and domestic prices have decreased in the latter quarter while non-EU prices have increased. Increases and decreases in price generally affect both UK products and imports.

627. This indicates that prices have been increased significantly due to the measure, and its revocation would likely cause prices to return to levels seen in the POI. This would cause serious injury to the UK industry through loss of sales revenue.

628. At an aggregated group level price effects indicates serious injury for UK producers in relation to family group 1. At a category level, there are no product categories that deviate significantly from the aggregated trend.

3.3.3.2 Group 2

Increase in Imports

Absolute Import Volume (Kilotonnes)

Group 2	POI					MRP			
	2013	2014	2015	2016	2017	2018	2019	2020 Q1	2020 Q2
13. Rebars	100	167	177	114	122	137	126	124	61
19. Railway Material	100	56	83	170	102	307	962	2,057	772
Aggregated group 2 total	100	165	176	115	122	139	136	148	70

629. There was an absolute increase in imports from 2013 to Q1/2020, with a highest increase of 65% in 2014 when compared to the start of the POI. The significant decline in sales volume in Q2/2020 could be attributed to COVID-19 affecting the figures.

630. At an aggregated group level absolute imports indicates serious injury for UK producers in relation to family group 2, even when considering the potential impact of COVID-19 on Q2/2020. At a category level, there are no product categories that deviate significantly from the aggregated trend.

Relative Import Volume (% of UK Production)

Product Category	2013	2014	2015	2016	2017	2018	2019	2020 Q1	2020 Q2
13. Rebars	103	164	177	92	116	143	113	147	125
19. Railway Material	2	1	1	3	2	7	24	45	19
Aggregated Group 2 Weighted Average	60	92	93	62	79	93	85	106	72

631. Import volume relative to domestic production fluctuated across the POI and MRP when compared to the start of the POI, with a high of 106% in Q1/2020 and a low of 72% in Q2/2020. There is no obvious trend in relative imports across the POI or MRP, however the end of the POI shows an increase of 32% in 2017 when compared to the start of the POI. The significant decline in sales volume in Q2/2020 could be attributed to COVID-19 affecting the figures.

Group 2	Index	Additional Data		
	2013	Q3/ 2020	Q4/ 2020	2021
1. Non-Alloy and Other Alloy Hot Rolled Sheets and Strips	100	102	87	118
2. Non-Alloy and Other Alloy Cold Rolled Sheets	100	497	227	145
Aggregated Group 1 Total	100	107	89	118

632. From 2020 Q3 to 2021, group 2 aggregated imports grew in Q3/2020, declined during Q4/2020, and rose to above 2013 levels in 2021 despite the effect of the COVID-19 pandemic. This supports the finding that aggregated import volume data indicates serious injury for UK producers in relation to family group 2.

633. At an aggregated group level absolute imports indicates serious injury for UK producers in relation to family group 2, even when considering the potential impact of COVID-19 on Q2/2020. At a category level, there are no product categories that deviate significantly from the aggregated trend.

Market Share (%)

Cat		2013	2014	2015	2016	2017	2018	2019	Q1/ 2020	Q2/ 2020
13	Domestic	46	37	36	51	46	40	45	42	50
	EU	29	20	15	22	26	22	21	30	30
	Non-EU	24	43	49	28	28	38	34	28	20
19	Domestic	98	99	98	96	96	89	75	58	82
	EU	2	1	2	4	3	11	24	42	18
	Non-EU	0	0	0	0	0	0	1	0	0
Total	Domestic	60	48	46	58	53	47	51	46	60
	EU	22	17	13	19	23	21	22	32	26
	Non-EU	18	35	41	23	24	33	28	22	14

634. The domestic producer market share decreased over the POI and MRP. There was a significant rise in 2016 and Q2/2020 where levels were the same as in 2013. EU market share has remained relatively stable across the POI and MRP. Non-EU market share has fluctuated between an increase in 9% and a decrease in 4% over the POI and MRP. At an aggregated group level market share does not indicate serious injury for product group 2.

635. At an aggregated level the market share of the UK held by the domestic industry is at almost half of the UK market during the POI or MRP. All categories either saw consistent or increasing import penetration.

636. At an aggregated group level market share indicates injury for UK producers in relation to family group 2. At a category level, all product categories had stable domestic market shares during the POI and MRP.

Sales Volume (Tonnes)

Cat	2013	2014	2015	2016	2017	2018	2019	Q1/2020	Q2/2020
13	100	113	114	135	121	107	121	106	72
19	100	88	82	73	53	50	58	56	69
Total	100	103	100	109	92	83	94	85	71

637. The domestic producers' sales volume for product group 2 has increased across the POI and at peak had increased by 9% in 2016 when compared to the start of the POI. Sales volume then began to continue to fall in the MRP.

Product category 13 sales volume increased throughout the POI and then began to fall in the MRP, particularly in Q2/2020 which could be a result of the COVID 19 pandemic.

638. At an aggregated group level sales volume does indicate serious injury for family group 2.

639. Category 19 does not reflect the group trend.

640. At an aggregated group level production indicates serious injury for UK producers in relation to family group 2, even when considering the potential impact of COVID-19 on Q2/2020. However, at a category level product category 19 does not follow the group trend as they do not indicate serious injury for UK producers in relation to family group 2.

Production Volume (Tonnes)

Cat	2013	2014	2015	2016	2017	2018	2019	Q1/ 2020	Q2/ 2020
13	100	104	103	127	108	99	115	87	51
19	100	113	129	91	72	79	71	80	70
Total	100	108	114	112	93	91	96	84	59

641. The production volume for group 2 has increased across the POI and at its peak had increased by 14% in 2015 when compared to the start of the POI. During the MRP production volume reduced for all periods when compared to the start of the POI.

642. At an aggregated group level production volume does not indicate serious injury for domestic producers in relation to product group 2.

643. However, category 19 does not show a general decrease in production volume across the POI (counter to the group trend) and MRP.

Productivity (Tonnes/Employee)

Cat	2013	2014	2015	2016	2017	2018	2019	Q1/ 2020	Q2/ 2020

13	100	105	100	119	104	90	96	73	42
19	-	-	-	-	100	93	90	123	126
Total	100	105	100	119	104	90	96	73	42

644. Productivity for family group 2 has remained relatively stable across the POI and has then declined during the MRP when compared to the POI.

645. At an aggregated group level productivity indicates serious injury for domestic producers in relation to family group 2 during the MRP but not the POI.

646. At an aggregated group level productivity indicates serious injury for UK producers in relation to family group 2.

Capacity Utilisation (%)

Cat	2013	2014	2015	2016	2017	2018	2019	Q1/2020	Q2/2020
13	100	104	103	127	108	99	115	87	51
19	100	113	117	82	65	71	64	75	66
Total	100	107	111	92	74	73	77	73	63

647. Capacity utilisation for group 2 increased until 2015 and then generally declined throughout the end of the POI and MRP.

648. At a group level there is an indication of serious injury across the POI or MRP for family group 2.

649. Category 13 displays an increasing trend across the POI and MRP which does not reflect the group trend.

650. At an aggregated group level, serious injury is indicated by capacity utilisation across the POI and MRP. At a product category level, category 13 does not follow the group trend as they indicate serious injury for UK producers in relation to family group 2.

Profit Margin (%)

Cat	2013	2014	2015	2016	2017	2018	2019	Q1/ 2020	Q2/ 2020

13	-	-	-	-	-	-	-	-	-
19	-	-	-	-	-	-	-	-	-
Total	100	105	178	228	137	69	57	123	223

*Figures redacted at category level due to confidentiality.

651. Profit margin for domestic producers in relation to family group 2 has increased throughout the POI but decreased during the MRP. Profit margin was at its lowest in 2019 Q2/2020 and at its highest in Q2/2020. Profit margin at the aggregated group level is low, but this obscures the losses incurred by category 13. Whereas category 19 has consistently yielded profit during the POI and MRP.

652. At an aggregated group no serious level injury is indicated across the POI and MRP when considering the low profit levels. At a product category level, category 13 does not follow the group trend as they indicate no serious injury for UK producers in relation to family group 2.

Employment

Employee Numbers

Cat	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**Q1/ 2020**	**Q2/ 2020**
13	100	99	103	106	104	109	119	119	120
19	-	-	-	-	100	118	110	90	77
Total	100	99	103	106	104	109	119	119	120

653. Employment numbers for group 2 display a slight increase across the POI and MRP when compared to the start of the POI – increasing of 20% at the end of the MRP when compared to 2013. Employee numbers are relatively consistent for each product category.

654. At a group level aggregated employee numbers do not indicate for UK producers MRP in relation to family group 2.

Median Wage (£)

Cat	2013	2014	2015	2016	2017	2018	2019	Q1/ 2020	Q2/ 2020
13	100	100	100	100	102	103	104	104	104
19	-	-	-	-	100	104	109	98	101
Total	100	100	100	100	102	103	104	104	104

655. Aggregated median wage for group 2 remains relatively stable across the POI and MRP. There are no product categories that significantly deviate from this trend.

656. At an aggregated group level median wage indicates no serious injury for UK producers in relation to family group 2. At a product category level, there are no categories that deviate significantly from the aggregated trend.

Price Effects (in the UK, £/Tonne)

Cat		2013	2014	2015	2016	2017	2018	2019	Q1/ 2020	Q2/ 2020
13	EU import value	100	93	80	79	92	105	104	89	89
	Domestic producers average sales price	100	91	74	77	96	108	101	92	93
	Non-EU import value	100	89	71	72	93	110	104	98	115
19	EU import value	100	148	164	74	94	69	76	75	79
	Domestic producers average sales price	100	99	95	89	97	105	107	107	113
	Non-EU import value	100	32	76	32	27	23	18	36	19
Total	EU import value	100	94	85	80	92	106	115	111	106
	Domestic producers average sales price	100	92	81	76	87	98	95	91	103
	Non-EU import value	100	89	71	72	93	110	104	98	115

657. Prices for UK producers fell for all years during the POI when compared to 2013. Prices for EU imports have also fallen during the POI. Prices for Non-EU imports have fallen throughout the POI, when compared to 2013, and have fallen at a greater rate than domestic producer prices.

658. Prices for UK producers rose from 2018, which we would expect with the implementation of the EU safeguard measure in 2018. Prices are generally consistent with 2013 price levels for domestic and EU or non-EU imports throughout the MRP and more stable than POI prices. This indicates that if the safeguard measure were to be revoked prices would revert to the lower price level seen during the POI.

659. At an aggregated group level price effects indicate serious injury for UK producers in relation to family group 2. At a product category level, there are no categories that deviate significantly from the aggregated group 2 trend.

3.3.3.3 Group 3

660. As all five product categories in group 3 were recommended for extension by the TRA in 2021, the data and analysis for all injury factors in 3.3.3.3.3 will be the same as 2.3.3.3.3.

Increase in Imports

Absolute Import Volume (Kilotonnes)

Group 3	POI					MRP			
	2013	2014	2015	2016	2017	2018	2019	2020 Q1	2020 Q2
20. Gas Pipes	100	164	111	135	107	106	112	119	23
21. Hollow Sections	100	128	105	103	113	113	130	113	32
25A. Large Welded Tubes	100	116	222	95	28	14	81	67	217
25B. Large Welded Tubes	100	144	143	337	209	90	98	218	71
26. Other Welded Pipes	100	110	126	144	141	136	98	78	63
Aggregated group 3 total	100	128	128	140	120	107	109	107	63

661. There was an absolute increase in imports for all years within the POI and MRP, except Q2/2020, when compared to the start of the POI, with the highest increase being recorded in 2016 at 40%. Imports have however decreased in the MRP when compared to the last year of the POI. The significant decline in sales volume in Q2/2020 could be attributed to COVID-19 affecting the figures. The only product category that deviates significantly from the aggregated group trend is category 25A, which shows a significant decline in absolute import volume towards the end of the POI and start of the MRP.

662. At an aggregated group level absolute import volume indicates serious injury for UK producers in relation to family group 3. At a product category level, only category 25A does not follow the group trend and indicates reduced serious injury for UK producers in relation to family group 3.

Relative Import Volume (% of UK Production)

Product Category	2013	2014	2015	2016	2017	2018	2019	Q1/ 2020	Q2/ 2020
20. Gas Pipes	143	228	166	219	185	200	231	231	70
21. Hollow Sections	56	63	52	54	58	57	65	52	21
25A. Large Welded Tubes	1422	1453	4095	2142	7146	5310	1952	Insufficient data	
25B. Large Welded Tubes	1145	1695	1179	2764	783	487	661	2463	535
26. Other Welded Pipes	329	384	541	631	532	565	591	436	364
Aggregated Group 3 Average	123	145	149	173	142	129	137	124	104

663. There was a relative increase in imports for all years within the POI and MRP, except for Q2/2020, when compared to the start of the POI. The significant decline in sales volume in Q2/2020 could be attributed to COVID-19 affecting the figures. The only product category that deviates significantly from the aggregated group trend is category 25B, which shows a significant decline in absolute import volume towards the end of the POI and start of the MRP.

664. At an aggregated group level relative imports indicates serious injury for UK producers in relation to family group 3, even when considering the potential impact of COVID-19 on Q2/2020. At a product category level, only category

25B does not follow the group trend and indicates reduced serious injury for UK producers in relation to family group 3.

Absolute Import Volume with Additional Data Periods (Kilotonnes)

Group 3	Index	Additional Data		
	2013	Q3/2020	Q4/ 2020	2021
20. Gas Pipes	100	71	130	106
21. Hollow Sections	100	72	115	126
25A. Large Welded Tubes	100	395	398	59
25B. Large Welded Tubes	100	41	9	53
26. Other Welded Pipes	100	79	93	89
Aggregated group 3 total	100	105	132	98

665. Group 3 aggregated imports grew during the last two quarters of 2020 before falling to volumes similar to 2013 levels despite the effect of the COVID-19 pandemic. This supports the finding that aggregated import volume data indicates serious injury for UK producers in relation to family group 3.

666. Category 25B deviates from the group trend due to import volume falling during the last two quarters of 2020 and rising only during 2021 to a level significantly lower than seen during any period within the POI or MRP. This reduces the likelihood that category 25B would incur injury if the measure were revoked.

Market Share (%)

Cat		2013	2014	2015	2016	2017	2018	2019	Q1/ 2020	Q2/ 2020
20	Domestic	31	21	28	24	28	27	25	25	51
	EU	12	7	15	24	18	16	18	16	22
	Non-EU	57	72	57	52	54	57	57	58	27
21	Domestic	46	43	50	51	47	49	46	51	69
	EU	18	14	13	13	11	12	11	11	16
	Non-EU	36	43	37	37	41	39	43	38	15
25A	Domestic	0	1	0	0	1	1	1	0	0
	EU	20	63	92	91	69	89	13	13	98
	Non-EU	80	36	8	8	30	9	86	87	2
25B	Domestic	3	2	2	1	1	2	2	1	9
	EU	72	70	63	88	44	64	80	91	56
	Non-EU	25	28	35	11	55	34	18	9	34
26	Domestic	9	9	7	6	7	6	8	9	9

	EU	51	43	36	31	32	29	38	40	50
	Non-EU	40	48	57	63	61	65	55	50	41
Total	Domestic	28	25	26	24	27	30	30	31	32
	EU	29	27	33	35	23	21	22	27	48
	Non-EU	43	48	41	41	50	49	49	43	20

667. EU and Non-EU market share generally decreased over the end of the POI and MRP. The domestic producer market share decreased from 2013-2016 following an increase in the later years possibly as a result of the EU safeguard measure. Domestic market shares particularly increased for category 20 at the end of the MRP, and the domestic market share of category 21 increased over both the POI and the MRP.

668. At an aggregated group level, market share indicates serious injury for UK producers in relation to family group 3. At a product category level, only category 21 does not follow the group trend and indicates reduced serious injury for UK producers in relation to family group 3.

Sales Volume (Tonnes)

Cat	2013	2014	2015	2016	2017	2018	2019	Q1/ 2020	Q2/ 2020
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	-	-
25B	100	99	104	90	85	60	85	63	269
26	100	106	90	96	98	90	77	78	62
Total	100	110	117	117	114	117	118	123	77

669. The sales volume for UK producers for family group 3 increased in 2014 and 2015 and remained stable up to the first half of 2020. In the second quarter of 2020 it dropped significantly to a level below that seen in 2013. At an aggregated group level sales volume does not indicate serious injury for family group 3.

670. However, the sales volume increase for group 3 is entirely driven by product category 21 as sales for the remaining categories either decrease across the POI and MRP or are below the 2013 levels.

671. At an aggregated group level, sales volume indicates no serious injury for UK producers in relation to family group 3. At a product category level, categories 20, 25A, 25B and 26 do not follow the group trend as they indicate serious injury for UK producers in relation to family group 3.

Production Volume (Tonnes)

Cat	2013	2014	2015	2016	2017	2018	2019	Q1/ 2020	Q2/ 2020
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	-	-
25B	100	97	139	139	305	212	169	102	152
26	100	94	76	75	87	79	55	59	57
Total	100	109	106	100	104	102	98	106	75

672. The production volume for group 3 has remained relatively stable across the POI and MRP but has fallen by 25% in Q2/2020 when compared to the start of the POI. At an aggregated group level production volume does not indicate serious injury for domestic producers in relation to family group 3 during the MRP or POI.

673. There are, however, categories of steel products within family group 3, specifically categories 20, 25A, and 26 that show a general decrease in production volume across the POI and MRP.

674. At an aggregated group level production volume indicates no serious injury for UK producers in relation to family group 3. At a product category level, categories 20, 25A, and 26 do not follow the group trend as they indicate significant serious injury for UK producers in relation to family group 3.

Productivity (Tonnes/Employee)

Cat	2013	2014	2015	2016	2017	2018	2019	Q1/ 2020	Q2/ 2020
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	-	-

25B	100	108	109	86	107	120	120	119	111
26	100	108	109	86	107	120	120	119	111
Total	100	108	109	86	107	120	120	119	111

675. Productivity for family group 3 has increased for all years across the POI and MRP, except for 2016 when there was a decline of 14%. At its peak, productivity had increased by 20% in years 2018 and 2019 when compared to the start of the POI. At an aggregated group level productivity does not indicate serious injury for domestic producers in relation to family group 3 during the POI or MRP.

676. Productivity is the same for all categories as the producer was not able to provide us with product-specific data.

677. At an aggregated group level productivity indicates no serious injury for UK producers in relation to family group 3. At a product category level, there are no categories that deviate significantly from the aggregated group 3 trend.

Capacity Utilisation (%)

Cat	2013	2014	2015	2016	2017	2018	2019	Q1/ 2020	Q2/ 2020
20	100	111	102	96	102	109	105	112	80
21	100	111	102	96	102	109	105	112	80
25A	100	111	102	96	101	110	105	-	-
25B	100	111	102	96	102	109	105	112	80
26	100	111	102	96	102	109	105	112	80
Total	100	111	102	96	102	109	105	112	80

678. Capacity utilisation for group 3 has remained relatively stable across the POI and MRP. It has increased to a high of 12% in Q1/2020 and a low of -20% in Q2/2020.

679. At an aggregated group level capacity utilisation indicates no serious injury for UK producers in relation to family group 3. At a product category level, there are no categories that deviate significantly from the aggregated group 3 trend.

Profit (%)

Cat	2013	2014	2015	2016	2017	2018	2019	Q1/ 2020	Q2/ 2020
20	-	-	-	-	-	-	-	-	-
21	-	-	-	-	-	-	-	-	-
25A	-	-	-	-	-	-	-	-	-
25B	-	-	-	-	-	-	-	-	-
26	-	-	-	-	-	-	-	-	-
Total	-100	-172	-151	-116	-246	-231	-216	-103	-230

*Figures redacted at category level due to confidentiality.

680. Profit margin for domestic producers in relation to family group 3 fluctuated across the POI and MRP, though they were negative in all years. Profit margins were the lowest in 2017 and improved afterwards up to Q2/2020. At an aggregated group level serious injury is indicated across the POI and MRP when considering the negative profit levels. At a category level, only 25B has consistently generated positive profit during the POI and MRP.

681. At an aggregated group level profit indicates serious injury for UK producers in relation to family group 3. At a product category level, only category 25B deviates from the aggregated group 3 trend and indicate no serious injury for UK producers in relation to family group 3.

Employment

Employee Numbers

Cat	2013	2014	2015	2016	2017	2018	2019	Q1/ 2020	Q2/ 2020
20	100	95	87	102	77	63	58	62	43
21	100	105	104	123	103	93	94	103	75
25A	100	105	7	7	5	3	5	-	-
25B	100	90	128	161	285	177	142	86	137
26	100	87	70	87	81	66	46	50	51
Total	100	101	97	115	97	85	82	89	67

682. Employment numbers for group 2 peaked at a 15% increase in 2016 when compared to the start of the POI. However, employment numbers decreased for years 2017 to Q2/2020 and with all showing levels lower when compared to

the start of the POI. At group level employment numbers indicate serious injury for family group 3.

683. Category 25B shows a different trend to that of the group level total. Employment numbers have increased for all years during the POI and MRP, except for years 2014 and Q1/2020. Increases peaked at 185% in 2017 when compared to the start of the POI.

684. The UK producer of group 3, which also produces under group 1, supplied company-wide employee numbers, which were then split by product category according to the production volume of each category. The total number of employees from this producer declined over the POI and MRP therefore, any increases in employment for categories in group 3 are more likely to reflect increases in production.

685. Data from category 26 is based on company-wide employment numbers due to producers not being able to provide us with product-specific data.

686. At an aggregated group level employment numbers indicates serious injury for UK producers in relation to family group 3. At a product category level, category 25B does not follow the aggregated group 3 trend as they indicate no serious injury for UK producers in relation to family group 3.

Median Wage (£)

Cat	2013	2014	2015	2016	2017	2018	2019	Q1/ 2020	Q2/ 2020
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	99	103	108	106	110	110

687. Average median wage for group 3 shows modest increase for all years within the POI and MRP, except for 2015 and 2016. The median wage peaked in

Q1/2020 and Q2/2020 and remained within 10% of the 2013 level during the POI and MRP.

688. At an aggregated group level median wage indicates no serious injury for UK producers in relation to family group 3. At a product category level, there are no product categories that deviate significantly from the aggregated group 3 trend.

689. The increase in median wages during the MRP can be partially explained by productivity being consistent during the POI and increasing at a greater rate than median wages during the MRP. This additional explanatory factor for median wages gives greater weight to employment numbers, which show significant serious injury during the MRP. This indicates that there has been serious injury to UK employment at the aggregated group level in relation to group 3.

Price Effects (in the UK, £/Tonne)

Cat		2013	2014	2015	2016	2017	2018	2019	Q1/ 2020	Q2/ 2020
20	EU import value	100	107	95	86	103	130	136	124	88
	Domestic producers average sales price	100	94	81	72	87	93	89	81	81
	Non-EU import value	100	95	90	82	118	126	124	107	161
21	EU import value	100	95	89	90	116	121	114	107	111
	Domestic producers average sales price	100	97	87	83	103	113	107	97	99
	Non-EU import value	100	91	84	78	102	115	111	103	115
25A	EU import value	100	75	65	43	73	107	92	87	64
	Domestic producers average sales price	100	97	88	76	93	99	112	-	-
	Non-EU import value	100	104	83	99	90	163	137	75	162
25B	EU import value	100	80	46	105	178	243	95	104	49
	Domestic producers average sales price	100	96	86	81	89	97	102	85	90
	Non-EU import value	100	18	36	32	25	11	24	10	33
26	EU import value	100	95	99	147	209	171	142	169	93
	Domestic producers average sales price	100	98	87	79	98	109	107	99	100

Cat		2013	2014	2015	2016	2017	2018	2019	Q1/ 2020	Q2/ 2020
	Non-EU import value	100	87	67	55	69	78	92	82	87
Total	EU import value	100	89	75	109	175	166	121	130	73
	Domestic producers average sales price	100	96	85	80	98	108	102	93	94
	Non-EU import value	100	73	76	66	86	85	87	72	115

690. Prices for UK producers have fallen for all years during the POI and MRP, except for 2018, when compared to the start of the POI. Prices for EU imports have risen from 2016 to Q1/2020 but have fallen again in Q2/2020 when compared to the start of the POI. Prices for Non-EU imports have decreased for all years, except for Q2/2020, when compared to the start of the POI.

691. This indicates that if the safeguard measure were revoked prices could decrease further to the lower price level seen during the POI as they are no longer being supported by a measure.

692. At an aggregated group level, price effects indicate serious injury for UK producers in relation to family group 3. At a product category level, there are no categories that deviate significantly from the aggregated group 3 trend.

3.3.4 Summary of Findings

693. This chapter has assessed indicators for serious injury at the industry level, causation and non-attribution at the industry level, and indicators for serious injury at the group level.

694. Indicators are not weighted in this assessment – all are considered equally. There is no single pattern, threshold, or value which would allow the TRA to conclude whether there is or is not injury, and this assessment is not made on the balance of how many indicators do or do not show impairment. Nor does a contrary indication – either an indicator or a category showing a picture inconsistent with others – invalidate an overall finding. Overall, we are establishing whether the domestic industry shows signs of existing or

threatened serious injury. The TRA assess the indicators together to understand whether collectively they would support a finding that the industry position depicted is impaired.

695. At an industry level, assessments for increase in imports, market share, sales value, sales volume, production volume, productivity, capacity utilisation, profit, employment, and price effects have been undertaken to identify any indications of serious injury. For all assessments at industry level an indication of serious injury has been found in at least some of these indicators, except for productivity where no indication of serious injury was found. While productivity can be a useful indicator, we do not consider that the absence of an indication of serious injury on it alone can invalidate a finding based on indications of serious injury from several other indicators.

696. At an industry level COVID-19, the UK's departure from the EU, and cost of production have been assessed to establish whether they could also be a cause of serious injury. While the TRA acknowledges 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 foreseeably break a link between import pressure and serious injury.

697. At aggregated group level assessments for increase in imports, market share, sales volume, production volume, productivity, capacity utilisation, profit, employment, and price effects have been undertaken to identify any indications of serious injury.

698. For group 1 an indication of serious injury has been found in all assessments except productivity where no indication of serious injury was found.

699. There is an indication of serious injury when considering the injury indicators in group 1 together. Although there is an increase in productivity this is considered against a decrease in sales volume and production volume. In addition, there are increasing imports and a decreasing domestic market share, alongside a decrease in prices and negative profits.

700. For group 2 an indication of serious injury has been found in all assessments except employment where no indication of serious injury was found.

701. There is an indication of serious injury when considering the injury indicators in group 2 together. Although there is an increase in employment, this is considered against a decrease in production volume and productivity. In addition, there are increasing imports and a decreasing domestic market share, alongside a decrease in prices and negative profits.

702. For group 3 an indication of serious injury has been found in all assessments except productivity and capacity utilisation where no indication of serious injury was found.

703. There is an indication of serious injury when considering the injury indicators in group 3 together. Although there are increases in productivity and capacity utilisation, this is considered against a decrease in production and sales volume. In addition, there are increasing imports and a decreasing domestic market share, alongside a decrease in prices and negative profits.

704. As a result of the above assessments at industry and group level the TRA finds that there are indications of serious injury and threat of serious injury to UK producers for all three steel product category groups.

3.4 Reconsideration Call-In Chapter – Necessity of TRQ Continuation (Assessment 3(d))

Overview TRA findings for assessment stage	3d
Group/Category	**Is TRQ continuation necessary?**
1 – flat products (aggregated)	
1. Non-Alloy and Other Alloy Hot Rolled Sheets and Strips	y
2. Non-Alloy and Other Alloy Cold Rolled Sheets	y
4. Metallic Coated Sheets	y
5. Organic Coated Sheets	y
2 – long products (aggregated)	
13. Rebars	y
19. Railway Material	y
3 – pipes/tubes (aggregated)	
20. Gas Pipes	y
21. Hollow Sections	y
25A. Large Welded Tubes	y
25B. Large Welded Tubes	y
26. Other Welded Pipes	y

705. Under point 3(d) of the directed assessment the TRA has considered whether any continuation of a tariff rate quota is necessary at an individual product category level to prevent or remedy serious injury or threat of serious injury to UK producers.

706. Safeguard measures are intended to contain a surge in imports and allow time for domestic producers to adjust to injurious import pressures.

707. In context of the called-in reconsideration of transition review TF0006 the TRA find that the evidence would support an argument that it is necessary to extend a safeguard measure where revoking the measure could increase import pressure and thereby impede UK producers' adjustment or otherwise cause prolonged or exacerbated serious injury to domestic industry.

708. The TRA finds that revocation of the safeguard measure is likely to result in increased import volumes across all steel product categories resulting in increased import pressure on the domestic industry (See Chapter 3.2).

709. The TRA further finds that the UK steel production industry is experiencing serious injury and is likely to suffer further serious injury if the measure were to be revoked (See Chapter 3.3).

710. The TRA consequently finds that the evidence supports a conclusion that extending the safeguard measure at individual product category level is necessary to prevent or remedy serious injury or threat of serious injury to UK producers.

711. The product categories for which TRQs may be extended are 1, 2, 4, 5, 13, 19, 20, 21, 25A, 25B, and 26 (See Chapter 5).

3.5 Reconsideration Call-In Chapter – Adjustment Plans (Assessment 3(e))

Overview TRA findings for assessment stage	3e
Group/Category	**Is UK industry adjusting?**
1 – flat products (aggregated)	**Y**
1. Non-Alloy and Other Alloy Hot Rolled Sheets and Strips	y
2. Non-Alloy and Other Alloy Cold Rolled Sheets	y
4. Metallic Coated Sheets	y
5. Organic Coated Sheets	y
2 – long products (aggregated)	**Y**
13. Rebars	y
19. Railway Material	y
3 – pipes/tubes (aggregated)	**Y**
20. Gas Pipes	y
21. Hollow Sections	y
25A. Large Welded Tubes	y
25B. Large Welded Tubes	y
26. Other Welded Pipes	y

3.5.1 Background

712. Under point 3.e of the directed assessment the TRA has considered whether there is evidence that that the UK producers are adjusting to the importation of like goods and directly competitive goods.

713. The TRA has assessed adjustment plans provided by UK producers to determine whether these provide sufficient evidence that the domestic industry has been adjusting since the EU safeguard measure was put in place and that sufficient planning is in place for further adjustment.

3.5.2 Adjustment Plans

714. UK producers provided the TRA with adjustment plans containing the measures that they have planned or initiated in order to demonstrate their adjustment to market conditions.

715. The TRA has assessed six aspects (identified aspects from received questionnaires) of these authenticated adjustment plans:

1) Staff reduction
2) Asset closure
3) Production strategy
4) Pricing strategy
5) Investment
6) Carbon reduction and sustainability

716. For each of the sampled UK producers, the TRA has reviewed the adjustment plans provided against other information from questionnaire responses and open-source research, to understand what measure have been taken or are planned and the timeframe and impact of these. This analysis enables us to find 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 were to be revoked.

3.5.3 Summary of Findings

3.5.3.1 Staff Reduction

717. 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.

718. There is evidence stating that some producers are reducing staff numbers to improve their cost competitiveness and financial performance, and in doing so help facilitate their adjustment. One UK producer committed to reducing the number of employees by around 20% between 2017 and 2020. Another UK producer announcing to reduce employment by 3,000 employees in 2019.

719. These adjustments have been driven by increasing costs and decreasing demand within the steel market. Overall, the UK steel industry is aiming to improve financial performance by reducing staff numbers.

3.5.3.2 Asset Closure

720. Asset closure has been adopted by UK producers as an adjustment method to increase sustainability, reduce separate legal entities to reduce costs and complexity, aid in transparency, and increase governance. There is evidence to suggest that some producers are closing assets or are planning the closure of assets to help facilitate their adjustment. One UK producer closed its mills in 2015 and sold small distribution sites in order to focus on sales to larger independent stockists in 2020. Another UK producer is seeking buyers for business units that cater mainly to niche markets and simplifying its corporate structure.

3.5.3.3 Production Strategy

721. Production Strategy is an important part of the adjustment plans as UK producers aim to reduce costs and increase efficiency.

722. There is evidence to suggest that some producers are reducing their volumes of production to help facilitate their adjustment. Generally, production is being reduced to match market demand. Producers are aiming to reduce costs and increase efficiencies through the optimisation and streamlining of their production processes.

3.5.3.4 Pricing Strategy

723. Some UK producers are adjusting by implementing pricing strategies to reflect market conditions and reduce costs. These strategies include adjusting prices to reflect market conditions, ‘in-sourcing’ contracts, improving cash flow management, improving product mix, and increase sales of higher value steels. These will ultimately reduce costs and increase earnings before interest, taxes, depreciation, and amortization through targeted investments on productivity, sustainability, and value-added growth

3.5.3.5 Investment

724. UK producers have included investment in their adjustment plans. There is evidence to suggest that some producers are investing, or planning to invest,

intending to improve competitiveness by increasing productivity and innovation, releasing new products onto the market, and providing better quality goods. One UK producer has committed investment of £1.2bn.

3.5.3.6 Carbon Reduction and Sustainability

725. Carbon reduction and sustainability measures have been implemented by many producers in order to reduce costs, support clean growth, and increase efficiencies whilst protecting and creating new jobs. There is evidence to suggest that some producers are actively planning to reduce their carbon emissions to facilitate their adjustment. Plans and commitments have been provided by producers to show how they expect to reduce emissions or capture those they are producing. Measures also include reusing waste and minimising water use.

3.5.4 Findings

726. The TRA has found that authenticated adjustment plans from UK producers outline clear and realistic strategies and timeframes to complete adjustment strategies. Evidence has been provided of taking the actions set out throughout the POI and MRP giving assurance that the plans are deliverable. While the TRA has not been able to identify end dates for some of the measures within the adjustment plans, because they have been described as ongoing, the TRA analysis suggests 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 measure 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.

4. TRA Reconsideration Call-In Chapter – Economic Interest Test (Assessment 4)

Overview TRA findings for assessment stage	4
Group/Category	**EIT is met for TRQ to be applied**
1 – flat products (aggregated)	**N/A**
1. Non-Alloy and Other Alloy Hot Rolled Sheets and Strips	y
2. Non-Alloy and Other Alloy Cold Rolled Sheets	y
4. Metallic Coated Sheets	y
5. Organic Coated Sheets	y
6. Tin Mill Products	y
7. Non-Alloy and Other Alloy Quarto Plates	n/a
2 – long products (aggregated)	**N/A**
12A. Non-Alloy and Other Alloy Merchant Bars and Light Sections	y
12B. Non-Alloy and Other Alloy Merchant Bars and Light Sections	y
13. Rebars	y
14. Stainless Bars and Light Sections	n/a
15. Stainless Wire Rod	n/a
16. Non-Alloy and Other Alloy Wire Rod	y
17. Angles, Shapes and Sections of Iron or Non-Alloy Steel	y
19. Railway Material	y
27. Non-Alloy and Other Alloy Cold Finished Bars	n/a
28. Non-Alloy Wire	n/a
3 – pipes/tubes (aggregated)	**N/A**
20. Gas Pipes	y
21. Hollow Sections	y
25A. Large Welded Tubes	y
25B. Large Welded Tubes	y
26. Other Welded Pipes	y

727. Under point 4 of the directed assessment the TRA has considered the Economic Interest Test (as required under regulation 7(1)(c)(iii) of the Call-in Regulations) for each individual steel product category.

728. Where the only available data to TRA in undertaking an assessment is unauthenticated then this has been used. Where TRA have authenticated and unauthenticated data available for assessments, only the authenticated data has been used. Where unauthenticated data has been used this has been referenced in the relevant tables.

4.1 Introduction

729. The aim of the Economic Interest Test (EIT) is to determine whether applying TRQs to categories 1, 2, 4, 5, 6, 7, 12A, 12B, 13, 16, 17, 19, 20, 21, 25A, 25B, and 26 is in the wider economic interest of the UK.

730. In accordance with regulation 7(4)(b) of the Call-in Regulations the EIT is met in relation to the application of a safeguard 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.

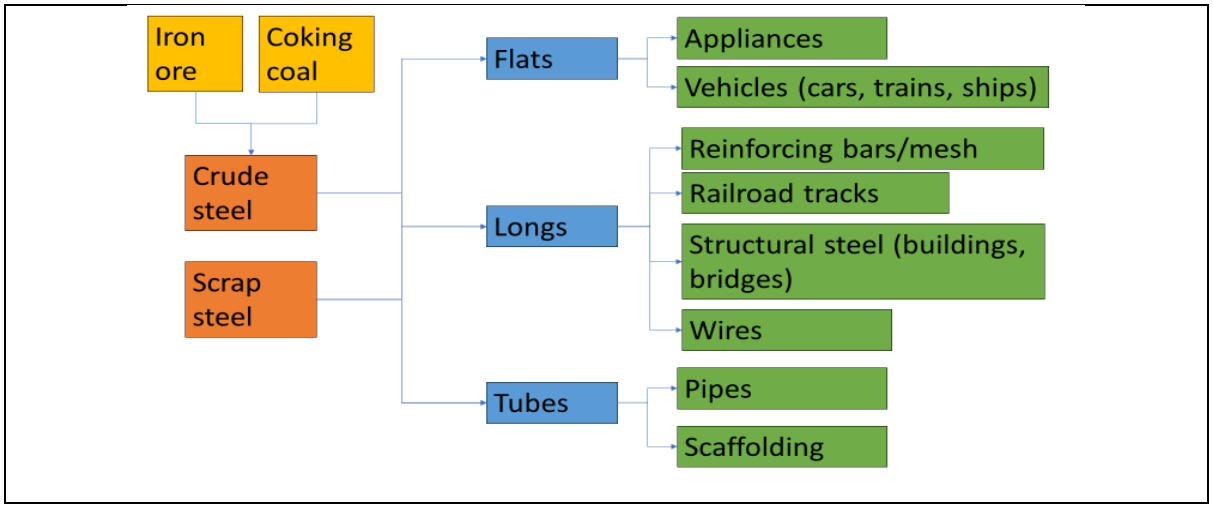
731. In line with regulation 7(4)(b) of the Call-in Regulations the TRA has taken account of the following in conducting the EIT:

- 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 the TRA considers relevant.

4.2 Supply Chain Overview

732. The assessed measure covers certain steel products as set out in Annex A. Figure 1 provides a simplified supply chain for these steel products. These steel products 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.

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



733. 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 measure 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.

734. Table 29 shows the known domestic sales of UK producers and imports for each of these groups for 2017-2019.[38] The sum of these is the known UK consumption. Average data over a three-year period has been used to reduce the impact of peaks in certain years. The TRA has 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 1: Known consumption of steel 'family groups', kilotonnes				
Product group	Steel safeguard categories	Average annual domestic sales of UK	Average annual imports, 2017-19	Average annual known UK consumption, 2017-19

[38] For product category 7 we have no sales data available, so production data was used instead; data was only available up to 2017, and therefore we used production for 2017 as the average for 2017-2019. For categories 25A and 25B, we received additional domestic production data following the SIPD.

		producers, 2017-19**		
1.Flat Products	1, 2, 4, 5, 6, 7*	1,640	3,329	4,968
2.Long Products	12A, 12B, 13, 16, 17, 19	1,473	1,515	2,988
3.Tubes	20, 21, 25A*, 25B*, 26	251	529	780

**unauthenticated data used*

*** This only accounts for domestic sales of UK producers from those who submitted questionnaire responses or submissions following publication of the SIPD. Covers only categories within the scope of the EIT*

Sources: Questionnaire responses, submissions following publication of the SIPD; non-published import data, provided by HMRC on February and April 2022

4.3 Evidence Base

735. In the original transition review, the TRA received the following questionnaire submissions which contained information relevant to the EIT:

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

736. Following the publication of the SIPD, we received further submissions from parties with additional production information on product categories 7, 25A, and 28. The TRA has not undertaken any authentication activities on this data.

737. Following the publication of original decision, the TRA received a large number of grounds for reconsideration, with some of them related to the EIT. These grounds have been assessed within Chapter 1 under section 1.4.3. As per Chapter 1 the findings from TRA analysis suggest that these grounds should not be upheld.

738. The TRA has supplemented the evidence above with background research and collated additional information on these parties. The TRA has also conducted

research on the parties that have not responded to our questionnaires, including upstream and downstream industries.

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

4.4 Serious Injury Caused by Increased Imports and Benefits to the UK Industry in Removing the Injury

740. Chapters 2.1, 2.2, and 2.3 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.

741. The TRA found evidence of a significant increase in imports within the POI for groups 1 and 3. Within group 2, we observed a significant increase in imports in a few product categories (13, 15, 19, 28). For groups 1 and 3, we observed a significant increase in import volume relative to production increased over the POI. For group 2, the import volume relative to production at the end of the POI was similar to 2013.

742. The TRA found evidence (see Chapter 2.2) to suggest that imports are likely to increase if the safeguard measure is revoked. Our findings were informed by the overcapacity in the global steel market, the risk of trade diversion due to the continuation of measures on steel in other major markets, the attractiveness of the UK steel import market, and the pattern of imports during the POI and MRP.

743. The likelihood of serious injury chapter established that the UK industry is already in a weak position and experiencing serious injury and that an increase in imports would likely cause further injury to the UK steel industry. The TRA found that producers had suffered serious injury over the POI and failed to fully recover during the MRP. Although some injury indicators showed improvement during the MRP, 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 future import pressures.

4.5 Economic Significance of Affected Industries and Consumers in the UK

744. The TRA has conducted the EIT assessment primarily on impacts at sector level but also identifying impacts on certain industries and businesses where evidence is available.[39]

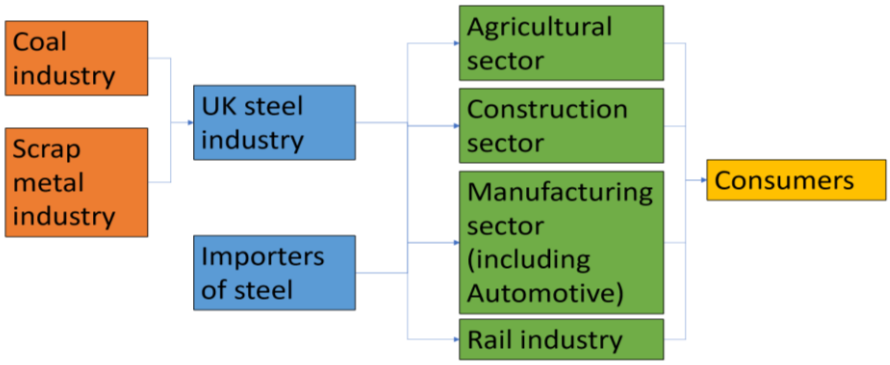
745. From the available evidence, the following UK groups have been identified as potentially being affected by the measure:

- **Upstream businesses:** Coal industry and Scrap metal industry;
- **UK producers of steel products** (UK Producers);
- **Importers** of steel products;
- **Downstream businesses:** Agricultural sector; Construction sector; Manufacturing sector; Automotive industry; and Railway industry; and
- **Consumers/end users.**

746. Figure 2 provides a simplified diagram of how these groups relate to one another.

[39] 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: Diagram of UK groups likely to be affected by the safeguard measure



4.5.1 Upstream Businesses

747. The UK steel industry produces steel from either iron ore or scrap metal. Of the UK 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 UK producers that use scrap metal, the evidence suggests that this is primarily supplied by domestic scrap.

Coal Industry

748. One UK producer indicated that they bought some of the coal used in their production from the UK. Coal is primarily used 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.

749. The government coal statistics show that in 2019 there were 13 coal mines and opencast sites in the UK which employed around 700 people.[40] These numbers have been in decline from over 6,000 employees at around 40 sites in 2010.[41] Energy use statistics show that iron and steel production accounts for less than 1% of coal use in the UK.[42] For 2020, the ONS estimates that the wider coal and lignite mining sector had a Gross Value Added (GVA) of £152m.[43]

[40] BEIS, *Historical coal data: coal production, availability and consumption 1853 to 2019*
[41] BEIS, *Historical coal data: coal production, availability and consumption 1853 to 2019*
[42] 31 BEIS, *Digest of UK Energy Statistics (DUKES) 2020, table 2.4*
[43] ONS, *UK GDP estimates, 05 Mining of coal and lignite, 2020 Q4*

Scrap Metal Industry

750. Two UK 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.[44]

4.5.2 UK Producers

751. Eight UK producers registered their interest in the transition review. Five were sampled, and of these, four returned sufficient questionnaires. The questionnaire responses the TRA received represent 97% of the known UK steel industry production volume for all products covered by the assessed measure.[45] ONS and BEIS data show that the UK steel industry employed 33,000-34,000 people in 2019,[46] and had a GVA of over £2.2 billion[47] and turnover of over £10 billion in 2020.[48] The commodity codes in scope of the EIT assessment accounted for 76% of total imports of steel products by volume over 2017-19,[49] suggesting that a safeguard measure applying to these commodity codes could be relevant to most of the steel sector.

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

[44] BMRA submission
[45] Pre-limited examination questionnaires
[46] 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
[47] ONS, *UK GDP estimates, 24.1-3 Basic iron and steel, 2020 Q4*
[48] BEIS, *Business Population Estimates 2020, Table 7, 24.1-3 Basic Iron and Steel*
[49] Total volume of imports under the product codes in scope of the EIT assessment as a percentage of all imports under the HS2 code '72 Iron and Steel', 2019, data from HMRC import statistics.

4.5.3 UK Importers

753. Fourteen importers registered interest in the transition review. Five were sampled and represent 78% of the total import volumes submitted by the 14 importers, across all product categories covered by the assessed measure.[50] The respondents import from most categories of steel products and from a wide range of countries. None of the importers sampled employed significant numbers of people in the UK.

754. 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) had the highest import volumes. Non alloy and other alloy quarto plates (category 7) and other welded pipes (category 26) had the greatest import penetration.[51] Import penetration is the share of imports in total known UK consumption.

4.5.4 Downstream Businesses

Agricultural Sector

755. One respondent indicated that organic coated sheets are used in the agricultural sector. This is an economically significant sector, but evidence suggests that it consumes products from other downstream sectors (construction and manufacturing) rather than directly from UK producers. Therefore, we regard the agricultural sector to be an end user of steel products and will be considered along with consumers.

Construction Sector

756. 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

[50] Pre-limited examination questionnaires
[51] Questionnaire responses; non-published import data, provided by HMRC on February and April 2022

employed 1.6-2.2 million people in 2019 and contributed over £129 billon in terms of GVA to the UK economy in 2020.[52] [53] Although there are some very large businesses in this sector, such as Balfour Beatty which has 26,000 employees, most construction companies tend to be smaller with over 95% having less than 5 employees.[54] [55]

757. A 2017 report by BEIS of steel capabilities estimated the total demand for steel from the construction sector to be around £2 billion in 2015.[56] This represents 0.7% of the estimated turnover of the sector at the start of 2016 suggesting steel costs are a relatively small input for the sector.[57]

Manufacturing Sector

758. The manufacturing sector was also cited by many respondents as a significant user of steel products. The entire sector employed 2.4-2.7 million people (2019)[58] and had a GVA of £192m billion (2020).[59] The sector includes a diverse range of industries (such as defence and machinery) which tend to be larger than average UK businesses.[60]

Automotive Industry

759. Within the manufacturing sector, the automotive industry in particular was referenced by parties. This includes both the vehicles themselves and also parts and accessories. This industry employed 159,000-164,000 people[61] and had a GVA of £16 billion in 2020.[62] There are several large employers in this

[52] BEIS, *Business Population Estimates 2020, Table 5, Construction*; ONS, *Business Register and Employment Survey, Table 2, 41-43 Construction, 2019*
[53] ONS, *UK GDP estimates, Construction, 2020*
[54] *Companies House*
[55] BEIS, *Business population estimates 2020*
[56] BEIS, *Future Capacities and Capabilities of the UK Steel Industry, 2017 research paper*
[57] BEIS, *Business population estimates 2016*
[58] BEIS, *Business Population Estimates 2020, Table 5, Manufacturing*; ONS, *Business Register and Employment Survey, Table 2, 10-33 Manufacturing, 2019*
[59] ONS, *UK GDP estimates, Manufacturing, 2020*
[60] BEIS, *Business Population Estimates 2020, Table 5, Manufacturing*
[61] 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
[62] ONS, *UK GDP estimates, 29 Motor vehicles, trailers and semi-trailers, 2020*

industry including Jaguar Land Rover (38,000 employees), Nissan (8,000), and Ford (8,000).

760. BEIS estimated the demand for steel products from the automotive industry to be £348 million in 2015[63] which is 0.5% of estimated turnover in the automotive industry at the start of 2016[64], suggesting that steel costs are likely to be a relatively small input for the automotive industry.

Rail Industry

761. The final downstream group which was identified in questionnaire responses is the rail industry. This includes both passenger and freight rail. The rail industry employed 61,000-69,000 people and had a GVA of £5 billion in 2020.[65] [66]

762. According to BEIS there are relatively few companies in the rail industry but the average size is large (between 700 and 800 employees on average).[67] The demand for steel products from the rail industry was estimated to be £84 million in 2015[68] which is 0.5% of total rail industry turnover in 2016.[69] This suggests that steel costs are likely to be a relatively small input for the rail industry.

Summary Table

763. Table 30 presents evidence in relation to the economic significance of the potentially affected industries. There is limited data for the scrap metal industry and importers but reliable data for other groups.

764. 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, employ more people, and contribute more to the economy.

[63] BEIS, *Future Capacities and Capabilities of the UK Steel Industry, 2017 research paper*
[64] BEIS, *Business population estimates 2016*
[65] 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*
[66] ONS, *UK GDP estimates, 49.1-2 Rail Transport, 2020*
[67] BEIS, *Business Population Estimates 2020, Table 5, 49.1-2 Rail Transport*
[68] BEIS, *Future Capacities and Capabilities of the UK Steel Industry, 2017 research paper*
[69] BEIS, *Business population estimates 2016*

765. Steel products are used throughout the UK economy. Buildings, vehicles, appliances and countless other goods are created using the products covered by the measure currently in place. It is therefore not possible to identify typical characteristics of steel consumers (such as age, gender, or income).

766. Many of these downstream products are expensive (such as houses and cars) for which the TRA would expect demand to be price inelastic (insensitive to changes in prices) for small changes in price. Steel products are typically quite homogeneous with little differentiation between the like or directly competitive goods and goods subject to review within each product category. Downstream products that use steel are more likely to be differentiated so the TRA would expect there to be more non-price competition in downstream sectors than in steel products.

767. 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. Additional costs to groups like these will ultimately be borne by taxpayers.

768. As mentioned above, we also believe that the agricultural sector is a consumer of downstream products that use steel. The agricultural sector had a GVA of £12 billon and employed over 450,000 people in 2019.[70]

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

Table 30: 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	5,331
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

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*
- *BRMA website BEIS Historical coal data: coal production-, availability and consumption 2019*

4.6 Likely Impact on Affected Industries and Consumers

769. Any extended safeguard measure will take the form of TRQs. The quota is a limit on the volume of certain steel products that can be imported into the UK with no safeguard tariff with anything above the limit subject to a 25% safeguard tariff.

770. This section assesses how prices and quantities along the supply chain may change should the safeguard measure be extended or revoked for each product category. The outcomes under the two scenarios are then compared to provide an assessment of the possible net impact of the measure for affected industries and consumers. In both scenarios product categories 14, 15, 27, and 28 are not subject to the measure.

771. Where possible we have attempted to quantify the impacts on affected industries and consumers based on the available evidence. We have also considered the Secretary of State's guidance on how to apply the EIT.[71]

4.6.1 Price and Quantity Changes with the Extension of the Safeguard Measure

772. If the safeguard was extended across all product categories, each product category would continue to face a tariff rate quota.

773. For some categories, the total quota amount will be different and slightly higher than the current quota (see discussion of TRQs calculation in chapter 5). For these categories, and if imports exceed the quota amounts, price of imports could potentially reduce. This is because some current out-of-quota imports would end up within the quota and not subject to the 25% safeguard tariff. However, differences in quotas are minimal and therefore, any changes in prices are expected to be negligible.

774. For the categories where imports do not exceed the quota amounts, if the safeguard is extended and similar import patterns were observed in the future, we would expect prices of imported steel to remain broadly stable. However,

[71] TRA dumping, subsidisation and safeguarding investigations guidance

prices could increase if imports exceeded the quota and became subject to the 25% tariff.

775. The quantity of imported steel is not expected to significantly change because quota amounts are calculated to ensure that traditional trade flows are maintained. However, quota amounts will increase by 3% each year, to ensure a progressive liberalisation of the safeguard measure.

776. While we do no not expect prices and quantities of UK steel products to drastically change as a result of extending the safeguard measure, they are still susceptible to other factors as discussed below.

777. 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. Some UK producers may 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 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.

778. Recent steel demand has been influenced by uncertainty surrounding the trading relationship between the UK and the EU. The EU has traditionally been the UK's main trading partner for steel.[72] The UK exit from the bloc coincided with a fall in steel exports going into the EU: from 2019 to 2020, exports volume to the EU fell by 11%. This could be partly explained by the EU safeguard measure that now applies to the UK and by the COVID-19 pandemic. While in 2021 the total steel exports had returned to pre-pandemic levels, the rebound was stronger for non-EU countries which experienced an increase of 14% from 2020 to 2021. On the other hand, UK steel exports volume to the EU increased only by 5%.[73] It is likely that businesses in both the UK and EU are still

[72] See 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.
[73] HMRC UK Trade Info

adjusting to the new trading relationship. The long-term impact of EU exit on steel is, therefore, unclear.

779. The recent economic downturn as a result of the COVID-19 pandemic may have also exacerbated the current situation for UK producers. UK producers reported a sharp decline in sales, production, and profits in the first two quarters of 2020. The European Steel Association (Eurofer) also asserts that demand for steel in the EU fell by nearly 11% in 2020.[74] However, they predicted that EU demand would rebound by 14% in 2021 and grow much more moderately (3%) in 2022.

780. In addition, the widespread disruptions in the global supply chain since the third quarter of 2021 and the Russian invasion of Ukraine make it difficult to predict how demand for steel will evolve. Russia and Ukraine are major providers of steel to the world. Therefore, trading sanctions against Russia prohibiting trading, imposed by the EU and UK, may result in the increase of the UK demand for steel products, which in turn, could increase prices.

781. A combination of the pandemic, the UK's departure from the EU, and most recently the Russian invasion of Ukraine, may have led to short- and medium-term market deviations from the underlying long-term trend.[75] While it is unclear whether these events have changed the underlying long-term trend and the future outlook remains uncertain, some evidence suggests that demand and prices of specific steel products may grow. The unfolding of these events will be key in determining the long run sustainability and performance of the UK producers.

782. From the evidence available it is unlikely that the suppliers of scrap metal would change their prices and quantities in response to extending the safeguarding measure. 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. Because demand for scrap metal relies heavily on

[74] EUROFER, *Economic and steel market outlook 2022-2023, first quarter* (Data up to, and including, third quarter of 2021)
[75] This also applies to the scenario without the measure however, it is not discussed below to avoid repetition.

the steel industry, the prices and quantities of scrap metal sold are likely to be driven by changes in the UK or global steel industry.

783. If importers and UK producers do not increase their steel prices, prices of downstream products will be unaffected. If, instead, importers and/or UK producers increase their prices, steel users would face higher materials costs and may either pass the cost increase onto their customers or absorb the loss. This effect 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 34, in 2015, steel costs accounted for less than 1% of turnover in the construction, manufacturing, automotive, and rail industries. A small change in the price of steel is therefore unlikely to have a significant impact on the prices of downstream products.

784. The TRA does not expect the quantities of downstream products produced to increase in response to extending the safeguarding measure, at least in the short-term. The COVID-19 pandemic has hit many downstream sectors in the UK. While some downstream sectors in the UK have shown signs of recovery others are still suffering from the COVID-19 pandemic. For instance, UK car output is continuing to fall and in March 2022 was 33% lower than in the previous year.[76] In a submission received following the publication of the SIPD during the original case the Society of Motor Manufacturers and Traders (SMMT) asserted that other factors that should be considered in assessing impacts on the automotive industry. These include reduced turnover and output following the referendum on the UK's withdrawal from the EU, the erosion of profitability due to the COVID-19 pandemic, new trade barriers resulting from EU exit, increasing prices of raw materials, and the threat of rebalancing or retaliatory measures. SMMT did not indicate which product categories relate to the automotive sector.

[76] The Society of Motor Manufacturers and Traders (SMMT), *UK vehicle manufacturing data*

785. On the other hand, the latest figures show that the construction industry is rebounding. In January 2022 monthly construction output increased by 1.1% and was 1.4% above the February 2020 pre-COVID-19 level.[77]

786. The Ministry of Economic Development of the Russian Federation submitted comments in relation to the downstream industries following the publication of the SIPD during the transition review. They stated that the impact on downstream industries should be considered with a selection of articles submitted about UK steel prices increasing due to increases in raw material costs, UK exit from the EU, and the COVID-19 pandemic. However, this submission did not include evidence in relation to the safeguard measure specifically impacting downstream industries.

Table 31: Expected impacts on prices and quantities on affected products if the measure is extended

Products	Prices	Quantities
Imported steel	Unlikely to change if imports do not exceed quotas; would increase if quotas exceeded.	Unlikely to change. Quantities will broadly reflect quota amounts which are set to maintain traditional trade flows. Likely reduction in imports from Russia, Belarus, and Ukraine due to the conflict.
UK steel	Unlikely to change.	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.

[77] ONS, *Construction output in Great Britain: January 2022*

4.6.2 Price and Quantity Changes if the Safeguard Measure were to be Revoked

787. If the measure is revoked the price of imports inside the quota is unlikely to change but the price of imports exceeding the quota would decrease by the value of the safeguard tariff.[78] Overall, the average price of imports would decrease depending on the volume of imports currently subject to the 25% out-of-quota safeguard tariff and changes in import quantities.[79] The reduction in the total price of imports is likely to be much smaller than the out-of-quota safeguard tariff for most product categories as the analysis below indicates.

788. Table 32 provides estimates for the potential price reductions at product category level if the safeguard measure were to be revoked. It presents weighted average price changes for two extreme scenarios showing us the range of potential price reductions.

789. In both scenarios, we assume that prices of imports within the quota would not change and prices of imports outside of the quota decrease by up to 20%.[80] We also assume that the level of UK consumption[81] does not change as a result of revoking the measure. 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 32.

790. Results from both scenarios 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.

[78] It should be noted that the uncertainty around whether imports will be subject to the out-of-quota tariff may also impact price of imports within the quota. Thus, revoking the measure could also result in price changes for those imports within the quota. However, this cannot be quantified.

[79] For instance, if 90% of total imports are outside the quota, the average price of total imports would fall by 18% if the measure were to be revoked (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 measure were to be revoked. For these illustrative examples, import volumes are not assumed to change.

[80] When a 25% tariff has been applied the resulting price of imports is 25% higher than their price before the tariff is was applied. Removal of a 25% tariff would result in a 20% decrease in price of imports where the tariff had applied.

[81] Known UK consumption is the sum of known domestic sales of UK producers and imports.

Safeguard Revocation Scenario One

791. In this scenario import volumes remain the same and therefore, only prices for imports exceeding the quota would decline. Results for this scenario show that revocation of the safeguard measure is likely to have a stronger impact on product categories 5 and 19, where historic import volumes exceeded the 2021 quota. For both categories, prices are predicted to decrease by 2%. For the other categories, estimates show no price changes. This is because we assumed that only imports outside the quota would change.

Safeguard Revocation Scenario Two

792. In this scenario imports satisfy 100% of UK consumption (resulting from UK producers being driven out of the market). Here, prices for imports would decrease both for previously 'out-of-quota' imports and for products that were previously produced domestically.

793. Results for this scenario suggest that revoking the safeguard measure under the assumption that UK producers will exit the market could have quite different price effects across the product categories. Relatively larger price reductions would be likely for organic coated sheets (category 5), non alloy and other alloy wire rod (category 16), and railway material (category 19). Relatively smaller price reductions would be likely for metallic coated sheets (category 4), gas pipes (category 20), and welded tubes and pipes (categories 25A, 25B, and 26).

Table 32: Estimates of potential price changes for imported steel products as a result of revoking the safeguard measure							
Category	**Category name**	**Imports, annual average over 2017-19, kilotonnes**	**Total known consumption, annual average over 2017-19, kilotonnes**	**2021 Quotas, annualised, kilotonnes**	**2017-2019 average imports as a percentage of 2021 annualised quotas**	**Scenario one, estimated minimum price change**	**Scenario two, estimated maximum price change**
PC 1	Non Alloy and Other Alloy Hot Rolled Sheets and Strips	794	1,357	879	90%	0%	-7%
PC 2	Non Alloy and Other Alloy Cold Rolled Sheets	389	634	452	86%	0%	-6%
PC 4	Metallic Coated Sheets	1,528	1,927	1,890	81%	0%	0%
PC 5	Organic Coated Sheets	190	368	146	130%	-2%	-12%
PC 6	Tin Mill Products	91	266	164	56%	0%	-8%
PC 7*	Non Alloy and Other Alloy Quarto Plates	337	417	340	99%	0%	-4%
PC 12**	Non Alloy and Other Alloy Merchant Bars and Light Sections	253	392	275	92%	0%	-6%
PC 13	Rebars	394	702	471	84%	0%	-7%
PC 16	Non Alloy and Other Alloy Wire Rod	249	665	276	90%	0%	-12%
PC 17	Angles, Shapes and Selections of Iron or Non Alloy Steel	601	1,107	664	91%	0%	-8%
PC 19	Railway Material	17	122	7	244%	-2%	-19%
PC 20	Gas Pipes	86	117	104	83%	0%	-2%
PC 21	Hollow Sections	183	349	184	100%	0%	-9%
PC 25A*	Large Welded Tubes	20	46	64	32%	0%	0%
PC 25B*	Large Welded Tubes	51	65	98	52%	0%	0%
PC 26	Other Welded Pipes	188	202	230	82%	0%	0%

Sources: non-published import data, provided by HMRC on February and April 2022, Questionnaire responses; submissions received following publication of the SIPD; DIT Notice of determination 2020/06

* unauthenticated data used

**Questionnaire data for product category 12 is not split into 12A and 12B.

794. If the safeguard measure is revoked, importers of certain steel products could face reduced costs of up to 20%, which may result in cost reductions being passed onto their customers and/or higher level of imports. Importers have cited price as an important factor for their customers, suggesting that reduced prices may be necessary to remain competitive. Therefore, it is likely that importers would reduce their prices.

795. Importers are likely to increase the quantities of imports of steel products where there is excess demand and a reduction in prices. In addition, the risk and uncertainty associated with exceeding the quota amount and paying a 25% safeguard tariff is eliminated.

796. While the UK market for steel is price competitive with many steel products that are directly comparable to imported steel, it is unlikely that UK producers would be able to match any price reduction from importers as they are making significant losses at current prices. 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 would expect price effects on these high-end products to be less strong.

797. The risk of trade diversion due to the continuation of the measure on steel in other major markets would further exacerbate the impact on UK steel producers.

798. Revoking the safeguard measure could therefore result in some UK producers not being able to remain viable as suppliers. There is also evidence of UK steel producers closing premises where product category 5 was being produced due to significant losses.

799. As UK suppliers of scrap metal rely on the steel industry, prices of scrap metal would be likely to face downward pressure if there were decreased demand from UK steel producers.

800. If importers reduced their prices and the average price of steel were to fall, this would reduce the input costs for the downstream industries in the UK. Steel users may 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 represents only a small proportion of the input costs of most products using steel. As shown in Table 34, in 2015, steel costs accounted for less than 1% of turnover in the construction, manufacturing, automotive, and rail industries. Therefore, revoking the safeguard measure is likely to have negligible impact on downstream industries.

Table 33: Expected impacts on prices and quantities on affected products if the measure is revoked

Products	Prices	Quantities
Imported steel	Reductions in prices of 0-19% (Table 32).	Increase in quantity for products where there is reduction in price and/or excess demand.
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 stell at reduced prices.
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 reductions.

4.6.3 Likely Impact on Affected Industries and Consumers

Upstream Businesses

Scrap Metal Industry

801. Quantities produced by UK producers are expected to remain stable. Since suppliers of scrap metal rely on UK producers the demand for scrap metal is not expected to change as a result of extending the measure. Therefore, quantities of scrap metal sold are likely to remain stable in the long run with the extension of the safeguard measure. Where UK 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.

802. Revocation of the safeguard measure would be likely to negatively impact scrap metal suppliers due to the expected decline in production by UK producers. However, 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 producers.

Coal Industry

803. Coal has been mentioned as an input into the original case by one UK producer. As mentioned in section 4.4 iron and steel production accounts for less than 1% of coal usage in the UK. Safeguard revocation would therefore have negligible impact on the coal industry. Extension of the measure would be expected to have no impact on the coal industry.

Steel Importers

804. The average cost of imports is unlikely to change with the extension of the safeguard measure, though prices could decline for the two product categories where quota amounts are exceeded. If the safeguard measure was revoked, there is the potential for importers to reduce their prices by up to 20% depending on the proportion of imports currently subject to the 25% additional safeguarding duty. Table 32 presents illustrative estimates for how overall prices may change, ranging 0%-19% across different categories. The uncertainty of increased costs from the safeguard measure would be eliminated for importers if the measure was revoked.

805. The quantity of imported steel is not expected to significantly change with extension of the safeguard measure as continuing the quotas is intended to maintain traditional trade flows. On the other hand, revocation of the safeguard measure is likely to see importers increase the quantity of imported steel products (especially where there is excess demand). Revoking the safeguard

measure would therefore be likely to have a significant positive impact on steel importers.

UK Producers

806. The quantities and prices of UK produced steel are expected to remain stable with the extension of the safeguard measure. UK producers could increase production quantities in response to increased UK demand given their capacity utilisation has declined throughout the POI and not yet rebounded in the MRP.

807. As UK 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 measure was revoked. Any price reductions to remain competitive would be unsustainable in the long term for UK producers. Revocation of the safeguard measure would therefore be likely to result in reduced quantities and a loss in market share as seen during the POI.

808. Revoking the safeguard measure would therefore be likely to have a significant negative impact on UK producers.

Downstream Businesses

809. We expect that prices of steel products would generally fall if the safeguard measure was revoked. 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.

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

811. The TRA has used publicly available evidence to help understand the scale of the impacts on downstream industries. Table 34 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 individual businesses in these groups. However, there may be some individual downstream businesses for which steel costs are a relatively larger proportion of turnover.

Table 34: Comparison between steel demand and turnover for the 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)	1,342	522,455	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*

812. The Ministry of Economic Development of the Russian Federation and The Society of Motor Manufacturers and Traders (SMMT) submitted comments to the original case in relation to downstream industries following the publication of the SIPD. These comments have been discussed previously in section 4.6.1.

813. From the available evidence, there is likely to be a significant positive impact on downstream groups if the safeguard measure was revoked. In absolute terms, this may be large given the size of the demand for steel products covered by the measure, though we were not able to assess the magnitude of this based on the available evidence. However, the average impacts on individual

businesses are likely to be minor given how steel costs are small compared to the overall size of these businesses.

Consumers

814. If downstream industries faced lower costs as a result of revoking the measure, 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 revocation of the safeguard measure, many businesses are likely to absorb cost decreases rather than pass them onto consumers.

Table 35 summarises the likely impacts on affected groups if the measure were to be revoked.

Table 35: Expected impacts on prices and quantities on affected groups if the safeguard measure were to be 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

4.7 Likely Impact on Particular Geographic Areas or Particular Groups

815. This section explores how impacts of the measure currently in place are likely to be geographically distributed and whether any particular areas or groups might be disproportionately impacted.

4.7.1 Geographic Impacts

Upstream Businesses

816. BEIS energy statistics show that the majority of people employed in the coal industry are in Wales (66% in 2019).[82] We expect that extending the safeguard measure currently in place would have a negligible impact on this industry because the steel industry accounts for less than 1% of coal use.[83] Therefore the TRA does not expect there to be any geographic impacts from this group.

817. The BMRA website lists the locations of a number of scrap yards (see Table 36) which gives some indication of the geographic distribution of the scrap industry. The TRA is 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 36: Locations of scrapyards listed on the BMRA website

Location	Number of scrap yards listed
Northern Ireland	**6**
Scotland	**45**
Wales	**19**
England	**342**
Bristol	3
Greater Manchester	3
Hertfordshire	6
Middlesex	3
Oxfordshire	1
Somerset	6
South Yorkshire	13
Warwickshire	3
West Glamorgan	2
Wiltshire	2
Other English	300
Source: BMRA website	

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

UK Steel Industry

818. 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 steel industry in areas such as south Wales (especially Port Talbot) and Scunthorpe (North Lincolnshire).

Figure 3: Known employees by location for UK producers and importers

Source: Questionnaire responses

819. The TRA expects that the impacts on the steel industry from revoking the measure could be significant and might put jobs in the industry at risk. Table 37 shows the known employment in the steel industry as a percentage of the total working age population in each local authority. The steel industry is a major employer in Neath Port Talbot (4.6%) and North Lincolnshire (3.1%).

Table 37: 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	

820. Table 38 shows indicators of economic deprivation for Neath Port Talbot and North Lincolnshire. The figures are presented in absolute values alongside the deciles for all UK Local Authority Districts (LADs), with the more positive outcomes lying in the higher deciles. For example, the sixth decile indicates that the figure falls between the 50th and 60th percentiles in the UK.

821. Data for Neath Port Talbot suggests the local authority is a deprived region. Median earning is around the national average, but the other indicators lie in the first and second deciles.

822. Given the evidence of deprivation in Neath Port Talbot and the significance of employment attributable to steel production, we find that extending the measure as proposed is likely to confer a significant benefit to the area. Job losses in this area could be more damaging as it might be harder for people to find new employment opportunities.

Table 38: Deprivation indicators for Neath Port Talbot and North Lincolnshire

LADs	Median earnings (2020)	Job density* (2020)	% economic inactivity** (2020)	% with no formal qualifications (2020)
Neath Port Talbot	£23,543	0.63	28.8	11
Deciles of UK LADs	5	2	1	1
North Lincolnshire	£25,175	0.82	22.5	7.5
Deciles of UK LADs	7	6	4	4

Source: ONS and NOMIS

Notes:

*Job density is the number of jobs per resident aged 16-64. For example, a job density of 1.0 means that there is one job for every resident aged 16-64.

** % includes those who have a long-term illness and those looking for work.

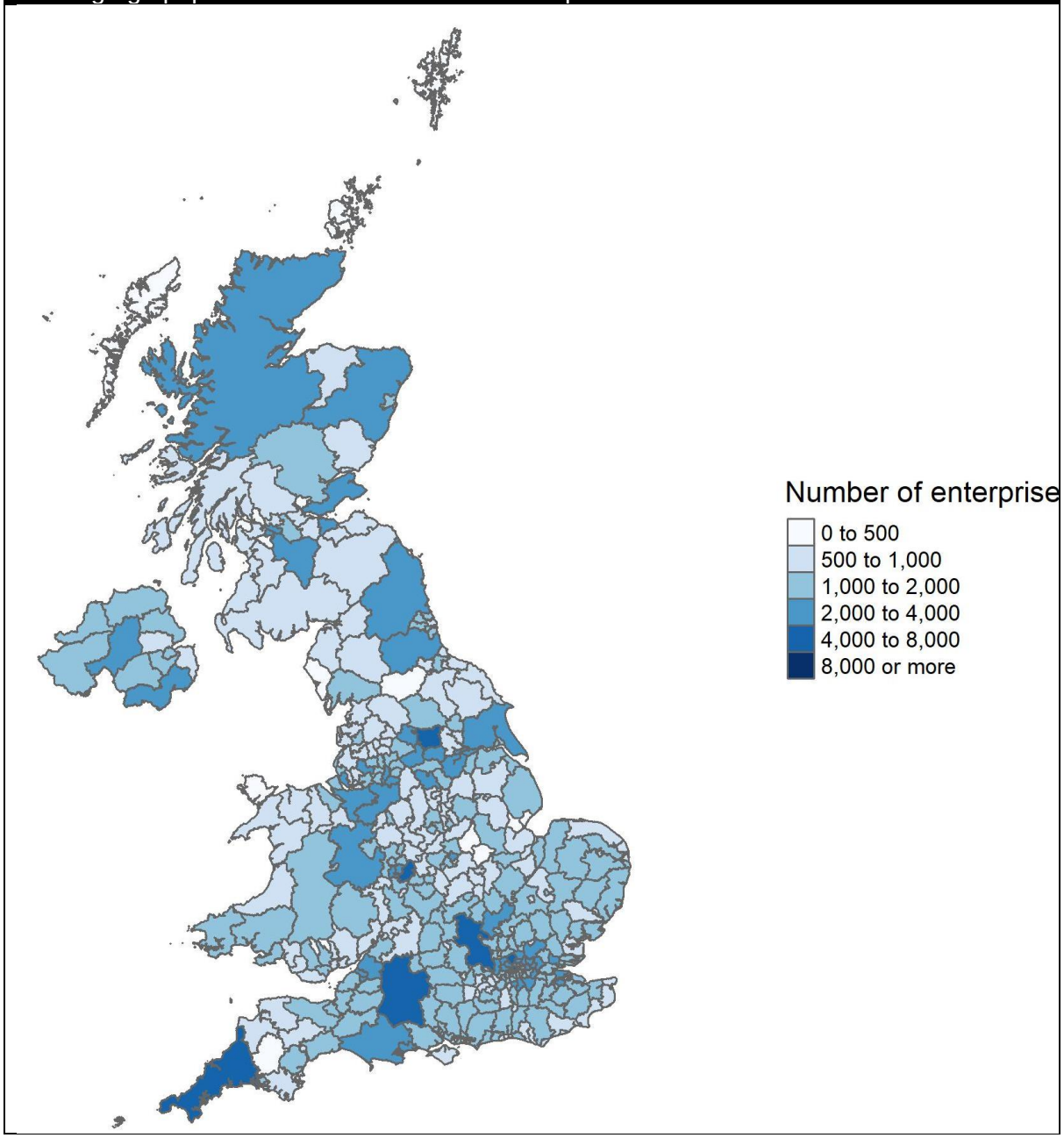
UK Importers

823. Figure 3 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 LAD 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 measure.

Downstream Businesses

824. Figure 4 shows the number of PAYE and VAT based enterprises per 1,000 working age population for the construction and production sectors. These sectors employ large numbers of people across the country with notable concentrations of businesses in and around London. It should be noted that not all the businesses presented in this map will have links to the steel industry, but we do not have any other data on the locations of affected downstream groups.

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



825. In section 4.6 the TRA found that there may be significant negative impacts on the downstream group collectively as a result of the measure currently in place 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 there is no evidence on who these would be or where they may be located. Therefore, we do not have evidence of

significant geographic impacts from the expected impacts on downstream groups.

Cumulative Geographic Impacts

826. When looking at the cumulative geographic impacts, evidence suggests positive impacts on a relatively deprived area for UK steel producers if the safeguard measure is extended. For other groups we have no evidence suggesting negative geographic impacts.

4.7.2 Likely Impact on Particular Groups

827. We considered the likely impact of safeguard extension or revocation on particular groups including those with protected characteristics as defined by the Equality Act 2010.

828. 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 are generally not sold directly to final consumers which makes it less likely that they might be affected by the measure.

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

4.8 Impacts on the Competitive Environment

830. The following assessment of likely consequences for the competitive environment and structure of the UK market considers the impact on the:

- number or range of suppliers,
- ability of suppliers to compete,
- incentives to compete vigorously; and
- choices and information available to consumers.

831. For this assessment, the term ‘suppliers’ includes importers and UK producers of steel products.

Background

832. Of the eight UK producers registered in the transition review 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. In the injury section we presented market shares using sales volume in the UK from the sampled UK producers and import data (section 2.3).

833. UK producers' overall market share was relatively constant throughout the POI and MRP, ranging between 38% and 44%. Market shares vary by product category. Combined market shares for the UK producers ranged from under 10% for other welded pipes (category 26) to over 80% for railway material (category 19).

834. The market share for EU imports also remained relatively stable during the period of analysis, ranging between 38% and 42%. The People's Republic of China (PRC), the Republic of Turkey, and South Korea are the non-EU countries that held the highest share of the market. The average number of countries or regions exporting to the UK from 2017 to 2019 varied between product categories, ranging from 4 to 27.

835. The steel products covered in this review are generally quite homogenous within each product category. 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.

836. 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. These price movements suggest some degree of price competition for the product categories. Suppliers may be able to compete on quality, reliability of supply, and delivery lead times. Reduced delivery times due to local supply may work in favour of UK producers.

4.8.1 Impact on the Number and Range of Suppliers

837. If the existing safeguard measure is extended, the number and range of suppliers could remain similar to levels seen between 2017 and 2019. In the short-term, extension of the measure would mean that a large proportion of the imports would be supplied by countries with access to a country-specific quota.[84] However, suppliers from other countries will have access to the residual quota, providing opportunities to other supply sources.

838. Extension of the safeguard measure should allow UK producers to further adjust to the competitive environment potentially maintaining the number of UK producers and allowing them to remain competitive, or compete more effectively, in the longer term.

839. Revocation of the safeguard measure would potentially lead to overseas suppliers having increased access to the UK market. Increased import volumes may result in downward price pressures for UK producers, squeezing their profit margins, and leading to significant market share loss as seen during the POI. The number and range of overseas suppliers may potentially increase but be offset by a loss of UK suppliers, with the net impact on the number of suppliers unclear.

840. The new trading relationship with the EU following UK exit is likely to impact imports from the EU. UK producers theoretically face less competition from EU producers as the EU is included in the extended safeguard measure which was not the case during the MRP. This means that there may be changes in the market share of imports from the EU. HMRC data shows that the overall EU share of imports remained relatively stable from 2013 to 2020 and declined substantially from 73% to 58% in 2021. However, it is still too early to understand whether this is a new long-term pattern.

4.8.2 Impact on the Ability of Suppliers to Compete

[84] Countries for which their 2017-2019 average import share exceeded 5% of the total imports, for a given product category.

841. In general, interested parties have stated that the UK market is competitive for steel products covered by this measure. The extension of the safeguard measure in the form of TRQs means that suppliers should maintain competition levels within the quota amount as there is no in-quota safeguard tariff. In the short-term, extension of the safeguard measure may hinder the ability of overseas suppliers to compete as effectively as in the absence of the measure on price for imports above the quota amount. However, average imports over 2017-19 did not exceed the 2021 quotas for most product categories (Table 32). In the long-term, UK producers should be able to adjust to maintain their competitiveness.

842. Revocation of the safeguard measure would be likely to improve the ability of overseas suppliers to compete due to the increased access to the UK market.

4.8.3 Impact on the Incentives to Compete Vigorously

843. There is no evidence to suggest that extending or revoking the measure would impact the incentives for suppliers to compete vigorously.

4.8.4 Impact on Choices and Information Available to Customers

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

845. Revoking the safeguard measure could impact availability and hence choice of locally sourced steel. This is likely to materialise if UK steel producers lose significant market share and are forced to exit the market.

4.9 Other Factors

846. As part of the EIT assessment, the TRA has to consider any other factors that may be relevant in concluding whether the proposed trade remedy measure is in the economic interest of the UK.

847. We found no evidence of any other relevant factors for this investigation and no evidence was provided by interested parties in the transition review or reconsideration.

4.10 Form of Measure

848. The default form of a UK safeguard measure is a TRQ. These are intended to maintain traditional trade flows.

849. A safeguard 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.

850. However, this measure would change the analysis above and could potentially have a more negative impact relative to TRQs. A tariff would be applied on all imports making them all less attractive and possibly distorting traditional trade flows.

4.11 Findings

851. The SoS guidance on the EIT states that there is no starting presumption that safeguard measure is 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.[85]

852. In the injury analysis, we found that the revocation of the measure would likely increase imports, potentially resulting in serious injury to the UK steel industry.

853. In the significance assessment under EIT the TRA found that the scrap metal industry, coal industry and importers of steel products are relatively small in

[85] TRA dumping, subsidisation and safeguarding investigations guidance

terms of both numbers of employees and GVA to the UK economy. This analysis also found that the UK steel sector is economically significant with high employment figures in comparison to the upstream industry and importers. Due to the prevalence of steel as an input the downstream group is substantially larger than the steel industry for all metrics.

854. In the impacts assessment the TRA found that extending the measure would significantly benefit the UK steel and scrap metal industries. The TRA found that importers of steel into the UK could incur some costs if the safeguard measure is extended. The size of these costs would depend on the extent to which imports exceed the quota amounts. 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. Risk to employment is considered low.

855. The TRA 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, the TRA found evidence that there could be significant benefits of extending the safeguard measure in Neath Port Talbot and North Lincolnshire. The steel industry is a major employer in these areas and revoking the measure could pose a threat to employment. It is unlikely that there would be any significant geographic impacts for importers due to low employee numbers. Downstream industries are not concentrated in any given areas. Due to the low impact on individual companies the TRA does not expect there to be significant regional downstream impacts if the measure is extended. There is no evidence to suggest any particular groups will be impacted.

856. The analysis of the competitive environment highlights variation in market share across the product categories. There are likely to be positive and negative impacts for the competitive environment from extending the measure. 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.

857. We have identified the following key positive impacts of extending the measure, as compared to revoking it:

- 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 the measure 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 the economically deprived area Neath Port Talbot.
- 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.

858. The key negative impacts of extending the measure include:

- Negative impact on importers which would be less able to compete with UK producers above quota amounts. The evidence suggests that importers are 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 resulting from the application of the additional safeguarding duty on import volumes above the quota amount. However, the TRA found 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 this group. Taken together, these downstream industries are however more economically significant than UK producers and the aggregate impact 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.

859. Given the large number of countries and regions from which products under all categories are imported into the UK the TRA did not consider that the relatively

high market share of UK producers is likely to create significant negative consequences for the overseas competitive environment.

860. For all product categories analysed under the EIT, the TRA recognises that there are some potentially significant negative impacts as summarised above but does not consider them to outweigh or be disproportionate to the more significant positive impacts. This is because:

- extending the measure would reduce the likelihood of serious injury caused by import pressures to the economically significant steel industry facing a challenging global market;
- further serious injury to the steel industry if incurred could include potential adverse impacts on jobs 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% safeguarding amount would limit the increased costs faced by downstream users and importers and help maintain historical trade flows of steel products.

861. Having considered all of the evidence presented by interested parties and all of the factors listed in the legislation, we find that the EIT is met for a safeguard measure to be applied to product categories 1, 2, 4, 5, 6, 7, 12A, 12B, 13, 16, 17, 19, 20, 21, 25A, 25B, and 26.

5. Reconsideration Call-In Chapter – Proposed TRQs for each Individual Product Category (Assessment 5)

5.1 Introduction

862. Under point 5 of the directed assessment the TRA has calculated proposed TRQs for each individual product category subject to the reconsideration and to which the measure currently applies. Specifically, these are product categories 1, 2, 4, 5, 6, 7, 12A, 12B, 13, 16, 17, 19, 20, 21, 25A, 25B, and 26.

5.2 TRQ Methodology

5.2.1 Overview

863. Due to the use of the country of origin dataset (see section 5.2.2) the TRA reviewed TRQs for each product category, using the same last three representative years as used during the transition review: 2017 to 2019.

864. The TRA compared the average imports from 2017 to 2019 to the TRQs currently in place.

865. Where country of origin data led to the finding that a more restrictive measure should be imposed, which is not permitted, the TRA propose maintaining the existing measure (i.e. maintain current total annual quotas). Exceptions to this are product categories 4, 6, and 19 that due to HMRC data revisions were revised downwards (see section 5.2.3).[86] Country-specific quota allocation is based on the country of origin dataset regardless of whether the existing measure is more liberal or not.

866. WTO law obliges members to ensure that safeguard quotas become less restrictive with time. A 3% liberalisation rate is applied for each year of the

[86] Because the existing measure for these product categories was calculated using import data which has subsequently been corrected.

TRQs. This maintains the liberalisation rate used by the European Commission.

867. Because the quotas are managed quarterly, annual quotas are divided into quarters using the number of days in that quarter.

868. Some UK trade agreements provide for UK trading partners to be exempt from safeguard measures. The TRQs calculations do not include import data from countries that are parties to such a trade agreement with the UK (Table 5.3.6).

869. Where within a product category the 2017-2019 average import market share for a given country exceeded 5% it is allocated the same share of the quota in this product category (country-specific quota allocation). Trade flows from countries who export smaller amounts to the UK are maintained by allowing these countries access to a residual quota. The residual quota is based on the average of the remaining imports over the last three representative years

5.2.2 Country of Origin vs Country of Dispatch

870. In the transition review the TRA only had access to HMRC import data publicly available on UK Trade Info. The published import data is based on country of dispatch.

871. TRQs should, ideally, be allocated based on the country of origin of the given product. HMRC has provided country of origin data for products dispatched from non-EU countries. However, up until January 2022 HMRC did not record country of origin for shipments dispatched from the EU. Therefore, TRQs calculated in this report use country of origin for imports dispatched from non-EU countries and country of dispatch for imports dispatched from EU countries.

872. Country of origin and country of dispatch datasets can result in different levels of total imports. The country of origin dataset permits identification of i) imports originating from the UK (these imports were removed from the analysis) and ii) imports assigned in the country of dispatch dataset to countries with bilateral UK Free Trade Agreements but which in fact originated from other countries

that are not exempt (these imports were included in the analysis). The difference is small.

5.2.3 HMRC Data Correction

873. On Thursday 11 November 2021 HMRC issued corrected figures for certain commodity codes in categories 4, 5, 6, and 19.[87] Import data used in these TRQs calculations include the revised data. HMRC data corrections mean that product categories 4, 5, and 6 were revised downwards. Product category 5 was revised upwards.

5.2.4 Review of TRQ Allocations for the Russian Federation and the Republic of Belarus

874. The TRA conducted a TRQ review to determine whether the country-specific TRQs of Russia and Belarus should be reallocated as a result of the UK imposed sanctions on these countries (SM0019). This affects only product categories for which Russia and Belarus have country-specific TRQs: category 1 (non-alloy and other alloy hot rolled sheets and strips) and category 13 (rebars).

875. Russian and Belarusian quotas were removed and the amounts redistributed proportionately among other existing country-specific quotas and the residual quotas based on proportion of trade flow using 2021 as the representative period.

876. The TRQs in this Report of Findings apply the same methodology to product categories 1 and 13. As per the relevant TRQ review there were no other categories for which Russia and Belarus had access to country-specific quotas. The TRQs calculated here are consistent with the TRA recommendation resulting from the concluded TRQ Review.

5.2.5 Developing Countries

[87] On 4 February 2022, the TRA has initiated a TRQ review (SM0015) to rectify the TRQs from the transition review.

877. In the original transition review, developing countries (table 5.3.5) with a 2017-2019 average import share of less than 3% of the UK's total imports, or with import shares that collectively accounted for less than 9% in a product category, were considered 'low volume' and excepted from the safeguard measure in that product category.

878. Where developing countries are exempt from the measure their import volumes are still counted towards the quota totals.

879. In calculating the TRQs to include in this report, the TRA has considered whether the exceptions for low volume developing countries are up-to-date and in particular whether there has been a change in circumstances since the application of the measure. We, therefore, examined the period from 1 July 2021 to 31 December 2021 to establish which countries have exceeded the 3% and collective 9% thresholds.

880. If the import share from 1 July 2021 to 31 December 2021 does not exceed neither the 3% nor the 9% threshold the developing country is exempt from the safeguard measure in a given product category.

881. Where a developing country is found to have an import share in excess of 3%, we considered whether a country specific quota is appropriate by assessing the 2017-2019 average import share in line with other countries subject to the safeguard measure. If this exceeds 5% a country-specific TRQ is allocated. Otherwise, the country has access to the residual quota. Table 5.3.4 lists the developing countries that are not exempt from the safeguard measure by product category.

882. Since the transition review measure was imposed, three Economic Partnership Agreements (EPA) which had previously included a clause for members to be excluded from safeguard measures have expired. The developing countries for which an agreement expired are listed in table 5.3.7. These countries are no longer excluded from safeguard measures on this basis and are subject to the same consideration as the other developing countries. To calculate import share from 1 July 2021 to 31 December 2021, we only considered imports

starting in the month when the agreement expired. For example, for the Southern Africa Customs Union (SACU) countries we accounted for incurred from 1 October 2021 to 31 December 2021.

5.3 Proposed TRQs for each Individual Product Category

Table 5.3.1: Quarterly volumes of country and residual tariff-rate quotas (in tonnes) 07/07/2021 – 30/06/2022

Product category	Country	01/07/2021 to 30/09/2021	01/10/2021 to 31/12/2021	01/01/2022 to 31/03/2022	01/04/2022 to 30/06/2022
1	EU	171,575	171,575	167,845	169,710
	Turkey	22,527	22,527	22,038	22,283
	Taiwan	12,542	12,542	12,269	12,405
	Residual	21,585	21,585	21,116	21,351
2	EU	74,186	74,186	72,574	73,380
	South Korea	10,913	10,913	10,676	10,794
	India	9,123	9,123	8,924	9,024
	Residual	23,149	23,149	22,646	22,898
4	EU	296,350	296,350	289,908	293,129
	Taiwan	30,639	30,639	29,973	30,306
	India	22,628	22,628	22,136	22,382
	Turkey	22,565	22,565	22,074	22,319
	Residual	78,253	78,253	76,552	77,403
5	EU	33,537	33,537	32,808	33,172
	South Korea	13,628	13,628	13,332	13,480
	Residual	2,037	2,037	1,993	2,015
6	EU	29,242	29,242	28,607	28,924
	PRC	7,424	7,424	7,263	7,344
	Taiwan	2,424	2,424	2,372	2,398
	South Korea	2,301	2,301	2,251	2,276
	Residual	992	992	971	981
7	EU	65,073	65,073	63,659	64,366
	Ukraine	10,156	10,156	9,936	10,046
	Residual	13,066	13,066	12,782	12,924
12A	EU	14,038	14,038	13,733	13,886
	Residual	2,019	2,019	1,975	1,997
12B	EU	32,417	32,417	31,712	32,065
	Turkey	12,201	12,201	11,936	12,069
	Residual	6,934	6,934	6,783	6,858
13	EU	68,130	68,130	66,649	67,389
	Turkey	32,276	32,276	31,575	31,926

	Residual	21,976	21,976	21,498	21,737
16	EU	68,586	68,586	67,095	67,840
	Residual	2,995	2,995	2,929	2,962
17	EU	138,331	138,331	135,324	136,828
	Residual	34,062	34,062	33,322	33,692
19	EU	4,386	4,386	4,290	4,338
	Residual	129	129	126	128
20	Turkey	14,379	14,379	14,067	14,223
	EU	6,472	6,472	6,331	6,401
	India	3,327	3,327	3,255	3,291
	UAE	2,206	2,206	2,158	2,182
	Residual	676	676	661	669
21	Turkey	34,133	34,133	33,391	33,762
	EU	10,361	10,361	10,135	10,248
	Residual	3,150	3,150	3,081	3,115
25A	Japan	7,567	7,567	7,402	7,484
	EU	5,790	5,790	5,664	5,727
	South Korea	1,157	1,157	1,131	1,144
	Residual	2,041	2,041	1,997	2,019
25B	EU	14,893	14,893	14,569	14,731
	South Korea	4,280	4,280	4,187	4,234
	Japan	1,876	1,876	1,835	1,855
	Residual	4,515	4,515	4,417	4,466
26	EU	20,863	20,863	20,409	20,636
	UAE	14,020	14,020	13,715	13,868
	Turkey	10,184	10,184	9,963	10,074
	PRC	5,358	5,358	5,241	5,299
	Residual	9,250	9,250	9,049	9,149

Table 5.3.2: Quarterly volumes of country and residual tariff-rate quotas (in tonnes) year 2

Product category	Country	01/07/2022 to 30/09/2022	01/10/2022 to 31/12/2022	01/01/2023 to 31/03/2023	01/04/2023 to 30/06/2023
1	EU	176,722	176,722	172,880	174,801
	Turkey	23,203	23,203	22,699	22,951
	Taiwan	12,918	12,918	12,637	12,777
	Residual	22,233	22,233	21,750	21,991
2	EU	76,412	76,412	74,751	75,581
	South Korea	11,240	11,240	10,996	11,118
	India	9,396	9,396	9,192	9,294
	Residual	23,844	23,844	23,325	23,584

4	EU	305,241	305,241	298,605	301,923
	Taiwan	31,558	31,558	30,872	31,215
	India	23,307	23,307	22,801	23,054
	Turkey	23,242	23,242	22,736	22,989
	Residual	80,601	80,601	78,849	79,725
5	EU	34,543	34,543	33,792	34,167
	South Korea	14,037	14,037	13,732	13,884
	Residual	2,098	2,098	2,053	2,075
6	EU	30,120	30,120	29,465	29,792
	PRC	7,647	7,647	7,481	7,564
	Taiwan	2,497	2,497	2,443	2,470
	South Korea	2,370	2,370	2,319	2,344
	Residual	1,022	1,022	1,000	1,011
7	EU	67,025	67,025	65,568	66,297
	Ukraine	10,461	10,461	10,234	10,347
	Residual	13,458	13,458	13,165	13,312
12A	EU	14,459	14,459	14,145	14,302
	Residual	2,080	2,080	2,034	2,057
12B	EU	33,389	33,389	32,664	33,026
	Turkey	12,567	12,567	12,294	12,431
	Residual	7,142	7,142	6,986	7,064
13	EU	70,174	70,174	68,648	69,411
	Turkey	33,245	33,245	32,522	32,883
	Residual	22,635	22,635	22,143	22,389
16	EU	70,644	70,644	69,108	69,876
	Residual	3,084	3,084	3,017	3,051
17	EU	142,481	142,481	139,384	140,933
	Residual	35,084	35,084	34,322	34,703
19	EU	4,517	4,517	4,419	4,468
	Residual	133	133	130	131
20	Turkey	14,810	14,810	14,489	14,649
	EU	6,666	6,666	6,521	6,593
	India	3,427	3,427	3,352	3,390
	UAE	2,272	2,272	2,223	2,247
	Residual	696	696	681	689
21	Turkey	35,157	35,157	34,393	34,775
	EU	10,671	10,671	10,439	10,555
	Residual	3,244	3,244	3,174	3,209
25A	Japan	7,794	7,794	7,624	7,709
	EU	5,963	5,963	5,834	5,899
	South Korea	1,191	1,191	1,165	1,178
	Residual	2,102	2,102	2,057	2,079
25B	EU	15,339	15,339	15,006	15,173

	South Korea	4,409	4,409	4,313	4,361
	Japan	1,932	1,932	1,890	1,911
	Residual	4,650	4,650	4,549	4,600
26	EU	21,488	21,488	21,021	21,255
	UAE	14,441	14,441	14,127	14,284
	Turkey	10,490	10,490	10,262	10,376
	PRC	5,518	5,518	5,398	5,458
	Residual	9,528	9,528	9,320	9,424

Table 5.3.3: Quarterly volumes of country and residual tariff-rate quotas (in tonnes) year 3

Product category	Country	01/07/2023 to 30/09/2023	01/10/2023 to 31/12/2023	01/01/2024 to 31/03/2024	01/04/2024 to 30/06/2024
1	EU	181,526	181,526	179,553	179,553
	Turkey	23,834	23,834	23,575	23,575
	Taiwan	13,269	13,269	13,125	13,125
	Residual	22,837	22,837	22,589	22,589
2	EU	78,489	78,489	77,636	77,636
	South Korea	11,546	11,546	11,421	11,421
	India	9,652	9,652	9,547	9,547
	Residual	24,492	24,492	24,226	24,226
4	EU	313,539	313,539	310,131	310,131
	Taiwan	32,416	32,416	32,063	32,063
	India	23,941	23,941	23,681	23,681
	Turkey	23,873	23,873	23,614	23,614
	Residual	82,792	82,792	81,892	81,892
5	EU	35,482	35,482	35,096	35,096
	South Korea	14,419	14,419	14,262	14,262
	Residual	2,155	2,155	2,132	2,132
6	EU	30,938	30,938	30,602	30,602
	PRC	7,855	7,855	7,769	7,769
	Taiwan	2,565	2,565	2,537	2,537
	South Korea	2,435	2,435	2,408	2,408
	Residual	1,050	1,050	1,038	1,038
7	EU	68,848	68,848	68,099	68,099
	Ukraine	10,746	10,746	10,629	10,629
	Residual	13,824	13,824	13,673	13,673
12A	EU	14,852	14,852	14,691	14,691
	Residual	2,136	2,136	2,113	2,113
12B	EU	34,297	34,297	33,924	33,924
	Turkey	12,909	12,909	12,769	12,769
	Residual	7,336	7,336	7,256	7,256

13	EU	72,081	72,081	71,298	71,298
	Turkey	34,148	34,148	33,777	33,777
	Residual	23,250	23,250	22,997	22,997
16	EU	72,564	72,564	71,775	71,775
	Residual	3,168	3,168	3,134	3,134
17	EU	146,355	146,355	144,764	144,764
	Residual	36,038	36,038	35,646	35,646
19	EU	4,640	4,640	4,590	4,590
	Residual	137	137	135	135
20	Turkey	15,213	15,213	15,048	15,048
	EU	6,847	6,847	6,773	6,773
	India	3,520	3,520	3,482	3,482
	UAE	2,334	2,334	2,308	2,308
	Residual	715	715	708	708
21	Turkey	36,113	36,113	35,721	35,721
	EU	10,962	10,962	10,842	10,842
	Residual	3,332	3,332	3,296	3,296
25A	Japan	8,006	8,006	7,918	7,918
	EU	6,126	6,126	6,059	6,059
	South Korea	1,224	1,224	1,210	1,210
	Residual	2,159	2,159	2,136	2,136
25B	EU	15,756	15,756	15,585	15,585
	South Korea	4,529	4,529	4,479	4,479
	Japan	1,984	1,984	1,963	1,963
	Residual	4,777	4,777	4,725	4,725
26	EU	22,073	22,073	21,833	21,833
	UAE	14,833	14,833	14,672	14,672
	Turkey	10,775	10,775	10,658	10,658
	PRC	5,668	5,668	5,607	5,607
	Residual	9,787	9,787	9,680	9,680

Table 5.3.4: Developing Country non-Exemptions by Product Category

Product Category	Developing country non-exemptions (July-Dec 2021 import share)
1	India (24.9%), Turkey (9.2%)
2	India (12%), Ukraine (11.7%), Vietnam (8.5%), Tunisia (3.6%)
4	Vietnam (26.7%), India (10.9%), Turkey (7.6%)
5	India (10.8%), Vietnam (5%)
6	PRC (44.8%)
7	Ukraine (16.6%)
12A	n/a
12B	Turkey (29.9%)

13	Turkey (20%), India (8.5%)
16	Ukraine (12.7%), Turkey (3.2%)
17	Turkey (10.9%), India (3.2%)
19	n/a
20	Turkey (65.5%), India (15.4%), UAE (4.1%)
21	Turkey (79.4%), UAE (5.7%)
25A	n/a
25B	n/a
26	Turkey (25%), UAE (13.3%), PRC (11.1%), India (5.8%)

Table 5.3.5: 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, 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, People's Republic of China (PRC), 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 5.3.6: 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
UK-Kenya Economic Partnership Agreement	Kenya

UK/SACU and Mozambique (SACUM) Economic Partnership Agreement	Mozambique

Table 5.3.7: EPAs and the relevant members and date of expiry of clause for multilateral safeguard exception

EPA	Country	Date of expiry
UK-Côte d'Ivoire Stepping Stone Economic Partnership Agreement	Cote d'Ivoire	03/09/21
UK/Ghana: Interim Trade Partnership Agreement [CS Ghana No.1/2021]	Ghana	14/12/21
SACUM	Botswana	10/10/21
SACUM	Eswatini	10/10/21
SACUM	Lesotho	10/10/21
SACUM	Namibia	10/10/21
SACUM	Republic of South Africa	10/10/21

Table 5.3.8: Current and proposed developing country TRQ allocations by product category

Product Category	Country	Current Allocation (Import share 2017-19*)	Proposed Allocation (Import share July 2021 - December 2021)
1	India	Exempt (2.4%)	Residual (24.9%)
2	Brazil	Residual (4.4%)	Exempt (0.2%)
	Tunisia	Exempt (0.0%)	Residual (3.6%)
4	PRC	Country (7.2%)	Exempt (0.1%)
	Vietnam	Exempt (3.0%)	Residual (26.7%)
5	India	Exempt (1.1%)	Residual (10.8%)
	Vietnam	Exempt (0.0%)	Residual (5.0%)
7	Brazil	Residual (3.2%)	Exempt (0.0%)
12A	PRC	Country (5.4%)	Exempt (1.7%)
	Turkey	Country (5.1%)	Exempt (0.9%)
12B	PRC	Residual (3.7%)	Exempt (0.9%)
13	India	Exempt (0.0%)	Residual (8.5%)
	Ukraine	Country (10.6%)	Exempt (1.9%)
16	Turkey	Exempt (2.9%)	Residual (3.2%)
	Ukraine	Exempt (0.7%)	Residual (12.7%)

17	India	Exempt (0.0%)	Residual (3.2%)
25A	Saudi Arabia	Country (6.7%)	Exempt (0.0%)
	Indonesia	Country (0.0%)	Exempt (0.0%)
	Malaysia	Country (0.0%)	Exempt (0.1%)
25B	Turkey	Country (6.6%)	Exempt (0.1%)
	Saudi Arabia	Residual (3.5%)	Exempt (0.0%)

*Import shares using country of origin dataset and including HMRC revisions. Indonesia and Malaysia currently have a country specific quota for product category 25A. However, imports were not originally from these countries and therefore they become exempt when using the country of origin dataset.

ANNEX A

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22 March 2022

Dear Simon, Oliver,

I am writing to inform you that, under Regulation 3(b) of The Trade Remedies (Review and Reconsideration of Transitioned Trade Remedies) Regulations 2022 ("the Call-in Regulations"), I intend to take a decision on whether to vary, maintain or revoke the tariff rate quotas applicable to goods that are the subject of the TRA's current reconsideration of the safeguard measure on certain steel products (TF0006).

To inform my decision, and in addition to the matters described in regulation 7 of the Call-in Regulations, I am directing the TRA to conduct the analyses and assessments below and to provide a report of its findings including the matters listed no later than Tuesday 3 May 2022.

The analyses and assessments are:

1) The analysis carried out and the conclusions reached on the reconsideration prior to the date of this letter;

2) An assessment as set out in points a-e below of the evidence of the 19 products transitioned from the EU measure ("the transitioned trade remedy") in the 3 steel product category groups set out in annex A below ("the family groups");

3) A separate assessment as set out in points a-e below of the 10 product categories recommended for extension by the TRA in 2021 in the same family groups;

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4) An assessment of the Economic Interest test (as required under regulation 7(1)(c)(iii) of the Call-in Regulations) for each individual product category; and

5) Proposed TRQs for each individual product category subject to the reconsideration and to which the measure currently applies;

The TRA's analysis under points 2 and 3 should consider evidence applying to the transitioned trade remedy on the basis of the family groups. The TRA must consider whether:

a. The goods were imported into the United Kingdom in increased quantities and whether this increase was significant;

b. The importation of those goods in increased quantities would be likely to recur if they were no longer subject to a tariff rate quota;

c. There is serious injury or a threat of serious injury to UK producers;

d. Any continuation of a tariff rate quota is necessary at an individual product category level to prevent or remedy serious injury or threat of serious injury to UK producers.

e. There is evidence that that the UK producers are adjusting.

The TRA should begin with answering (c), (d) and (e) for the assessments required by (2) and (3) above.

Without prejudice to the requirements of regulation 7(1) of the Call-in Regulations, the assessment should be done using the information the TRA holds and considers is relevant for carrying out the assessments set out above.

The report of findings should also include any other information the TRA considers is necessary to meet the obligations set out in regulation 7(1)(c) of the Call-in Regulations.

Best wishes,

THE RT HON ANNE-MARIE TREVELYAN MP
Secretary of State for International Trade
& President of the Board of Trade

Annex A

Steel Product Category Groups

For the analysis set out above, the 3 groups of products set out in the table below should be considered.

Group 1 (Flat Products)		
Product Category	**Category Description**	**'UK Global Tariff' commodity codes**
Category 1	Non-alloy and other alloy hot-rolled sheet and strip	72081000 72082500 72082600 72082700 72083600 72083700 72083800 72083900 72084000 72085210 72085299 72085310 72085390 72085400 72111300 72111400 72111900 72126000 72251910 72253010 72253030 72253090 72254015 72254090 72261910 72269120 72269191 72269199
Category 2	Non-alloy and other alloy cold-rolled sheet	72091500 72091690 72091790 72091891 72092500 72092690 72092790 72092890 72099020 72099080 72112320 72112330 72112380 72112900 72119020 72119080 72255020 72255080 72262000 72269200
Category 4A	Metallic coated sheet	72104100 20 72104900 20

		72106100 20 72106900 20 72123000 20 72125061 20 72125069 20 72259200 20 72259900 11 72259900 22 72259900 45 72259900 91 72259900 92 72269930 10 72269970 11 72269970 91 72269970 94
Category 4B	Metallic coated sheet	72102000 72103000 72104100 30 72104100 80 72104900 30 72104900 80 72106100 30 72106100 80 72106900 30 72106900 80 72109080 72122000 72123000 80 72125020 72125030 72125040 72125061 30 72125061 80 72125069 30 72125069 80 72125090 72259100 72259200 80 72259900 23 72259900 41 72259900 93 72259900 95 72269910 72269930 90 72269970 19 72269970 96
Category 5	Organic coated sheet	72107080 72124080
Category 6	Tin mill products	72091899 72101100 72101220 72101280 72105000 72107010 72109040 72121010 72121090 72124020

Category 7	Non-alloy and other alloy quarto plates	72085120 72085191 72085198 72085291 72089020 72089080 72109030 72254012 72254040 72254060

Group 2 (Long Products)		
Product Category	**Category Description**	**'UK Global Tariff' commodity codes**
Category 12	Merchant bars and light sections	72143000 72149110 72149190 72149931 72149939 72149950 72149971 72149979 72149995 72159000 72161000 72162100 72162200 72164010 72164090 72165010 72165091 72165099 72169900 72281020 72282010 72282091 72283020 72283041 72283049 72283061 72283069 72283070 72283089 72286020 72286080 72287010 72287090 72288000
Category 13	Rebar	72142000 72149910
Category 14	Stainless Bars and Light Sections	72221111 72221119 72221181 72221189 72221910 72221990 72222011 72222019 72222021

		72222029 72222031 72222039 72222081 72222089 72223051 72223091 72223097 72224010 72224050 72224090
Category 15	Stainless Wire Rod	72210010 72210090
Category 16	Non-alloy and other alloy wire rod	72131000 72132000 72139110 72139120 72139141 72139149 72139170 72139190 72139910 72139990 72271000 72272000 72279010 72279050 72279095
Category 17	Angles, shapes, and sections of iron or non-alloy steel	72163110 72163190 72163211 72163219 72163291 72163299 72163310 72163390
Category 19	Railway material	73021022 73021028 73021040 73021050 73024000
Category 27	Non-alloy and other alloy cold finished bars	72151000 72155011 72155019 72155080 72281090 72282099 72285020 72285040 72285061 72285069 72285080
Category 28	Non-alloy wire	72171010 72171031 72171039 72171050 72171090 72172010 72172030

		72172050 72172090 72173041 72173049 72173050 72173090 72179020 72179050 72179090

Group 3 (Tubes)		
Product Category	**Category Description**	**'UK Global Tariff' commodity codes**
Category 20	Gas pipe	73063041 73063049 73063072 73063077
Category 21	Hollow section	73066110 73066192 73066199
Category 25A	Large welded tube	73051100 73051200
Category 25B	Large welded tube	73051900 73052000 73053100 73053900 73059000
Category 26	Other welded tube	73061110 73061190 73061910 73061990 73062100 73062900 73063011 73063019 73063080 73064020 73064080 73065020 73065080 73066910 73066990 73069000

Category Codes for Inclusion in Analysis under Points 2, 3, 4 and 5

Point 2	**Point 3**	**Points 4 & 5**
Group 1 (Flat) 1, 2, 4A, 4B, 5, 6 & 7 *Group 2 (Long)* 12, 13, 14, 15, 16, 17, 19, 27 & 28 *Group 3 (Tubes)* 20, 21, 25A, 25B & 26	*Group 1 (Flat)* 1, 2, 4A, 4B & 5 *Group 2 (Long)* 13 & 19 *Group 3 (Tubes)* 20, 21, 25A, 25B & 26	*Individual Category Codes (subject to analysis under point 2)* 1, 2, 4A, 4B, 5, 6, 7, 12, 13, 16, 17, 19, 20, 21, 25A, 25B & 26