



## **Final Determination**

# **SE0041 - Extension review of safeguard measure on certain steel products**

**10 April 2024**



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## Section A: Introduction

1. This section briefly summarises the legal framework for this Final Determination and the Trade Remedies Authority (TRA)'s main findings. The background to this review (see [Section C1](#)) and further detail on all aspects are set out in the remaining sections.
2. The purpose of this document is to set our Final Determination and recommendation to the Secretary of State detailing the essential facts on which we have based our recommendation. It should be read in conjunction with other public documents available for this review on the [public file](#).
3. For further guidance and information regarding safeguard reviews, please see our [public guidance](#).

### A1: About this review

4. This Final Determination is made pursuant to regulation 29 of the Trade Remedies (Increase in Imports Causing Serious Injury to UK Producers (EU Exit) Regulations 2019/449) (the Safeguard Regulations).
5. This is an extension review of a UK safeguard measure under regulation 35 of the Safeguard Regulations. This review concerns whether the expiry of a definitive safeguarding remedy would likely result in a continuation or recurrence of serious injury to UK producers of the relevant goods.
6. The review will assess the measure imposed as a result of the reconsideration of the transition review [TF0006](#) from 1 July 2022, the [SM0015](#) (data review) mid-term review from 1 July 2022, the [SM0016](#) tariff rate quota (TRQ) review from 1 July 2022, the [SM0019](#) TRQ review from 1 July 2022, and the [TQ0030](#) TRQ review from 30 June 2023. Details of the safeguard measure are set out in:
  - [Trade remedies notice 2022/01: safeguard measure: tariff-rate quota on steel goods](#)
  - [Trade remedies notice 2022/02: safeguard measure: tariff-rate quota on steel goods](#)
  - [Trade Remedies Notice 2023/10: safeguard measure: tariff-rate quota on steel goods - GOV.UK \(www.gov.uk\)](#)
  - [Trade Remedies Notice 2023/11: safeguard measure: tariff-rate quota on steel goods - GOV.UK \(www.gov.uk\)](#)
7. The [Notice of Initiation](#) (NoI) was published on 4 September 2023. The scope of the safeguard measure, as detailed within the NoI, is defined in [Section D](#). The Period of Investigation (PoI) for the review is 1 April 2018 to 31 March 2023.



8. On 21 February 2024, we published our [Statement of Intended Final Determination](#) (SIFD). The SIFD was published in accordance with regulation 29 of the Safeguard Regulations and set out:
- the final determination that the TRA intends to make;<sup>1</sup>
  - a summary of the facts considered by the TRA during the investigation;<sup>2</sup>
  - those facts that formed the basis for the final determination;<sup>3</sup>
  - how the TRA used the information supplied by interested parties in making the intended final determination;<sup>4</sup>
  - the details of the TRA's assessment forming the basis of the intended final determination;<sup>5</sup> and
  - the period during which the TRA would consider comments on the SIFD from interested parties, contributors or any other person who has supplied information.<sup>6</sup>

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<sup>1</sup> Reg 29(1)(a)i) of the Safeguard Regulations

<sup>2</sup> Reg 29(1)(a)ii) of the Safeguard Regulations

<sup>3</sup> Reg 29(1)(a)iii) of the Safeguard Regulations

<sup>4</sup> Reg 29(1)(b)i) of the Safeguard Regulations

<sup>5</sup> Reg 29(1)(b)ii) of the Safeguard Regulations

<sup>6</sup> Reg 29(2) of the Safeguard Regulations



## Section B: Summary and findings

### B1: Interested parties and contributors

9. The following interested parties and contributors submitted registration and pre-sampling questionnaires (PSQ) to this extension review:

**Table 1: Interested parties and contributors**

| Name  | Category                   | PSQ submission                           | Questionnaire response / further submissions  |
|---|----------------------------|--|---|
| Al Ezz Dehelia Steel Co S.A.S                           | Exporter                   | <a href="#">Registration of Interest</a> | N/A   |
| All Ezz Flat Steel                                      | Exporter                   | <a href="#">Registration of Interest</a> | N/A   |
| Anonymous [Name withheld at the request of this party]  | Industrial User of Product | <a href="#">Registration of Interest</a> | <a href="#">Downstream questionnaire</a>  |
| Birfa Ltd   | Trade Bodies               | <a href="#">Registration of Interest</a> | N/A   |
| Bright Steels Ltd                                       | Industrial User of Product | <a href="#">Registration of Interest</a> | <a href="#">Other Interested Party or Contributor Questionnaire</a>   |
| British Steel Ltd                                       | Domestic Producer          | <a href="#">Registration of Interest</a> | <a href="#">Domestic Producer Questionnaire</a>   |
| Celsa Steel UK Ltd (Celsa)                              | Domestic Producer          | <a href="#">Registration of Interest</a> | <a href="#">Domestic Producer Questionnaire</a>   |
| China Iron and Steel Association (CISA)                 | Trade Bodies               | <a href="#">Registration of Interest</a> | N/A   |
| Community TU  | Contributors               | <a href="#">Registration of Interest</a> | <a href="#">Other Interested Party or Contributor Questionnaire</a>   |
| Confederation of British Metalforming (CBM)             | Trade Bodies               | <a href="#">Registration of Interest</a> | <a href="#">SIFD response</a>   |
| Delegation of the European Union to the United Kingdom  | Foreign Government         | <a href="#">Registration of Interest</a> | N/A   |
| The Engineering Employers Federation Ltd (EEF/UK Steel) | Trade Bodies               | <a href="#">Registration of Interest</a> | <a href="#">Other Interested Party or Contributor Questionnaire</a><br><a href="#">Follow up submission</a> |



Trade Remedies  
Authority

|  |                            |  |   |
|--|----------------------------|--|---|
|  |                            |  | <a href="#">SIFD response</a>   |
| Embassy of Switzerland in the UK (Government of Switzerland)                                       | Foreign Government         | <a href="#">Registration of Interest</a> | <a href="#">Other Interested Party or Contributor Questionnaire</a><br><a href="#">SIFD response</a>  |
| Embassy of Japan in the UK (Government of Japan)   | Foreign Government         | <a href="#">Registration of Interest</a> | <a href="#">SIFD response</a>   |
| Erdemir  | Exporter                   | <a href="#">Registration of Interest</a> | <a href="#">Exporter Questionnaire</a>  |
| Global Affairs, Government of Canada   | Foreign Government         | <a href="#">Registration of Interest</a> | N/A   |
| Government of Malaysia   | Foreign Government         | <a href="#">Registration of Interest</a> | <a href="#">SIFD response</a>   |
| International Steel Trade Association (ISTA)   | Trade Bodies               | <a href="#">Registration of Interest</a> | <a href="#">Other Interested Party or Contributor Questionnaire</a>   |
| Istanbul Mineral & Metals Exporters Association (on behalf of Turkish Steel Exporters Association) | Trade Bodies               | <a href="#">Registration of Interest</a> | <a href="#">Other Interested Party or Contributor Questionnaire</a>   |
| JSW Steel Ltd (JSW)  | Exporter                   | <a href="#">Registration of Interest</a> | <a href="#">Exporter Questionnaire</a>  |
| Korea Iron and Steel Association (KOSA)  | Trade Bodies               | <a href="#">Registration of Interest</a> | N/A   |
| Liberty Steel Dalzell  | Domestic Producer          | <a href="#">Registration of Interest</a> | <a href="#">Domestic Producer Questionnaire</a>   |
| Liberty Steel Ltd (Liberty Steel)  | Domestic Producer          | <a href="#">Registration of Interest</a> | <a href="#">Domestic Producer Questionnaire</a><br><a href="#">Liberty Merchant Bar Questionnaire</a><br><a href="#">Liberty Steel Hartlepool Questionnaire</a> |
| Lionweld Kennedy Flooring Ltd  | Industrial User of Product | <a href="#">Registration of Interest</a> | N/A   |
| Department of Foreign Trade of Thailand  | Foreign Government         | <a href="#">Registration of Interest</a> | <a href="#">SIFD Response</a>   |
| Directorate General of Trade Remedies,   | Foreign Government         | <a href="#">Registration of Interest</a> | <a href="#">Other Interested Party or Contributor Questionnaire</a>   |



|   |                            |  |  |
|---|----------------------------|--|--|
| Ministry of Commerce, Government of India (GoI)                   |                            |  | <a href="#">SIFD Response</a>  |
| Ministry of Commerce, Peoples Republic of China (MOFCOM)          | Foreign Government         | <a href="#">Registration of Interest</a> | N/A  |
| Ministry of Trade of the Republic of Türkiye (MoTRoT)             | Foreign Government         | <a href="#">Registration of Interest</a> | <a href="#">Comments on UK extension review</a><br><a href="#">SIFD response</a> |
| Ministry of Trade, Industry and Energy, Republic of Korea (MOTIE) | Foreign Government         | <a href="#">Registration of Interest</a> | N/A  |
| Pipe Manufacturing Solutions Ltd (PMSL)                           | Domestic Producer          | <a href="#">Registration of Interest</a> | <a href="#">Domestic Producer Questionnaire</a>                                  |
| Rainham Steel Company Limited                                     | Importer                   | <a href="#">Registration of Interest</a> | <a href="#">SIFD response</a>  |
| RMS Ports Ltd   | Contributors               | <a href="#">Registration of Interest</a> | N/A  |
| Stemcor Distribution Ltd  | Importer                   | <a href="#">Registration of Interest</a> | N/A  |
| Suez Steel Co.  | Exporter                   | <a href="#">Registration of Interest</a> | <a href="#">Exporter Questionnaire</a>   |
| Tata Steel UK Ltd (TSUK)  | Domestic Producer          | <a href="#">Registration of Interest</a> | <a href="#">Domestic Producer Questionnaire</a>                                  |
| Tinsley Bridge Ltd  | Industrial User of Product | <a href="#">Registration of Interest</a> | <a href="#">Importer Questionnaire</a>   |
| Trade Remedies Sector Egypt                                       | Foreign Government         | <a href="#">Registration of Interest</a> | N/A  |
| UNESID  | Trade Bodies               | <a href="#">Registration of Interest</a> | N/A  |
| United Bright Bar Co Ltd  | Industrial User of Product | <a href="#">Registration of Interest</a> | <a href="#">Further registration comments</a>                                    |

10. We also received submissions from interested parties and contributors not named above. These submissions included requests to be kept informed of the progress of this extension review as well as commentary covering its substantive elements. We reviewed the additional submissions for deficiencies and non-confidential versions were requested as appropriate.





Where non-confidential versions of information were not obtained and subsequently published to the public file, we have not sought to rely on this information.

## B2: Scope

11. Regulation 35 (7) of the Safeguard Regulations states that, following an extension review, we may determine that the application of a definitive safeguarding remedy to the goods subject to review should expire, or that the application of such remedy be extended for a period which is necessary to prevent or remove serious injury and facilitate adjustment by UK producers.

### B2.1 Product category change requests

12. We received several submissions, available on the public file, that requested individual changes to product categories (PCs) within the scope of the safeguard measure. The current safeguard duty is set to expire on 30 June 2024, and so we have limited time in which to complete our assessments and provide our recommendation to the Secretary of State. This limited timeframe to complete the extension review does not allow us sufficient time to fully consider the requests to make individual changes to PCs, which can be considered by different reviews (for example, by TRQ reviews) that do not operate under the same limitations. We published [a notice](#) to the public file on 17 January 2024, setting out our decision not to vary the scope as part of this extension review.
13. Once we provide our recommendation to the Secretary of State, under regulation 38 of the Safeguard Regulations, they can either request we reassess or accept or reject our recommendation.

### B2.2 Reintroduction of measures

14. In addition to the submissions received requesting individual changes, we also received submissions requesting the reintroduction of measures to PCs that had previously been removed from the safeguard measure. [The notice](#) published to the public file on 4 October 2023 responds to these submissions. The extension review is not able to recommend the reintroduction of measures to goods that have previously been covered by the safeguard measure but no longer are, as no new safeguard measure can be applied to any goods previously subject to a safeguard measure until a period of time has passed that is equal to or greater than the period that the previous safeguard measure was in not effect, in accordance with Article 7.5 of the World Trade Organisation (WTO) Agreement on Safeguards.

## B3: Applicability

15. The safeguard measure applies to all imports of the goods subject to review, but the rate of duty is not constant across exporting countries. The applicable rates for each country are detailed in [Section G](#).



## B4: Summary of conclusions

16. In accordance with regulation 35 of the Safeguard Regulations, we assessed, by PC:
- whether the importation of the goods subject to review in increased quantities is likely to recur,<sup>7</sup>
  - whether serious injury has been removed or reduced, in whole or in part due to the application of the definitive safeguarding remedy,<sup>8</sup>
  - whether it is likely that serious injury will recur if the application of the definitive safeguarding remedy is not extended,<sup>9</sup>
  - whether the circumstances of UK producers, or domestic or overseas market conditions, are such that the serious injury caused by the importation of the goods subject to review in increased quantities is likely to recur,<sup>10</sup>
  - any adjustments that have been or are being made by UK industry;<sup>11</sup> and
  - any other relevant factors.<sup>12</sup>
17. We determined on the balance of probabilities, for all product categories covered by the measure (see [Annex A](#) – this includes PCs 1, 2, 4, 5, 6, 7, 12A, 12B, 13, 16, 17, 19, 20, 21, 25A, 25B and 26) that the safeguard measure should be extended.
18. The individual assessments by PC are set out in [Section E](#).

## B5: Liberalisation rate

19. Regulation 35(8) of the Safeguard Regulations further states that we must determine the pace of liberalisation of the definitive safeguarding remedy, and may determine that the definitive safeguarding remedy should be varied. We have determined that the pace of liberalisation should remain at 3% per year, so that the quota amounts increase by 3% each year, ensuring a progressive liberalisation of the safeguard measure. For further detail, see [Section E19: Liberalisation rate assessment](#).

## B6: Economic interest test (EIT)

20. Having considered all the evidence gathered, including that presented by interested parties and contributors, and all the factors listed in the regulations,<sup>13</sup> we have concluded that the EIT is met for the proposed measure overall (see Regulation 37 (2E) of The Trade Remedies (Increase in Imports Causing Serious Injury to UK Producers) (EU Exit) (Amendment) Regulations 2023). For further detail, see [Section F: Economic Interest Test \(EIT\)](#).

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<sup>7</sup> Reg 35(6)a) of the Safeguard Regulations

<sup>8</sup> Reg 35(6)b) of the Safeguard Regulations

<sup>9</sup> Reg 35(6)c) of the Safeguard Regulations

<sup>10</sup> Reg 35(6)d) of the Safeguard Regulations

<sup>11</sup> Reg 35(6)e) of the Safeguard Regulations

<sup>12</sup> Reg 35(6)f) of the Safeguard Regulations

<sup>13</sup> Regulation 35 of the Safeguard Regulations



## B7: Recommendation to the Secretary of State

21. In accordance with paragraph 21 of Schedule 5 of the Safeguard Regulations, the TRA's recommendation to the Secretary of State is that the definitive safeguarding remedy to the goods subject to review should be extended for all product categories, for an additional two years, so that it applies to 30 June 2026 – that is, two years subsequent to the date when the measure would have otherwise expired (30 June 2024) had no extension review been initiated.
22. The description of the goods to which the measure applies is set out in [Section D](#). We have not varied the description of the goods to which the measure applies. We recommend that the duties specified in [Section G](#) shall be maintained and applied to the goods subject to review imported to the UK under the commodity codes listed. We make this recommendation on the grounds that, for all product categories, we have established that:
  - The importation of the goods subject to review in increased quantities is likely to recur;
  - Serious injury has been removed or reduced, in whole or in part due to the application of the definitive safeguarding remedy;
  - It is likely that serious injury will recur if the application of the definitive safeguarding remedy is not extended;
  - The circumstances of UK producers, or domestic or overseas market conditions, are such that the serious injury caused by the importation of the goods subject to review in increased quantities is likely to recur; and
  - UK producers are adjusting to increased imports of the goods subject to review since the implementation of the safeguard measure.
23. We also address below, by product category, whether there are any other relevant factors.
24. Our recommendation is that the application of the definitive safeguarding remedy should be extended for a period of two years, which is necessary to prevent serious injury and facilitate adjustment by UK producers.



## Section C: The measure

### C1: Background

25. The safeguard measure became a UK measure as a result of safeguard transition review [TF0006](#). On 7 September 2021, the TRA initiated a reconsideration of its transition review of safeguard measure on certain steel products. On 2 March 2022, The Trade Remedies (Review and Reconsideration of Transitioned Trade Remedies) Regulations 2022 came into force which gave the Secretary of State the ability to ‘call in’ transition reviews and related reconsiderations conducted by the TRA. On 22 March 2022, the Secretary of State called in the TRA’s reconsideration of the transition review, and decided to apply a safeguard measure to 15 categories of steel.<sup>14</sup>
26. Since the safeguard measure was transitioned, the TRA have completed four TRQ reviews – concerning His Majesty’s Revenue and Customs (HMRC) data corrections ([SM0015](#)), developing-country exceptions ([SM0016](#)), ([TQ0030](#)) and TRQ allocations ([SM0019](#)).

### C2: Our extension review process

27. The TRA initiated this extension review of its own initiative, under regulation 35(2)(b) of the Safeguard Regulations, having identified sufficient information that indicated there is a *prima facie*<sup>15</sup> case that the factors listed under regulation 35(6) are met. The extension review was initiated on 4 September 2023.<sup>16</sup> This section sets out the processes that we have followed and explains how the extension review is compliant with both domestic legislation and WTO agreements.

#### C2.1 Information from participants in the review

28. We received submissions from interested parties, as set out in [Section B1](#). The TRA has discretion to accept and take into account information supplied outside an applicable time limit where it is appropriate to do so. Although some parties submitted their pre-sampling questionnaires and full questionnaires after the close of the relevant period, we did not reject any submissions due to time limits not being met, we accepted the submissions of the parties listed and published non-confidential summaries to the [public file](#).

#### C2.2 How we have used submitted data

29. Throughout this extension review we used submitted data as part of our evidence base upon which we have made our assessments and formed our conclusions. We compared submitted evidence against the totality of relevant evidence available to us – whether this is evidence submitted by other interested parties, or information obtained from secondary sources, such as

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<sup>14</sup> [TRA Investigations - Trade Remedies Service - GOV.UK \(trade-remedies.service.gov.uk\)](#) – TF0006 Reconsideration call in report of findings

<sup>15</sup> Defined as: “Based on initial impressions”.

<sup>16</sup> [TRA Investigations - Trade Remedies Service - GOV.UK \(trade-remedies.service.gov.uk\)](#) – SE0041 Notice of Initiation



that taken from TRA data subscriptions or publicly available data from governmental, industry and other sources. We also used submitted data to corroborate or gain a level of assurance as to that data itself, or other evidence either submitted to us or information gathered by us.

30. In addition to the data submitted, information obtained from secondary sources (including unauthenticatable data from interested parties) was used in accordance with regulation 18 of the Safeguard Regulations. This information was treated with special circumspection and, where practicable, authenticated using independent sources. This included, but was not limited to, official import statistics and data pertaining to relevant markets.

### **C2.3 Authentication of data**

31. Prior to authentication work commencing, we checked questionnaire submissions and annexes for consistency and completeness. During these checks, where we identified deficiencies relating to responses and non-confidential submissions, these were resolved before authentication work commenced.
32. We undertook authentication activities in relation to the information provided by the cooperating interested parties, during which we assessed the completeness, relevance and accuracy of that information for the purposes of our investigation. We have had regard to the information supplied by interested parties and contributors, provided that the information:
- complied with our statutory obligations and public guidance;
  - is considered verifiable;
  - could be used without undue difficulty; and
  - was supplied within an applicable time limit and in a form that the TRA has requested.
33. We conducted remote authentication meetings with the following interested parties:
- British Steel
  - Celsa
  - Erdemir
  - Pipe Manufacturing Solutions Ltd
  - TSUK
  - Suez Steel
34. Authentication reports were produced for each of the parties and non-confidential versions of these reports are available on the [public file](#).



## C2.4 WTO compliance

35. MOFCOM, MOTIE and MoTRoT made non-confidential submissions, prior to the publication of the SIFD, stating that the current safeguard measure that is in place is not compliant with the UK's international obligations, particularly the WTO Agreement on Safeguards.<sup>17</sup>

36. MOFCOM submitted as part of its PSQ:<sup>18</sup>

*“The scope of the investigation should not cover the product categories 6, 7, 12, 16 17, because the SG measure is not made on the investigation [sic] findings. In the last investigation, TRA DID reach the investigation findings that there was no evidence that the absolute and relative import volume of product categories 6, 12, 16 and 17 has increased and DID not conduct the injury investigation on the product categories 6, 7, 12, 16 and 17, that is, there is neither investigation nor evidence to show that product categories 6, 7, 12, 16 17 have caused injury to the UK domestic industries. Therefore, the determination of the Secretary of State to extend the period of the SF for above 5 product categories without any investigation and investigation findings was [sic] inconsistent with Articles 4 and 7 of the Agreement on Safeguards.”*

37. MOTIE included the following submission in its PSQ:<sup>19</sup>

*The UK's safeguard measure do not meet the requirements of WTO Agreement on Safeguards. (1) TRA's analysis to impose steel safeguard did not match the principle of parallelism as there was a difference between the scope of goods subject to a safeguard investigation and the scope of the application of safeguard measures. In this regard, the lack of parallelism in the TRA's analysis violates Article 2.1 and 4.2 of WTO Agreement on Safeguards. Notably, 1) UK did not take the imported amounts from EU 27 countries after the EU Exit into the investigation and 2) the UK took the EU's measure without proper independent investigations that was procedurally required. (2) Also, in TRA's review report, the casual relationship between the increase in imports and the occurrence of damage is unclear, suggesting a possible violation of Article 2.1, 4 and 7 of the Safeguard Agreements. Particularly, although the TRA suggested not extending safeguard measure on five products including product categories including product number 6, 7, 12, 16, and 17, additional two years of safeguards were imposed starting from July 2022. Right after, we have noticed that the former Secretary of state for Department for International Trade, Trevelyan has acknowledged that 'the decision to extend the safeguards on the five product categories departs from our international legal obligations under the relevant WTO agreement.' In this regard, the imposed quota on those five products should be eliminated.*

38. MoTRoT made an individual submission,<sup>20</sup> stating:

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<sup>17</sup> WTO agreement on safeguards: [WTO | legal texts - Marrakesh Agreement](#)

<sup>18</sup> [TRA Investigations - Trade Remedies Service - GOV.UK \(trade-remedies.service.gov.uk\)](#) MOFCOM Pre-sampling questionnaire, page 8.

<sup>19</sup> [TRA Investigations - Trade Remedies Service - GOV.UK \(trade-remedies.service.gov.uk\)](#) MOTIE Pre-sampling questionnaire, page 8

<sup>20</sup> [TRA Investigations - Trade Remedies Service - GOV.UK \(trade-remedies.service.gov.uk\)](#) GOT's comments on UK extension review, page 3





*“In addition, even with the Transition Review, the UK itself concluded that these criteria were not met for certain product categories. For instance, the TRA recommended revocation of the measures for the categories 6, 12, 14, 16, 17 and 27 due to lack of absolute or relative increase whatsoever in these categories between 2013 and 2017. Similarly, it was confirmed that categories 4B, 19 and 28 were not produced in the UK. Further, TRA concluded that imports of category 25A do not cause serious injury to the domestic producers. Despite the TRA’s findings that there had been no increase in long steel products (including rebar) imports or that the removal of the measure was not likely to cause serious harm, the UK opted for the continuation of the measure in these categories, which is also considered as not compliant with the WTO Safeguards Agreement.”*

39. We have noted these submissions. The question of whether or not the safeguard measure was compatible with international obligations at the time of its introduction is not in itself an issue for this extension review. The extension review is a forward-looking assessment, to determine whether the expiry of a definitive safeguarding remedy would likely result in a continuation or recurrence of serious injury to UK producers of the relevant goods, and whether the UK industry have adjustment plans in place.
40. In addition to the submissions set out above, we also received responses to the SIFD, set out in the section immediately below. We have addressed the majority of the SIFD responses in [section C3](#), but those that specifically reference WTO compliance we have addressed here. The Government of Japan submitted that:

*“The UK has explained that the concerned safeguard measures, which was initiated in 2018 by the European Union (“EU”), have been “transited” to the UK, since its Brexit in January 2020. However, the alleged “transition” does not have any basis in the WTO Agreement. Even if the UK could “transit” the measures, arguendo, the EU’s determination of “threat of serious injury” and “increased imports” at the time of the imposition of the measures was only about the domestic industry in the EU. There have been no finding of the serious injury and increased imports with respect to the UK domestic industry until now. The measures have been continued, and repeatedly extended in 2020, 2021 and 2022, without the basic prerequisites found or satisfied.”*

41. The EU’s determination at the time of imposition of the measures was in relation to the domestic industry in the EU, which at the time included the UK. In addition to this, the [reconsideration of the transition review](#) contained analysis relating to serious injury (section 2.3) and increased imports (section 3.1), and the Secretary of State decided the safeguard measure was to be extended across 15 product categories. The transition review of the safeguard measure was a separate case to this extension review, and we are not required to reconsider any decisions made during separate cases within this extension review.
42. The Government of Malaysia’s SIFD response further references the WTO requirements relating to safeguards:

*“The Government of Malaysia (GOM) would like to take this opportunity to express our profound concerns on the extension of the SGM which appears to be unreasonable. GOM*



*wishes to accentuate that based on the WTO AOS, the SGM are emergency actions and therefore need to be applied for a limited period unless the SGM is necessary to prevent or remedy serious injury to the domestic industry.”*

43. This extension review has established, by PC, that the safeguard measure is necessary to prevent serious injury to domestic industry, and the safeguard measure is an emergency action that we are recommending be in place for a limited period of time (a further two years, making 8 years total duration for the safeguard measure). This is in accordance with the WTO agreements.

44. A further SIFD response that includes reference to the WTO agreement was made by the Government of Switzerland:

*“The Swiss authorities fail to see how the safeguard measures on several product categories, in which no increase of imports relative to domestic production has taken place, could comply with the requirements of the Agreement on Safeguards.*

*The argument brought forward by the TRA in the SIFD that the extension review is a forward-looking assessment for which the legality of the measures at the time of introduction does not matter, is, according to Swiss authorities, not convincing. The argument fails to justify the extension of safeguard measures, particularly for product categories where requirements outlined in the WTO Agreement on Safeguards were not met, as highlighted in the TRA’s own Report of Findings of 1 June 2022.”*

45. As previously stated, a detailed imports analysis was completed as part of the transition review and the subsequent reconsideration that related to it, the TRA provided a report of findings to the Secretary of State who made a decision to extend the safeguard measure across 15 product categories. The forward-looking nature of the extension assessment is required by the Safeguard Regulations, and these do not require an assessment of imports relative to domestic production in order for a measure to be extended. The Swiss authorities state that the extension review “...fails to justify the extension of safeguard measures...”, yet the extension review has established that the regulatory requirements for an extension of the measure are met, as summarised at paragraph 16. These assessments have been completed and are set out by individual PC.

46. MoTRoT also provided a response to the SIFD that commented on WTO compatibility:

*“[...] Türkiye would like reemphasize the fact that safeguard measures are emergency actions to cope with urgent situations and therefore subject to stringent prerequisites in very exceptional circumstances with the existence of “unforeseen developments”[...]three basic requirements should be settled for applying safeguard measures which can be classified as “unforeseen developments”, “increased imports” and “serious injury”. According to Article XIX of GATT 1994 and the pertinent WTO jurisprudence, the competent authorities are required to demonstrate that “unforeseen developments” have resulted in increased imports, which should be recent enough, sudden enough, sharp enough and significant enough[...] safeguard measures can only be imposed on the basis of objective evidence following the demonstration of the existence of the causal link between increased imports of the product*





*concerned and serious injury or threat thereof[...] Agreement on Safeguards (AoS) stipulates that any injury caused by factors other than the increased imports must not be attributed to such imports.*

*[...] contrary to the remedial purposes of anti - dumping and countervailing duty measures against trade distorting practices, safeguard actions affect fairly imported products irrespective of their resource [...] when construing the prerequisites for implementing safeguard actions, the investigating authorities should demonstrate that the injurious conditions prevalent over the period of investigation are extraordinary.*

*[...] the investigating authorities must use a very high standard of injury for the definition of "threat of serious injury"[...]that is why a safeguard action is deemed as having peculiar characteristics.*

*Since February 2, 2019, the UK has been imposing safeguard measures [...]However, the UK, while singled out certain categories that has not domestic production, did not carry out a separate examination for the rest of the categories whether the criteria to impose safeguard measures are met.*

*Türkiye believes that the continuation of the measures after Brexit is a violation of the provisions of GATT 1994, AoS and relevant WTO jurisprudence due to the lack of the abovementioned prerequisites of a safeguard measure.*

*With this regard, Türkiye strongly believes that the steel safeguard measures should have been terminated [...]*

*Also, the difference between the scope of goods subject to an investigation and the scope of the application of a safeguard measure had caused lack of parallelism between the TRA's analyses and the measures taken before and violated the Articles 2.1 and 4.2 of AoS. It is incontrovertible that the perpetuation of a measure stemming from an illegitimate source will also lack legitimacy. Thus, the explanation of the TRA in paragraph 19 of the SIFD regarding the review investigation being a forward-looking assessment has proven to be elusive."*

47. As stated above in relation to the SIFD response from the Government of Japan, the UK was included as part of the EU when the EU conducted its assessments in its initial safeguard investigation. The findings of that investigation therefore also apply to the UK market, and the criteria required to impose a safeguard measure was found to be met. The forward-looking nature of the extension review is a requirement of the Safeguard Regulations, which set out how we conduct investigations.

48. Finally, the Gol response to the SIFD states the following in relation to the WTO agreements:

*"[...] safeguard measures are intended for situations in which the UK industry is affected by an unforeseen, sharp and sudden increase in imports. The objective is to give the industry a temporary breathing space to make necessary adjustments – safeguards always come with an obligation to restructure. According to Article 7.2 of the Agreement on Safeguards, any extension of safeguard measures requires sufficient evidence that the industry is adjusting.*



*This evidence must show that the measures facilitate industry adjustments to either import surges or significant injury. However, the SIFD lacks adequate proof of industry adjustment. The examples cited are producers closing coke ovens, investing in new technology, restructuring operations and increasing vertical integration of supply chains. It has merely been stated that these plans have not been completed. However, it is unclear and not disclosed why the UK industry even after such a lengthy period of protection has been unable to complete its plans. Therefore, extending the safeguard measures based on this information would not meet the criteria outlined in Article 7.2 of the Agreement on Safeguards.”*

49. The SIFD provides significant evidence of industry adjustment, including the evidence that is referenced by the GoI in its response. We have not been able to disclose all details about what these adjustment plans involve as much of the information is considered confidential due to commercial sensitivity. The extension review is not required to publish extensive detail relating to the progress of adjustment by UK industry, rather, as stated by the GoI, the extension review must establish that there is sufficient evidence that the industry is currently adjusting. To do this, it is not necessary to assess what may have impacted on the pace of this adjustment. The types of adjustment that have been disclosed in the SIFD, for example closing coke ovens and investing in new technology, are the types of adjustments that generally take years to complete. Steel is a capital intensive, heavy industry, that requires time to adjust to unforeseen, sudden, changes in the global market. We therefore do not consider the fact that industry have ongoing long term adjustment plans to be inadequate proof of industry adjustment.
50. In conducting the extension review, we have adopted a forward-looking approach. We have considered the matters that we are required to consider pursuant to the Safeguard Regulations.
51. This includes consideration, inter alia, of whether: the importation of the goods subject to review in increased quantities is likely to recur; whether serious injury has been removed or reduced, in whole or in part due to the application of the definitive safeguarding remedy; whether it is likely that serious injury will recur if the application of the definitive safeguarding remedy is not extended; whether the circumstances of UK producers, or domestic or overseas market conditions, are such that the serious injury caused by the importation of the goods subject to review in increased quantities is likely to recur; and whether UK producers are adjusting to increased imports of the goods subject to review since the implementation of the safeguard measure.
52. We have applied the tests set out in the Safeguard Regulations, namely whether the application of the safeguarding remedy should expire or should be extended for a period which is necessary to (i) prevent or remove serious injury; and (ii) facilitate adjustment by producers.
53. We have considered those matters, and applied those tests, by examining the position as it pertains now. We do not consider that the legal tests laid down in the Safeguard Regulations which it is required to apply as part of this extension review are, in any material respect, incompatible with relevant obligations laid down in the Agreement on Safeguards or other relevant WTO obligations.



54. As set out above, a number of the submissions received contend that previous safeguard measures were not imposed in accordance the UK's WTO obligations and, in particular, that the evidence considered in imposing those safeguard measures did not satisfy the tests set out in Article 2, 4 and 7 of the Agreement on Safeguards.
55. We have taken into account these submissions. However, the compatibility or otherwise of earlier safeguards measures with international obligations (and the possible consequences of any incompatibility) is not a matter which requires determination by the TRA in this extension review. We consider that it is appropriate and rational to adopt a forward-looking assessment. Under the Safeguard Regulations, the TRA may determine that the application of the definitive safeguarding remedy should be extended for a period which is necessary to prevent or remove serious injury to UK producers of the relevant goods and facilitate adjustment by UK producers. We have therefore focused, as part of its review, on those forward-looking issues, based on the evidence currently available. Having considered the matters raised in the submissions, we do not consider it necessary or appropriate, as part of this review, to determine the compatibility of earlier safeguard measures with international obligations.

### C3: SIFD responses

56. We received nine responses to the SIFD, which are available on the public file:

- Government of Japan [SIFD response](#),
- Government of Switzerland [SIFD response](#),
- Government of Malaysia [SIFD response](#),
- Government of the Republic of Türkiye [SIFD response](#),
- Government of the Republic of India [SIFD response](#),
- Government of Thailand [SIFD response](#),
- EEF / UK Steel [SIFD response](#),
- Rainham Steel [SIFD response](#); and
- Confederation of British Metalforming [SIFD response](#).

#### C3.1 Government of Japan

57. The SIFD response from the Government of Japan largely focussed on the transition review process and its compatibility with WTO agreements. They have submitted that:

*“Since the discussions of the potential “transition” of the measures, the GOJ constantly expressed its concerns on the WTO consistency [...] The GOJ understands that the UK also committed to addressing the above WTO consistency issues when it initiated the review investigation. However, it is deeply regrettable that the TRA determined that the measures are extended until 2026, without addressing the WTO consistency issues at all.”*

58. We have addressed this alleged inconsistency with the WTO in the section directly above, [C2.4 WTO Compliance](#).



### C3.2 Government of Switzerland

59. The Government of Switzerland responded to the SIFD. In addition to the Government of Switzerland's comments set out in section C2.4, it also stated that the extension of safeguard measures is not justified:

*“According to paragraph 1 of Article 7 of the WTO Agreement on Safeguards, a member shall apply safeguard measures only for such period of time as may be necessary to prevent or remedy serious injury and to facilitate adjustment. Further, according to Article 2 of the Agreement on Safeguards, to which Article 7.2 refers in case of an extension, a member may apply a safeguard measure if the product is being imported in such increased quantities, absolute or relative to domestic production, and under such conditions as to cause or threaten to cause serious injury to domestic industry. The Swiss authorities fail to see how the safeguard measures on several product categories, in which no increase of imports relative to domestic production has taken place, could comply with the requirements of the Agreement on Safeguards.*

*Switzerland repeatedly expressed its concerns with regard to the consistency of the safeguard measures applied by the United Kingdom with the requirements of WTO law, notably at the WTO Committee on Safeguards, in consultations under the WTO Agreement on Safeguards and in bilateral submissions. In summary, the Swiss authorities consider that the conditions for the present extension of the safeguard measures by the United Kingdom are not met and reiterate their call on the United Kingdom to terminate the measures.”*

60. In terms of the first paragraph of Switzerland's SIFD response, imports in increased quantities were assessed as part of a previous safeguard investigation. This extension review established, individually for each PC, that imports in increased quantities are likely to recur, and that this increase would be likely to cause serious injury to domestic industry. The extension review also examined, by PC, import volumes and the market share of imports compared to domestic production, and this is set out in each of the individual assessments.
61. We have responded to the second and third paragraphs of Switzerland's SIFD response in the section that relates to WTO compatibility (see above, [C2.4 WTO Compliance](#)).

### C3.3 Government of Malaysia

62. The Government of Malaysia's SIFD response states:

*“The Government of Malaysia (GOM) would like to take this opportunity to express our profound concerns on the extension of the SGM which appears to be unreasonable. GOM wishes to accentuate that based on the WTO AOS, the SGM are emergency actions and therefore need to be applied for a limited period unless the SGM is necessary to prevent or remedy serious injury to the domestic industry.*

*In addition to that, the implication of the SGM extension may injury the domestic industry players in Malaysia as they would lose their competitive advantage and subsequently affecting the overall bilateral trade relations between both countries. GOM is confident that*



*the Government of the United Kingdom will give its greatest dedication and expertise in complying with international obligations on trade remedies, specifically the WTO AOS.”*

63. The references to WTO compliance we have responded to (see above, [C2.4 WTO Compliance](#)).
64. The SG regulations, that govern the extension of the safeguard measure, focus the assessments on the circumstances of UK producers, whether they are likely to be injured and whether they require further time to adjust to global market conditions. There is no requirement for the extension review to consider the possibility of serious injury to overseas industries, including Malaysian producers. However, we note that Malaysia is categorised as a developing country, and Malaysian producers are exempt from the safeguard measure, except for PC13.

### **C3.4 Government of the Republic of Turkiye**

65. MoTRoT's response emphasises the WTO requirements relating to safeguard measures (set out above, [C2.4 WTO Compliance](#)), and then continues to discuss changes to the US section 232 measures, before remarking on global excess capacity and TRQ usage, then concluding with comment on the serious injury data in the SIFD. For clarity, we have addressed these points individually:

*“B. Changes in the US Section 232 Measures*

*The Section 232 measures of the US, which occupies extensive coverage in the SIFD, have undergone significant changes since 2018. [...] In March 2022, the US and the UK announced that beginning June 1, the US will replace its Section 232 tariffs on steel and aluminum from the UK with tariff-rate quotas allowing up to certain amounts to enter the US duty-free each year where those amounts may be adjusted annually. Similarly, with its announcement on December 31, 2021, the US decided to remove the Section 232 tariffs on steel and aluminum imports from the EU. In response, the EU temporarily suspended, effective from January 1, 2022, the additional duties it had imposed on US goods in response to the Section 232 actions.*

*Initiating this review investigation, the UK appears to be disregarding the fact that over 85% of US imports in 2023, including those from the UK, are exempt from the Section 232 measures and Section 232 measures were the primary factor behind the EU's and the UK's own measures. Furthermore, it is worth noting that the Panel report regarding the dispute initiated by Türkiye (and initially by the EU, which was later withdrawn) against the US Section 232 measures (DS564) was circulated on December 9, 2022. In this report, the Panel found that the US measures are inconsistent with several articles of the GATT 1994, including Article II:1(b), II:1(a), Article I:1, Article XI:1, and Article XXI. Therefore, the Section 232 measures, which were among the primary reasons for the safeguard investigation initiated by the UK, have been confirmed by a WTO Panel to be inconsistent.”*

66. To respond to point B, we are aware, and make note, that section 232 measures have been modified. We have assessed that the section 232 measures are one of a number of factors that generally increase the likelihood of increased imports to the UK. Section 232 measures remain a significant factor that limits the global accessibility of the United States of America





(USA) steel market, and therefore it increases the chance of some of that steel being imported to the UK instead.

*“C. Remarks on Global Excess Capacity and Low Usage of TRQs*

*Global crude steel production reached to 1,89 billion tons in 2023 according to the World Steel Association. The data reveals that China's crude steel production rose to 1,02 billion tons from 995,42 million tons in 2019, while Türkiye's production declined to 33,71 million tons in 2023 from 33,74 million tons in 2019.*

*India, one of the world's top 10 steel producers, experienced the largest annual increase, rising by 11% to 140.2 million tons in 2023. India's share of world production also increased to 7,43% in 2023, up from 5,93% in 2019. Additionally, Vietnam and Egypt are among the countries that have steadily increased their production since 2019. Türkiye has traditionally been a net importer of steel products, supported by a strong domestic market. In fact, Türkiye ranked as the 5th largest steel importer in the world in 2023 and imported half of its domestic consumption, representing one of the highest ratios among major steel importers.*

*Upon examining the data, it is evident that the safeguard measure is an inappropriate tool for addressing production increases in selected countries and regions. It is evident that country-specific measures, such as anti-dumping measures, should be implemented instead of a non-selective tool like a safeguard measure.*

*By implementing such selective policies, the challenges that key sectors such as -the automotive and home appliances face in sourcing inputs from domestic producers may be alleviated. Unless this measure is discontinued, the UK risks adversely impacting numerous sectors while attempting to address the demand of the steel sector. Türkiye believes that, based on the UK's current measures against steel products, it is unlikely to observe any significant increase in imports if these measures were abolished. Through an analysis of both Türkiye's and global quota usage rates, it is evident that the rates did not surpass traditional levels for nearly all categories. This observation indicates that there is no significant import pressure on the UK steel market.”*

67. In terms of point C, we accept that steel production differs by country. The safeguard measure is an appropriate one to use in the current circumstance, as the global availability of excess capacity to manufacture steel is one that affects all steel markets, whether those markets individually possess extra capacity or not, their prices will still be affected by the global overcapacity to manufacture steel.

*“D. Remarks on the Injury Data for the UK Industry*

*Firstly, Türkiye would also like to express its dissatisfaction about the quality of data provided by the TRA regarding the injury factors. These factors are aggregated without a consistent, transparent, and well-defined methodology, which renders them prone to biases. The utilization of basic indexes rather than absolute values restricts defendants' capacity to acquire a comprehensive understanding of the situation.*

*Even with the aggregated data provided, it is still sufficient to demonstrate how far the concept of serious injury, as mentioned in the AoS, is from the economic conditions prevailing in the industry. Moreover, the data provided still indicate that the domestic industry is*



*experiencing economic difficulties due to internal issues such as productivity problems, the inability to meet the product requirements of domestic demand rather than import pressure.*

*The SIFD extensively cites statements from domestic producers indicating that increases in energy prices and contraction in domestic demand for their products have significant impact on their profitability. However, the TRA directly attributes the negative changes in their economic situation to imports without providing any kind of explanation for the rationale behind this assertion.*

*Again, as explicitly stated in the SIFD, most of the quotas provided, except for certain categories, are not fully utilized. Thus, in an environment where there is no import pressure, the productivity indices provided in Table 2 indicate an inherent operational issue within the industry rather than the pressure of imports.*

*Similarly, following the implementation of protective measures, there has been almost no import pressure in any category; however, import prices have increased in all of the categories. This indicates that domestic production is not meeting the qualitative needs of domestic consumption, independent of price.*

*The expected conduct from the UK, which inhibits the development of its domestic industry by shielding it from competition, is not to impede fair and free trade. The cost structure and management skills of the domestic industry be elevated to global standards and thereby addressing productivity deficiencies can only be possible through supporting free and fair trade.”*

68. Point D implies that the extension review does not adequately set out the confidential data, and that the fact that quotas are not being fully utilised means that the safeguard measure should not be extended. We do not disclose confidential information and we have used indices to give an understanding of confidential data. There is no evidence that a lack of exhaustion of quotas means that there is no likelihood of increased imports. It could equally be suggested that the presence of the safeguard measure, and the possibility of a payment of duties, has an impact on purchases decision making. In this situation, the data would show that quotas are not being fully utilised, but if the safeguard measure were no longer in place, purchases would make a new decision with a different set of factors to assess as part of that decision, and this would likely lead to increased imports.

#### *“E. Conclusion*

*In the light of the abovementioned comments, Türkiye believes that the following conditions had not been met in the previous investigations:*

- There is no increase or likelihood of increase in imports caused by unforeseen developments,*
- Developments considered by the TRA are not unforeseen,*
- There is no serious injury or threat of serious injury or likelihood of serious injury,*
- There is no causal link between imports and economic parameters of domestic industry,*
- TRA failed to distinguish and eliminate the effects of other factors which may have been caused injury to domestic industry,*



*Therefore, Türkiye invites the investigating authority to terminate this proceeding without extending the measure and hence bringing the UK's application into conformity with the AoS and the GATT 1994 without further hindering the spirit of the free and fair trade. We certainly believe that the TRA will take these points and related provisions of AoS and WTO jurisprudence into consideration while taking a decision regarding this review.*

*Türkiye would like to underline that it closely follows this review as an interested party and reserves all its rights stemming from the related WTO Agreements with regard to this proceeding."*

69. Point E appears to be a concluding paragraph to the submission by MoTRoT, but it also raises additional points that we will respond to. We have established that there is a likelihood of increased imports for each PC individually in this extension review. The unforeseen developments, and the assessment of them, relates to the initial safeguards investigations, not this extension review. In this extension review, we have established a likelihood of serious injury for each PC individually, and the economic parameters of domestic industry, whilst not caused by imports, do make domestic industry more vulnerable to serious injury that is likely to be caused by imports. Finally, a detailed assessment of other factors that may have caused serious injury to domestic industry (including COVID-19 and the UK exit from the EU) was completed as part of the previous safeguard investigations (TF0006 Reconsideration call in report of findings, paragraph 335), and this finding is referenced in the SIFD.

### **C3.5 Government of the Republic of India**

70. The SIFD response from the Gol emphasises the WTO requirements for the imposition and subsequent extension of a safeguard measure. We have engaged with this part of its submission above, in section [C2.4 WTO Compliance](#). The Gol response then comments on some of the individual PC assessments, in particular those where the import price is comparable to, or less than, the domestic sales price, or those where the volume of imports has generally decreased since the imposition of the safeguard measure. These comments are similar across PCs:

*"It has been stated in SIFD that the UK industry has lost some market share from 2020 onwards, i.e. post liberalization of measures, and market normalization after the pandemic. It has thus suggested that this trend indicates likelihood of increased imports. Gol objects to this assessment as, if the prices of imports and UK producers are close and comparable (para 82), then the UK producers losing their market share clearly indicates, consumer preference. further, unjust imposition of measures, where consumers clearly prefer the imported goods, shows that in this category, measures fail the economic interest test. Further, based on performance assessment of UK producers engaged in production of this category, it is apparent, that the issues being faced with respect to adjustment are for external reasons and factors that are not impacted by global market conditions or imports. British Steel has sought emergency government funding due to severity of losses; Liberty Steel has also faced severe financial difficulties: and TSUK has only recorded profits in 2021 after 13 years (para 93-96 of SIFD). It would be unjust to continue measures, when the UK producers are unable to compete and survive, despite measures being in force. It is also noted that TRA has initiated two reviews for product category 1 to respond to TSUK's*





*(domestic producer in UK) major planned production changes at Port Talbot as it decommissions the current blast furnaces and coke ovens and replaces them in time with a greener electric arc furnace. The TRA has accepted both applications on the basis that there has been a change in the market conditions.*

*When the Authority has itself found that there is a situation warranting suspension of measures which further establishes that there is no likelihood of serious injury because of imports. Moreover, Gol also objects to the general overseas market conditions that TRA has relied on to indicate that increase imports causing serious injury, are likely to recur. The information relied upon are not product category specific. The product category considered in the investigation are not inter se fungible, thus, general global situation cannot be relied upon. The TRA has been unable to establish how the global market conditions will lead to imports entering the UK market. In the absence of such a link being established, general global trends become meaningless. Further, the market condition of each product category is different. To correlate general global conditions with specific product categories, and the UK producers, a separate/specific analysis is necessary.”*

71. It is relevant to note that the assessments set out in the SIFD are an analysis, as required by the Safeguard Regulations, that determines on the balance of probabilities what is likely to happen in the future. Reasoned conclusions for each PC have been provided. Prices being “comparable” does not mean that the deciding factor regarding source of purchase will be price, as other factors that are relevant to consumer preference, such as availability of specific products, lead times, payment terms, pre-existing relationships etc. are likely to impact on buying decisions. It does therefore not follow that any PC where prices are comparable is not subject to an increased risk of imports, as prices may change in the future, or imported goods may become more attractive were there not a safeguard duty, which would lead to a likelihood of imports in increased volumes. We have found that there are other potential causes of serious injury, but that these other causes did not break the chain of causation regarding serious injury that has been, and is likely to be, caused by the imports of the goods subject to review.
72. The Gol additionally make two specific points in relation to individual PC assessments. The first of these points, is that, in relation to the assessment of PC2 “...Gol fails to understand how the Indian producer of this product (JSW), has made the same submission as TSUK as concluded by TRA. In fact JSW has stated the opposite. JSW has pointed to the inefficiencies and other factors that are impacting the UK producers.” The quote referred to by the Gol is JSW stating that UK producers have “... repeatedly failed to adjust to evolving market conditions and have been plagued with high costs of raw materials and utilities – particularly energy, labour concerns among other issues.” Our assessment of this statement is that it demonstrates that UK industry adjustment is ongoing, and that domestic producers require further time to adjust. We have not established that the issues specified by JSW are sufficient to break the chain of causation, but we do find that they have increased the vulnerability of UK industry to further serious injury.
73. The second, PC specific, point raised, is in relation to PC7. The Gol claim that the “...TRA has not received any serious injury data for this product category. In the absence of data with respect to performance of producers in this category, TRA concluding on this parameter, is



farce. TRA's conclusions in this product category fail the test of regulation 35(7)(a), it has failed to authentically assess whether (the) measure is necessary to prevent serious injury." It is not correct to say that the TRA did not receive data in relation to this PC. However, the data that we did receive from the domestic producer we were unable to authenticate. To assess the likelihood of serious injury for this PC, we relied upon facts available, which we treated with special circumspection, where practicable authenticating information from secondary sources.

74. The final topic that the GoI has covered in its SIFD response is that the information relied upon to establish overseas market conditions is not product category specific. Where we have product category specific information, for example where parties have registered and provided this data, or where we have been able to find it for ourselves, we have sought to use it. We have carried out individual assessments for every PC using the information that we have assessed to be the most relevant and reliable. We have not determined that the PCs are fungible, and we have not treated them as such.

### **C3.6 Government of Thailand**

75. The Government of Thailand provided a SIFD response that focussed on developing country status:

*“According to Article 9.1 of the Agreement on Safeguards, safeguard measures shall not be applied against a product originating in a developing country Member as long as its share of imports of the product concerned in the importing Member does not exceed 3 percent [...] Therefore, the importation of these products from Thailand should not be subjected to safeguard measures. Under these circumstances, the DFT respectfully requests the Trade Remedies Authority to exclude Thailand from the imposition of these measures in accordance with Article 9.1 of the Agreement on Safeguards.”*

76. Table 32 sets out that Thailand is currently included on the developing country list and is not included in table 33 as a non-exempt country under any of the product categories. Certain steel products from Thailand are therefore not covered by the UK's safeguard measure.

### **C3.7 EEF / UK Steel**

77. EEF / UK Steel's SIFD response welcomes the outcome of the review, and provides updated forecasts relating to market conditions:

*“Since this review began and UK Steel's original submission was made, market conditions have remained challenging and steel demand forecasts have been revised downwards for example in the EU<sup>1</sup>. In the UK, construction<sup>2</sup> and manufacturing<sup>3</sup> PMIs have shown some signs of improvement but remain below the 50 mark, indicating continuing contraction in activity. This confirms the vulnerability of steel producers to surges in imports as costs remain high and demand conditions remain weak. As the TRA concluded, import surges into the UK are likely given the pressures of global overcapacity and the risks of trade diversion and this would cause injury to UK producers.”*



78. The references provided by EEF/UK Steel relate to a press release from EUROFER – the European Steel Association,<sup>21</sup> and updated forecasts from S&P Global<sup>22</sup>, a financial information provider. We have updated the relevant sections of the [EIT assessments](#) to include these new forecasts.

### C3.8 Rainham Steel

79. Rainham Steel are a domestic steel provider. They were contacted when this review was initiated but have not participated or supplied any information prior to its SIFD response. This means that we have not had the opportunity to authenticate any of its figures, which limits the actions that we can take in response. Rainham Steel have submitted:

*“The UK market for reinforcing products is circa 1,000,000 (one million) tonnes. The only UK reinforcing supplier currently produces approximately 550,000 tonnes of reinforcing bar per year the bulk of which is consumed by their own Group owned UK fabricators leaving a surplus of less than 100,000 tonnes for other UK reinforcing companies such as ourselves. Their current UK price per tonne is artificially high compared to Europe and the rest of the world as they maintain an effective monopoly on supply and price. This is solely because of the inadequate level of the current import quotas that have been set.*

*To meet the UK’s current demand 450,000 tonnes must be sourced elsewhere. In the past, when we were planning our investments, we had the benefit of supply from Belarus, Ukraine, Turkey [sic] and the rest of the world. However, the first three of these are now no longer supply options so we are reliant on one Spanish supplier and the rest of the world. The Spanish supplier bases their prices on the levels set by the UK supplier as they know that the market has no other purchase options.*

*The quotas set for the rest of the world are currently at 23,000 tonnes per quarter which is far too low and leaves approx. 350,000 tonnes that Spanish supplier effectively has the Monopoly on.*

*Turkey [sic] has traditionally been a good supplier to the UK but have not been in the market for the last 12 months, as you can see by their quota usage. This has been due to high energy prices and their countries recent disasters. The rest of the world quota is far too low and has not increase in line with the fall in other available supply routes.*

*The result of the current import restriction is that UK fabricators are unable to purchase reinforcing rod competitively which is in turn halting investment in the UK construction market as a whole.”*

80. This submission relates to “reinforcing products”, which are PCs 13 and 16. We note that Türkiye has a specific country quota for PC13, which has not been fully utilised, and forms part of the residual quota for PC16 (see table 33). This will be reviewed as part of the next DCE review, which may also have an impact on the future residual quotas for the rest of the world. As set out in [section B2.1](#), this extension review is not able to examine specific requests for

<sup>21</sup> [Persisting downside factors deepen downturn in 2023 and curb steel demand rebound in 2024 \(eurofer.eu\)](#)

<sup>22</sup> [a1c11bfd622940cc9681c3423e2fba35 \(spglobal.com\)](#) and [f449dc6cc7a649c1a25e026a1681ef8e \(spglobal.com\)](#)



quota adjustments. We have examined market share in terms of imports for both PCs 13 and 16, and we have established that imports are still available for these products, and that imported products do have a share of the UK market. Rainham Steel's SIFD response is not something that we are able to action based on unauthenticated data, and if Rainham Steel require DCEs to be adjusted, they may make submissions to the DCE review, which will be able to authenticate data that is provided in sufficient time and examine the relevant issues in detail.

### C3.9 The Confederation of British Metalforming

81. Finally, the Confederation of British Metalforming (CBM) submitted a SIFD response. It had previously registered to the review, but they did not provide a questionnaire response, and its response to the SIFD is the first detailed submission that we have received from them. It states:

*“The CBM believes that the TRA has failed to take full account of all the factors affecting domestic production and imports of Category 12A steel products. We consequently reiterate our request that this category is excluded from any extension of UK steel safeguarding measures.*

*In Section 8 of its statement the TRA publishes graphs tracking import volumes and values of alloy merchant bar and light sections, now falling under safeguarding Category 12A. The TRA notes that imports of PC12A diminished from 2018, when EU safeguarding measures were applied, to 2020, but then climbed substantially[...] The subsequent analysis of these data, however, takes no account of the specific financial and ownership circumstances of a major UK steel producer during the period from 2020.*

*As industry came back from the pandemic in early 2021, and as a direct result of the financial difficulties, there were severe restrictions on the domestic supply of alloy steel grades, with requirements for large minimum production quantities from customers before orders would be produced and supplied. For many downstream alloy-steel users the minimum quantities were not viable. Even if the required grades were offered, which in many cases they were not, uncertainty over the future viability of the steel company made placing orders under these conditions an unacceptable commercial risk.*

*CBM reported this situation to both the TRA and Departments of Business and Trade at the time.*

*The TRA assessment of Category 12A appears not to take any account of factors that exercised a major skew on the balance between domestic and import supply, and which have still not recovered. The reality, since the beginning of 2021, is that domestic availability of the grades required by the downstream engineered steel market at reasonable commercial terms has been severely limited. This has necessitated CBM members and other companies in the sector directly or indirectly importing the grades required to maintain their output and contribution to the UK economy and exports. Consequently, CBM members and many other downstream steel users, incurred massive oncosts in the form of quota exhaustion tariffs. Recent checks by CBM members on availability of their requirements have confirmed that the severe constraints on domestic availability of the required steel*



*grades persist and that there is no clear expectation of improvement. These additional costs threaten the viability of UK manufacturers, which contribute actively to the UK economy, export revenue and employment.*

#### *Unintended failures in segmentation of Category 12*

*From 1st January 2022 agreement was eventually reached to split Category 12 into two sub-groups. The intention was to segregate engineering alloy steels from imports of high-volume non-alloy steel imports destined primarily for the construction sector. This plan recognised that the high-volume nonalloy steel imports were rapidly absorbing the available Category 12 quota, forcing importers of alloy steel grades to pay extremely damaging quota exhaustion tariffs – without realistic domestic supply alternatives. Separation of alloy steel grades into Category 12A was intended to overcome these issues. However, following the segmentation, the 12A quota continued to exhaust at a far more rapid rate than had been projected. Investigation into the reasons identified that HMRC was recoding imports of non-alloy steels to Category 12A based on copper content.*

*The CBM demonstrated to the Department of Trade and HMRC that non-alloy steels produced in electric arc furnaces would commonly contain a higher copper residue from scrap steel inputs than the threshold used by HMRC. Unfortunately, HMRC was not prepared to take this information into account, so the recoding continued, to the detriment of imports of genuine alloy steel grades. To date there has been no progress in resolving the underlying anomaly in the ISO standard that defines thresholds for differentiating alloy from non-alloy steels. Nor is this resolution likely within the recommended extension period for safeguarding measures.*

*Eventually, Category 12A quotas were upgraded by the Secretary of State in July 2022, for which the CBM is very grateful. By 2023, however, the global downturn had begun depressing UK and export demand for Category 12A steels, so the resilience of the revised quota levels remains untested in normal market conditions.*

*Category 12A quotas have not exhausted in recent quarters. However, there must be proper recognition that demand conditions have been abnormal both in the downstream metal processing sector and the construction sector. As the economy and demand recovers there, hence, remains a serious risk that British manufacturers will again suffer quota exhaustion tariffs, inflicting injury on their ability to contribute to the UK economy, export revenue and employment. These uncertainties are highly corrosive to a manufacturing sector that contributes actively and effectively to the UK economy, export revenue and employment, to a greater extent than the UK steel making sector.*

*[...]For the reasons outlined above, the CBM reiterates that Category 12A should be removed from UK steel safeguarding to avoid repeated critical damage to its members and the wider downstream metal engineering industry.”*

82. Firstly, it is relevant to note that this extension review is only able to consider submissions made to it, with appropriate non confidential copies. This extension review is not able to consider submissions made a number of years ago to previous cases, even if those cases





related to previous safeguard assessments. Domestic producers can set their prices as they see appropriate, and importers can choose to buy from them or from elsewhere, both parties are able to exercise a legitimate use of commercial judgement. We note that the quotas have generally not been exhausted, and so for the vast majority of the time duty free imports are available to UK users. There are several overseas suppliers for these goods, other than Ukraine, Belarus, Türkiye and Spain.

83. As set out at section [B2.1 Product category change requests](#), this extension review is not considering individual changes to PCs, which can be considered by different reviews (for example, by TRQ reviews) as appropriate. CBM can apply for a TRQ review if they believe that the quotas require adjustment.
84. The focus of the safeguard extension assessments is the likelihood of serious injury recurring to UK industry, and there is no specific requirement that directs us to consider the potential for injury to any other parties. The EIT ensures that we strike a reasonable balance between the needs of UK industry and the needs of UK users. We have updated the EIT to include consideration of CBM's SIFD submission.
85. The specific operation of PCs 12A and 12B, and how the commodity codes within these PCs are defined, is an operational matter for HMRC that does not fall within the remit of this extension review.



## Section D: The goods subject to review, like goods and directly competitive goods

### D1: The goods subject to review

86. 'Goods Subject to Review' are defined in regulation 2 of the Safeguard Regulations as 'the goods described in the notice of initiation of a review'. The notice for initiation for this review can be found on the public file.<sup>23</sup> The goods subject to review are set out in [Annex A](#), below.

### D2: The like goods and directly competitive goods

87. Like goods are defined as goods which are like the goods subject to review in all respects, or with characteristics closely resembling the goods subject to review.<sup>24</sup> Directly competitive goods are goods that are produced in the UK which are directly competitive with the goods subject to review.<sup>25</sup>
88. Domestic producers claimed that they manufactured like goods, and they did not claim to manufacture directly competitive goods that were not like goods. We did not receive any submissions that the goods manufactured in the UK were not like the goods subject to review. Further, our own analysis of the questionnaire responses and sales data demonstrated that the like goods have characteristics closely resembling those of the goods subject to review.
89. Having considered the goods manufactured in the UK compared to the goods subject to review, we are satisfied that the goods manufactured in the UK are like goods for the purposes of this extension review.

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<sup>23</sup> [TRA Investigations - Trade Remedies Service - GOV.UK \(trade-remedies.service.gov.uk\)](#) – SE0041 Notice of Initiation

<sup>24</sup> Schedule 5, para 4(1) of the TBCTA

<sup>25</sup> Regulation 2 of the Safeguard Regulations



## Section E: Product category assessments

### E1: General matters relating to all PCs

90. There are several matters that were submitted as relevant to the factors being considered by the TRA pursuant to regulation 35(6). These are the global capacity to make steel, the possibility of trade diversion from other countries or territories, the comparatively high costs faced by the UK industry, the interconnectivity of the PCs and the adjustment of UK industry. We determined that these general matters are relevant to the likelihood of increased imports, or serious injury, for every PC covered by the safeguard measure. We considered the various statements from the registered parties holistically, with special circumspection and in the context of information we obtained from secondary sources.
91. Some submissions made to the safeguard extension review are in relation to specific countries. However, the assessments that we carried out in this review consider the overall, worldwide, likelihood of increased imports and subsequent serious injury to UK industry. Where submissions were received that solely related to individual countries, we considered these alongside the wider, global, context.

#### E1.1 Global steel overcapacity

92. Domestic producers of steel pointed to global steel capacities, which they submit, justify an extension of the safeguard measure. Celsa stated in its questionnaire:
- “Investments in new capacity in parts of the world, particularly in certain parts of the Far East (Vietnam in particular), and in the Indian sub-continent, mean that over-capacity of around 25-30% against demand continues to exist. According to OECD figures, global steelmaking capacity has reached 2.5 billion tonnes and overcapacity in 2022 was 628 million tonnes. With forecasts of annual demand rising to 2.3 billion tonnes by 2030 (from 1.8 billion in 2022) with 3% per annum volume increases, there seems to be no shortage of new capacity investments. The increased drive towards lower carbon steel production will mean that new facilities will be constructed before integrated works have reached their end of life which could well lead to further over-capacity in the years to come... Steel is one of the most traded commodities in the world. On a global basis 25% of world steel crosses borders. When China is excluded from the numbers 45% of steel crosses borders. Therefore, we can not view the UK in complete isolation from what is happening elsewhere. As long as similar trade defence measures apply elsewhere, not limited just to S232 and EU safeguards, and overcapacity continues globally, UK safeguard measure are necessary.”<sup>26</sup>*
93. Likewise, EEF/UK Steel submitted an appendix to its questionnaire response. The point relating to global capacities that it makes is that:

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<sup>26</sup> [TRA Investigations - Trade Remedies Service - GOV.UK \(trade-remedies.service.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/108888/TRA_Investigations_-_Trade_Remedies_Service_-_GOV.UK_(trade-remedies.service.gov.uk)) , Celsa questionnaire response, pages 30-31





*“Excess steel capacity is a well-established fact and a long-standing challenge for the global steel industry. The most recent estimates by the OECD point to continuous increases in steelmaking capacity, resulting in a surge in the gap between global capacity and crude steel production to 627.7 million tonnes (Mt) in 2022 from 512.6 in 2021.2 In 2022 alone, global steelmaking capacity increased by 32.1Mt to 2.5 billion tonnes, the highest global capacity figure in history. To put this into perspective, Vietnam which is a large steel-producing country has a capacity of 26Mt and yet the yearly increase in capacity is much larger than that – it is also more than five times the entirety of the UK’s production last year... In an environment where global overcapacity continues to increase, surplus material will continue to look for export markets to be directed to. The UK market of less than 10Mt is dwarfed in comparison to this surplus material in excess of 600Mt. Even if a small part of this was diverted to the UK, this would very quickly flood our market and severely injure domestic producers.”<sup>27</sup>*

94. Overseas interested parties and contributors have submitted that global steel capacities would not necessarily justify the extension of the safeguard measure. The GoI submitted in its completed questionnaire that:

*“GOI does not keep record of global exportable capacities. GOI however considers that mere existence of capacities is insufficient. The UK domestic industry should establish existence of freely disposable production capacities, having regard to the existence of other markets, and considering the products and product types involved.”<sup>28</sup>*

95. The Istanbul Mineral and Metals association submitted prior to the publication of the SIFD that:

*“According to the World Steel Association report in 2023, world steel demand is projected to increase by 1.8% in 2023 and 1.9% in 2024. However, when looking at the data of the Turkish steel sector, it has been observed that the export capacity has not increased over the years. Our exports, which were 19.8 million tons in 2012, were realized as 19.4 million in a similar course by 2022. In addition, it is observed that this situation has been continuing in the first 10 months of 2023.”<sup>29</sup>*

96. This contrasts with what TSUK have submitted in its questionnaire response regarding the Turkish steel sector specifically:

*“As has been well documented, much of this excess capacity is in China, which has been one of the main focus points of the Forum, such that China has now disengaged from the Forum. However, China is not alone. Turkey [sic] is another producer country of particular concern for the UK. Turkish steel producers are continuing to increase their production capacity fuelled by subsidies offered by the Turkish government. Turkish steel capacity has increased well in excess of the development in local demand. Given that Turkish exporters are already well established in the UK with a strong market presence there is a very high risk*

<sup>27</sup> [TRA Investigations - Trade Remedies Service - GOV.UK \(trade-remedies.service.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/114444/TRA_Investigations_-_Trade_Remedies_Service_-_GOV.UK_(trade-remedies.service.gov.uk)_EEF/UK_steel_non_confidential_appendix.pdf) , EEF/UK steel non confidential appendix, pages 3-4

<sup>28</sup> [TRA Investigations - Trade Remedies Service - GOV.UK \(trade-remedies.service.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/114444/TRA_Investigations_-_Trade_Remedies_Service_-_GOV.UK_(trade-remedies.service.gov.uk)_GoI_questionnaire_response.pdf) , GoI questionnaire response, page 12

<sup>29</sup> [TRA Investigations - Trade Remedies Service - GOV.UK \(trade-remedies.service.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/114444/TRA_Investigations_-_Trade_Remedies_Service_-_GOV.UK_(trade-remedies.service.gov.uk)_Istanbul_Minerals_and_Metals_Association_questionnaire_response.pdf) , Istanbul Minerals and Metals Association, questionnaire response Page 12



*that without appropriate safeguard measure in place, excess steel capacity in Turkey [sic] will be exported to the UK.*<sup>30</sup>

97. The global capacity for steel making, and crucially, the amount of spare capacity available, is relevant to the overall likelihood of increased imports to the UK. The Organisation for Economic Co-operation and Development (OECD)'s December 2022 report states there is an excess world capacity of 562.9 million metric tonnes, with global steelmaking capacity utilisation at 77.1% in 2022.<sup>31</sup> Global capacity to produce steel is expected to increase by between 2.2-5.9% by 2025.<sup>32</sup> More recent statements made by the OECD demonstrate that they expect the problem of overcapacity to worsen in the future, with 150 million metric tonnes of capacity being invested in, or planned for, up to 2026.<sup>33</sup> These trends (limited or declining demand, increasing manufacturing capacities) are also reported by the World Steel Association<sup>34</sup> and the Global Energy Monitor steel plant tracker.<sup>35</sup>
98. The OECD and World Steel Association 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. However, we remain of the view these figures are relevant due to the interconnected nature of the steel industry and the fact that all steel products originate from crude steel. It is relevant that the whole of UK demand for most, if not all, of the products covered by the safeguard measure could be met by a single, large exporter, demonstrating the relatively small size of the UK market when compared to global steel production.
99. It follows that increasing global overcapacity, coupled with limited growth in demand, increases the likelihood that importation of the goods subject to review in increased quantities would recur (in relation to every PC). This takes into consideration that the potential expiry of the measure would by itself increase the attractiveness of the UK steel market.
100. We therefore have concluded that this factor increases the likelihood of increased imports to the UK. It has been taken into account as part of the individual assessments detailed below.

## E1.2 Trade Diversion

101. TSUK made a submission to the extension review, prior to the publication of the SIFD, relating to the likelihood of trade diversion, claiming that:

*“If the existing safeguard measure were to be removed, there is no doubt that trade diversion would occur with sudden and significant increases in imports of most product categories from third countries. There are several reasons that make further spikes in imports in the measure is removed inevitable:*

<sup>30</sup> [TRA Investigations - Trade Remedies Service - GOV.UK \(trade-remedies.service.gov.uk\)](#) , TSUK questionnaire response, page 34

<sup>31</sup> OECD (2022) [Latest developments in steelmaking capacity \(oecd.org\)](#), page 12

<sup>32</sup> Ibid, page 10

<sup>33</sup> OECD (2023) [OECD Web Archive - 94th Session of the OECD Steel Committee - Chair's Statement](#)

<sup>34</sup> World steel (2023) [World Steel in Figures 2023 now available - worldsteel.org](#)

<sup>35</sup> Global Energy Monitor (2023) [Summary Tables - Global Energy Monitor](#)



- *Safeguard measure in the EU and Section 232 measures in the US.*

*Both measures remain in place and are highly likely to continue in the foreseeable future. The EU safeguard measure remain in place at least until 30 June 2024 and are likely to be extended beyond that date. These measures have a direct impact on steel trade flows globally but especially in the European region as the EU is the largest steel importer in the world. Revocation of the UK safeguard measure and continuation of the EU safeguard measure would make the UK the only large steel importer in Europe without the necessary protection against sudden and rapid increases in imports. [...] Despite the US slightly liberalising the measures for certain trading partners over the years, Section 232 measures continue to prevent most exporting countries from supplying their products to the US in traditional, let alone increasing, volumes. This is the case even for the countries that have reached agreements with the US and benefit either from hard quotas or tariff-rate quotas. Due to this, most steel producers in the world are either unable to export to the US or cannot do so in their traditional volumes and have to redirect their sales to other markets. This must be considered in the context of extreme overcapacity in the steel sector which pushes steel companies to be more aggressive and opportunistic in their export markets.*

*-Increasing number of AD/CVD measures in third countries.*

*In addition to the above-mentioned safeguard and Section 232 measures, the use of AD/CVD measures continues to grow in the steel sector around the world, which is confirmed by the WTO data (currently not available for 2023, but it must be noted that a number of investigations have been initiated this year):*

| <i>Year</i> | <i>AD measures</i> | <i>CVD measures</i> | <i>Total</i> |
|-------------|--------------------|---------------------|--------------|
| <i>2018</i> | <i>399</i>         | <i>66</i>           | <i>465</i>   |
| <i>2019</i> | <i>449</i>         | <i>78</i>           | <i>527</i>   |
| <i>2020</i> | <i>470</i>         | <i>83</i>           | <i>553</i>   |
| <i>2021</i> | <i>543</i>         | <i>97</i>           | <i>640</i>   |
| <i>2022</i> | <i>561</i>         | <i>100</i>          | <i>661</i>   |

*It is clear that not only there are no signs of reversal in the use of AD/CVD measures in the steel sector, but we can observe an opposite trend. [...] The growing number of AD/CVD measures in the steel sector confirms that it is becoming more and more difficult for steel companies to export their products. In view of this, it is clear that the removal of the safeguard measure would inevitably lead to a rapid increase in imports.”<sup>36</sup>*

<sup>36</sup> [TRA Investigations - Trade Remedies Service - GOV.UK \(trade-remedies.service.gov.uk\)](https://www.gov.uk/government/consultations/trade-remedies-investigation-service) , TSUK questionnaire response, page 35



102. Celsa made a submission in its questionnaire response relating to trade diversion along similar lines to that of TSUK, where it states:

*“For all the product areas we serve, there is a historical market participation of domestic production and traditional imports. Over time, this can change and it can vary between different categories. Factors such as changed ownership or business failures may disturb that balance temporarily but it is sudden changes/increases in import participation that cause serious injury. If that import penetration is coming from nonmarket economies, alternative trade remedies can be used to prevent serious damage to the market, but safeguards are needed when the threat of distortion of the market through displacement of normal trade flows and redirection of significant volumes of trade are present from multiple sources. This was the case in 2018 when the EU safeguards were introduced and was also the case when the transition review to UK safeguards was carried out in 2020/2021. Those threats of trade redirection still exist because those measures (e.g. S232, EU safeguards) are still in place. Producers are seeking to find alternatives for the shortfall in demand they may be experiencing in their traditional markets plus the additional capacities globally are continuing to make producers seek outlets for their goods. There is no change in the underlying reasons for safeguards established previously and prevailing and forecast market conditions are not conducive to relaxing further the safeguards. Indeed, with demand having faltered significantly during the pandemic, there is a strong argument that the annual expansion of import quotas should be stopped. [...] There is a real and present threat that without safeguard measures, the UK will become a magnet for displaced tonnes from trade barriers in other parts of the world. Potential surges in imports through discontinuation of safeguard measure will have a negative impact on the stability of the UK market both in volume and price terms and the consequent destabilisation will have automatic consequences on the production, sales and employment of UK industry. Under present circumstances with depressed demand and continued trade measures in other countries, the finding of alternative markets to compensate for an import surge in our product areas will not be possible.”<sup>37</sup>*

103. The Gol also commented on the likelihood of trade diversion prior to the publication of the SIFD, it submitted:

*“The safeguard measures, both original and subsequent extensions, were based on the United States’ (US) imposition of Section 232 measures @25%. However, even these US Section 232 measures have been significantly liberalised. Beginning June 13, 2019, exclusion requests have been entertained and subsequently granted. A number of exemptions granted by the US are for products where imports are contributing 36pprox.. 80% to the requirement of the market. Such liberalisation in measures by US establishes that there is no longer likelihood any surge in imports, should the present measures be withdrawn. GOI submits that the same level of liberalisation in safeguard measures, as undertaken by the US, has not been considered by the UK Authority. Despite, the reason for imposition of safeguard measure being actions taken by the US.”<sup>38</sup>*

<sup>37</sup> [TRA Investigations - Trade Remedies Service - GOV.UK \(trade-remedies.service.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/84444/TRA-Investigations-Trade-Remedies-Service-GOV.UK-trade-remedies.service.gov.uk) , Celsa questionnaire response, page 42-43

<sup>38</sup> [TRA Investigations - Trade Remedies Service - GOV.UK \(trade-remedies.service.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/84444/TRA-Investigations-Trade-Remedies-Service-GOV.UK-trade-remedies.service.gov.uk) , Gol questionnaire response, page 11



104. JSW, an Indian steel producer and exporter to the UK, made a similar point in its questionnaire response:

*“JSW submits that just like the original safeguard measure implemented by the European Union was based on ‘never to materialise’ threat of trade diversion, there is no likelihood of any trade diversion to the UK if the existing safeguard measure were to be removed. The US Section 232 measure has already been significantly diluted, with exemptions for countries that account for 75-80% of exports to US, and there is no indication yet that EU safeguard measure will be extended beyond June 2024.”<sup>39</sup>*

105. MOTIE’s completed PSQ also sets out:

*“The need for safeguard measure has decreased due to changes in conditions in the global steel market, such as Russia-Ukraine War, alternative arrangements setting TRQ between the US and EU as well as the US and UK after the US Section 232 tariffs and increase in demands for environment-friendly products in the UK. In particular, the growing steel needs based on the UK’s environment-friendly policies indicate that currently allocated quota may not be enough to meet the demands of the UK companies. In order to meet the increasing demands from companies who produce steel-using products and environment-friendly products in the UK, such as the solar panel or offshore wind-farms and eco-friendly construction materials, it is necessary to reflect the market condition to the quota (for product category number 5 and 25 in particular) in a way that can absorb imminent increase of related steel product demands in a line with the UK’s environment-friendly policies.”<sup>40</sup>*

106. We assessed the likelihood of trade diversion, particularly in respect to the USA section 232 measures and Inflation Reduction Act, and the European Union (EU) introducing a carbon border tax. The USA section 232 measure on steel and aluminium remains in place,<sup>41</sup> and the Inflation Reduction Act<sup>42</sup> contains measures aimed at boosting green steel production in the USA, with financial support of \$370 billion to a range of industries,<sup>43</sup> including a credit of around \$30 per tonne of green steel produced.<sup>44</sup> The EU Carbon Border Adjustment mechanism [...] will ensure the carbon price of imports is equivalent to the carbon price of domestic production, and that the EU’s climate objectives are not undermined.”<sup>45</sup> Both instruments will make it more difficult, and comparatively more expensive, for steel products produced in energy intensive ways to access the EU and USA markets.

107. The majority of steel products globally are produced using the Basic Oxygen Furnace (BoF) technique<sup>46</sup>, which relies on iron ore and coal, and is less likely to be carbon efficient. This is the type of steel which is, and will be, at a competitive disadvantage in the USA and the EU.

<sup>39</sup> [TRA Investigations - Trade Remedies Service - GOV.UK \(trade-remedies.service.gov.uk\)](https://www.gov.uk/government/organisations/trade-remedies-service), JSW questionnaire response, page 27

<sup>40</sup> [TRA Investigations - Trade Remedies Service - GOV.UK \(trade-remedies.service.gov.uk\)](https://www.gov.uk/government/organisations/trade-remedies-service), MOTIE pre-sampling questionnaire, page 7

<sup>41</sup> US Department of Commerce (2023) [Section 232 National Security Investigation of Steel Imports – Bureau of Industry and Security, US Department of Commerce](https://www.dhs.gov/section-232-national-security-investigation-of-steel-imports)

<sup>42</sup> [Summary of Inflation Reduction Act provisions related to renewable energy | US EPA](https://www.epa.gov/summary-inflation-reduction-act-provisions-related-renewable-energy)

<sup>43</sup> US Environment Protection Agency (2023) [Building a clean energy economy: A guidebook to the inflation reduction act's investments in clean energy and climate action](https://www.epa.gov/building-clean-energy-economy)

<sup>44</sup> Energy Monitor (2023) [Inflation Reduction Act: Green hydrogen will decarbonise steel and fertiliser \(energymonitor.ai\)](https://www.energymonitor.ai/inflation-reduction-act)

<sup>45</sup> European Commission (2024) [Carbon Border Adjustment Mechanism \(europa.eu\)](https://european-council.europa.eu/media/en/press-communications/infographic/infographic-carbon-border-adjustment-mechanism)

<sup>46</sup> Global Energy Monitor (2022) [2022 Pedal to the Metal \(globalenergymonitor.org\)](https://www.globalenergymonitor.org/2022-pedal-to-the-metal), figure 4







111. Celsa's completed questionnaire also referenced that global circumstances had impacted its costs, and therefore its vulnerability to serious injury:

*"There has been further upheaval and uncertainty caused by the war in Ukraine started in 2022 and the consequences on energy prices which are a major part of our cost structure. The current conflict in Israel/Gaza is likely to have an impact on energy prices again in the immediate future. These major global events are producing economic uncertainty and damaging confidence, providing a significant brake to economic growth. We operate in markets which are heavily influenced by global movements in trade activity and there has been increased protectionism exhibited in many countries around the globe and no sign of measures on steel being reversed."*<sup>51</sup>

112. We assessed domestic producer's costs as part of authentication work, and we concluded that domestic producers are subject to increased costs, in comparison to both historic levels and global competitors. We do not find that this is self-inflicted injury, as the production processes, and subsequent energy usage, by UK producers are similar to those used globally. These comparatively increased costs reduce the profit margins available to domestic producers, which increases the domestic industry's future vulnerability to serious injury caused by lower priced imports generally, across all PCs. Comparatively high domestic production costs increase both the likelihood that injury will recur, and the likelihood that the injury will be serious.

113. It also remains that there is no evidence to suggest increased energy costs are the main cause of serious injury, historically or otherwise, as determined in the initial transition review<sup>52</sup> and reconsideration report.<sup>53</sup> These costs do not break the causal link between imports and serious injury that would be experienced if the measures were removed.

## E1.4 Interconnectivity of Product Categories

114. The final, general, point that has been raised in the questionnaire submissions relates to the high interconnectivity level of steel products. Domestic producers have continued to highlight the impact that using common production processes has on profitability across product categories submitting that the TRA must have regard for the wider implication this has on the likelihood of UK industry still suffering serious injury even if the safeguard measure was only revoked on some products.

115. Celsa set out in its questionnaire that:

*"All the goods (whether they are the goods under review, like goods or directly competitive goods) are interchangeable. It also needs to be recognised that there is an interconnectivity between goods in different categories. So, for example, there is a direct relationship between cat 13 (72142000 rebar) and cat 16 (72131000 rebar in coil) where customers can directly*

<sup>51</sup> [TRA Investigations - Trade Remedies Service - GOV.UK \(trade-remedies.service.gov.uk\)](#) , Celsa questionnaire response, page 44

<sup>52</sup> [TRA Investigations - Trade Remedies Service - GOV.UK \(trade-remedies.service.gov.uk\)](#) , Transition review SIFD, paragraphs 105 - 107

<sup>53</sup> [TRA Investigations - Trade Remedies Service - GOV.UK \(trade-remedies.service.gov.uk\)](#) , Transition review reconsideration report, paragraphs 596 – 598



*substitute one product for another because the size and profile are exactly the same, only the form in which they are presented to our immediate customer is different (coil format or straight lengths). By the time these products reach the end customer i.e. the construction site, it is impossible to distinguish between them. It is also possible for our customers to make similar end products from different materials. For example, a customer may choose to buy a plain wire rod (cat 16) and draw and indent (put a rib on it) rather than use a rebar (cat 13). In addition, there is an interconnectivity between different products which can be made in the same production facility e.g. in our case certain products in cat 12b, cat 13 and cat 16 are all made in a single rolling mill, cat 12b and cat 17 are all made in another rolling mill. Whilst only one of these products can be made at any one time, any quantity of each product could be made in those facilities. This was the subject of our previous submission when the TRA proposed to revoke safeguard measure on certain categories whilst continuing the measures on other categories. The interconnectivity between the products is well established.”<sup>54</sup>*

*“There is a substantial interconnectivity of steel products. Certain end products can easily be substituted for others e.g. flat bars from cat 1 (Commodity code 72111300) can be directly supplied for flat bars in cat 12b (72149110), rebar in coil in cat 16 can be used in place of rebar in straight lengths in cat 13. Further to this point, processors do use plate (cat 7), cut into pieces, as a replacement for wide flats in cat 12b. In non-structural applications, hollow sections (cat 26) may be viewed by an architect as a substitute for merchant bar (cat 12b). In certain environments, stainless rebar (not covered under safeguards) may be viewed as preferable to standard carbon rebar (cat 13) and fibre reinforcement (not covered) may be specified in place of rebar (cat 13) or mesh (derived from cat 16).”<sup>55</sup>*

116. We gave due regard to the submissions that have been made regarding the interconnectivity of the product categories. Whilst we have not directly linked the assessments across PCs, we do accept the suggested interlinks between the categories exist and could be relevant when assessing the extent of injury that may be suffered, and whether that injury is serious. As such these were considered when assessing the nature and degree of serious injury that may recur.
117. We are satisfied this approach ensures we are consistent with the Safeguard Regulations that govern how we undertake this extension review and is in line with the analysis and assessments provided in our prior reconsideration report, where additional consideration was made using ‘family groups’.<sup>56</sup>

## **E1.5 Profitability, employment, productivity, and capacity utilisation by the domestic industry**

118. Specific data in relation to these injury factors was submitted to the safeguard extension review. It is not always possible to present these factors at a product specific level, in part due to confidentiality considerations. These injury factors are also linked across PCs – employment at one PC may be necessary for continued production of another PC (for example, if a

<sup>54</sup> [TRA Investigations - Trade Remedies Service - GOV.UK \(trade-remedies.service.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/614442/TRA-Investigations-Trade-Remedies-Service-GOV.UK-trade-remedies.service.gov.uk) , Celsa questionnaire response, page 21

<sup>55</sup> [TRA Investigations - Trade Remedies Service - GOV.UK \(trade-remedies.service.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/614442/TRA-Investigations-Trade-Remedies-Service-GOV.UK-trade-remedies.service.gov.uk) , Celsa questionnaire response, page 22

<sup>56</sup> [TRA Investigations - Trade Remedies Service - GOV.UK \(trade-remedies.service.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/614442/TRA-Investigations-Trade-Remedies-Service-GOV.UK-trade-remedies.service.gov.uk) , Transition review reconsideration report, paragraph 16





company is producing both the input and the final product, the employees allocated to the input are also linked to, and necessary for, the production of the final product). Similarly, capacity utilisation and profitability for upstream products may be linked to the performance of the downstream products. For these reasons, we aggregated these injury factors and presented them in a non-confidential format, that is relevant to all the individual PC assessments.

**Table 2: Injury data for the UK industry**

|                                    | PoI    |        |        |        |        |
|------------------------------------|--------|--------|--------|--------|--------|
|                                    | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
| Employment (Year 2 =100)           | N/A    | 100    | 105    | 107    | 106    |
| Production volume (Year 1 =100)    | 100    | 96     | 93     | 99     | 85     |
| Productivity (Year 2 =100)         | N/A    | 100    | 93     | 96     | 82     |
| Capacity utilisation (Year 1 =100) | 100    | 99     | 100    | 114    | 100    |

Sources: UK producers' confidential questionnaire responses

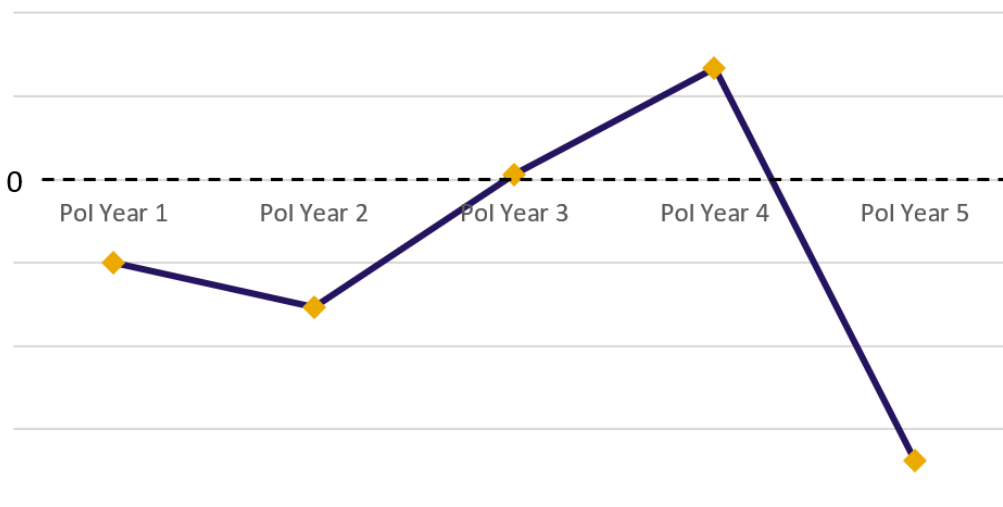
Notes: Productivity for the UK industry is the weighted (by UK sales value) average of the productivity for each PC. The same approach is used to estimate capacity utilisation.

Data refers only to production of the like goods and directly competitive goods.

There was data missing for employment and productivity in year 1. As a result, index starts from year 2.

**Graph 1: Profit margins for participating UK industry for like goods over the POI**

UK industry profit margin over the PoI



Source: UK producer's confidential questionnaire responses



119. There was employment data missing in year 1; therefore, for the employment and productivity indicators, we start our analysis from year 2 of the Pol. The number of employees has increased over this period, and, at the end of the Pol, it was 6% higher than in year 2. The average productivity has reduced year on year across the Pol and in year 5 was 18% below its initial level. Production volumes experienced a decline throughout the Pol. Although there was a slight increase from year 3 to 4, year 5 witnessed a 15% reduction in production compared to year 1. Losses have generally reduced over the Pol, although UK industry, as a whole, have suffered losses throughout the Pol and losses have increased in the final year of the Pol. Finally, capacity utilisation remained stable throughout the Pol, except year 4 where it was 14% higher than in year 1. Capacity utilisation levels returned to the initial level in year 5.
120. To conclude, across all PCs, profitability has generally increased for UK industry across the Pol, although only it was only in Pol year 4 that UK industry made a profit overall. Employee numbers have steadily increased across the Pol, despite production volumes dropping. This may have impacted on the productivity figures, as at the end of the Pol there more UK employees manufacturing a lower volume of like goods, but for a greater profit, when compared to the beginning of the Pol. There has been no reduction in capacity utilisation across the Pol.
121. These trends, as set out above, generally show that serious injury has been reduced, at least in part, due to the application of the definitive safeguard remedy. This is particularly true in terms of profit margins, UK employment and capacity utilisation. Production volume and productivity are the only injury factors that show negative trends across the Pol, but the definitive safeguard measure will still have reduced serious injury in these areas, as it has provided UK industry with an opportunity to employ more people and make more profit than it previously was. This may be an indication of UK industry adjusting its market position towards production of higher added value steel products.

## **E1.6 UK industry adjustments**

122. Further to the adjustment plans reported in [TF0006](#), when the safeguard measure was transitioned to the UK, we received and authenticated, updated adjustment plans for the UK industry for this extension review. The adjustment plans are ongoing and have not yet been completed. UK industry submitted that they require additional time to continue their adjustment. These plans are generally confidential by their nature, and include actions that have already commenced, investments that are in progress and plans for the future to ensure competitiveness. They largely relate to developments in working practices, new technology, or a changing of market position to ensure competitiveness with imported goods. We authenticated these adjustment plans (as per the authentication reports on the [public file](#)) and determined that adjustments are, and have been, taking place.
123. Whilst many of the details of the adjustments are confidential, it is also clear with reference to public sources that the UK industry is adjusting, with producers closing coke ovens<sup>57</sup>, investing

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<sup>57</sup> BBC News (2023) [British Steel to cut jobs amid fears for industry - BBC News](#), Energy Live News (2023) [Tata Steel warns of blast furnace shutdown - Energy Live News](#), BBC News (2023) [British Steel considering 800 job cuts in Lincolnshire - BBC News](#)



in new technology,<sup>58</sup> restructuring operations<sup>59</sup> and increasing vertical integration of supply chains.<sup>60</sup> These adjustments are related to, and are likely to have a direct effect on, the production of the like goods.

124. We have therefore determined that, on the balance of probabilities, adjustments have been and are being made by UK producers.

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<sup>58</sup> Swansea University (2022) [How steel in our buildings can generate clean energy – new University and Tata Steel collaboration - Swansea University](#) , Rotherham Business News (2020) [Rotherham business news: News: British Steel establish rail R&D base in Rotherham \(rothbiz.co.uk\)](#) , Swansea University (2020) [Smarter, greener steelmaking: three new studies to be funded by Swansea-based research programme - Swansea University](#) , The Construction Index (2021) [New project seeks to make rebar supply smarter \(theconstructionindex.co.uk\)](#)

<sup>59</sup> The Guardian (2023) [Liberty Steel plans to cut 440 jobs in UK and reduce production | Sanjeev Gupta | The Guardian](#) , Celsa Steel UK (2022) [CELSA Steel UK, passion for circularity PROGRESS IN CELSA STEEL UK SUSTAINABILITY, 2022](#)

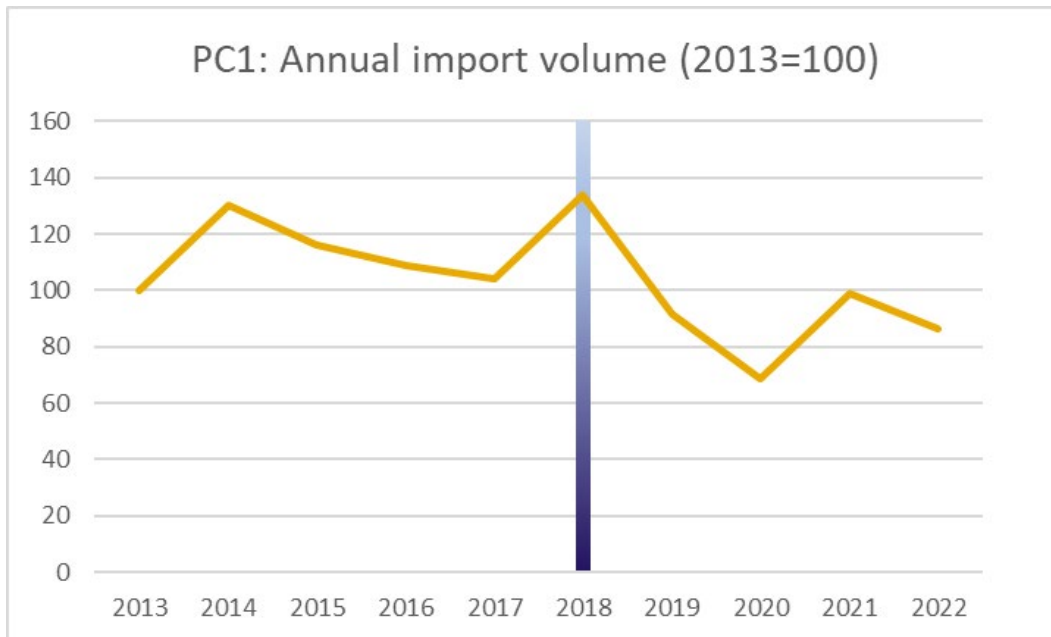
<sup>60</sup> Rotherham Business News (2020) [Rotherham business news: News: Celsa receives approval for Rotherham processing plant \(rothbiz.co.uk\)](#)



## E2: PC1 assessment: Non-alloy and other alloy hot-rolled sheet and strip

125. Three domestic producers of PC1 registered for this extension review, these are TSUK,<sup>61</sup> Liberty Steel<sup>62</sup> and British Steel<sup>63</sup> as recorded in the non-confidential questionnaire responses on the public file. We also received submissions from exporters of PC1, namely Al Ezz Flat Steel Co. S.A.E.,<sup>64</sup> JSW<sup>65</sup> and Erdemir.<sup>66</sup> Imports in this PC have developed over the PoI as follows:

**Graph 2: Index of annual import volumes for PC1 by financial year**



Source: Trade data – UK Trade Info

Note: The vertical line indicates the approximate imposition of the provisional EU safeguard measure in July 2018

<sup>61</sup> [Hot Rolled Steel | Tata Steel in Europe \(tatasteel.com\)](https://www.tatasteel.com/europe)

<sup>62</sup> [Hot Rolled Wide Coil - LIBERTY Steel UK \(libertysteelgroup.com\)](https://www.libertysteelgroup.com)

<sup>63</sup> [british-steel-product-brochure-100723-web-version.pdf \(britishsteel.co.uk\)](https://www.britishsteel.co.uk)

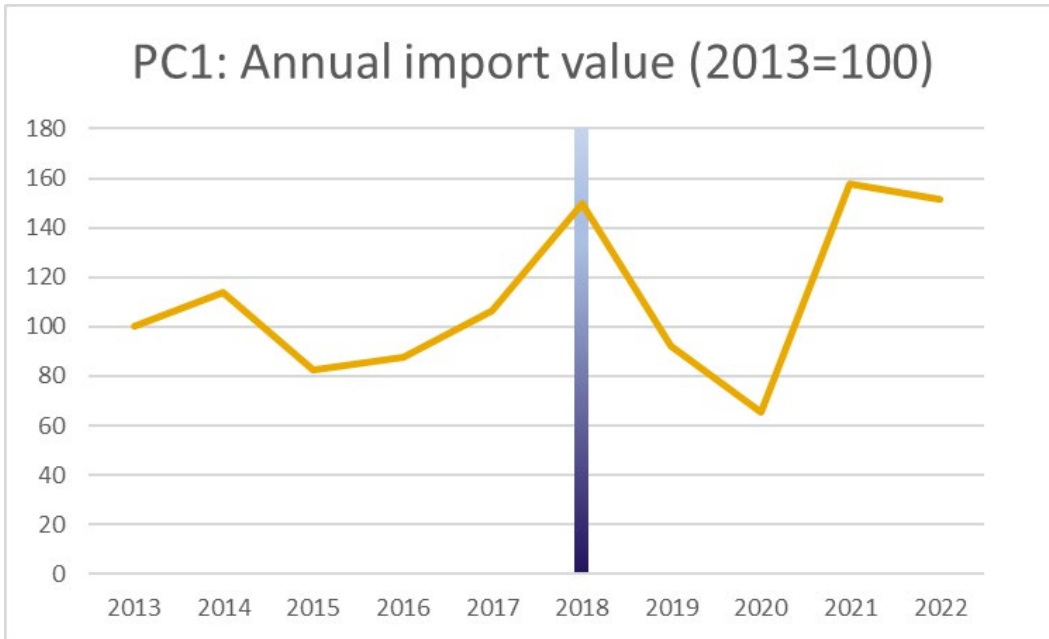
<sup>64</sup> [TRA Investigations - Trade Remedies Service - GOV.UK \(trade-remedies.service.gov.uk\)](https://www.trade-remedies.service.gov.uk), Al Ezz Flat Steel Co. S.A.E. Questionnaire response

<sup>65</sup> [TRA Investigations - Trade Remedies Service - GOV.UK \(trade-remedies.service.gov.uk\)](https://www.trade-remedies.service.gov.uk), JSW Questionnaire response

<sup>66</sup> [TRA Investigations - Trade Remedies Service - GOV.UK \(trade-remedies.service.gov.uk\)](https://www.trade-remedies.service.gov.uk), Erdemir Questionnaire response



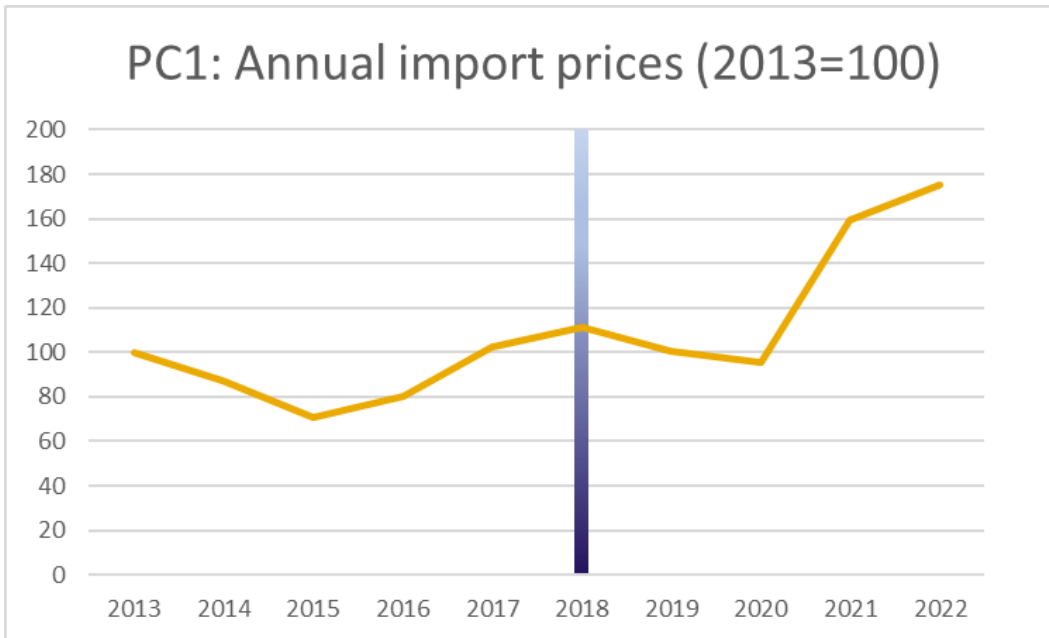
**Graph 3: Index of annual import values for PC1 by financial year**



Source: Trade data – UK Trade Info

Note: The vertical line indicates the approximate imposition of the provisional EU safeguard measure in July 2018

**Graph 4: Index of annual average import prices for PC1 by financial year**



Source: Trade data – UK Trade Info

Note: The vertical line indicates the approximate imposition of the provisional EU safeguard measure in July 2018

126. These graphs show, that for PC1, overall volumes and values of imports decreased immediately after the initial introduction of the safeguard measure in July 2018. Import

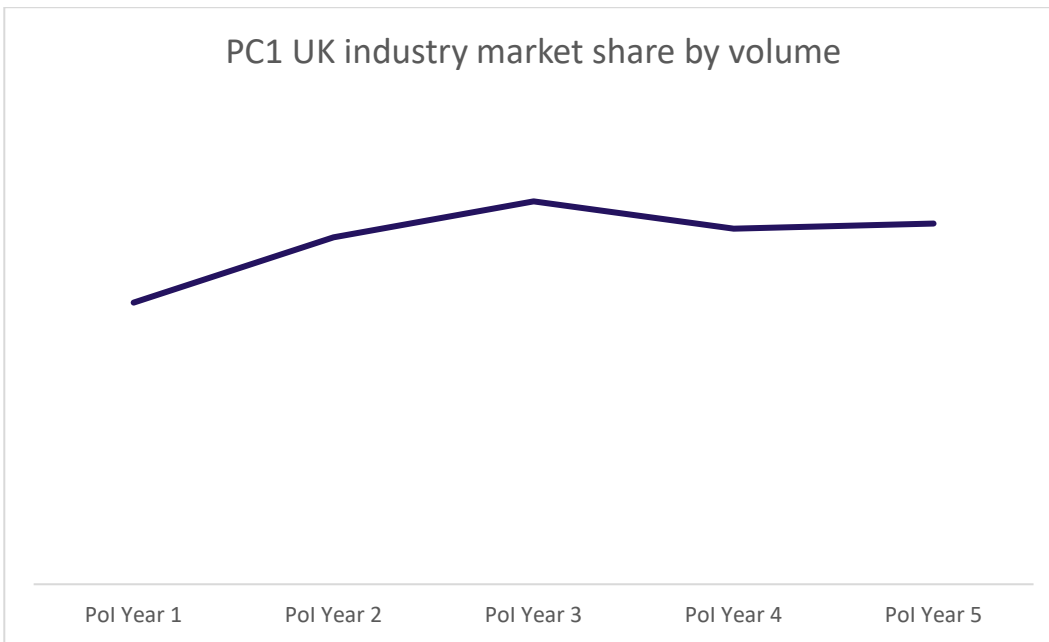


volumes have increased since 2020 (Pol year 3), but as of the end of 2022 (Pol year 5) they remain below the volumes imported prior to the imposition of the safeguard measure. Import values have also increased since 2020 (Pol year 3), and the last two years of the Pol have the highest levels of imports since 2013. Similarly, import prices declined after the imposition of the safeguard measure, but have increased since 2020, and at the end of 2022 (the end of the Pol) are at their highest since 2013.

## E2.1 Whether the importation of the goods subject to review in increased quantities is likely to recur

127. The average import price for PC1 goods imported into the UK in Pol year 5 is £864 GBP per tonne.<sup>67</sup> This is close to the average sales price of PC1 goods sold into the UK by domestic producers in Pol year 5. Demand for PC1 goods is currently met both by domestic production and by imports:

**Graph 5: UK industry market share by volume for PC1 by Pol year**



Source: Trade data – UK Trade Info and UK producer’s confidential questionnaire responses

128. Graph 5 shows that the UK industry market share has increased over the Pol, and since the imposition of the safeguard measure at year 1 of the Pol. However, imported PC1 goods have taken some market share from domestically produced PC1 goods from Pol year 3 onwards, whilst the measure has been in place. This would suggest that as the safeguard measure have been liberalised, alongside the market normalising after the impact of the COVID-19 pandemic, imports of PC1 are replacing domestically produced goods. This increases the likelihood that imports would further increase, and gain additional market share, were the measure to no longer apply.

<sup>67</sup> [Trade data - UK Trade Info](#)





129. As referred to in the general points at E1.1, there is global overcapacity for steel manufacturing. This is also true of PC1 products, as they are one manufacturing process away from basic steel inputs, and so their production capacities are closely related to that of basic steel production. Additionally, at E1.2, we have assessed that there is a likelihood of trade diversion, which is further relevant to PC1, as many of the barriers to imports in third countries are applicable to PC1 products. Both factors would be likely to push global producers to increase exports to the UK, as they would be able to sell competitively with domestically produced PC1, were their products not subject to the safeguard duties.
130. We have therefore concluded that, on the balance of probabilities, were the measure to no longer apply, the importation of PC1 products in increased quantities is likely to recur.

## **E2.2 Whether serious injury has been removed or reduced, in whole or in part due to the application of the definitive safeguarding remedy**

131. As set out in Graph 2, imports of PC1 have reduced since the first year of the Pol, which is when the definitive safeguarding remedy was first applied. There is no other significant event that affected imports of steel around this time to break the chain of causation – as assessed in the safeguard reconsideration review.<sup>68</sup> It is therefore probable that the reduction in import volume from the first year of the Pol onwards is due to the application of the definitive safeguarding remedy.
132. Graph 5 shows that the market share of domestic industry has generally increased since the application of the definitive safeguarding remedy. We have further assessed, as a general factor, that profitability and employee numbers have increased in the same time period (see above E1.5). These trends are consistent with the confidential data that we have for PC1 in terms of profitability and employee numbers. Capacity utilisation for PC1 also follows a similar trend to the aggregated data at E1.5, in that there are fluctuations before a reduction in capacity utilisation from Pol year 4 to Pol year 5.
133. One of the exporters of PC1, Erdemir, stated in its questionnaire response that UK industry have not suffered injury:
- “Yes, injury to the UK industry been completely removed. Indeed, there were no genuine injury at all. We would like re-stress the fact that the safeguard measure was not introduced in line with the UK's own needs and interests. The measure was a manifestation of the protectionist policies of the European Union (EU). In our opinion, insisting on this protectionist trade policy, which has been adopted by the UK following the Brexit process, will neither be compatible with the principle of global free trade nor benefit the UK's exclusive economic interests.”<sup>69</sup>*
134. On the other hand, EEF/UK Steel, a UK industry body, submitted prior to the SIFD publication that serious injury has been suffered by UK industry, which would have been worse without the safeguard measure:

<sup>68</sup> [TRA Investigations - Trade Remedies Service - GOV.UK \(trade-remedies.service.gov.uk\)](#), TF0006 Reconsideration call in report of findings, paragraph 335

<sup>69</sup> [TRA Investigations - Trade Remedies Service - GOV.UK \(trade-remedies.service.gov.uk\)](#), Erdemir Questionnaire response, page 35



*“[...] the safeguards do offer a safety valve against surges in imports and trade diversion which would have been even higher in a scenario where the EU maintained its safeguards and the UK did not. In that sense, while there are a number of factors that continue to cause injury to UK producers, safeguards have reduced the injury attributable to surges in imports or at least have prevented additional injury.”<sup>70</sup>*

135. We do not accept Erdemir’s assertion that “there was no genuine injury at all”. The safeguard reconsideration review determined that serious injury had been suffered by UK industry in terms of profits, as the domestic industry had been struggling to maintain positive profit figures generally.<sup>71</sup>
136. The data supplied to this extension review by the domestic industry shows that, in the Pol, injury in relation to profitability and employment has reduced for PC1. Serious injury in relation to capacity utilisation has remained, which could be due to the continued liberalisation of the safeguard measure, and it may be the case that whilst some of this serious injury remains, it is at a reduced level due to the application of the definitive safeguard measure. Finally, the PC1 import data shows a reduction in import volume since the imposition of the definitive safeguard duty, which is likely to have also reduced serious injury.
137. We have therefore established that, on the balance of probabilities, at least some serious injury has been reduced by the application of the definitive safeguard measure to PC1 products.

### **E2.3 Whether the circumstances of UK producers, or domestic or overseas market conditions, are such that the serious injury caused by the importation of the goods subject to review in increased quantities is likely to recur**

138. As stated at E.2, the UK producers for this PC are TSUK, Liberty Steel and British Steel. The circumstances of these UK producers are varied. TSUK has been loss making for every year<sup>72</sup> of the Pol aside from Pol year 4 where it recorded its first profit for 13 years.<sup>73</sup>

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<sup>70</sup> [TRA Investigations - Trade Remedies Service - GOV.UK \(trade-remedies.service.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/614442/TRA-Investigations-Trade-Remedies-Service-GOV.UK-trade-remedies.service.gov.uk) , EEF/UK steel questionnaire response , page 11

<sup>71</sup> [TRA Investigations - Trade Remedies Service - GOV.UK \(trade-remedies.service.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/614442/TRA-Investigations-Trade-Remedies-Service-GOV.UK-trade-remedies.service.gov.uk) , TF0006 Reconsideration call in report of findings , paragraph 354

<sup>72</sup> [TATA STEEL UK LIMITED filing history - Find and update company information - GOV.UK \(company-information.service.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/614442/TATA-STEEL-UK-LIMITED-filing-history-Find-and-update-company-information-GOV.UK-company-information.service.gov.uk)

<sup>73</sup> The Guardian (2022) [Port Talbot steelworks owner makes first pre-tax profit in 13 years | Tata | The Guardian](https://www.theguardian.com/business/2022/jan/13/port-talbot-steelworks-owner-makes-first-pre-tax-profit-in-13-years)



**Table 3: TSUK PC1 injury data**

| Index Year 1 = 100         | Pol    |        |        |        |        |
|----------------------------|--------|--------|--------|--------|--------|
|                            | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
| Total sales value          | 100    | 102    | 104    | 171    | 151    |
| UK sales value             | 100    | 86     | 77     | 157    | 152    |
| Third country sales value  | 100    | 130    | 153    | 196    | 150    |
| Total sales volume         | 100    | 118    | 129    | 118    | 98     |
| UK sales volume            | 100    | 97     | 87     | 109    | 98     |
| Third country sales volume | 100    | 152    | 197    | 134    | 98     |

Sources: questionnaire annex on the SE0041 public file

139. TSUK's injury data, referenced above, shows that total sales values have increased for all sales of PC1 goods, but that over the whole of the Pol, sales value from third country sales has grown more than sales value from UK sales. Sales volume to the UK has fluctuated and has grown less than sales volume to third countries over the whole of the Pol.
140. Liberty Steel have experienced significant financial difficulties during the Pol, with the organisation reporting its only pre-tax profit since founding in 2019 and since then have not filed its accounts with Companies House<sup>74</sup>. The reason Liberty Steel Ltd audited accounts have not been filed since 2018/2019 is due to financial issues following Greensill Capital going into administration in March 2021<sup>75</sup> and subsequent investigations and lawsuits by HMRC in 2021 and 2022<sup>76</sup>. Since HMRC dropped its lawsuits against the Liberty Steel Group in March 2022, Liberty Steel UK has undertaken restructuring of its business which includes reducing the output at certain operations to safeguard the core products of the business.<sup>77</sup>
141. British Steel's accounts for 2021 were late to be filed, which itself lead to questions regarding the company's financial situation.<sup>78</sup> When they were filed, the 2021 accounts included a qualification in relation to stock valuation, and recorded a loss of £51 million, down from a 2020 profit of £268 million.<sup>79</sup> British Steel's auditors additionally expressed material uncertainty relating to a going concern in these accounts, as the company needs further funding from its ultimate parent company and there are no legally binding agreements in place and no guarantee that the funds will be available in the timescale required.<sup>80</sup> British Steel is reported to be seeking emergency government funding and it has not yet been approved.<sup>81</sup> The

<sup>74</sup> [LIBERTY STEEL DALZELL LTD filing history - Find and update company information - GOV.UK \(company-information.service.gov.uk\)](#)

<sup>75</sup> House of Commons Treasury Committee (2021) [Treasury Committee Report - Lessons from Greensill Capital](#)

<sup>76</sup> Financial Times (2022) [HMRC drops lawsuits to close Sanjeev Gupta companies over unpaid tax – Financial Times](#)

<sup>77</sup> PES Media (2023) [Liberty Steel restructures UK business – Production Engineering Solutions](#)

<sup>78</sup> This is Money (2023) [British Steel accounts face further delay | This is Money](#)

<sup>79</sup> [BRITISH STEEL LIMITED filing history - Find and update company information - GOV.UK \(company-information.service.gov.uk\)](#)

<sup>80</sup> [BRITISH STEEL LIMITED filing history - Find and update company information - GOV.UK \(company-information.service.gov.uk\)](#) ,

Full accounts made up to 31 December 2021, page 12

<sup>81</sup> Sky News (2023) [UK close to approving 300 mln pounds in funding for British Steel - Sky News | Reuters](#)



company also recently closed its coke ovens in response to rising costs<sup>82</sup> and it is reported that employees have been informed of the need to reduce the workforce by 600-900 jobs.<sup>83</sup>

**Table 4: British Steel PC1 injury data**

| Index Year 1 = 100                   | Pol    |        |        |        |        |
|--------------------------------------|--------|--------|--------|--------|--------|
|                                      | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
| Sales volume                         | 100    | 45     | 30     | 80     | 75     |
| Cost to make and sell per unit       | 100    | 102    | 91     | 116    | 151    |
| Average price for UK sales           | 100    | 101    | 84     | 128    | 177    |
| Average price for export sales       | 100    | 97     | 81     | 118    | 156    |
| Average price for total sales        | 100    | 97     | 80     | 120    | 161    |
| Capacity utilisation (non-indexed %) | 90     | 80     | 80     | 100    | 80     |

Sources: questionnaire annexes on the SE0041 public file

142. British Steel’s injury data, set out above, shows that sales volumes have reduced over the Pol. Costs to make and sell have increased, as have average sales prices for both the domestic and export markets. Capacity utilisation has fluctuated and fallen towards the end of the Pol.
143. Overseas market conditions generally have been set out above, at E1.1 and E1.2. As discussed at paragraph 122, these conditions do apply to the global market for PC1 goods. Additionally, the import and the domestic sales prices have followed the same trends throughout the Pol, indicating that they are both subject to similar market forces. The prices themselves are sufficiently close, so that even with the safeguard measure in place, imports have been able to gain market share, at times, from UK industry (see Graph 5).
144. To conclude, whilst injury has reduced to UK industry in relation to PC1 (see E2.2), UK industry remains vulnerable to serious injury. This is because of the individual circumstances of the UK producers, and because of global market conditions relating to overcapacity, trade diversion, and the ability for imports to directly compete with domestic goods even whilst subject to a safeguard measure. Additionally, we have established at E2.1, that the importation of PC1 goods in increased quantities is likely to recur. We have therefore determined that, on the balance of probabilities, the circumstances of UK producers, or domestic or overseas market conditions, are such that the serious injury caused by the importation of the goods subject to review in increased quantities is likely to recur.

<sup>82</sup> British Steel (2023) [Britishsteel.co.uk - British Steel will offer alternative roles to 250 colleagues affected by closure of its Scunthorpe coke ovens](https://www.britishsteel.co.uk/news/2023/07/20/british-steel-will-offer-alternative-roles-to-250-colleagues-affected-by-closure-of-its-scnthorpe-coke-ovens)

<sup>83</sup> Financial Times (2023) [Fears grow over fate of 800 jobs at British Steel | Financial Times \(ft.com\)](https://www.ft.com/content/2023/07/20/fears-grow-over-fate-of-800-jobs-at-british-steel)



## **E2.4 Whether it is likely that serious injury will recur if the application of the definitive safeguarding remedy is not extended**

145. We established at E2.1 that it is likely that the importation of PC1 goods in increased quantities is likely to recur. Additionally, we have established at point E2.3 (above) that serious injury is likely to be caused by the importation of the PC1 goods subject to review in increased quantities. We have therefore determined that, on the balance of probabilities, in relation to PC1, it is likely that serious injury will recur if the application of the definitive safeguarding remedy is not extended.

## **E2.5 UK industry adjustment**

146. At E1.6, we determined that UK industry have been, and are, adjusting. This conclusion applies to the UK industry for like goods, including producers of PC1 goods.

## **E2.6 Any other relevant factors**

147. We have considered one other factor in relation to PC1. On 19 January 2024 TSUK announced a proposal<sup>84</sup> to close its blast furnaces, and it has begun to import PC1 material, causing the TRQ for PC1 goods to be partially exhausted over the three quarters following the Pol of this extension review. Due to this change in the imports of PC1 goods occurring outside our Pol, we have concluded that this extension review does not have sufficient scope to fully consider this issue. Additionally, we have received requests to consider the scope of the measure relating to goods covered by PC1. As noted on our [public file](#), individual requests in relation to the modification of product categories are not going to be considered in this extension review.
148. On 9 February 2024, the TRA initiated two reviews, [SS0051](#) and [TQ0052](#), a suspension review and a TRQ review respectively in response to the change of circumstance relating to PC1 goods that has occurred since our Pol. The findings of these reviews will be presented separately.

## **E2.7 PC1 conclusion**

149. We have determined that, on the balance of probabilities, the importation of PC1 goods subject to review in increased quantities is likely to recur, serious injury has been removed or reduced, in whole or in part due to the application of the definitive safeguarding remedy; it is likely that serious injury will recur if the application of the definitive safeguarding remedy is not extended; the circumstances of UK producers, or domestic or overseas market conditions, are such that the serious injury caused by the importation of the goods subject to review in increased quantities is likely to recur; adjustments are being made by UK producers; and whilst there are other relevant factors, these will be assessed by a separate review.
150. We are therefore recommending that safeguard measure for PC1 be extended for an additional two years (see [Section F](#) for the EIT assessment, which is met for this PC).

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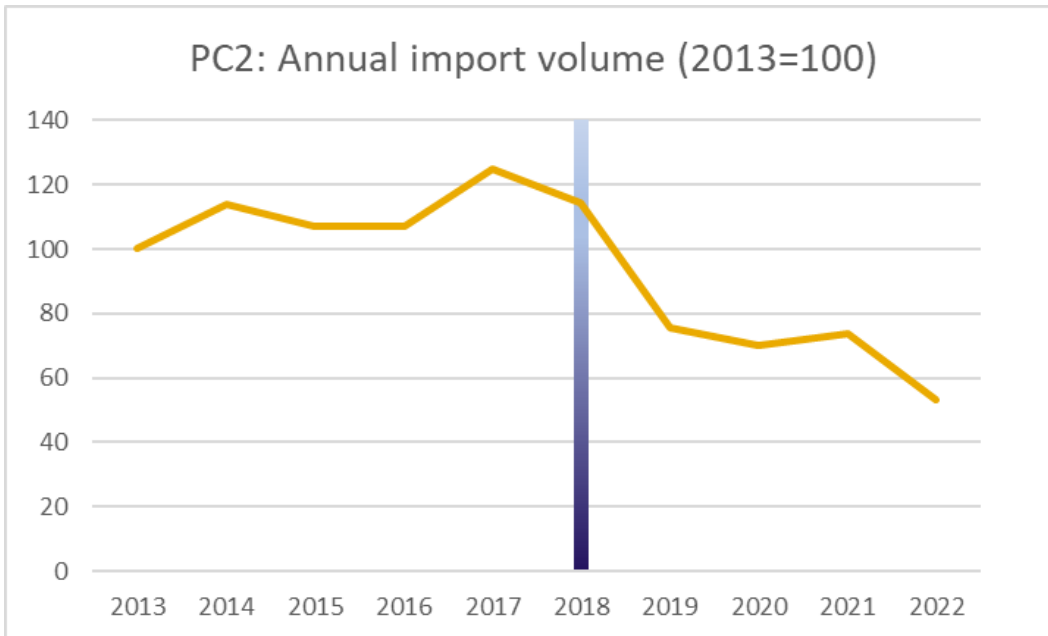
<sup>84</sup> TSUK (2024) [Tata Steel announces next steps towards its ambitious transformation from blast furnaces to green steelmaking in the UK and initiates statutory consultation | Tata Steel in Europe \(tatasteelurope.com\)](#)



### E3: PC2 assessment: Non-alloy and other alloy cold-rolled sheet

151. As recorded in the non-confidential questionnaire responses on the public file, one domestic producer of PC2 registered for this extension review, TSUK.<sup>85</sup> We also received submissions from two exporters of PC2, JSW<sup>86</sup> and Erdemir.<sup>87</sup> Imports in this PC have developed over the Pol as follows:

**Graph 6: Index of annual import volumes for PC2 by financial year**



Source: Trade data – UK Trade Info

Note: The vertical line indicates the approximate imposition of the provisional EU safeguard measure in July 2018

<sup>85</sup> <https://www.tatasteleurope.com/engineering/products/hot-rolled>

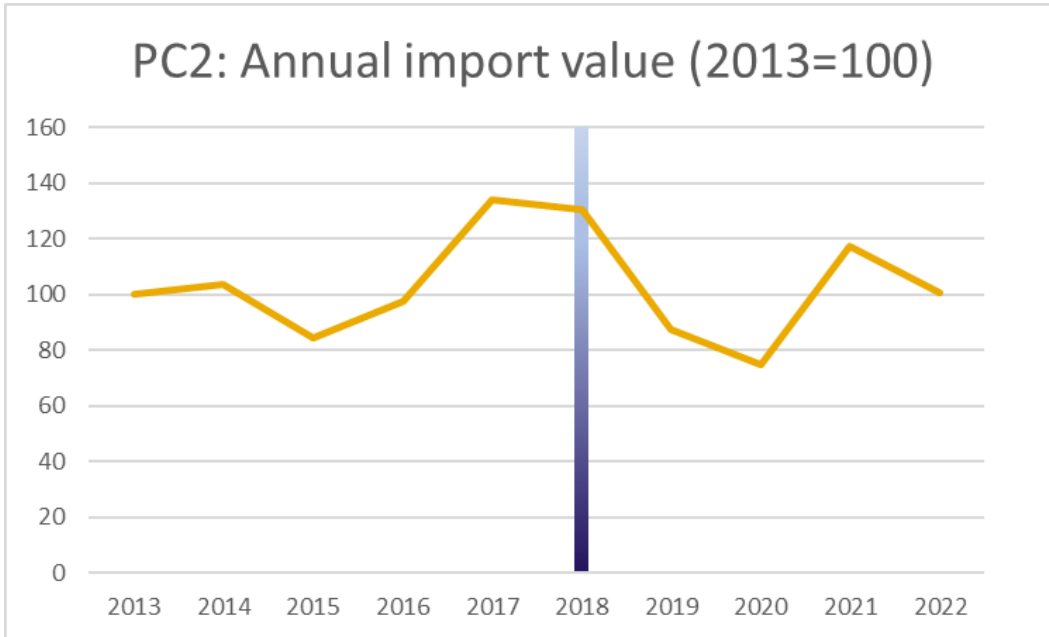
<sup>86</sup> [TRA Investigations - Trade Remedies Service - GOV.UK \(trade-remedies.service.gov.uk\)](https://www.trade-remedies.service.gov.uk), JSW questionnaire response

<sup>87</sup> [TRA Investigations - Trade Remedies Service - GOV.UK \(trade-remedies.service.gov.uk\)](https://www.trade-remedies.service.gov.uk), Erdemir questionnaire response





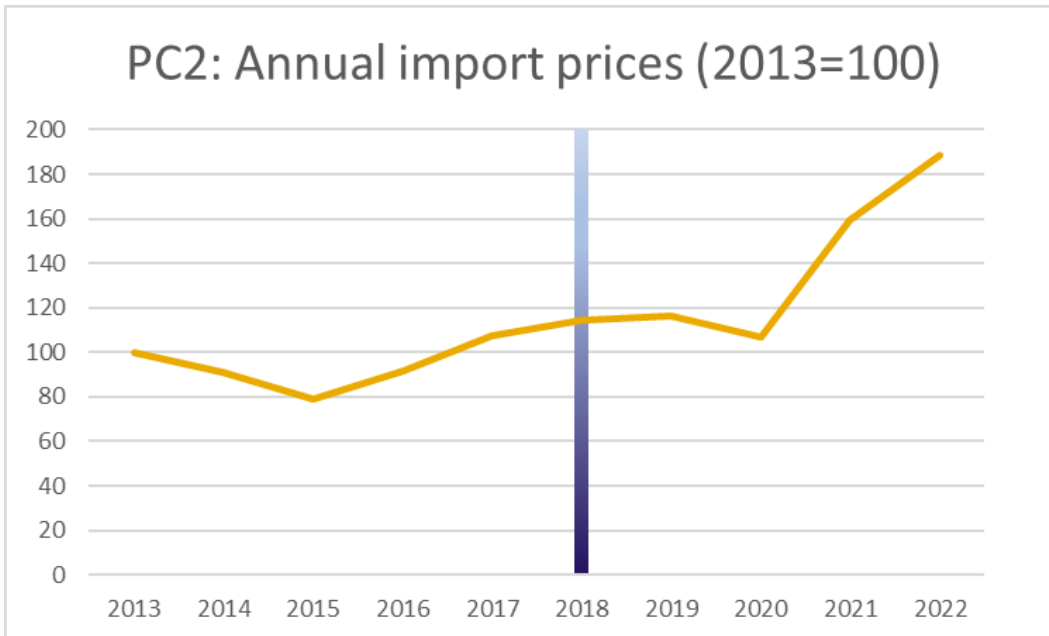
**Graph 7: Index of annual import values for PC2 by financial year**



Source: Trade data – UK Trade Info

Note: The vertical line indicates the approximate imposition of the provisional EU safeguard measure in July 2018

**Graph 8: Index of annual average import prices for PC2 by financial year**



Source: Trade data – UK Trade Info

Note: The vertical line indicates the approximate imposition of the provisional EU safeguard measure in July 2018



152. These graphs show, that for PC2, overall volumes and values of imports decreased immediately after the initial introduction of the safeguard measure in July 2018. Import volumes slightly increased from 2020 to 2021 (Pol years 3 to 4), but then reduced to their lowest since 2013 in 2022 (Pol year 5). Import values also increased from 2020 to 2021, before reducing slightly into 2022. Import values for every year of the Pol have been lower than the import values seen in 2017 and 2018, immediately prior to the introduction of the safeguard measure. Import prices have steadily increased throughout the Pol, with a minor drop from 2019 to 2020 (Pol year 3), but then a significant increase in 2021 and in 2022 (Pol year 5). Import prices at the end of the Pol are the highest since 2013.

### **E3.1 Whether the importation of the goods subject to review in increased quantities is likely to recur**

153. The average import price for PC2 goods imported into the UK in Pol year 5 is £1,111 GBP per tonne.<sup>88</sup> This is greater than the average sales price of PC2 goods sold into the UK by domestic producers in Pol year 5.

154. This price differential may go some way to reducing the likelihood of serious injury, as import sales prices are higher than those of UK industry. However, there is a wide range of prices for PC2 products, and it may be that sourcing these goods internationally is only preferable for users if the requirement is for specialist specifications, whereas for other PC2 products with a lower sales price, domestic sources are used due to comparatively lower delivery costs. Indeed, this pattern can be seen in the data that has been submitted to this extension review, whereby export prices are generally higher than domestic sales prices. PC2 products are cold rolled steel, and this can be used in a wide range of applications<sup>89</sup> from automotive manufacturing, which have specific requirements in terms of quality, surface finishing and packaging, to the manufacture of white goods and office furniture, which are likely to have less stringent product requirements.

155. JSW, an Indian producer for this PC, stated in its questionnaire response that:

*“The UK has traditionally been an import dependent market, as its output has been falling since years due to operational issues. The industry has repeatedly failed to adjust to evolving market conditions and have been plagued with high costs of raw materials and utilities – particularly energy, labour concerns among other issues. There have been recurrent calls for capital injection from the government and artificially lift up the competitive profile of the industry through measures such as the long standing TRQ based safeguard action since 2018, as well as promote green steel despite its inherent limitations due to high capital outlay and rangebound scalability.”<sup>90</sup>*

156. TSUK, the UK producer for PC2 goods, submitted in its completed questionnaire that:

*“If the measures are revoked, there is a strong likelihood that there would be a renewed surge in imports. There is an increased risk that steel producers in various third countries will adopt opportunistic behaviour and uneconomic pricing in order to increase sales and*

<sup>88</sup> [Trade data - UK Trade Info](#)

<sup>89</sup> World Steel (2018) [Steel product description 2018 \(worldsteel.org\)](#)

<sup>90</sup> [TRA Investigations - Trade Remedies Service - GOV.UK \(trade-remedies.service.gov.uk\)](#), JSW questionnaire response, page 17



*continue operating. This would greatly reduce TSUK's financial returns the for like goods, possibly forcing TSUK to further curtail production, close lines and reduce employment. In that case, UK end-user industries will lose local, reliable sources of supply and become more reliant on distant, third country suppliers, who will be unable to offer the same level of service and technical support as a local UK supplier for a range of products. If measures are not continued [...] This will have a number of adverse impacts: firstly, production may move offshore; secondly, UK consumers will lose the competitive benefits gained from technical advancements and will lose ground to third country competitors as a result; thirdly, if TSUK is unable to sustain investment in R&D, this will result in the loss of well-paid, highly skilled jobs, and a significant reduction in the knowledge economy, which is important to the longer-term competitive position of the UK.*<sup>91</sup>

157. The submissions by JSW and TSUK make a similar point – that UK industry is not yet fully adjusted to evolving market conditions, and that output has reduced in recent years. Both submissions suggest that imported goods could undercut domestically produced goods, which increases the likelihood of increased imports, particularly in the context of heightened excess global steel capacity.

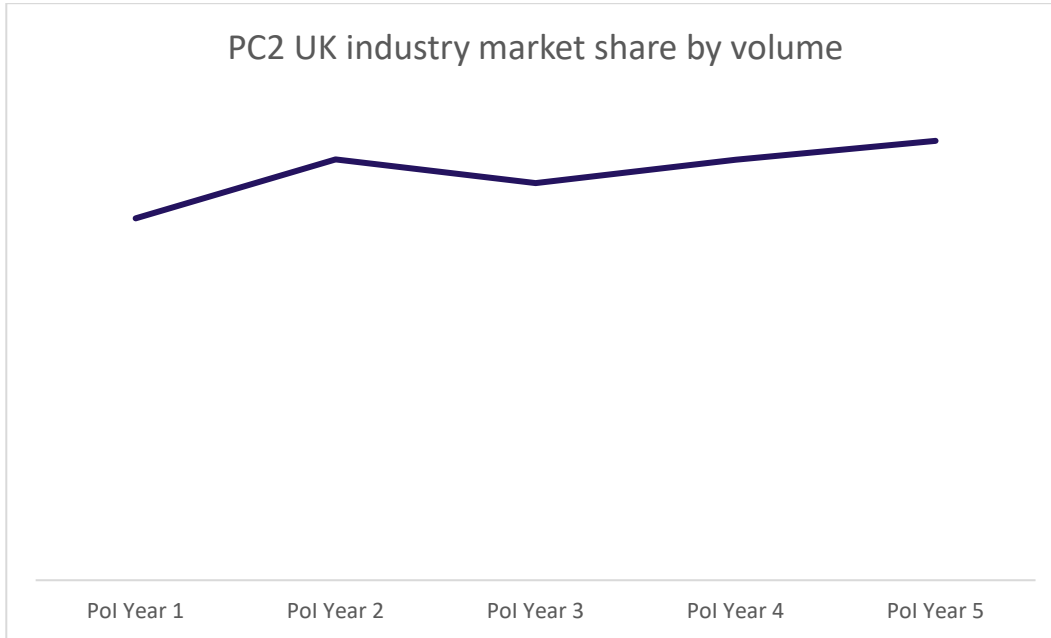
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<sup>91</sup> [TRA Investigations - Trade Remedies Service - GOV.UK \(trade-remedies.service.gov.uk\)](https://www.gov.uk/trade-remedies.service.gov.uk) , TSUK questionnaire response, page 39



158. Demand for PC2 goods is currently met both by domestic production and by imports:

**Graph 9: UK industry market share by volume for PC2 by Pol year**



Source: Trade data – UK Trade Info and UK producer’s confidential questionnaire responses

159. Graph 9 shows that the UK industry market share has generally increased over the Pol, and since the imposition of the safeguard measure at year 1 of the Pol. This further demonstrates that the imported goods have a different product mix when compared to the like goods manufactured by UK industry, as if they were the same products, UK industry would likely have a much larger market share, given that they are selling at lower prices. PC2 goods did take some limited market share from UK produced goods in Pol year 2 to Pol year 3, whilst the measure has been in place, but otherwise, UK industry market share has generally increased. This would suggest that the safeguard measure has had the effect of disincentivising UK users of PC2 from import purchases, unless those purchase are motivated by product specifications, rather than by price, which has allowed the UK industry to gain market share particularly in relation to lower priced products. Graphs 6 and 8 (above) provide evidence of this, whereby imported goods during the Pol have reduced significantly in terms of total volumes but imported average prices have increased significantly. Were the measure to no longer apply, this increases the likelihood UK industry would lose market share, as lower priced imports may then again be able to take some of that share back.

160. As referred to in the general points at E1.1, there is global overcapacity for steel manufacturing. This is also true of PC2 products, as they are two manufacturing process away from basic steel inputs, and so their production capacities are closely related to that of basic steel production. Additionally, at E1.2, we have assessed that there is a likelihood of trade diversion, which is further relevant to PC2, as many of the barriers to imports in third countries are applicable to PC2 products. Both factors would be likely to push global producers to increase exports to the UK, as they would be able to sell competitively with domestically produced PC2, were their products not subject to the safeguard duties.



161. We have therefore concluded that, on the balance of probabilities, were the measure to no longer apply, the importation of PC2 products in increased quantities is likely to recur.

### **E3.2 Whether serious injury has been removed or reduced, in whole or in part due to the application of the definitive safeguarding remedy**

162. As set out in Graph 6, imports of PC2 have reduced since the first year of the PoI, which is when the definitive safeguarding remedy was first applied. There is no other significant event that affected imports of steel around this time to break the chain of causation – as assessed in the safeguard reconsideration review.<sup>92</sup> It is therefore probable that the reduction in import volume from the first year of the PoI onwards is due to the application of the definitive safeguarding remedy.
163. Graph 9 shows that the market share of domestic industry has generally increased since the application of the definitive safeguarding remedy. Whilst we have assessed that generally, profitability, employee numbers and capacity utilisation have increased across all PCs of the like goods, this trend is not reflected in the confidential PC2 data that we have, which, whilst authenticated, may also be affected by allocation methodology. The PC2 data shows that profitability, employee numbers and capacity utilisation has decreased since the introduction of the safeguard measure.
164. The safeguard reconsideration review determined that serious injury had been suffered by UK industry in terms of profits, as the domestic industry had been struggling to maintain positive profit figures generally.<sup>93</sup>
165. In relation to PC2, the reconsideration review assessed there was an indication of serious injury to the domestic industry when considering profitability, employment, and UK capacity utilisation.<sup>94</sup> The PC2 import data from the PoI shows a reduction in import volume since the imposition of the definitive safeguard duty, which is likely to have reduced serious injury. However, the authenticated data supplied to this extension review by the domestic industry shows that, in the PoI, serious injury in relation to profitability, employment and capacity utilisation has continued, and in some cases increased, for PC2, since the introduction of the definitive safeguarding remedy. It is likely that this serious injury would have occurred to a greater extent without the application of the definitive safeguarding remedy, which has reduced import volumes and therefore will have reduced the extent of serious injury incurred by UK industry.
166. We have therefore established that, on the balance of probabilities, at least some serious injury has been reduced by the application of the definitive safeguard measure to PC2 products.

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<sup>92</sup> [TRA Investigations - Trade Remedies Service - GOV.UK \(trade-remedies.service.gov.uk\)](#) , TF0006 Reconsideration call in report of findings , paragraph 335

<sup>93</sup> [TRA Investigations - Trade Remedies Service - GOV.UK \(trade-remedies.service.gov.uk\)](#) , TF0006 Reconsideration call in report of findings , paragraph 354

<sup>94</sup> [TRA Investigations - Trade Remedies Service - GOV.UK \(trade-remedies.service.gov.uk\)](#) , TF0006 Reconsideration call in report of findings , table at page 83



**E3.3 Whether the circumstances of UK producers, or domestic or overseas market conditions, are such that the serious injury caused by the importation of the goods subject to review in increased quantities is likely to recur**

167. As stated at E.3, the sole registered domestic producer for this PC is TSUK. TSUK has been loss making for every year<sup>95</sup> of the PoI aside from PoI year 4 where it recorded its first profit for 13 years.<sup>96</sup>

**Table 5: TSUK PC2 injury data**

| Index Year 1 = 100         | PoI    |        |        |        |        |
|----------------------------|--------|--------|--------|--------|--------|
|                            | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
| Total sales value          | 100    | 83     | 76     | 150    | 127    |
| UK sales value             | 100    | 77     | 65     | 126    | 98     |
| Third country sales value  | 100    | 89     | 85     | 174    | 156    |
| Total sales volume         | 100    | 92     | 85     | 102    | 83     |
| UK sales volume            | 100    | 85     | 72     | 83     | 65     |
| Third country sales volume | 100    | 99     | 96     | 121    | 100    |

Sources: questionnaire annex on the SE0041 public file

168. TSUK’s data shows that, whilst overall sales values for PC2 goods have increased, UK sales values are lower at the end of the PoI than they were at the start, and UK sales values have not increased at the same rate as export sales values. Sales volumes follow a similar pattern, whereby sales volumes overall are reduced at the end of the PoI compared to PoI year 1, and sales volumes to the UK have reduced at a greater rate than export sales of PC2.

169. Overseas market conditions generally have been set out above, at E1.1 and E1.2. As discussed at paragraph 152, these conditions do apply to the global market for PC2 goods. The import and the domestic sales prices for PC2 have diverged since the introduction of the safeguard measure, indicating that the introduction of the safeguard measure may have affected the product mix of imports, (see paragraph 147) which is particularly evident in relation to average pricing for PC2 imports (see Graph 8).

170. To conclude, whilst serious injury has reduced to UK industry in relation to PC2 (see E3.2), UK industry remains vulnerable to serious injury. This is because of the individual circumstances of the UK producers, and because of global market conditions relating to overcapacity, trade diversion, and the ability for imports to directly compete with domestic goods even whilst subject to a safeguard measure. Additionally, we have established at E3.1, that the importation of PC2 goods in increased quantities is likely to recur. We have therefore determined that, on the balance of probabilities, the circumstances of UK producers, or domestic or overseas

<sup>95</sup> Companies House [TATA STEEL UK LIMITED filing history - Find and update company information - GOV.UK \(company-information.service.gov.uk\)](https://www.gov.uk/government/companies-information)

<sup>96</sup> The Guardian (2022) [Port Talbot steelworks owner makes first pre-tax profit in 13 years | Tata | The Guardian](https://www.theguardian.com/business/2022/jan/12/port-talbot-steelworks-owner-makes-first-pre-tax-profit-in-13-years)





market conditions, are such that the serious injury caused by the importation of the goods subject to review in increased quantities is likely to recur.

### **E3.4 Whether it is likely that serious injury will recur if the application of the definitive safeguarding remedy is not extended**

171. We have established at E3.1 that it is likely that the importation of PC2 goods in increased quantities is likely to recur. Additionally, we have established at point E3.3 (above) that serious injury is likely to be caused by the importation of the PC2 goods subject to review in increased quantities. We have therefore determined that, on the balance of probabilities, in relation to PC2, it is likely that serious injury will recur if the application of the definitive safeguarding remedy is not extended.

### **E3.5 UK industry adjustment**

172. At E1.6, we determined that UK industry have been, and are, adjusting. This conclusion applies to the UK industry for like goods, including producers of PC2 goods.

### **E3.6 Any other relevant factors**

173. We have not identified any other factors relevant to the PC2 assessments.

### **E3.7 Conclusion**

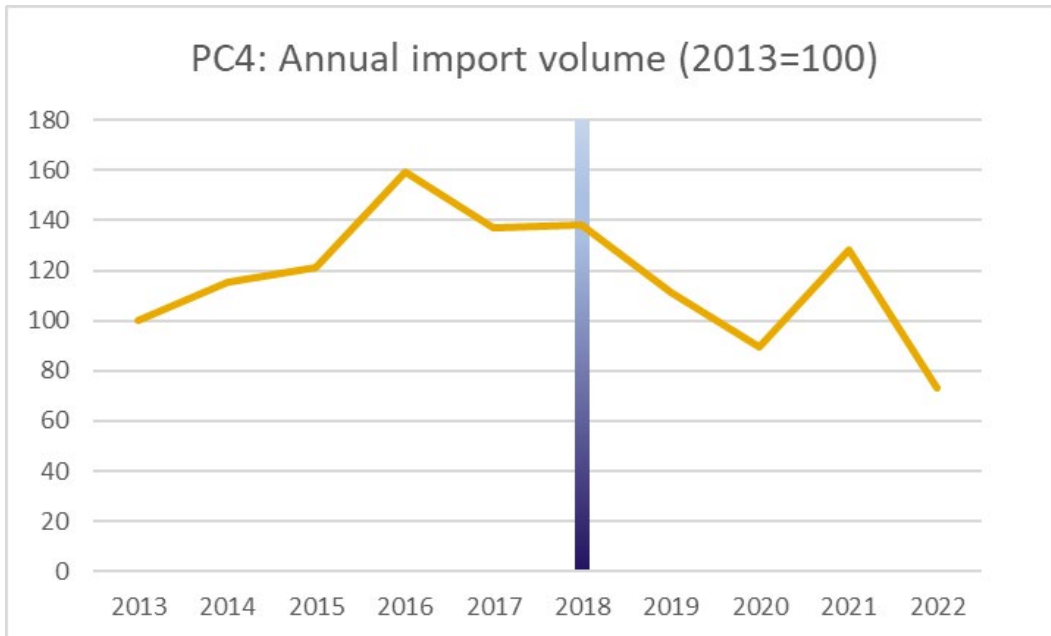
174. We have determined that, on the balance of probabilities, the importation of PC2 goods subject to review in increased quantities is likely to recur, serious injury has been removed or reduced, in whole or in part due to the application of the definitive safeguarding remedy; it is likely that serious injury will recur if the application of the definitive safeguarding remedy is not extended; the circumstances of UK producers, or domestic or overseas market conditions, are such that the serious injury caused by the importation of the goods subject to review in increased quantities is likely to recur and adjustments are being made by UK producers.
175. We are therefore recommending that safeguard measure for PC2 be extended for an additional two years (see [Section F](#) for the EIT assessment, which is met for this PC).



## E4: PC4 assessment: Metallic coated sheet

176. As recorded in the non-confidential questionnaire responses on the public file, one domestic producer of PC4 registered for this extension review, TSUK.<sup>97</sup> We also received submissions from one exporter of PC4, JSW,<sup>98</sup> as well as Erdemir,<sup>99</sup> who manufacture PC4 but did not export it to the UK during the PoI. Imports in this PC have developed over the PoI as follows:

**Graph 10: Index of annual import volumes for PC4 by financial year**



Source: Trade data – UK Trade Info

Note: The vertical line indicates the approximate imposition of the provisional EU safeguard measure in July 2018

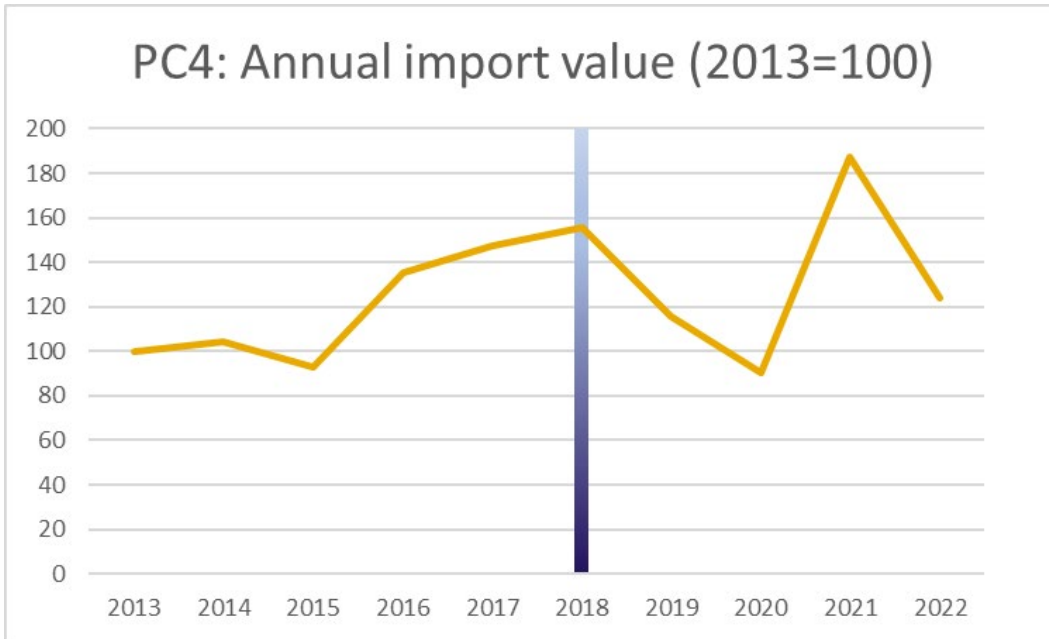
<sup>97</sup> <https://www.tatasteleurope.com/engineering/products/hot-rolled>

<sup>98</sup> [TRA Investigations - Trade Remedies Service - GOV.UK \(trade-remedies.service.gov.uk\)](https://www.trade-remedies.service.gov.uk), JSW Questionnaire response

<sup>99</sup> [TRA Investigations - Trade Remedies Service - GOV.UK \(trade-remedies.service.gov.uk\)](https://www.trade-remedies.service.gov.uk), Erdemir Questionnaire response



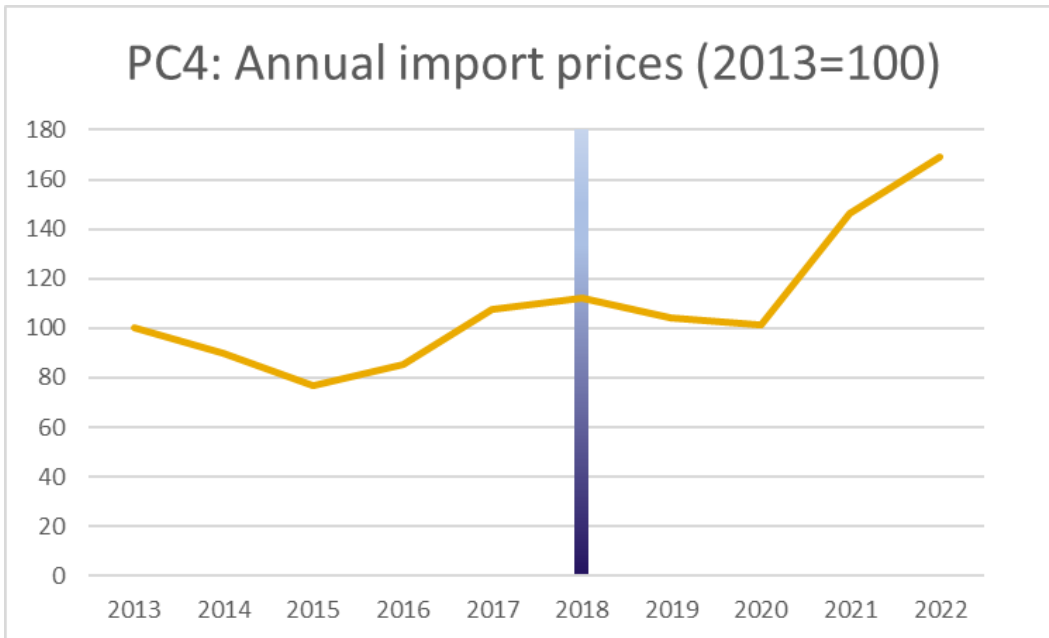
**Graph 11: Index of annual import values for PC4 by financial year**



Source: Trade data – UK Trade Info

Note: The vertical line indicates the approximate imposition of the provisional EU safeguard measure in July 2018

**Graph 12: Index of annual average import prices for PC4 by financial year**



Source: Trade data – UK Trade Info

Note: The vertical line indicates the approximate imposition of the provisional EU safeguard measure in July 2018

177. These graphs show, that for PC4, overall volumes and values of imports decreased immediately after the initial introduction of the safeguard measure in July 2018. Import

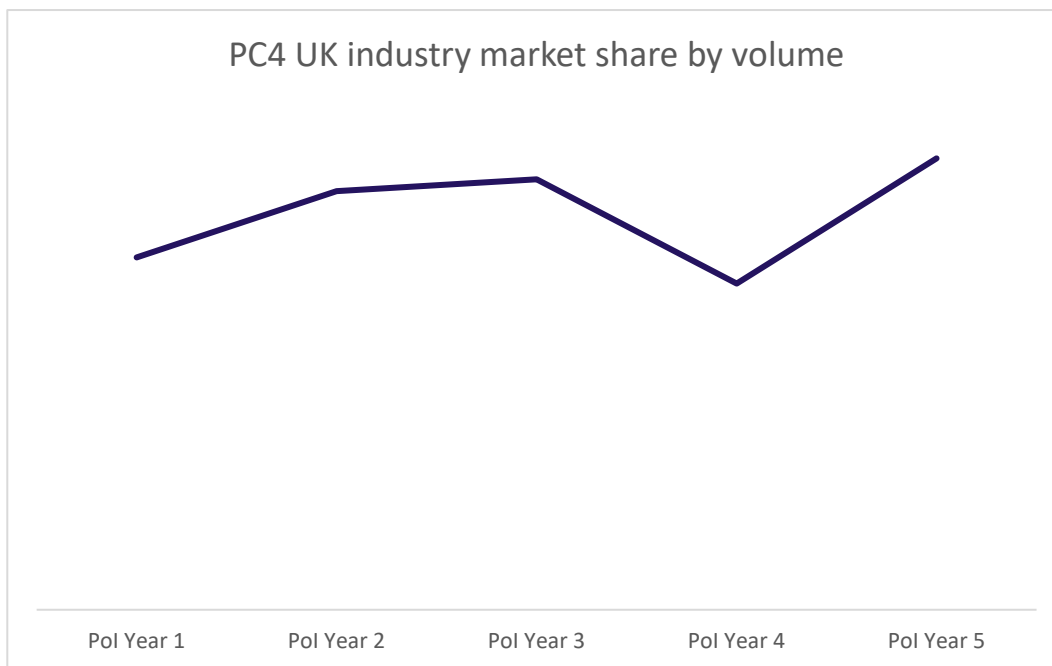


volumes slightly increased from 2020 (Pol year 3) to 2021 (Pol year 4), but then reduced to their lowest since 2013 in 2022 (Pol year 5). Import values also increased from 2020 to 2021, before reducing into 2022. Import values for every year of the Pol except 2021 (Pol year 4) have been lower than the import values seen in 2017 and 2018, immediately prior to the introduction of the safeguard measure. Import prices slowly reduced from the introduction of the safeguard measure in 2018 to 2020, but then significantly increased in 2021 and 2022 (Pol years 4 and 5). Import prices at the end of the Pol are the highest since 2013.

#### E4.1 Whether the importation of the goods subject to review in increased quantities is likely to recur

178. The average import price for PC4 goods imported into the UK in Pol year 5 is £1,015 GBP per tonne.<sup>100</sup> This is close to the average sales price of PC4 goods sold into the UK by domestic producers in Pol year 5. Demand for PC4 goods is currently met both by domestic production and by imports.

**Graph 13: UK industry market share by volume for PC4 by Pol year**



Source: Trade data – UK Trade Info and UK producer’s confidential questionnaire responses

179. Graph 13 shows that the UK industry market share has generally increased over the Pol, and since the imposition of the safeguard measure at year 1 of the Pol. However, imported PC4 goods took some market share from domestically produced PC4 goods in Pol year 4, whilst the measure has been in place. This would suggest that as the safeguard measure have been liberalised, alongside the market normalising after the impact of the COVID-19 pandemic, imports of PC4 did replace some domestically produced goods, before then losing that gained

<sup>100</sup> [Trade data - UK Trade Info](#)



market share in PoI year 5. This increases the likelihood that imports would further increase, and gain additional market share, were the measure to no longer apply.

180. As referred to in the general points at E1.1, there is global overcapacity for steel manufacturing. This is also true of PC4 products, as they are relatively few manufacturing process away from basic steel inputs, and so their production capacities are closely related to that of basic steel production. Additionally, at E1.2, we have assessed that there is a likelihood of trade diversion, which is further relevant to PC4, as many of the barriers to imports in third countries are applicable to PC4 products. Both factors would be likely to push global producers to increase exports to the UK, as they would be able to sell competitively with domestically produced PC4, were their products not subject to the safeguard duties.
181. We have therefore concluded that, on the balance of probabilities, were the measure to no longer apply, the importation of PC4 products in increased quantities is likely to recur.

#### **E4.2 Whether serious injury has been removed or reduced, in whole or in part due to the application of the definitive safeguarding remedy**

182. As set out in Graph 10, imports of PC4 have reduced since the first year of the PoI, which is when the definitive safeguarding remedy was first applied. There is no other significant event that affected imports of steel around this time to break the chain of causation – as assessed in the safeguard reconsideration review.<sup>101</sup> It is therefore probable that the reduction in import volume from the first year of the PoI onwards is due to the application of the definitive safeguarding remedy.
183. Graph 13 shows that the market share of domestic industry has generally increased since the application of the definitive safeguarding remedy. The injury trends for PC4 do not follow the general picture that we have assessed (see above E1.5), as the confidential data that we have for PC4 shows that serious injury has increased from PoI year 1 to PoI year 5 in terms of profit margin, employment numbers and capacity utilisation.
184. The safeguard reconsideration review determined that serious injury had been suffered by UK industry in terms of profits, as the domestic industry had been struggling to maintain positive profit figures generally.<sup>102</sup> The authenticated data supplied to this extension review by the domestic industry shows that, in the PoI, serious injury in relation to profitability, employment and capacity utilisation has increased for PC4. Despite the fact that serious injury is continuing to increase whilst the measure is in place, import volumes have reduced during the PoI and the market share of domestic industry has increased, which is likely to have reduced serious injury when compared to what it would be were the safeguard measure not in place.
185. We have therefore established that, on the balance of probabilities, at least some serious injury has been reduced by the application of the definitive safeguard measure to PC4 products.

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<sup>101</sup> [TRA Investigations - Trade Remedies Service - GOV.UK \(trade-remedies.service.gov.uk\)](https://www.trade-remedies.service.gov.uk) , TF0006 Reconsideration call in report of findings, paragraph 335

<sup>102</sup> [TRA Investigations - Trade Remedies Service - GOV.UK \(trade-remedies.service.gov.uk\)](https://www.trade-remedies.service.gov.uk) , TF0006 Reconsideration call in report of findings, paragraph 354



### E4.3 Whether it is likely that serious injury will recur if the application of the definitive safeguarding remedy is not extended

186. As stated at E.4, the UK producer for this PC is TSUK. TSUK has been loss making for every year<sup>103</sup> of the Pol aside from Pol year 4 where it recorded its first profit for 13 years.<sup>104</sup>

**Table 6: TSUK PC4 injury data**

| Index Year 1 = 100         | Pol    |        |        |        |        |
|----------------------------|--------|--------|--------|--------|--------|
|                            | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
| Total sales value          | 100    | 90     | 76     | 122    | 123    |
| UK sales value             | 100    | 95     | 80     | 119    | 113    |
| Third country sales value  | 100    | 80     | 66     | 129    | 147    |
| Total sales volume         | 100    | 95     | 79     | 86     | 82     |
| UK sales volume            | 100    | 100    | 84     | 84     | 73     |
| Third country sales volume | 100    | 82     | 66     | 91     | 101    |

Sources: questionnaire annex on the SE0041 public file

187. TSUK's injury data shows that, for PC4, total sales values have increased, with UK total sales values increasing at a lower rate than export sales values. Total sales volumes have reduced, and UK sales volumes have recently decreased to a greater extent than export sales, particularly in the last two years of the Pol.

188. JSW, the Indian exporter of PC4 goods, have submitted in its questionnaire that:

*“Removal of safeguard measure would bring back the free market conditions in the UK market, allowing the UK steel industry to evaluate elevating its competitive profile, without artificially doing so by piggy-backing on trade restrictions. This would also provide much needed relief to UK downstream users.”<sup>105</sup>*

189. TSUK, the domestic producer of PC4 goods, have stated in its questionnaire that:

*“If the measures were continued, by preventing a further surge in low-priced injurious imports, this would allow TSUK's profitability to recover. If the existing safeguard measure were discontinued, the level of profit would decline because sales prices would be forced down to uneconomic levels due to a surge in imports of low-priced imports from third countries.”<sup>106</sup>*

190. The JSW submission states that removal of the measure would “provided much needed relief to UK downstream users”. This implies that, were the measure to be removed, downstream

<sup>103</sup> Companies House [TATA STEEL UK LIMITED filing history - Find and update company information - GOV.UK \(company-information.service.gov.uk\)](https://www.gov.uk/company-information.service.gov.uk)

<sup>104</sup> The Guardian (2022) [Port Talbot steelworks owner makes first pre-tax profit in 13 years | Tata | The Guardian](https://www.theguardian.com/business/2022/feb/17/port-talbot-steelworks-owner-makes-first-pre-tax-profit-in-13-years)

<sup>105</sup> [TRA Investigations - Trade Remedies Service - GOV.UK \(trade-remedies.service.gov.uk\)](https://www.gov.uk/trade-remedies.service.gov.uk), JSW Questionnaire response, page 29

<sup>106</sup> [TRA Investigations - Trade Remedies Service - GOV.UK \(trade-remedies.service.gov.uk\)](https://www.gov.uk/trade-remedies.service.gov.uk), TSUK questionnaire response, page 44





users would be able to purchase cheaper steel. The claim that, were the measure to no longer apply, cheaper imports would be available to UK users, is a point that both JSW and TSUK appear to agree on. TSUK then link these cheaper imports and demonstrate how this would lead to an increased likelihood of serious injury to it.

191. Overseas market conditions generally have been set out above, at E1.1 and E1.2. As discussed at paragraph 173, these conditions do apply to the global market for PC4 goods. Additionally, the import and the domestic sales prices have followed the same trends throughout the PoI, indicating that they are both subject to similar market forces. The prices themselves are sufficiently close, so that even with the safeguard measure in place, imports have been able to gain market share at times, from UK industry (see Graph 13). The confidential information submitted to this review suggests that this gain in market share may have been related to comparatively lower import prices.
192. To conclude, whilst serious injury has reduced to UK industry in relation to PC4 (see E4.2), UK industry remains vulnerable to serious injury. This is because of the individual circumstances of the UK producer, and because of global market conditions relating to overcapacity, trade diversion, and the ability for imports to directly compete with domestic goods even whilst subject to a safeguard measure. Additionally, we have established at E4.1, that the importation of PC4 goods in increased quantities is likely to recur. We have therefore determined that, on the balance of probabilities, the circumstances of UK producers, or domestic or overseas market conditions, are such that the serious injury caused by the importation of the goods subject to review in increased quantities is likely to recur.

#### **E4.4 Whether the circumstances of UK producers, or domestic or overseas market conditions, are such that the serious injury caused by the importation of the goods subject to review in increased quantities is likely to recur**

193. We established at E4.1 that it is likely that the importation of PC4 goods in increased quantities is likely to recur. Additionally, we have established at point E4.3 (above) that serious injury is likely to be caused by the importation of the PC4 goods subject to review in increased quantities. We have therefore determined that, on the balance of probabilities, in relation to PC4, it is likely that serious injury will recur if the application of the definitive safeguarding remedy is not extended.

#### **E4.5 UK industry adjustment**

194. At E1.6, we determined that UK industry have been, and are, adjusting. This conclusion applies to the UK industry for like goods, including producers of PC4 goods.

#### **E4.6 Any other relevant factors**

195. We have not identified any other factors relevant to the PC4 assessments.



## E4.7 Conclusion

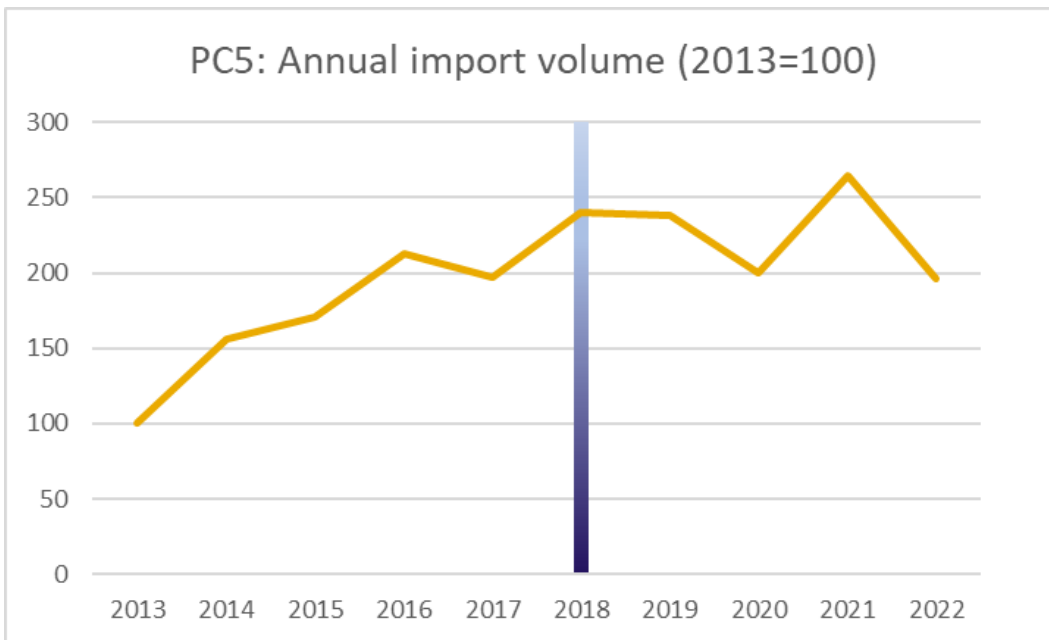
196. We have determined that, on the balance of probabilities, the importation of PC4 goods subject to review in increased quantities is likely to recur, serious injury has been removed or reduced, in whole or in part due to the application of the definitive safeguarding remedy; it is likely that serious injury will recur if the application of the definitive safeguarding remedy is not extended; the circumstances of UK producers, or domestic or overseas market conditions, are such that the serious injury caused by the importation of the goods subject to review in increased quantities is likely to recur and adjustments are being made by UK producers.
197. We are therefore recommending that safeguard measure for PC4 be extended for an additional two years (see [Section F](#) for the EIT assessment, which is met for this PC).



## E5: PC5 assessment: Organic coated sheet

198. As recorded in the non-confidential questionnaire responses on the public file, one domestic producer of PC5 registered for this extension review, TSUK.<sup>107</sup> We also received submissions from one exporter of PC5, JSW.<sup>108</sup> Imports in this PC have developed over the PoI as follows:

**Graph 14: Index of annual import volumes for PC5 by financial year**



Source: Trade data – UK Trade Info

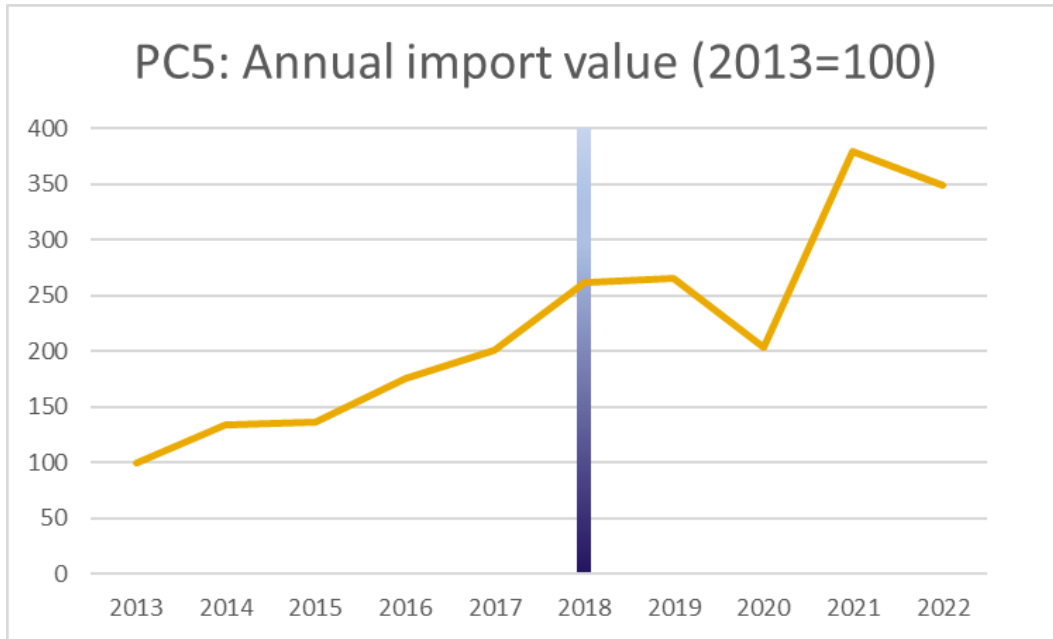
Note: The vertical line indicates the approximate imposition of the provisional EU safeguard measure in July 2018

<sup>107</sup> <https://www.tatasteeleurope.com/engineering/products/hot-rolled>

<sup>108</sup> [TRA Investigations - Trade Remedies Service - GOV.UK \(trade-remedies.service.gov.uk\)](https://www.gov.uk/government/organisations/trade-remedies-authority), JSW Questionnaire response



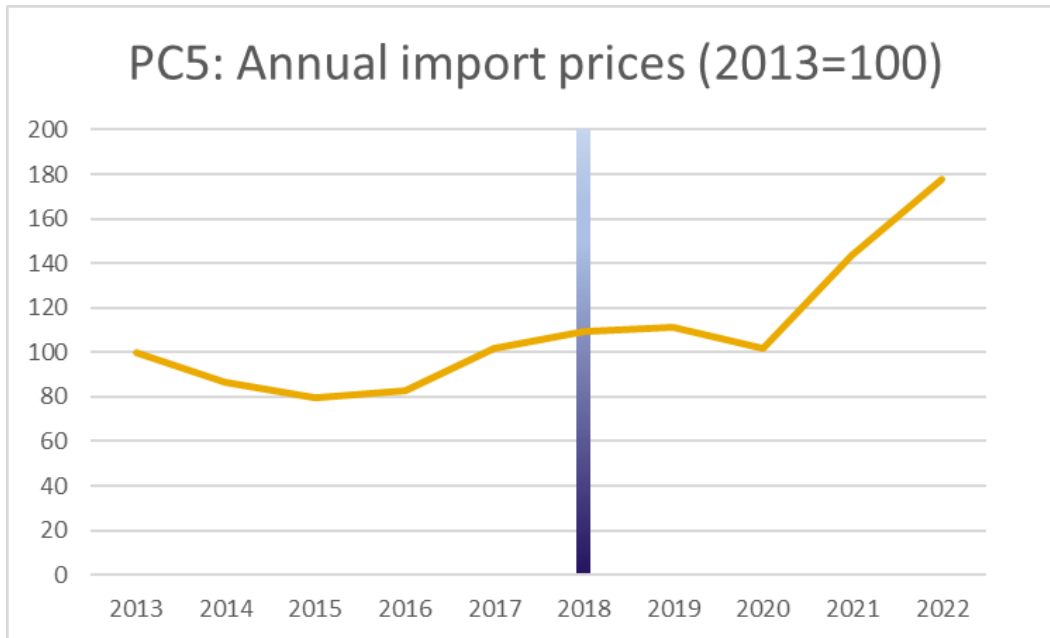
**Graph 15: Index of annual import values for PC5 by financial year**



Source: Trade data – UK Trade Info

Note: The vertical line indicates the approximate imposition of the provisional EU safeguard measure in July 2018

**Graph 16: Index of annual average import prices for PC5 by financial year**



Source: Trade data – UK Trade Info

Note: The vertical line indicates the approximate imposition of the provisional EU safeguard measure in July 2018

199. These graphs show, that for PC5, overall volumes of imports decreased after the initial introduction of the safeguard measure in July 2018 until 2021 (Pol year 4), when they

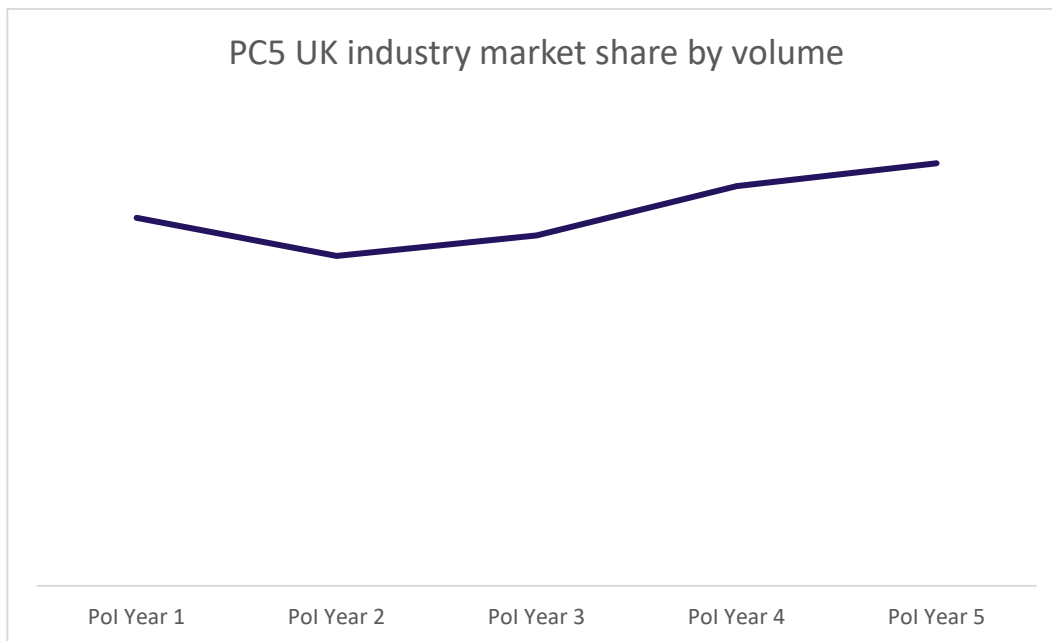


increased, before decreasing again in 2022 (Pol year 5). Import values remained generally constant immediately after the introduction of the safeguard measure, before reducing in 2020 (Pol year 3) and then significantly increasing into 2021 (Pol year 4). 2022 (Pol year 5) saw a slight reduction in import value, but 2021 and 2022 (Pol years 4 and 5) remain the years with the highest value of PC5 imports since 2013. Import prices also generally remained constant immediately after the introduction of the safeguard measure, before reducing slightly into 2020 and then increasing in 2021 and increasing further in 2022. Import prices at the end of the Pol are the highest since 2013.

### E5.1 Whether the importation of the goods subject to review in increased quantities is likely to recur

200. The average import price for PC5 goods imported into the UK in Pol year 5 is £1,609 GBP per tonne.<sup>109</sup> This is close to the average sales price of PC5 goods sold into the UK by domestic producers in Pol year 5. Demand for PC5 goods is currently met both by domestic production and by imports.

**Graph 17: UK industry market share by volume for PC5 by Pol year**



Source: Trade data – UK Trade Info and UK producer’s confidential questionnaire responses

201. Graph 17 shows that the UK industry market share has generally increased over the Pol, and since the imposition of the safeguard measure at year 1 of the Pol. However, imported PC5 goods took some market share from domestically produced PC5 goods in Pol year 2, whilst the measure has been in place. This would suggest that as the safeguard measure have been liberalised, alongside the market normalising after the impact of the COVID-19 pandemic, imports of PC5 did replace some domestically produced goods, before then losing that gained

<sup>109</sup> [Trade data - UK Trade Info](#)



market share in PoI years 3 and 4. This increases the likelihood that imports would further increase, and gain additional market share, were the measure to no longer apply.

202. As referred to in the general points at E1.1, there is global overcapacity for steel manufacturing. Additionally, at E1.2, we have assessed that there is a likelihood of trade diversion, which is further relevant to PC5, as many of the barriers to imports in third countries are applicable to PC5 products. Both factors would be likely to push global producers to increase exports to the UK, as they would be able to sell competitively with domestically produced PC5, were their products not subject to the safeguard duties.
203. We have therefore concluded that, on the balance of probabilities, were the measure to no longer apply, the importation of PC5 products in increased quantities is likely to recur.

## **E5.2 Whether serious injury has been removed or reduced, in whole or in part due to the application of the definitive safeguarding remedy**

204. As set out in Graph 14, imports of PC5 have reduced since the definitive safeguarding remedy was first applied. There is no other significant event that affected imports of steel around this time to break the chain of causation – as assessed in the safeguard reconsideration review.<sup>110</sup> It is therefore probable that the reduction in import volume from the first year of the PoI onwards is due to the application of the definitive safeguarding remedy.
205. Graph 17 shows that the market share of domestic industry has generally increased since the application of the definitive safeguarding remedy, despite the loss of market share in PoI year 2. The injury trends for PC5 do not follow the general picture that we have assessed (see above E1.5), as the authenticated, confidential data that we have for PC5 shows a mixed injury picture across the PoI in terms of profit margin, employment numbers and capacity utilisation, with some increases in injury, as well as some decreases.
206. JSW, the Indian exporter of PC5 goods, have submitted in its questionnaire:

*“Despite the current measure, the affected UK producers have repeatedly failed to adjust to evolving market conditions and have been plagued with high costs of raw materials and utilities – particularly energy, labour concerns among other issues. There have been recurrent calls for capital injection from the government. The UK industry often looks up to the UK government to artificially lift up its competitive profile by implementing safeguard measure at the expense of downstream users, as the injury to the UK industry, if any, was completely self-inflicted.”<sup>111</sup>*

207. TSUK, the UK producer of PC5 like goods, have stated in its questionnaire:

*“The safeguard measure have helped to prevent sudden and significant increases in imports compared to their historical levels at the moment of the imposition of the measure, which otherwise would have aggravated the injury caused to the UK steel industry. However, steel imports from third countries continue to exert significant pressure on TSUK and the impact of*

<sup>110</sup> [TRA Investigations - Trade Remedies Service - GOV.UK \(trade-remedies.service.gov.uk\)](https://www.trade-remedies.service.gov.uk), TF0006 Reconsideration call in report of findings, paragraph 335

<sup>111</sup> [TRA Investigations - Trade Remedies Service - GOV.UK \(trade-remedies.service.gov.uk\)](https://www.trade-remedies.service.gov.uk), JSW questionnaire response, page 29





*such imports is not necessarily remedied by the quotas because they do not address the evolving market situation.*<sup>112</sup>

208. To respond to these submissions, UK industry has demonstrated to us, via its adjustment plans, how they are adjusting to evolving market conditions. For this reason, we do not accept the JSW assertion that “UK producers have repeatedly failed to adjust”. The comparatively high costs that UK producers face is an issue that we have assessed in section E1.3, and we have determined that it is a general matter that increases the likelihood of serious injury. There is no evidence, either submitted by JSW, or otherwise that we have assessed as part of this extension review, that demonstrates that injury to the UK industry was completely self inflicted.
209. The safeguard reconsideration review determined that serious injury had been suffered by UK industry in terms of profits, as the domestic industry had been struggling to maintain positive profit figures generally.<sup>113</sup> Despite the fact that the injury picture is mixed whilst the measure has been in place, import volumes have generally reduced over the whole of the Pol and the market share of domestic industry has increased, which is likely to have reduced serious injury when compared to what it would be were the safeguard measure not in place.
210. We have therefore established that, on the balance of probabilities, at least some serious injury has been reduced by the application of the definitive safeguard measure to PC5 products.

### **E5.3 Whether the circumstances of UK producers, or domestic or overseas market conditions, are such that the serious injury caused by the importation of the goods subject to review in increased quantities is likely to recur**

211. As stated at E.5, the UK producer for this PC is TSUK. TSUK has been loss making for every year<sup>114</sup> of the Pol aside from Pol year 4 where it recorded its first profit for 13 years.<sup>115</sup> Its injury data, set out below, shows that sales values have increased over the Pol, with UK sales values generally increasing to a greater extent than third country sales values. Sales volumes have fluctuated, with generally higher sales volumes being made to the UK market towards the end of the Pol.

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<sup>112</sup> [TRA Investigations - Trade Remedies Service - GOV.UK \(trade-remedies.service.gov.uk\)](#) , TSUK questionnaire response, pages 37/38

<sup>113</sup> [TRA Investigations - Trade Remedies Service - GOV.UK \(trade-remedies.service.gov.uk\)](#) , TF0006 Reconsideration call in report of findings, paragraph 354

<sup>114</sup> Companies House [TATA STEEL UK LIMITED filing history - Find and update company information - GOV.UK \(company-information.service.gov.uk\)](#)

<sup>115</sup> The Guardian (2022) [Port Talbot steelworks owner makes first pre-tax profit in 13 years | Tata | The Guardian](#)



**Table 7: TSUK PC5 injury data**

| Index Year 1 = 100         | Pol    |        |        |        |        |
|----------------------------|--------|--------|--------|--------|--------|
|                            | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
| Total sales value          | 100    | 88     | 89     | 162    | 146    |
| UK sales value             | 100    | 82     | 75     | 184    | 165    |
| Third country sales value  | 100    | 94     | 104    | 139    | 126    |
| Total sales volume         | 100    | 90     | 91     | 116    | 97     |
| UK sales volume            | 100    | 84     | 77     | 127    | 104    |
| Third country sales volume | 100    | 97     | 108    | 104    | 89     |

Sources: questionnaire annex on the SE0041 public file

212. Overseas market conditions generally have been set out above, at E1.1 and E1.2. As discussed at paragraph 195, these conditions do apply to the global market for PC5 goods. Additionally, the import and the domestic sales prices have followed the same trends throughout the Pol, indicating that they are both subject to similar market forces. The prices themselves are sufficiently close, so that even with the safeguard measure in place, imports have been able to gain market share, at times, from UK industry (see Graph 17).
213. To conclude, whilst serious injury has reduced to UK industry in relation to PC5 (see E5.2), UK industry remains vulnerable to serious injury. This is because of the individual circumstances of the UK producer, and because of global market conditions relating to overcapacity, trade diversion, and the ability for imports to directly compete with domestic goods even whilst subject to a safeguard measure. Additionally, we have established at E5.1, that the importation of PC5 goods in increased quantities is likely to recur. We have therefore determined that, on the balance of probabilities, the circumstances of UK producers, or domestic or overseas market conditions, are such that the serious injury caused by the importation of the goods subject to review in increased quantities is likely to recur.

#### **E5.4 Whether it is likely that serious injury will recur if the application of the definitive safeguarding remedy is not extended**

214. We established at E5.1 that it is likely that the importation of PC5 goods in increased quantities is likely to recur. Additionally, we have established at point E5.3 (above) that serious injury is likely to be caused by the importation of the PC5 goods subject to review in increased quantities. We have therefore determined that, on the balance of probabilities, in relation to PC5, it is likely that serious injury will recur if the application of the definitive safeguarding remedy is not extended.

#### **E5.5 UK industry adjustment**

215. At E1.6, we determined that UK industry have been, and are, adjusting. This conclusion applies to the UK industry for like goods, including producers of PC5 goods.



### **E5.6 Any other relevant factors**

216. We have not identified any other factors relevant to the PC5 assessments.

### **E5.7 Conclusion**

217. We have determined that, on the balance of probabilities, the importation of PC5 goods subject to review in increased quantities is likely to recur, serious injury has been removed or reduced, in whole or in part due to the application of the definitive safeguarding remedy; it is likely that serious injury will recur if the application of the definitive safeguarding remedy is not extended; the circumstances of UK producers, or domestic or overseas market conditions, are such that the serious injury caused by the importation of the goods subject to review in increased quantities is likely to recur and adjustments are being made by UK producers.

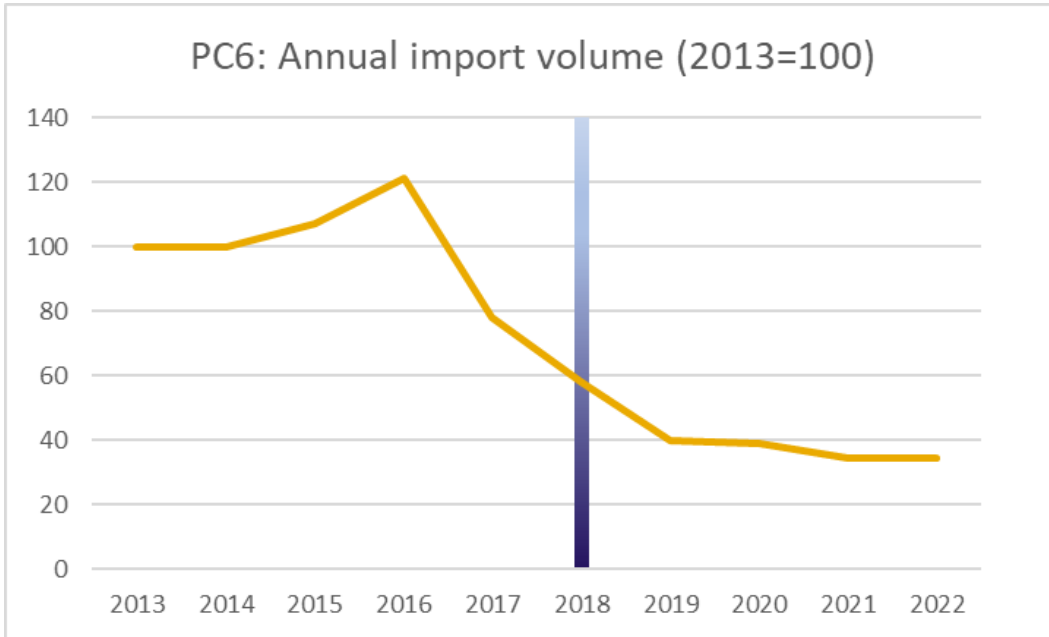
218. We are therefore recommending that safeguard measure for PC5 be extended for an additional two years (see Section F for the EIT assessment, which is met for this PC).



## E6: PC6 assessment: Tin mill products

219. As recorded in the non-confidential questionnaire responses on the public file, one domestic producer of PC6 registered for this extension review, TSUK.<sup>116</sup> We also received submissions from two exporters of PC6, JSW<sup>117</sup> and Erdemir.<sup>118</sup> Imports in this PC have developed over the Pol as follows:

**Graph 18: Index of annual import volumes for PC6 by financial year**



Source: Trade data – UK Trade Info

Note: The vertical line indicates the approximate imposition of the provisional EU safeguard measure in July 2018

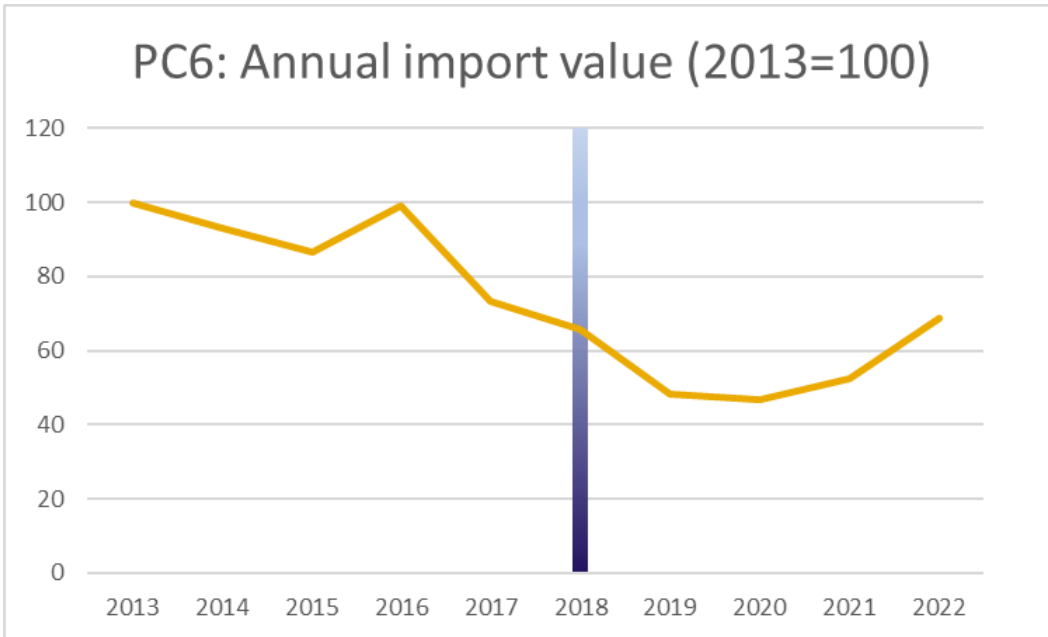
<sup>116</sup> <https://www.tatasteeleurope.com/engineering/products/hot-rolled>

<sup>117</sup> [TRA Investigations - Trade Remedies Service - GOV.UK \(trade-remedies.service.gov.uk\)](https://www.gov.uk/trade-remedies-service), JSW Questionnaire response

<sup>118</sup> [TRA Investigations - Trade Remedies Service - GOV.UK \(trade-remedies.service.gov.uk\)](https://www.gov.uk/trade-remedies-service), Erdemir Questionnaire response



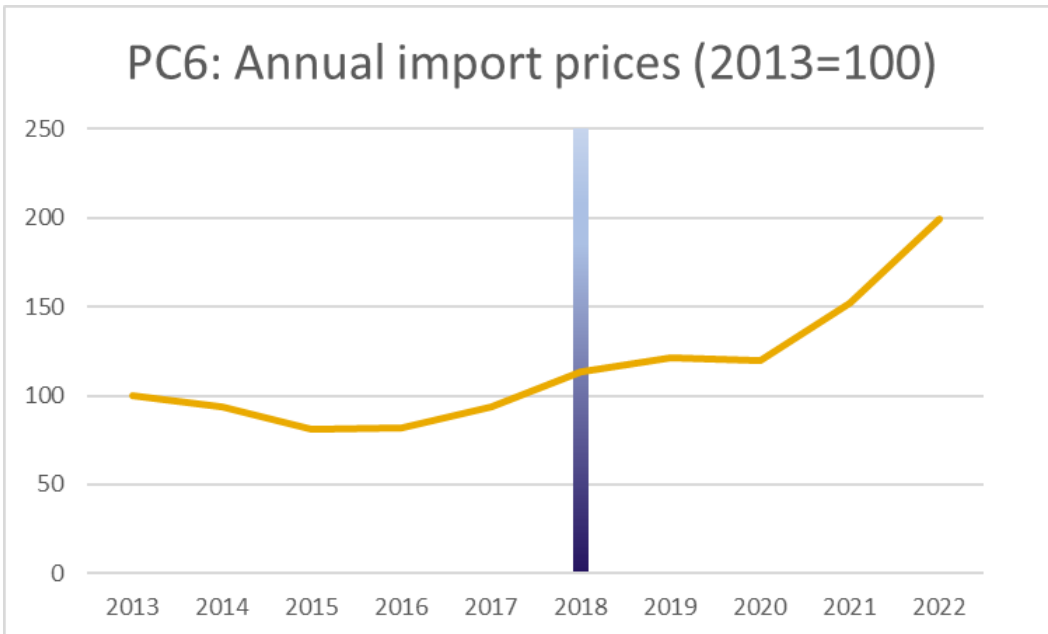
**Graph 19: Index of annual import values for PC6 by financial year**



Source: Trade data – UK Trade Info

Note: The vertical line indicates the approximate imposition of the provisional EU safeguard measure in July 2018

**Graph 20: Index of annual average import prices for PC6 by financial year**



Source: Trade data – UK Trade Info

Note: The vertical line indicates the approximate imposition of the provisional EU safeguard measure in July 2018

220. These graphs show, that for PC6, volumes of imports decreased every year after the initial introduction of the safeguard measure in July 2018. Import values were reducing prior to the

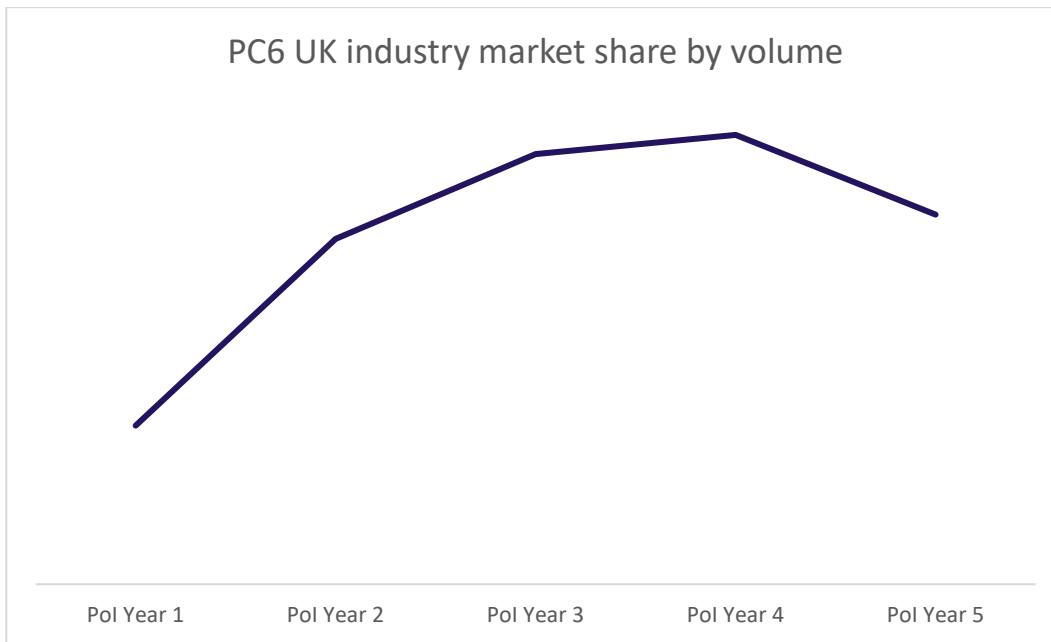


measure being introduced, and that reduction continued after the introduction of the measure until 2021 (Pol year 4), where there was an increase in annual import value. Similarly, 2022 annual import values also increased, and 2022 (Pol year 5) is the year with the highest value of PC6 imports since 2013. Import prices slightly increased immediately after the introduction of the safeguard measure into 2019 (Pol year 1), and then significantly increased from 2021 (Pol year 4) onwards. Import prices at the end of the Pol are the highest since 2013.

## E6.1 Whether the importation of the goods subject to review in increased quantities is likely to recur

221. The average import price for PC6 goods imported into the UK in Pol year 5 is £1,443 GBP per tonne.<sup>119</sup> This is close to the average sales price of PC6 goods sold into the UK by domestic producers in Pol year 5. Demand for PC6 goods is currently met both by domestic production and by imports.

**Graph 21: UK industry market share by volume for PC6 by Pol year**



Source: Trade data – UK Trade Info and UK producer’s confidential questionnaire responses

222. Graph 21 shows that the UK industry market share has generally increased over the Pol, and since the imposition of the safeguard measure at year 1 of the Pol. However, imported PC6 goods have taken some market share in Pol year 5, whilst the measure has been in place. This is despite the fact that total import volumes have reduced every year since the introduction of the safeguard measure, including in financial year 2022-23 / Pol year 5 (see Graph 18). This may imply that UK consumption of PC6 goods has decreased towards the end of the Pol, and that this decrease has impacted UK industry sales to a greater extent than it has imported goods, despite both average sales prices being similar. The fact that UK industry

<sup>119</sup> [Trade data - UK Trade Info](#)





have lost market share whilst the measure has been in place increases the likelihood that imports would gain additional market share, were the measure to no longer apply.

223. As referred to in the general points at E1.1, there is global overcapacity for steel manufacturing. Additionally, at E1.2, we have assessed that there is a likelihood of trade diversion, which is further relevant to PC6, as many of the barriers to imports in third countries are applicable to PC6 products. Both factors would be likely to push global producers to increase exports to the UK, as they would be able to sell competitively with domestically produced PC6, were their products not subject to the safeguard duties.
224. We have therefore concluded that, on the balance of probabilities, were the measure to no longer apply, the importation of PC6 products in increased quantities is likely to recur.

## **E6.2 Whether serious injury has been removed or reduced, in whole or in part due to the application of the definitive safeguarding remedy**

225. As set out in Graph 18, imports of PC6 have reduced since the definitive safeguarding remedy was first applied. There is no other significant event that affected imports of steel around this time to break the chain of causation – as assessed in the safeguard reconsideration review.<sup>120</sup> It is therefore probable that the reduction in import volume from the first year of the Pol onwards is due to the application of the definitive safeguarding remedy.
226. Graph 21 shows that the market share of domestic industry has generally increased since the application of the definitive safeguarding remedy, despite the loss of market share in the final year of the Pol. The injury trends for PC6 do not follow the general picture that we have assessed (see above E1.5), as the authenticated, confidential data that we have for PC6 shows a mixed injury picture across the Pol in terms of profit margin, employment numbers and capacity utilisation.
227. Erdemir, the Turkish exporter of PC6 goods, submitted in its questionnaire that:
- “We do not believe that any injury to the UK industry was caused by the importation of the goods subject to review; let alone due to increased quantities.”<sup>121</sup>*
228. TSUK, the UK producer, have commented on its profitability in its questionnaire:
- “Profitability has moved in line with market forces, typically as raw material and energy prices have risen rapidly it has been difficult to achieve sufficient price rises to cover these pressures in some periods. Typically the products that suffer from risk of imports, those more commodity in nature, such as [Non-confidential summary: product categories that have a significant share of generic grades] have struggled, while the majority of the longer leg products have performed better, relatively.”<sup>122</sup>*

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<sup>120</sup> [TRA Investigations - Trade Remedies Service - GOV.UK \(trade-remedies.service.gov.uk\)](#) , TF0006 Reconsideration call in report of findings, paragraph 335

<sup>121</sup> [TRA Investigations - Trade Remedies Service - GOV.UK \(trade-remedies.service.gov.uk\)](#) , Erdemir questionnaire response, page 36

<sup>122</sup> [TRA Investigations - Trade Remedies Service - GOV.UK \(trade-remedies.service.gov.uk\)](#) , TSUK questionnaire response, page 44



229. Contrary to the submission made by Erdemir, the safeguard reconsideration review determined that serious injury had been suffered by UK industry in terms of profits, as the domestic industry had been struggling to maintain positive profit figures generally.<sup>123</sup> Despite the fact that the injury picture is mixed whilst the measure is in place, import volumes have generally reduced over the whole of the Pol and the market share of domestic industry has generally increased, which is likely to have reduced serious injury when compared to what it would be if the safeguard measure were not in place.
230. We have therefore established that, on the balance of probabilities, at least some serious injury has been reduced by the application of the definitive safeguard measure to PC6 products.

**E6.3 Whether the circumstances of UK producers, or domestic or overseas market conditions, are such that the serious injury caused by the importation of the goods subject to review in increased quantities is likely to recur**

231. As stated at E.6, the UK producer for this PC is TSUK. TSUK has been loss making for every year<sup>124</sup> of the Pol aside from Pol year 4 where it recorded its first profit for 13 years.<sup>125</sup>

**Table 8: TSUK PC6 injury data**

| Index Year 1 = 100         | Pol    |        |        |        |        |
|----------------------------|--------|--------|--------|--------|--------|
|                            | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
| Total sales value          | 100    | 86     | 103    | 118    | 158    |
| UK sales value             | 100    | 103    | 113    | 137    | 161    |
| Third country sales value  | 100    | 70     | 93     | 101    | 155    |
| Total sales volume         | 100    | 88     | 106    | 100    | 87     |
| UK sales volume            | 100    | 101    | 114    | 113    | 93     |
| Third country sales volume | 100    | 75     | 97     | 89     | 81     |

Sources: questionnaire annex on the SE0041 public file

232. TSUK’s submission demonstrates that total sales values have increased, and that UK sales values have grown to a greater extent than export sales. Sales volumes have fluctuated but have generally increased for UK sales with the exception of the final year in the Pol.
233. Overseas market conditions generally have been set out above, at E1.1 and E1.2. As discussed at paragraph 216, these conditions do apply to the global market for PC6 goods.

<sup>123</sup> [TRA Investigations - Trade Remedies Service - GOV.UK \(trade-remedies.service.gov.uk\)](#) , TF0006 Reconsideration call in report of findings, paragraph 354

<sup>124</sup> Companies House [TATA STEEL UK LIMITED filing history - Find and update company information - GOV.UK \(company-information.service.gov.uk\)](#)

<sup>125</sup> The Guardian (2022) [Port Talbot steelworks owner makes first pre-tax profit in 13 years | Tata | The Guardian](#)



Additionally, the import and the domestic sales prices have followed the same trends throughout the PoI, indicating that they are both subject to similar market forces. The prices themselves are sufficiently close, so that even with the safeguard measure in place, imports have been able to gain market share from UK industry (see Graph 21).

234. To conclude, whilst serious injury has reduced to UK industry in relation to PC6 (see E6.2), UK industry remains vulnerable to serious injury. This is because of the individual circumstances of the UK producer, and because of global market conditions relating to overcapacity, trade diversion, and the ability for imports to compete directly with domestic goods even whilst subject to a safeguard measure. Additionally, we have established at E6.1, that the importation of PC6 goods in increased quantities is likely to recur. We have therefore determined that, on the balance of probabilities, the circumstances of UK producers, or domestic or overseas market conditions, are such that the serious injury caused by the importation of the goods subject to review in increased quantities is likely to recur.

#### **E6.4 Whether it is likely that serious injury will recur if the application of the definitive safeguarding remedy is not extended**

235. We established at E6.1 that it is likely that the importation of PC6 goods in increased quantities is likely to recur. Additionally, we have established at point E6.3 (above) that serious injury is likely to be caused by the importation of the PC6 goods subject to review in increased quantities. We have therefore determined that, on the balance of probabilities, in relation to PC6, it is likely that serious injury will recur if the application of the definitive safeguarding remedy is not extended.

#### **E6.5 UK industry adjustment**

236. At E1.6, we determined that UK industry have been, and are, adjusting. This conclusion applies to the UK industry for like goods, including producers of PC6 goods.

#### **E6.6 Any other relevant factors**

237. We have not identified any other factors relevant to the PC6 assessments.

#### **E6.7 Conclusion**

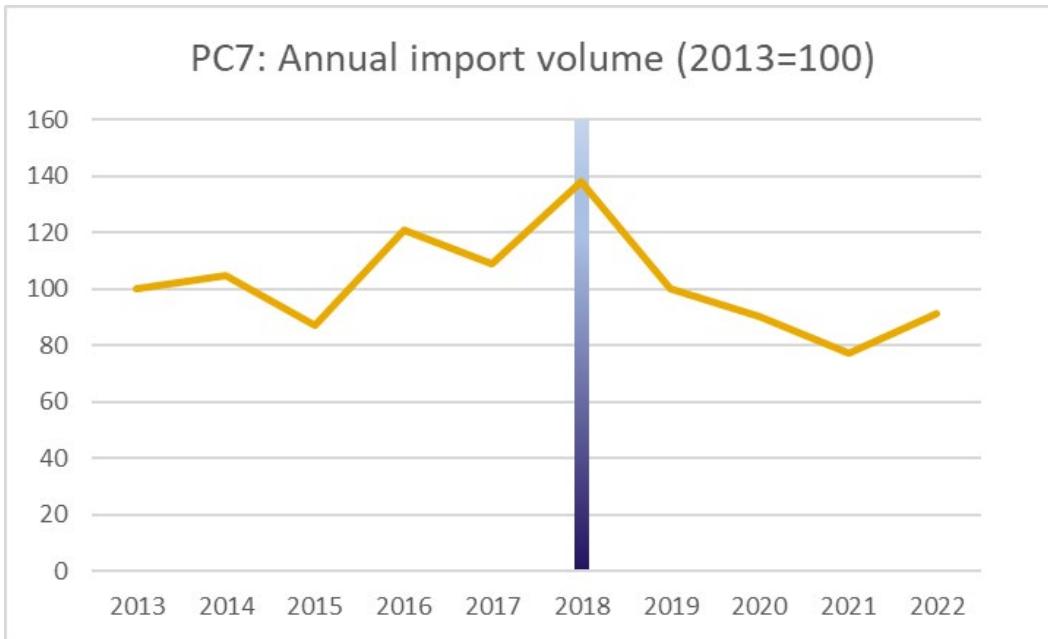
238. We have determined that, on the balance of probabilities, the importation of PC6 goods subject to review in increased quantities is likely to recur, serious injury has been removed or reduced, in whole or in part due to the application of the definitive safeguarding remedy; it is likely that serious injury will recur if the application of the definitive safeguarding remedy is not extended; the circumstances of UK producers, or domestic or overseas market conditions, are such that the serious injury caused by the importation of the goods subject to review in increased quantities is likely to recur and adjustments are being made by UK producers.
239. We are therefore recommending that safeguard measure for PC6 be extended for an additional two years (see [Section F](#) for the EIT assessment, which is met for this PC).



## E7: PC7 assessment: Non-alloy and other alloy quarto plates

240. As recorded in the non-confidential questionnaire responses on the public file, one domestic producer of PC7 registered for this extension review, Liberty Dalzell.<sup>126</sup> We also received submissions from two exporters of PC7, JSW<sup>127</sup> and Erdemir.<sup>128</sup> Imports in this PC have developed over the Pol as follows:

**Graph 22: Index of annual import volumes for PC7 by financial year**



Source: Trade data – UK Trade Info

Note: The vertical line indicates the approximate imposition of the provisional EU safeguard measure in July 2018

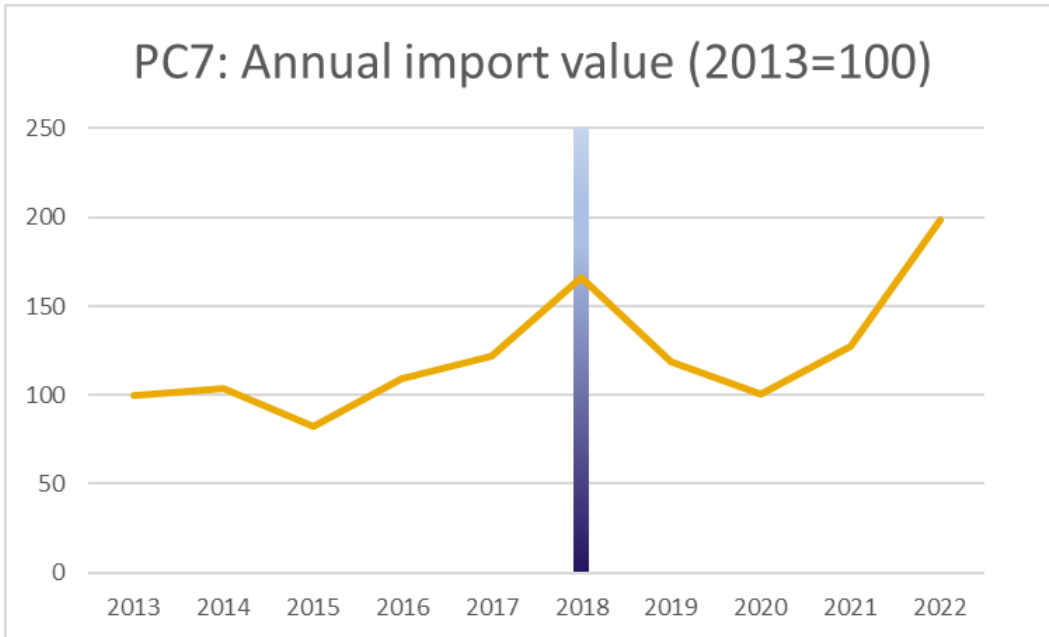
<sup>126</sup> [LIBERTY Steel Dalzell - LIBERTY Steel UK \(libertysteelgroup.com\)](https://www.libertysteelgroup.com)

<sup>127</sup> [TRA Investigations - Trade Remedies Service - GOV.UK \(trade-remedies.service.gov.uk\)](https://www.gov.uk/trade-remedies-service), JSW questionnaire response

<sup>128</sup> [TRA Investigations - Trade Remedies Service - GOV.UK \(trade-remedies.service.gov.uk\)](https://www.gov.uk/trade-remedies-service), Erdemir questionnaire response



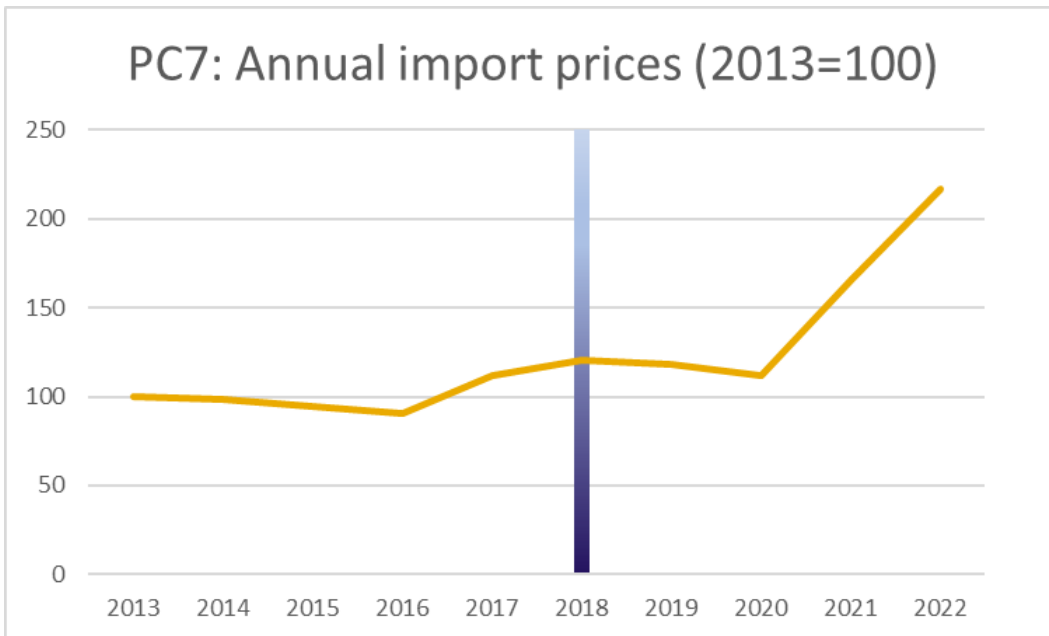
**Graph 23: Index of annual import values for PC7 by financial year**



Source: Trade data – UK Trade Info

Note: The vertical line indicates the approximate imposition of the provisional EU safeguard measure in July 2018

**Graph 24: Index of annual average import prices for PC7 by financial year**



Source: Trade data – UK Trade Info

Note: The vertical line indicates the approximate imposition of the provisional EU safeguard measure in July 2018

241. These graphs show, that for PC7, volumes of imports decreased after the initial introduction of the safeguard measure in July 2018, before a relatively small increase into 2022 at the end of

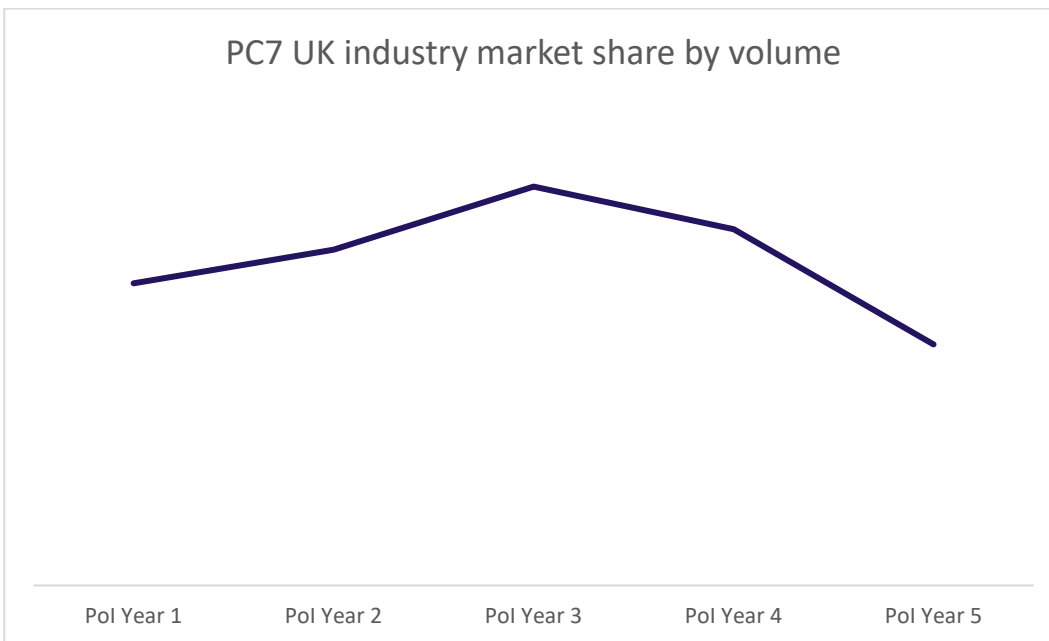


the Pol. Import values reduced after the introduction of the safeguard measure until 2020 (Pol year 3), and then increased into 2021 (Pol year 4) and then further increased into 2022 (Pol year 5). Import prices remained generally consistent after the introduction of the safeguard measure in 2018, and then significantly increased from 2021 (Pol year 4) onwards. Import prices at the end of the Pol are the highest since 2013.

### E7.1 Whether the importation of the goods subject to review in increased quantities is likely to recur

242. The average import price for PC7 goods imported into the UK in Pol year 5 is £1,185 GBP per tonne.<sup>129</sup> This is close to the unauthenticated average sales price of PC7 goods sold into the UK by domestic producers in Pol year 5. Demand for PC7 goods is currently met both by domestic production and by imports.

**Graph 25: UK industry market share by volume for PC7 by Pol year**



Source: Trade data – UK Trade Info and UK producer’s confidential questionnaire responses

243. Graph 25 shows that the UK industry market share increased immediately after the imposition of the safeguard measure at year 1 of the Pol. However, since Pol year 3, the market share of UK industry has reduced significantly, and at the end of the Pol it is lower than it was in Pol year 1, when the safeguard measure was introduced. Given that UK industry has lost market share whilst the measure has been in place, this increases the likelihood that imports would gain additional market share, were the measure to no longer apply.

244. As referred to in the general points at E1.1, there is global overcapacity for steel manufacturing. Additionally, at E1.2, we have assessed that there is a likelihood of trade diversion, which is further relevant to PC7, the barriers to imports in third countries are

<sup>129</sup> [Trade data - UK Trade Info](#)





applicable to PC7 products. Both factors would be likely to push global producers to increase exports to the UK, as they would be able to sell competitively with domestically produced PC7, were their products not subject to the safeguard duties.

245. We have therefore concluded that, on the balance of probabilities, were the measure to no longer apply, the importation of PC7 products in increased quantities is likely to recur.

## **E7.2 Whether serious injury has been removed or reduced, in whole or in part due to the application of the definitive safeguarding remedy**

246. As set out in Graph 22, imports of PC7 have reduced since the definitive safeguarding remedy was first applied. There is no other significant event that affected imports of steel around this time to break the chain of causation – as assessed in the safeguard reconsideration review.<sup>130</sup> It is therefore probable that the reduction in import volume from the first year of the Pol onwards is due to the application of the definitive safeguarding remedy.
247. Graph 25 shows that the market share of domestic industry has generally decreased since the application of the definitive safeguarding remedy, despite the initial gain of market share up to Pol year 3. We have not received injury data that is specific to PC7; however, the general circumstances that we have assessed (see above E1.5), are relevant to PC7. There are also widespread media reports that document injury occurring to Liberty Steel Dalzell.<sup>131, 132, 133&134</sup>
248. The safeguard reconsideration review determined that serious injury had been suffered by UK industry in terms of profits, as the domestic industry had been struggling to maintain positive profit figures generally.<sup>135</sup> Despite the fact that we have not received specific injury data for this PC, import volumes have generally reduced over the whole of the Pol, which is likely to have reduced serious injury when compared to what it would be were the safeguard measure not in place.
249. We have therefore established that, on the balance of probabilities, at least some serious injury has been reduced by the application of the definitive safeguard measure to PC7 products.

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<sup>130</sup> [TRA Investigations - Trade Remedies Service - GOV.UK \(trade-remedies.service.gov.uk\)](#) , TF0006 Reconsideration call in report of findings, paragraph 335

<sup>131</sup> The Financial Times (2021) [Sanjeev Gupta moved part of Scottish loan away from struggling steel plant \(ft.com\)](#)

<sup>132</sup> Business Insider (2022) [Job fears over winding up order against Liberty Steel - Business Insider](#)

<sup>133</sup> The Times (2023) [Sanjeev Gupta's steel firm hasn't repaid £7m public loan granted in 2016 \(thetimes.co.uk\)](#)

<sup>134</sup> Community Trade Union (2021) [An update on Liberty Steel Dalzell - Community Trade Union \(community-tu.org\)](#)

<sup>135</sup> [TRA Investigations - Trade Remedies Service - GOV.UK \(trade-remedies.service.gov.uk\)](#) , TF0006 Reconsideration call in report of findings, paragraph 354



### **E7.3 Whether the circumstances of UK producers, or domestic or overseas market conditions, are such that the serious injury caused by the importation of the goods subject to review in increased quantities is likely to recur**

250. As stated at E.7, the UK producer for this PC is Liberty Dalzell. Liberty Dalzell has suffered, and are suffering, serious injury during the PoI – it has lost market share (see Graph 25) and is suffering injury in relation to its financial situation (see paragraph 240, above).

251. EEF/UK Steel, the industry body for domestic industry, has made a submission specifically in relation to PC7 goods prior to the publication of the SIFD:

*“Imports of plate have increased substantially in the last year, undercutting the UK market and threatening substantial injury to UK producers should the safeguard measure not be extended. [...] Over January-November 2023, imports of plate into the UK increased by 7% compared to the same period in 2022 to 253 thousand tonnes at a time of shrinking demand. Of this total, imports from South Korea increased by 51% to 38 thousand tonnes. These imports are arriving at prices substantially below the UK market price (by approximately £100/t) and are having an impact on the market directly but also on market expectations of further future low priced shipments. These imports therefore are not just having a one-off impact, but a lasting effect. This inhibits domestic and European producers’ ability to move prices in line with rising raw material prices as well as energy costs and is causing a substantial change in the industry where the domestic producers are largely frozen out of commodity plate sales (the bulk of the market) in favour of low cost imports. It is telling, that finished plate prices in East Asia currently sit below the price for the semi-finished product that plate is made from (slab). [...] It is clear that there is substantial import pressure from origins that are significantly undercutting the UK market and the impact would be far worse in the absence of a safeguard measure for plate. In addition to the analysis presented by UK Steel in its main submission, the evidence submitted here further adds to the body of evidence showing that serious injury to domestic producers will occur should the measure be left to expire.”<sup>136</sup>*

252. Erdemir, one of the registered exporters of PC7 goods, stated in its questionnaire response:

*“We do not believe that UK steel industry will suffer from any injury if the existing safeguard measure removed. If UK steel industry were to suffer injury, that would be due to other financial or operational reasons.”<sup>137</sup>*

253. We have assessed that the EEF/UK Steel submission in relation to PC7 sets out global market conditions and is supported by evidence. This evidence shows that global market conditions are likely to cause serious injury. We do not accept that serious injury “would be due to other financial or operational reasons”, as reliable, relevant evidence has been submitted to us demonstrating that serious injury is likely to be caused by imports.

<sup>136</sup> [TRA Investigations - Trade Remedies Service - GOV.UK \(trade-remedies.service.gov.uk\)](https://www.trade-remedies.service.gov.uk), UK Steel Safeguards follow up submission

<sup>137</sup> [TRA Investigations - Trade Remedies Service - GOV.UK \(trade-remedies.service.gov.uk\)](https://www.trade-remedies.service.gov.uk), Erdemir questionnaire response, page 36



254. Overseas market conditions generally have been set out above, at E1.1 and E1.2. As discussed at paragraph 237, these conditions do apply to the global market for PC7 goods. Additionally, the import and the unauthenticated domestic sales prices have followed the same trends throughout the Pol, indicating that they are both subject to similar market forces. The prices themselves are sufficiently close, so that even with the safeguard measure in place, imports have been able to gain market share from UK industry (see Graph 25).
255. To conclude, whilst serious injury has reduced to UK industry in relation to PC7 (see E7.2), UK industry remains vulnerable to serious injury. This is because of the individual circumstances of the UK producer, and because of global market conditions relating to overcapacity, trade diversion, and the ability for imports to directly compete with domestic goods even whilst subject to a safeguard measure. Additionally, we have established at E6.1, that the importation of PC6 goods in increased quantities is likely to recur. We have therefore determined that, on the balance of probabilities, the circumstances of UK producers, or domestic or overseas market conditions, are such that the serious injury caused by the importation of the goods subject to review in increased quantities is likely to recur.

#### **E7.4 Whether it is likely that serious injury will recur if the application of the definitive safeguarding remedy is not extended**

256. We established at E7.1 that it is likely that the importation of PC7 goods in increased quantities is likely to recur. Additionally, we have established at point E7.3 (above) that serious injury is likely to be caused by the importation of the PC7 goods subject to review in increased quantities. We have therefore determined that, on the balance of probabilities, in relation to PC7, it is likely that serious injury will recur if the application of the definitive safeguarding remedy is not extended.

#### **E7.5 UK industry adjustment**

257. At E1.6, we determined that UK industry have been, and are, adjusting. This conclusion applies to the UK industry for like goods, including producers of PC7 goods.

#### **E7.6 Any other relevant factors**

258. We have not identified any other factors relevant to the PC7 assessments.

#### **E7.7 Conclusion**

259. We have determined that, on the balance of probabilities, the importation of PC7 goods subject to review in increased quantities is likely to recur, serious injury has been removed or reduced, in whole or in part due to the application of the definitive safeguarding remedy; it is likely that serious injury will recur if the application of the definitive safeguarding remedy is not extended; the circumstances of UK producers, or domestic or overseas market conditions, are such that the serious injury caused by the importation of the goods subject to review in increased quantities is likely to recur and adjustments are being made by UK producers.



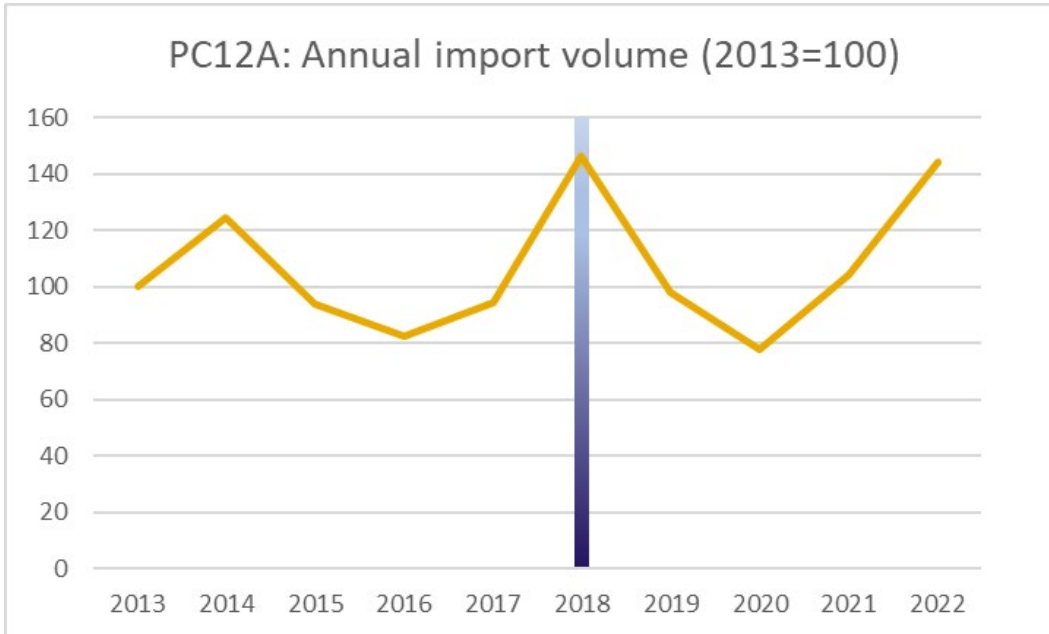
260. We are therefore recommending that safeguard measure for PC7 be extended for an additional two years (see [Section F](#) for the EIT assessment, which is met for this PC).



## E8: PC12A assessment: Alloy merchant bars and light sections

261. As recorded in the non-confidential questionnaire responses on the public file, two domestic producers of PC12A registered for this extension review, Liberty Steel<sup>138</sup> and British Steel.<sup>139</sup> We also received a submission from one exporter of PC12A, JSW.<sup>140</sup> Imports in this PC have developed over the Pol as follows:

**Graph 26: Index of annual import volumes for PC12A by financial year**



Source: Trade data – UK Trade Info

Note: The vertical line indicates the approximate imposition of the provisional EU safeguard measure in July 2018

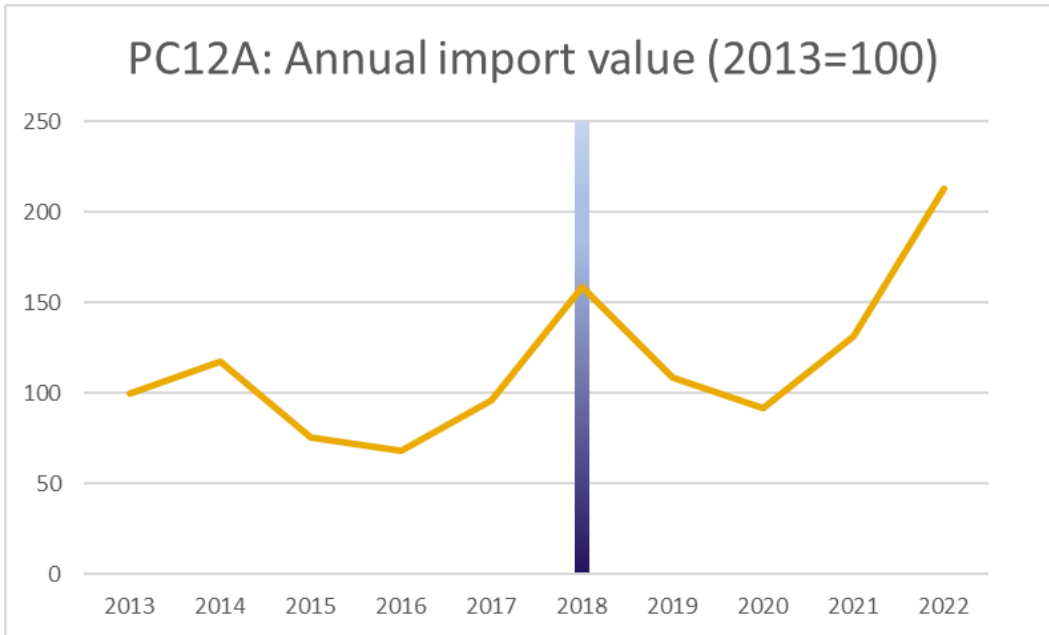
<sup>138</sup> [Merchant Bar - LIBERTY Steel UK \(libertysteelgroup.com\)](https://www.libertysteelgroup.com/)

<sup>139</sup> [Passionate About What We Do \(britishsteel.co.uk\)](https://www.britishsteel.co.uk/)

<sup>140</sup> [TRA Investigations - Trade Remedies Service - GOV.UK \(trade-remedies.service.gov.uk\)](https://www.gov.uk/government/consultations/tra-investigations-trade-remedies-service), JSW questionnaire response



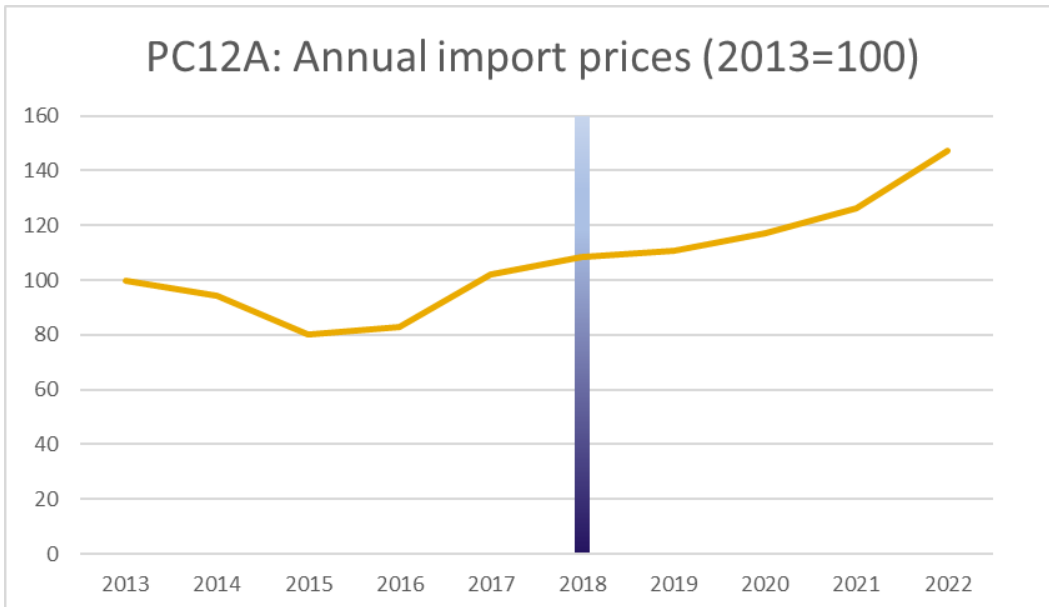
**Graph 27: Index of annual import values for PC12A by financial year**



Source: Trade data – UK Trade Info

Note: The vertical line indicates the approximate imposition of the provisional EU safeguard measure in July 2018

**Graph 28: Index of annual average import prices for PC12A by financial year**



Source: Trade data – UK Trade Info

Note: The vertical line indicates the approximate imposition of the provisional EU safeguard measure in July 2018

262. These graphs show, that for PC12A, volumes of imports decreased after the initial introduction of the safeguard measure in July 2018, before increasing from 2020 (PoI year 3) onwards, back to a similar level to what they were at the introduction of the safeguard measure. Import



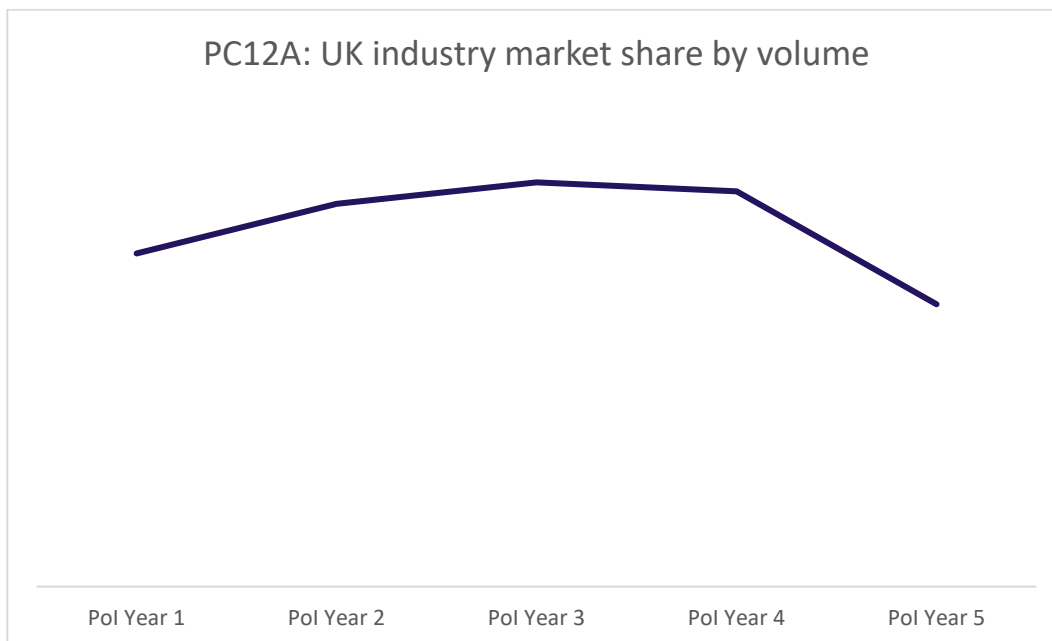


values reduced after the introduction of the safeguard measure until 2020 (Pol year 3), and then also increased to the end of the Pol, when they are at their highest since 2013. Import prices have generally steadily increased since the introduction of the safeguard measure, and at the end of the Pol they are at the highest since 2013.

### E8.1 Whether the importation of the goods subject to review in increased quantities is likely to recur

263. The average import price for PC12A goods imported into the UK in Pol year 5 is £1,378 GBP per tonne.<sup>141</sup> This is greater than the unauthenticated average sales price of PC12A goods sold into the UK by domestic producers in Pol year 5. Demand for PC12A goods is currently met both by domestic production and by imports.

**Graph 29: UK industry market share by volume for PC12A by Pol year**



Source: Trade data – UK Trade Info and UK producer’s confidential questionnaire responses

264. Graph 29 shows that the UK industry market share increased immediately after the imposition of the safeguard measure at year 1 of the Pol. However, since Pol year 3, the market share of UK industry has reduced significantly, and at the end of the Pol it is lower than it was in Pol year 1, when the safeguard measure was introduced. This is despite imported goods being more expensive, on average, than UK goods, and despite the steady increase in average import price. That UK industry have lost market share whilst the measure has been in place increases the likelihood that imports would gain additional market share, were the measure to no longer apply.

265. As referred to in the general points at E1.1, there is global overcapacity for steel manufacturing. Additionally, at E1.2, we have assessed that there is a likelihood of trade diversion, which is further relevant to PC12A, the barriers to imports in third countries are

<sup>141</sup> [Trade data - UK Trade Info](#)



applicable to PC12A products. Both factors would be likely to push global producers to increase exports to the UK, as they would be able to sell competitively with domestically produced PC12A, were their products not subject to the safeguard duties.

266. We have therefore concluded that, on the balance of probabilities, were the measure to no longer apply, the importation of PC12A products in increased quantities is likely to recur.

## **E8.2 Whether serious injury has been removed or reduced, in whole or in part due to the application of the definitive safeguarding remedy**

267. As set out in Graph 26, imports of PC12A did reduce immediately after the definitive safeguarding remedy was first applied. There is no other significant event that affected imports of steel around this time to break the chain of causation – as assessed in the safeguard reconsideration review.<sup>142</sup> It is therefore probable that the reduction in import volume from the first year of the Pol onwards is due to the application of the definitive safeguarding remedy.

268. Graph 29 shows that the market share of domestic industry has generally decreased since the application of the definitive safeguarding remedy, despite the initial gain of market share up to Pol year 3. We have further assessed, as a general factor, that profitability and employee numbers have increased in the same time period (see above E1.5). These trends are consistent with the confidential data that we have for PC12A in terms of profitability and employee numbers. Capacity utilisation for PC12A follows a different trend to the aggregated data at E1.5, in that capacity utilisation has significantly increased over the Pol for PC12A goods.

269. The safeguard reconsideration review determined that serious injury had been suffered by UK industry in terms of profits, as the domestic industry had been struggling to maintain positive profit figures generally.<sup>143</sup> The injury picture is mixed whilst the measure has been in place, import volumes did reduce at the start of the Pol and the market share of domestic industry increased before it was then lost by domestic industry. Despite the fluctuations in the data, the introduction of the safeguard measure is likely to have reduced serious injury when compared to what it would be were the safeguard measure not in place.

270. We have therefore established that, on the balance of probabilities, at least some serious injury has been reduced by the application of the definitive safeguard measure to PC12A products.

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<sup>142</sup> [TRA Investigations - Trade Remedies Service - GOV.UK \(trade-remedies.service.gov.uk\)](#), TF0006 Reconsideration call in report of findings, paragraph 335

<sup>143</sup> [TRA Investigations - Trade Remedies Service - GOV.UK \(trade-remedies.service.gov.uk\)](#), TF0006 Reconsideration call in report of findings, paragraph 354



### E8.3 Whether the circumstances of UK producers, or domestic or overseas market conditions, are such that the serious injury caused by the importation of the goods subject to review in increased quantities is likely to recur

271. As stated at E.8, the UK producers for this PC are Liberty Steel and British Steel. These domestic producers have suffered, and are suffering, injury during the PoI – they have lost market share (see Graph 29). Both of these producers have also experienced significant financial difficulties<sup>144 & 145</sup> during the PoI, which indicates that they remain vulnerable to serious injury.

**Table 9: British Steel PC12A injury data**

| Index Year 1 = 100                   | PoI    |        |        |        |        |
|--------------------------------------|--------|--------|--------|--------|--------|
|                                      | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
| Sales volume                         | 100    | 82     | 56     | 100    | 98     |
| Cost to make and sell per unit       | 100    | 92     | 81     | 111    | 140    |
| Average price for UK sales           | 100    | 104    | 100    | 123    | 151    |
| Average price for export sales       | 100    | 89     | 82     | 103    | 130    |
| Average price for total sales        | 100    | 93     | 87     | 108    | 136    |
| Capacity utilisation (non-indexed %) | 90     | 80     | 80     | 100    | 80     |

Sources: questionnaire annex on the SE0041 public file

272. British Steel's injury data shows that overall sales volumes have reduced during the POI. The cost to make and sell PC12A goods has increased, as have average sales prices, with UK average sales prices increasing at a faster rate than export sales. Capacity utilisation for PC12A goods has fluctuated throughout the PoI and has reduced in the final year of the PoI.

273. British Steel have submitted in its questionnaire response:

*“Capacity utilisation across all products remains underutilised verses the peak or verses potential. Like for like employment figures have reduced over the years due to the business need to assess footprint and reduce costs as far as possible. Profit margins and total business profit (loss) remain critical. The ongoing increased levels of raw materials, utilities costs and other fixed costs associated with an integrated steel plant verses the accepted market price levels for finished products remains out of balance and the sector continues to experience ongoing financial difficulties. Historical lack of positive financial returns have*

<sup>144</sup> [LIBERTY Steel UK to forge a viable way forward for its businesses and workforce - LIBERTY Steel Group](#)

<sup>145</sup> [BRITISH STEEL LIMITED filing history - Find and update company information - GOV.UK \(company-information.service.gov.uk\)](#)

Full accounts made up to 31 December 2021 - British Steel's auditors expressed material uncertainty relating to a going concern in their most recent audited accounts, as the company needs further funding from its ultimate parent company and there are no legally binding agreements in place and no guarantee that the funds will be available in the timescale required.



*hindered investment into processes and efficiencies, and instead limited to essential maintenance and repair.”<sup>146</sup>*

274. JSW, the Indian exporter of PC12A, stated in its questionnaire response:

*“Despite the current measure, the affected UK producers have repeatedly failed to adjust to evolving market conditions and have been plagued with high costs of raw materials and utilities – particularly energy, labour concerns among other issues.”<sup>147</sup>*

275. We have previously assessed, in section E1.3, that the high costs of UK producers increase their vulnerability to, and the risk of, serious injury. We do not accept that UK producers have repeatedly failed to adjust to evolving market conditions, as UK producers have provided us with evidence of adjustments, and there is information in the public domain (referred to in section E1.6) that demonstrates how UK producers have changed their business practices whilst the safeguard measure has been in place.

276. Overseas market conditions generally have been set out above, at E1.1 and E1.2. As discussed at paragraph 258, these conditions do apply to the global market for PC12A goods. Whilst the import and domestic sales average prices are different, with import prices being generally higher, even with the safeguard measure in place, imports have been able to gain market share from UK industry (see Graph 29).

277. To conclude, whilst serious injury has reduced to UK industry in relation to PC12A (see E8.2), UK industry remains vulnerable to serious injury. This is because of the individual circumstances of the UK producers (see E8.3), and because of global market conditions relating to overcapacity, trade diversion, and the ability for imports to directly compete with domestic goods even whilst subject to a safeguard measure. Additionally, we have established at E8.1, that the importation of PC12A goods in increased quantities is likely to recur. We have therefore determined that, on the balance of probabilities, the circumstances of UK producers, or domestic or overseas market conditions, are such that the serious injury caused by the importation of the goods subject to review in increased quantities is likely to recur.

#### **E8.4 Whether it is likely that serious injury will recur if the application of the definitive safeguarding remedy is not extended**

278. We established at E8.1 that it is likely that the importation of PC12A goods in increased quantities is likely to recur. Additionally, we have established at point E8.3 (above) that serious injury is likely to be caused by the importation of the PC12A goods subject to review in increased quantities. We have therefore determined that, on the balance of probabilities, in relation to PC12A, it is likely that serious injury will recur if the application of the definitive safeguarding remedy is not extended.

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<sup>146</sup> [TRA Investigations - Trade Remedies Service - GOV.UK \(trade-remedies.service.gov.uk\)](https://www.trade-remedies.service.gov.uk), British Steel questionnaire response, page 34

<sup>147</sup> [TRA Investigations - Trade Remedies Service - GOV.UK \(trade-remedies.service.gov.uk\)](https://www.trade-remedies.service.gov.uk), JSW questionnaire response, page 29



### **E8.5 UK industry adjustment**

279. At E1.6, we determined that UK industry have been, and are, adjusting. This conclusion applies to the UK industry for like goods, including producers of PC12A goods.

### **E8.6 Any other relevant factors**

280. We have not identified any other factors relevant to the PC12A assessments.

### **E8.7 Conclusion**

281. We have determined that, on the balance of probabilities, the importation of PC12A goods subject to review in increased quantities is likely to recur, serious injury has been removed or reduced, in whole or in part due to the application of the definitive safeguarding remedy; it is likely that serious injury will recur if the application of the definitive safeguarding remedy is not extended; the circumstances of UK producers, or domestic or overseas market conditions, are such that the serious injury caused by the importation of the goods subject to review in increased quantities is likely to recur and adjustments are being made by UK producers.

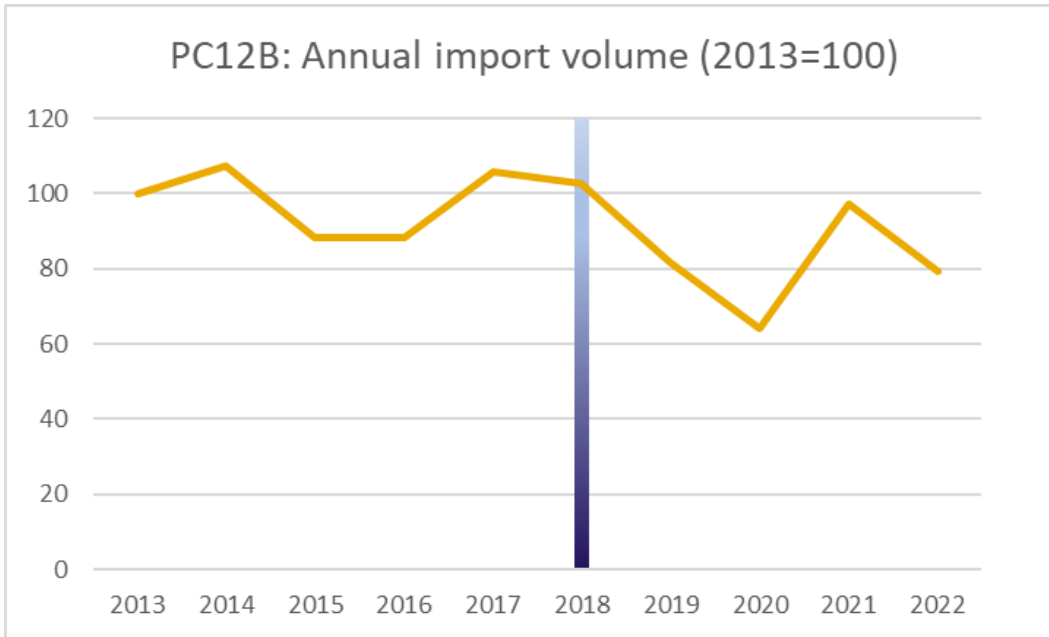
282. We are therefore recommending that safeguard measure for PC12A be extended for an additional two years (see [Section F](#) for the EIT assessment, which is met for this PC).



## E9: PC12B assessment: Non-alloy merchant bars and light sections

283. As recorded in the non-confidential questionnaire responses on the public file, three domestic producers of PC12B registered for this extension review, Liberty Steel,<sup>148</sup> British Steel<sup>149</sup> and Celsa.<sup>150</sup> We did not receive any questionnaire responses from exporters of PC12B – Suez steel claimed in its PSQ to produce PC12B,<sup>151</sup> but on authentication it was found that these goods are PC13 goods.<sup>152</sup> Imports in this PC have developed over the PoI as follows:

**Graph 30: Index of annual import volumes for PC12B by financial year**



Source: Trade data – UK Trade Info

Note: The vertical line indicates the approximate imposition of the provisional EU safeguard measure in July 2018

<sup>148</sup> [Merchant Bar - LIBERTY Steel UK \(libertysteelgroup.com\)](https://www.libertysteelgroup.com/)

<sup>149</sup> [Passionate About What We Do \(britishsteel.co.uk\)](https://www.britishsteel.co.uk/)

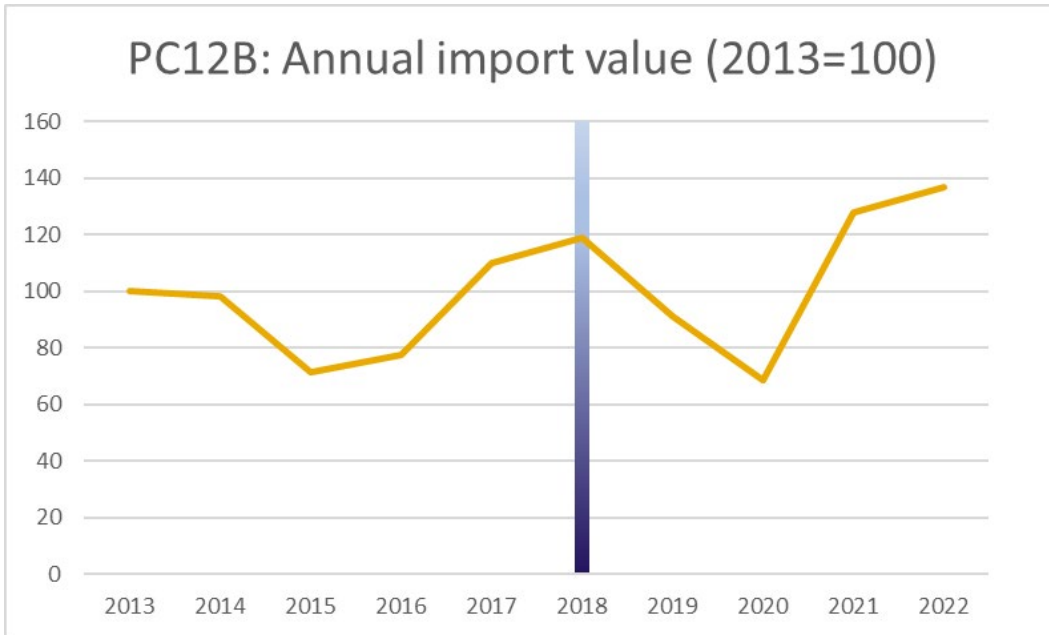
<sup>150</sup> [Celsa Steel UK - Products \(celsauk.com\)](https://www.celsauk.com/)

<sup>151</sup> [TRA Investigations - Trade Remedies Service - GOV.UK \(trade-remedies.service.gov.uk\)](https://www.gov.uk/trade-remedies-service), Suez Steel pre-sampling questionnaire

<sup>152</sup> [TRA Investigations - Trade Remedies Service - GOV.UK \(trade-remedies.service.gov.uk\)](https://www.gov.uk/trade-remedies-service), Suez Steel authentication report



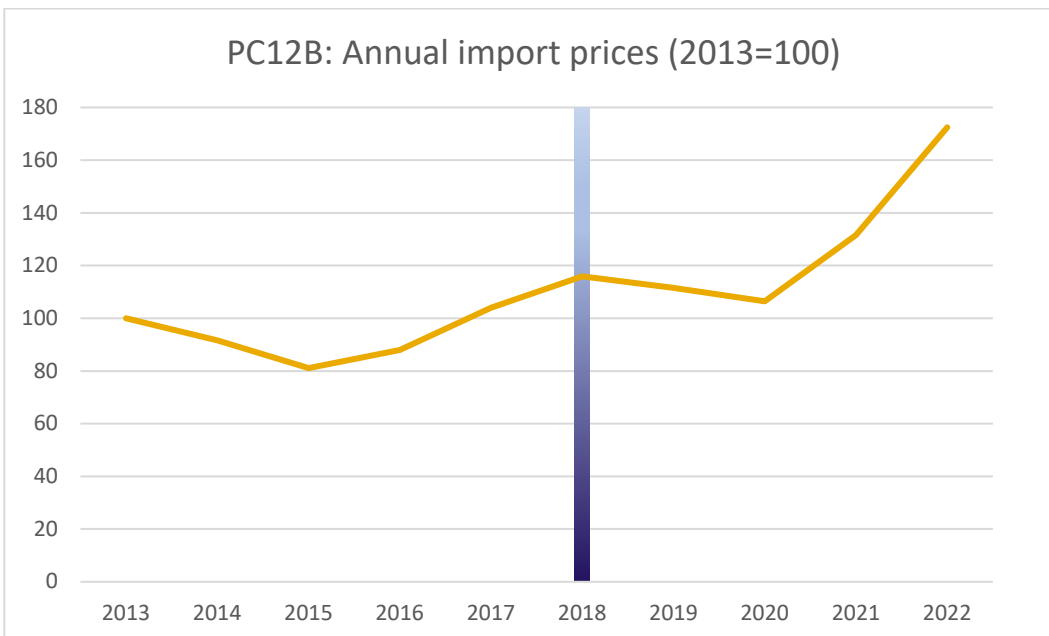
**Graph 31: Index of annual import values for PC12B by financial year**



Source: Trade data – UK Trade Info

Note: The vertical line indicates the approximate imposition of the provisional EU safeguard measure in July 2018

**Graph 32: Index of annual average import prices for PC12B by financial year**



Source: Trade data – UK Trade Info

Note: The vertical line indicates the approximate imposition of the provisional EU safeguard measure in July 2018

284. These graphs show, that for PC12B, volumes of imports decreased after the initial introduction of the safeguard measure in July 2018, then increasing from 2020 (Pol year 3) onwards, before decreasing again into 2022 (Pol year 5). Import values reduced after the introduction of



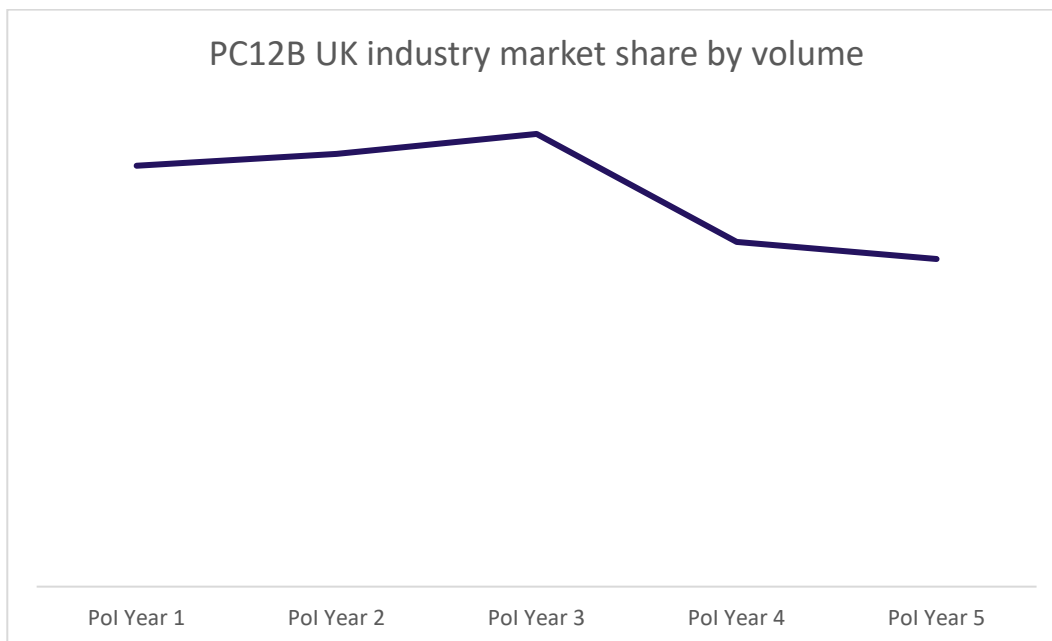


the safeguard measure until 2020 (Pol year 3), and then also increased to the end of the Pol, when they are at their highest since 2013. Import prices have generally steadily increased since the introduction of the safeguard measure, despite a slight reduction in 2020 (Pol year 3), and at the end of the Pol they are at the highest since 2013.

### E9.1 Whether the importation of the goods subject to review in increased quantities is likely to recur

285. The average import price for PC12B goods imported into the UK in Pol year 5 is £998 GBP per tonne.<sup>153</sup> This is similar to the average sales price of PC12B goods sold into the UK by domestic producers in Pol year 5. Demand for PC12B goods is currently met both by domestic production and by imports:

**Graph 33: UK industry market share by volume for PC12B by Pol year**



Source: Trade data – UK Trade Info and UK producer’s confidential questionnaire responses

286. Graph 33 shows that the UK industry market share slightly increased immediately after the imposition of the safeguard measure at year 1 of the Pol. However, since Pol year 3, the market share of UK industry has reduced significantly, and at the end of the Pol it is lower than it was in Pol year 1, when the safeguard measure was introduced. That UK industry have lost market share whilst the measure has been in place increases the likelihood that imports would gain additional market share, were the measure to no longer apply.

287. As referred to in the general points at E1.1, there is global overcapacity for steel manufacturing. Additionally, at E1.2, we have assessed that there is a likelihood of trade diversion, which is further relevant to PC12B, the barriers to imports in third countries are applicable to PC12B products. The interchangeability of goods is of relevance to PC12B, which is similar to PC13. These factors would be likely to push global producers to increase

<sup>153</sup> [Trade data - UK Trade Info](#)



exports to the UK, as they would be able to sell competitively with domestically produced PC12B, were their products not subject to the safeguard duties.

288. We have therefore concluded that, on the balance of probabilities, were the measure to no longer apply, the importation of PC12B products in increased quantities is likely to recur.

## **E9.2 Whether serious injury has been removed or reduced, in whole or in part due to the application of the definitive safeguarding remedy**

289. As set out in Graph 30, imports of PC12B did reduce immediately after the definitive safeguarding remedy was first applied. There is no other significant event that affected imports of steel around this time to break the chain of causation – as assessed in the safeguard reconsideration review.<sup>154</sup> It is therefore probable that the reduction in import volume from the first year of the Pol onwards is due to the application of the definitive safeguarding remedy.

290. Graph 33 shows that the market share of domestic industry has generally decreased since the application of the definitive safeguarding remedy, despite the initial gain of market share up to Pol year 3. We have further assessed, as a general factor, employment, capacity utilisation and profit margins (see above E1.5). The trends for PC12B differ slightly from this general assessment, as across the three companies that make up UK industry for PC12B, employment has reduced, capacity utilisation has increased and profit margins have reduced.

291. Celsa Steel UK, one of the UK producers of PC12B, noted in its completed questionnaire:

*“At certain moments in the last 5 years, when individual quotas for certain products have been fully utilised within days of the opening of those quotas, the safeguard measure has prevented the swamping of the market by certain imports. Without the safeguard measure, the markets at those moments would have been damaged by import surges leading to extreme difficulties for local producers, potential closures of domestic production which would have completely destabilised the markets and not been in the best interests of any part of the supply chain.”<sup>155</sup>*

292. This statement, submitted by Celsa Steel UK, is consistent with the previous TRQ reviews which examined individual quota usage.<sup>156</sup>

293. The safeguard reconsideration review determined that serious injury had been suffered by UK industry in terms of profits, as the domestic industry had been struggling to maintain positive profit figures generally.<sup>157</sup> The injury picture is mixed whilst the measure is in place, import volumes did reduce at the start of the Pol and the market share of domestic industry slightly increased before it was then lost by domestic industry. Some injury is still being experienced by PC12B industry in terms of employment numbers and profit margins. Despite the

<sup>154</sup> [TRA Investigations - Trade Remedies Service - GOV.UK \(trade-remedies.service.gov.uk\)](#), TF0006 Reconsideration call in report of findings, paragraph 335

<sup>155</sup> [TRA Investigations - Trade Remedies Service - GOV.UK \(trade-remedies.service.gov.uk\)](#), Celsa Steel questionnaire response, page 32

<sup>156</sup> Reference to previous TRQ reviews

<sup>157</sup> [TRA Investigations - Trade Remedies Service - GOV.UK \(trade-remedies.service.gov.uk\)](#), TF0006 Reconsideration call in report of findings, paragraph 354



fluctuations in the data, the introduction of the safeguard measure is likely to have reduced serious injury when compared to what it would be were the safeguard measure not in place.

294. We have therefore established that, on the balance of probabilities, at least some serious injury has been reduced by the application of the definitive safeguard measure to PC12B products.

**E9.3 Whether the circumstances of UK producers, or domestic or overseas market conditions, are such that the serious injury caused by the importation of the goods subject to review in increased quantities is likely to recur**

295. As stated at E.9, the UK producers for this PC are Liberty Steel, British Steel and Celsa. These domestic producers have suffered, and are suffering, serious injury during the PoI – they have lost market share (see Graph 33). Some of these producers have also experienced significant financial difficulties,<sup>158 & 159</sup> during the PoI, which indicates that they remain vulnerable to serious injury.

**Table 10: British Steel PC12B injury data**

| Index Year 1 = 100                   | PoI    |        |        |        |        |
|--------------------------------------|--------|--------|--------|--------|--------|
|                                      | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
| Sales volume                         | 100    | 97     | 138    | 70     | 89     |
| Cost to make and sell per unit       | 100    | 114    | 97     | 130    | 161    |
| Average price for UK sales           | 100    | 121    | 79     | 114    | 145    |
| Average price for export sales       | 100    | 99     | 79     | 135    | 166    |
| Average price for total sales        | 100    | 104    | 79     | 125    | 160    |
| Capacity utilisation (non-indexed %) | 90     | 80     | 80     | 90     | 80     |

Sources: questionnaire annex on the SE0041 public file

296. British Steel’s submission shows that sales volumes of PC12B goods have reduced over the PoI. Costs to make and sell have increased, as have average UK and export prices. Export prices have increased to a greater extent than UK prices, particularly in the final two years of the PoI. Capacity utilisation has fluctuated but remained reasonably consistent.

<sup>158</sup> [LIBERTY Steel UK to forge a viable way forward for its businesses and workforce - LIBERTY Steel Group](#)

<sup>159</sup> [BRITISH STEEL LIMITED filing history - Find and update company information - GOV.UK \(company-information.service.gov.uk\)](#)

Full accounts made up to 31 December 2021 - British Steel’s auditors expressed material uncertainty relating to a going concern in their most recent audited accounts, as the company needs further funding from its ultimate parent company and there are no legally binding agreements in place and no guarantee that the funds will be available in the timescale required.



**Table 11: Celsa PC12B injury data**

| Index Year 1 = 100            | Pol    |        |        |        |        |
|-------------------------------|--------|--------|--------|--------|--------|
|                               | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
| Total sales value             | 100    | 74     | 68     | 116    | 121    |
| UK sales value                | 100    | 79     | 63     | 132    | 148    |
| Total sales volume            | 100    | 81     | 72     | 82     | 72     |
| UK sales volume               | 100    | 86     | 65     | 94     | 91     |
| Average price for total sales | 100    | 91     | 95     | 141    | 168    |
| Average price for UK sales    | 100    | 93     | 96     | 140    | 163    |
| Production volume             | 100    | 101    | 85     | 94     | 83     |
| Capacity utilisation          | 100    | 101    | 85     | 94     | 83     |
| Number of employees           | 100    | 104    | 102    | 103    | 110    |
| UK profit margins             | 100    | 103    | 82     | 101    | 187    |
| Third country profit margins  | 100    | 9      | -68    | 84     | 484    |

*Sources: questionnaire annex on the SE0041 public file*

297. The indexed data submitted by Celsa shows that total sales values have increased over the Pol, whilst sales volumes have reduced. UK sales values have increased to a greater extent than export sales, and UK sales volumes have reduced less than export sales, generally speaking. Production volumes and capacity utilisation have followed the same trend, and generally reduced over the Pol. The number of employees and UK profit margins have increased, whilst export profit margins have fluctuated throughout the Pol.
298. Overseas market conditions generally have been set out above, at E1.1 and E1.2. As discussed at paragraph 280, these conditions do apply to the global market for PC12B goods. Imports have gained market share whilst the safeguard measure has been in place (see Graph 33). Import prices and the prices of domestically sold goods follow similar trends over the Pol, demonstrating that they are both subject to similar market forces.
299. To conclude, whilst serious injury has reduced to UK industry in relation to PC12B (see E9.2), UK industry remains vulnerable to serious injury. This is because of the individual circumstances of the UK producers (see paragraph 288), and because of global market conditions relating to overcapacity, trade diversion, and the ability for imports to directly compete with domestic goods even whilst subject to a safeguard measure. Additionally, we have established at E9.1, that the importation of PC12B goods in increased quantities is likely to recur. We have therefore determined that, on the balance of probabilities, the circumstances of UK producers, or domestic or overseas market conditions, are such that the serious injury caused by the importation of the goods subject to review in increased quantities is likely to recur.



#### **E9.4 Whether it is likely that serious injury will recur if the application of the definitive safeguarding remedy is not extended**

300. We established at E9.1 that it is likely that the importation of PC12B goods in increased quantities is likely to recur. Additionally, we have established at point E9.3 (above) that serious injury is likely to be caused by the importation of the PC12B goods subject to review in increased quantities. We have therefore determined that, on the balance of probabilities, in relation to PC12B, it is likely that serious injury will recur if the application of the definitive safeguarding remedy is not extended.

#### **E9.5 UK industry adjustment**

301. At E1.6, we determined that UK industry have been, and are, adjusting. This conclusion applies to the UK industry for like goods, including producers of PC12B goods.

#### **E9.6 Any other relevant factors**

302. We have not identified any other factors relevant to the PC12B assessments.

#### **E9.7 Conclusion**

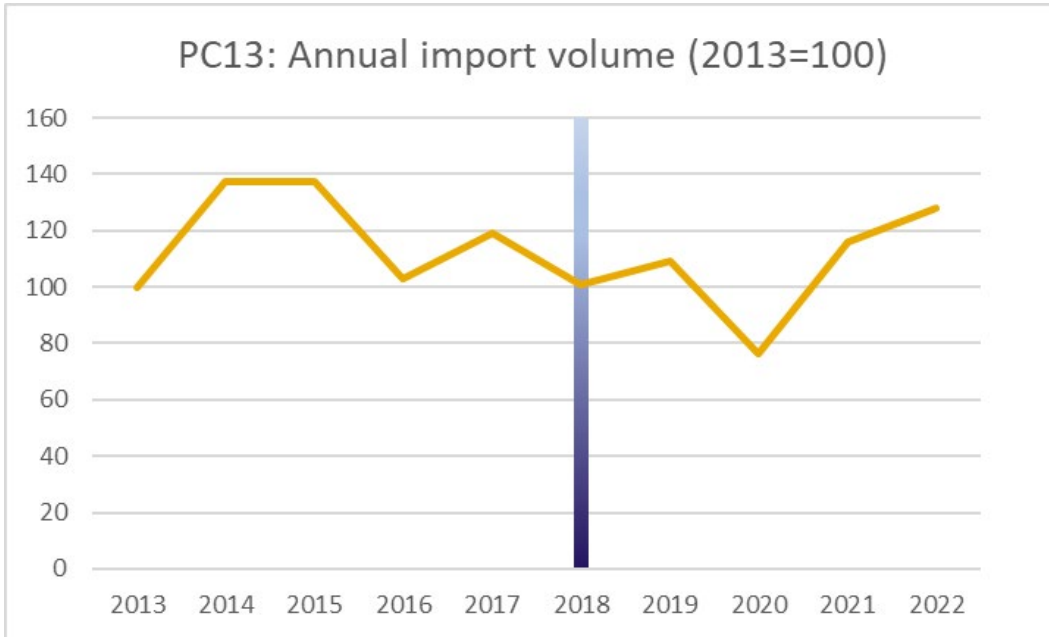
303. We have determined that, on the balance of probabilities, the importation of PC12B goods subject to review in increased quantities is likely to recur, serious injury has been removed or reduced, in whole or in part due to the application of the definitive safeguarding remedy; it is likely that serious injury will recur if the application of the definitive safeguarding remedy is not extended; the circumstances of UK producers, or domestic or overseas market conditions, are such that the serious injury caused by the importation of the goods subject to review in increased quantities is likely to recur and adjustments are being made by UK producers.
304. We are therefore recommending that safeguard measure for PC12B be extended for an additional two years (see [Section F](#) for the EIT assessment, which is met for this PC).



## E10: PC13 assessment: Rebar

305. As recorded in the non-confidential questionnaire responses on the public file, two domestic producers of PC13 registered for this extension review, Liberty Steel<sup>160</sup> and Celsa.<sup>161</sup> Suez Steel<sup>162</sup> and JSW<sup>163</sup> are exporters of PC13 who registered to this safeguard extension review. Imports in this PC have developed over the PoI as follows:

**Graph 34: Index of annual import volumes for PC13 by financial year**



Source: Trade data – UK Trade Info

Note: The vertical line indicates the approximate imposition of the provisional EU safeguard measure in July 2018

<sup>160</sup> [Merchant Bar - LIBERTY Steel UK \(libertysteelgroup.com\)](#)

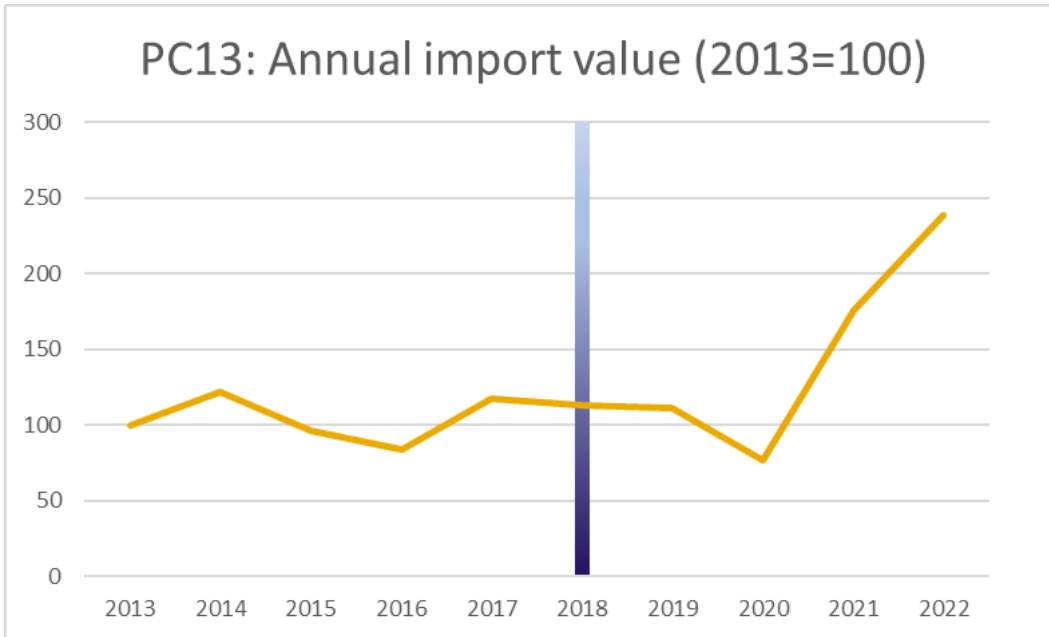
<sup>161</sup> [Celsa Steel UK - Products \(celsauk.com\)](#)

<sup>162</sup> [TRA Investigations - Trade Remedies Service - GOV.UK \(trade-remedies.service.gov.uk\)](#), Suez Steel questionnaire response

<sup>163</sup> [TRA Investigations - Trade Remedies Service - GOV.UK \(trade-remedies.service.gov.uk\)](#), JSW Questionnaire response



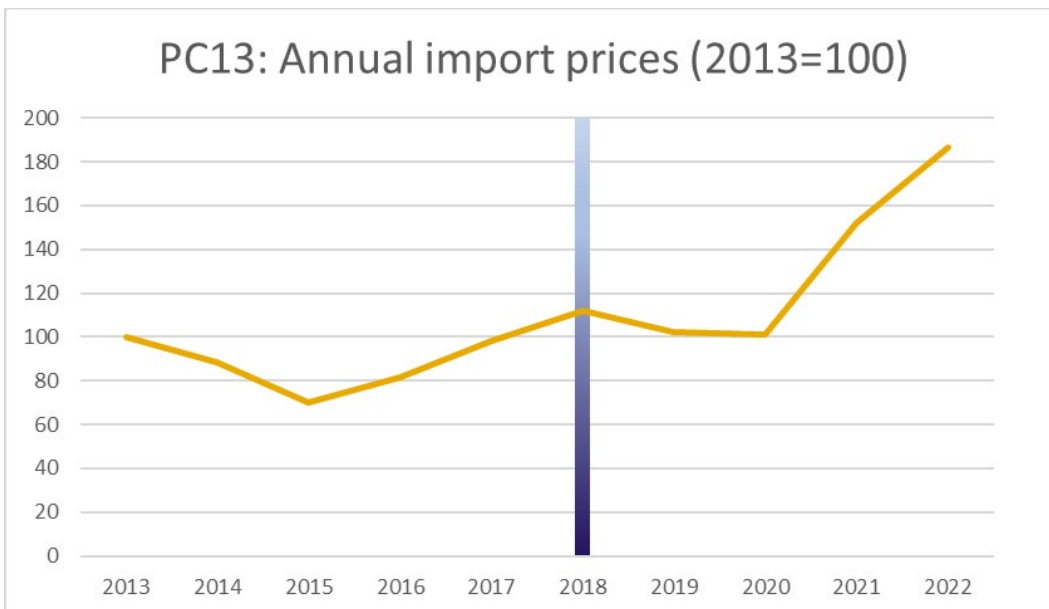
**Graph 35: Index of annual import values for PC13 by financial year**



Source: Trade data – UK Trade Info

Note: The vertical line indicates the approximate imposition of the provisional EU safeguard measure in July 2018

**Graph 36: Index of annual average import prices for PC13 by financial year**



Source: Trade data – UK Trade Info

Note: The vertical line indicates the approximate imposition of the provisional EU safeguard measure in July 2018

306. These graphs show, that for PC13, volumes of imports increased in the year after the initial introduction of the safeguard measure in July 2018, before decreasing into 2020 (PoI year 3) and then increasing from 2021 (PoI year 4) onwards. Import values reduced slightly after the



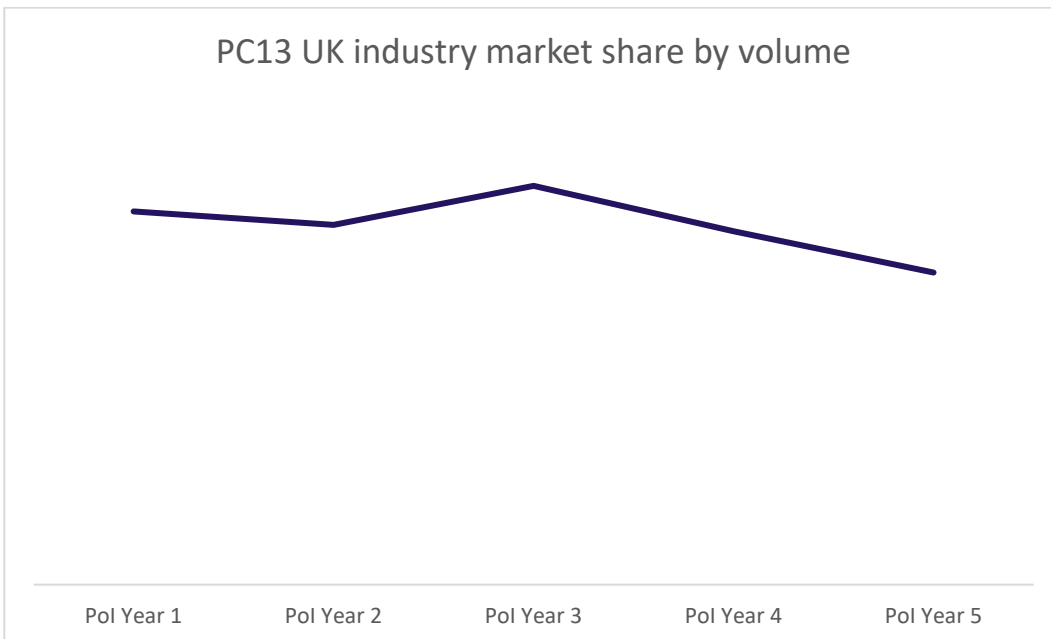


introduction of the safeguard measure until 2020 (Pol year 3), and then also increased to the end of the Pol, when they are at their highest since 2013. Import prices slightly reduced, but since 2020 (Pol year 3) they have generally steadily increased since the introduction of the safeguard measure. At the end of the Pol they are at the highest since 2013.

### E10.1 Whether the importation of the goods subject to review in increased quantities is likely to recur

307. The average import price for PC13 goods imported into the UK in Pol year 5 is £744 GBP per tonne.<sup>164</sup> This is similar to the average sales price of PC13 goods sold into the UK by domestic producers in Pol year 5. Demand for PC13 goods is currently met both by domestic production and by imports.

**Graph 37: UK industry market share by volume for PC13 by Pol year**



Source: Trade data – UK Trade Info and UK producer’s confidential questionnaire responses

308. Graph 37 shows that the UK industry market share slightly decreased immediately after the imposition of the safeguard measure at year 1 of the Pol. There was an increase in market share from Pol year 2 to Pol year 3. However, since Pol year 3, the market share of UK industry has reduced significantly, and at the end of the Pol it is lower than it was in Pol year 1, when the safeguard measure was introduced. It is notable that, as shown in Graph 34, in the final two years of the Pol import volumes were greater than they had been for the first three years of the Pol, demonstrating that import volumes have increased whilst the safeguard measure has been in place. That UK industry have lost market share whilst the measure has been in place increases the likelihood that imports would gain additional market share, were the measure to no longer apply.

<sup>164</sup> [Trade data - UK Trade Info](#)



309. JSW, the Indian exporter of PC13 goods, stated in its questionnaire response:

*“Steel imports into the UK have declined since 2018, primarily due to the safeguard measure in-force as well as market forces [...] Aligned with India’s aspirations and the resultant increase in demand for steel to sustain the nation’s growth trajectory, JSW is primarily focussed on the domestic market in India. India’s low per capita steel consumption compared to global average provides significant headroom for domestic growth in terms of both demand and capacity, with no threat whatsoever to UK.”<sup>165</sup>*

310. Celsa Steel UK, one of the domestic producers of PC13 like goods, claimed in its completed questionnaire that:

*“Importation of one or two major shipments (necessary to minimise freight costs for importers) will rapidly distort the UK market for our products and cause serious injury.”<sup>166</sup>*

311. The JSW submission states that “steel imports into the UK have declined[...]primarily due to the safeguard measures[...]”. It follows, that were the safeguard measure to no longer apply, imports would increase. We would anticipate that any company would focus on the market that would bring the best financial returns, either in the short, medium, or long term. As referred to by Celsa, it would only take one or two shipments for a large exporter to distort the UK market, particularly as UK market consumption is relatively small when compared to global capacities to manufacture steel.

312. We have also considered the general points at E1.1, that there is global overcapacity for steel manufacturing. Additionally, at E1.2, we have assessed that there is a likelihood of trade diversion, which is further relevant to PC13, the barriers to imports in third countries are applicable to PC13 products. The interchangeability of goods is of relevance to PC13, which is similar to PC12B. These factors would be likely to push global producers to increase exports to the UK, as they would be able to sell competitively with domestically produced PC13, were their products not subject to the safeguard duties.

313. We have therefore concluded that, on the balance of probabilities, were the measure to no longer apply, the importation of PC13 products in increased quantities is likely to recur.

## **E10.2 Whether serious injury has been removed or reduced, in whole or in part due to the application of the definitive safeguarding remedy**

314. As set out in Graph 34, imports of PC13 did reduce into 2020 after the definitive safeguarding remedy was first applied, and UK industry market share grew from PoI year 2 into PoI year 3. The total volume of PC13 imports in the first three years after the safeguard measure was introduced were lower than the total volume in the three years preceding the introduction of the safeguard measure. Import volume then increased towards the end of the PoI, but the volumes still remained below the import volumes recorded in financial years 2014 and 2015. There is no significant event other than the introduction of the safeguard measure that affected imports of steel around the time of the introduction of the measure to break the chain of

<sup>165</sup> [TRA Investigations - Trade Remedies Service - GOV.UK \(trade-remedies.service.gov.uk\)](https://www.trade-remedies.service.gov.uk), JSW questionnaire response, page 27

<sup>166</sup> [TRA Investigations - Trade Remedies Service - GOV.UK \(trade-remedies.service.gov.uk\)](https://www.trade-remedies.service.gov.uk), Celsa Steel questionnaire response, page 34



causation – as assessed in the safeguard reconsideration review.<sup>167</sup> It is therefore probable that this reduction in import volume is due to the application of the definitive safeguarding remedy.

315. Graph 37 shows that the market share of domestic industry has generally decreased since the application of the definitive safeguarding remedy, despite the initial gain of market share up to Pol year 3. We have further assessed, as a general factor, employment, capacity utilisation and profit margins (see above E1.5). The trends for PC13 differ from this general assessment, as across the two companies that make up UK industry for PC13, employment has increased, capacity utilisation has reduced and profit margins have reduced.
316. The safeguard reconsideration review determined that serious injury had been suffered by UK industry in terms of profits, as the domestic industry had been struggling to maintain positive profit figures generally.<sup>168</sup> The injury picture is mixed whilst the measure is in place, import volumes did reduce at the start of the Pol and the market share of domestic industry slightly increased before it was then lost by domestic industry. Some serious injury is still being experienced by PC13 industry in terms of capacity utilisation and profit margins. Despite the fluctuations in the data, the introduction of the safeguard measure is likely to have reduced serious injury when compared to what it would be were the safeguard measure not in place.
317. We have therefore established that, on the balance of probabilities, at least some serious injury has been reduced by the application of the definitive safeguard measure to PC13 products.

### **E10.3 Whether the circumstances of UK producers, or domestic or overseas market conditions, are such that the serious injury caused by the importation of the goods subject to review in increased quantities is likely to recur**

318. As stated at E.10, the UK producers for this PC are Liberty Steel and Celsa. Liberty Steel have experienced significant financial difficulties,<sup>169</sup> during the Pol, which indicates that they remain vulnerable to serious injury.

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<sup>167</sup> [TRA Investigations - Trade Remedies Service - GOV.UK \(trade-remedies.service.gov.uk\)](#) , TF0006 Reconsideration call in report of findings, paragraph 335

<sup>168</sup> [TRA Investigations - Trade Remedies Service - GOV.UK \(trade-remedies.service.gov.uk\)](#) , TF0006 Reconsideration call in report of findings, paragraph 354

<sup>169</sup> [LIBERTY Steel UK to forge a viable way forward for its businesses and workforce - LIBERTY Steel Group](#)



**Table 12: Celsa PC13 injury data**

| Index Year 1 = 100           | Pol    |        |        |        |        |
|------------------------------|--------|--------|--------|--------|--------|
|                              | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
| Total sales value            | 100    | 64     | 59     | 366    | 119    |
| UK sales value               | 100    | 96     | 89     | 153    | 179    |
| Total sales volume           | 100    | 64     | 59     | 366    | 119    |
| UK sales volume              | 100    | 96     | 89     | 153    | 179    |
| Production volume            | 100    | 97     | 85     | 96     | 87     |
| Capacity utilisation         | 100    | 97     | 85     | 97     | 87     |
| Number of employees          | 100    | 106    | 105    | 104    | 112    |
| UK profit margins            | 100    | 126    | 61     | 52     | 176    |
| Third country profit margins | 100    | 0      | 0      | -938   | 0      |

*Sources: questionnaire annex on the SE0041 public file*

319. Celsa’s submissions to this extension review show that UK sales values reduced in Pol years 2 and 3, before increasing significantly into Pol years 4 and 5, with a UK sales value in Pol year 5 that is almost double the sales value of Pol year 3. Production volume and capacity utilisation have decreased, whilst the number of employees has increased. UK profit margins have fluctuated throughout the Pol, with significant reductions in UK profits in Pol years 3 and 4, before a significant increase in profitability into Pol year 5.
320. Overseas market conditions generally have been set out above, at E1.1 and E1.2. As discussed at paragraph 305, these conditions do apply to the global market for PC13 goods. Imports have gained market share whilst the safeguard measure has been in place (see Graph 37). Import prices and the prices of domestically sold goods follow similar trends over the Pol, demonstrating that they are both subject to similar market forces.
321. To conclude, whilst serious injury has reduced to UK industry in relation to PC13 (see E10.2), UK industry remains vulnerable to serious injury. This is because of the individual circumstances of the UK producers (see paragraph 311), and because of global market conditions relating to overcapacity, trade diversion, and the ability for imports to directly compete with domestic goods even whilst subject to a safeguard measure. Additionally, we have established at E10.1, that the importation of PC13 goods in increased quantities is likely to recur. We have therefore determined that, on the balance of probabilities, the circumstances of UK producers, or domestic or overseas market conditions, are such that the serious injury caused by the importation of the goods subject to review in increased quantities is likely to recur.



### **E10.4 Whether it is likely that serious injury will recur if the application of the definitive safeguarding remedy is not extended**

322. We established at E10.1 that it is likely that the importation of PC13 goods in increased quantities is likely to recur. Additionally, we have established at point E10.3 (above) that serious injury is likely to be caused by the importation of the PC13 goods subject to review in increased quantities. We have therefore determined that, on the balance of probabilities, in relation to PC13, it is likely that serious injury will recur if the application of the definitive safeguarding remedy is not extended.

### **E10.5 UK industry adjustment**

323. At E1.6, we determined that UK industry have been, and are, adjusting. This conclusion applies to the UK industry for like goods, including producers of PC13 goods.

### **E10.6 Any other relevant factors**

324. We have not identified any other factors relevant to the PC13 assessments.

### **E10.7 Conclusion**

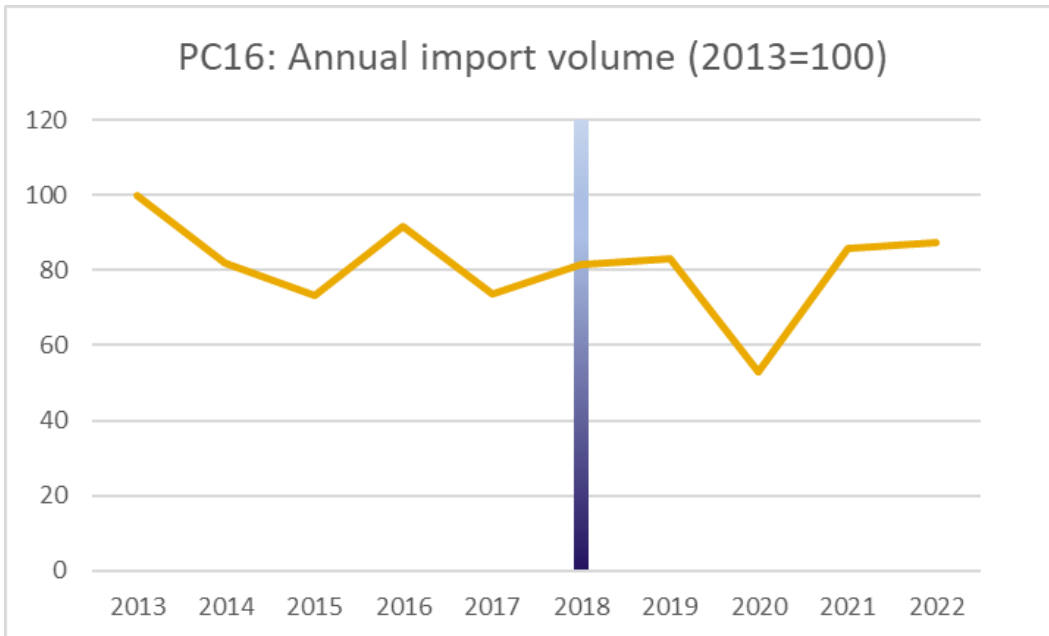
325. We have determined that, on the balance of probabilities, the importation of PC13 goods subject to review in increased quantities is likely to recur, serious injury has been removed or reduced, in whole or in part due to the application of the definitive safeguarding remedy; it is likely that serious injury will recur if the application of the definitive safeguarding remedy is not extended; the circumstances of UK producers, or domestic or overseas market conditions, are such that the serious injury caused by the importation of the goods subject to review in increased quantities is likely to recur and adjustments are being made by UK producers.
326. We are therefore recommending that safeguard measure for PC13 be extended for an additional two years (see [Section F](#) for the EIT assessment, which is met for this PC).



## E11: PC16 assessment: Non-alloy and other alloy wire rod

327. As recorded in the non-confidential questionnaire responses on the public file, three domestic producers of PC16 registered for this extension review, Liberty Steel,<sup>170</sup> British Steel<sup>171</sup> and Celsa.<sup>172</sup> Three exporters of PC16 goods registered to the extension review, JSW,<sup>173</sup> Erdemir<sup>174</sup> and Suez Steel.<sup>175</sup> Imports in this PC have developed over the Pol as follows:

**Graph 38: Index of annual import volumes for PC16 by financial year**



Source: Trade data – UK Trade Info

Note: The vertical line indicates the approximate imposition of the provisional EU safeguard measure in July 2018

<sup>170</sup> [Merchant Bar - LIBERTY Steel UK \(libertysteelgroup.com\)](https://www.libertysteelgroup.com/)

<sup>171</sup> [Passionate About What We Do \(britishsteel.co.uk\)](https://www.britishsteel.co.uk/)

<sup>172</sup> [Celsa Steel UK - Products \(celsa.com\)](https://www.celsa.com/)

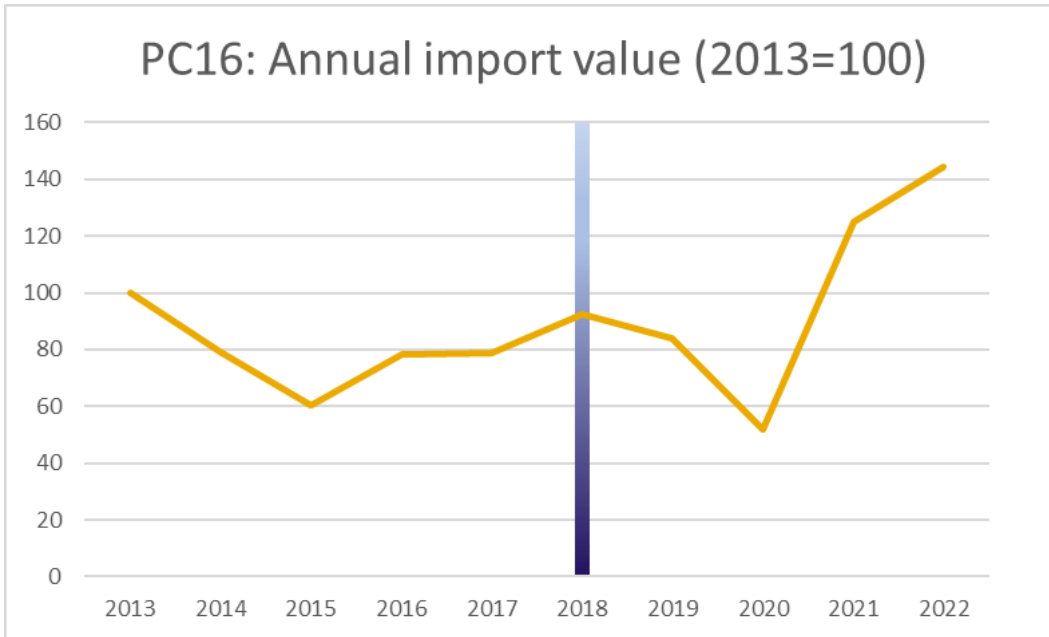
<sup>173</sup> [TRA Investigations - Trade Remedies Service - GOV.UK \(trade-remedies.service.gov.uk\)](https://www.trade-remedies.service.gov.uk/), JSW Questionnaire response

<sup>174</sup> [TRA Investigations - Trade Remedies Service - GOV.UK \(trade-remedies.service.gov.uk\)](https://www.trade-remedies.service.gov.uk/), Erdemir Questionnaire response

<sup>175</sup> [TRA Investigations - Trade Remedies Service - GOV.UK \(trade-remedies.service.gov.uk\)](https://www.trade-remedies.service.gov.uk/), Suez Steel questionnaire response



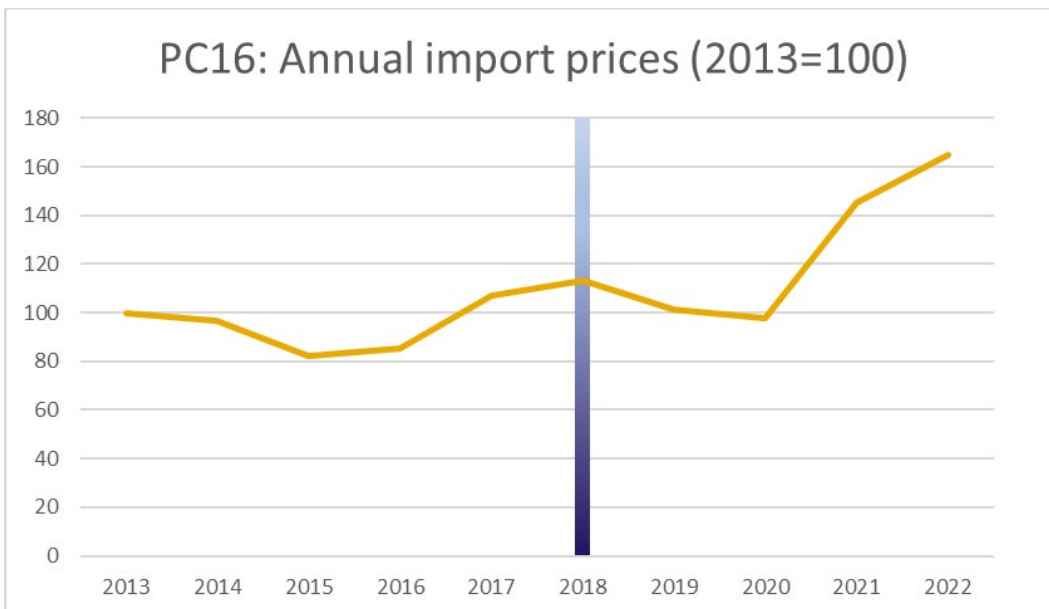
**Graph 39: Index of annual import values for PC16 by financial year**



Source: Trade data – UK Trade Info

Note: The vertical line indicates the approximate imposition of the provisional EU safeguard measure in July 2018

**Graph 40: Index of annual average import prices for PC16 by financial year**



Source: Trade data – UK Trade Info

Note: The vertical line indicates the approximate imposition of the provisional EU safeguard measure in July 2018

328. These graphs show, that for PC16, volumes of imports increased slightly after the initial introduction of the safeguard measure in July 2018, then decreased into 2020 (Pol year 3) before increasing significantly into 2021 (Pol year 4) and then further slightly increasing into



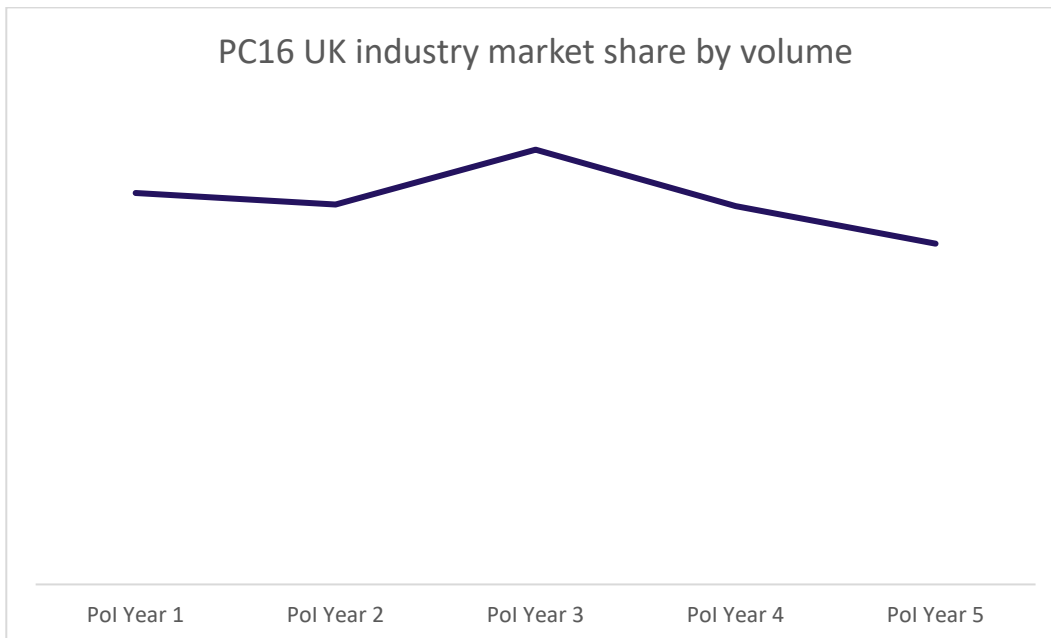


2022 (Pol year 5). Import values reduced after the introduction of the safeguard measure until 2020 (Pol year 3), and then also increased to the end of the Pol, when they are at their highest since 2013. Import prices reduced slightly from the introduction of the measure to 2020 (Pol year 3), and then have steadily increased from 2020 to the end of the Pol, where they are at the highest since 2013.

### E11.1 Whether the importation of the goods subject to review in increased quantities is likely to recur

329. The average import price for PC16 goods imported into the UK in Pol year 5 is £798 GBP per tonne.<sup>176</sup> This is similar to the average sales price of PC16 goods sold into the UK by domestic producers in Pol year 5. Demand for PC16 goods is currently met both by domestic production and by imports.

**Graph 41: UK industry market share by volume for PC16 by Pol year**



Source: Trade data – UK Trade Info and UK producer’s confidential questionnaire responses

330. Graph 41 shows that the UK industry market share remained reasonably constant immediately after the imposition of the safeguard measure at year 1 of the Pol. However, into Pol year 3, the market share of UK industry increased, before then reducing into Pol year 4 and Pol year 5. UK industry market share in Pol year 5 is lower than it was when the safeguard measure was introduced. That UK industry has lost market share whilst the measure has been in place increases the likelihood that imports would gain additional market share, were the measure to no longer apply.
331. As referred to in the general points at E1.1, there is global overcapacity for steel manufacturing. Additionally, at E1.2, we have assessed that there is a likelihood of trade diversion, which is further relevant to PC16, the barriers to imports in third countries are

<sup>176</sup> [Trade data - UK Trade Info](#)



applicable to PC16 products. These factors would be likely to push global producers to increase exports to the UK, as they would be able to sell competitively with domestically produced PC16, were their products not subject to the safeguard duties.

332. We have therefore concluded that, on the balance of probabilities, were the measure to no longer apply, the importation of PC16 products in increased quantities is likely to recur.

### **E11.2 Whether serious injury has been removed or reduced, in whole or in part due to the application of the definitive safeguarding remedy**

333. As set out in Graph 38, imports of PC16 did reduce in 2020/21 after the definitive safeguarding remedy was first applied, and UK industry market share grew from Pol year 2 into Pol year 3. The total volume of PC13 imports in the first three years after the safeguard measure was introduced were lower than the total volume in the three years preceding the introduction of the safeguard measure. There is no other significant event that affected imports of steel around this time to break the chain of causation – as assessed in the safeguard reconsideration review.<sup>177</sup> It is therefore probable that this reduction in import volume is due to the application of the definitive safeguarding remedy.
334. Graph 41 shows that the market share of domestic industry has generally decreased since the application of the definitive safeguarding remedy, despite the initial gain of market share up to Pol year 3. We have further assessed, as a general factor, employment, capacity utilisation and profit margins (see above E1.5). The trends for PC16 differ from this general assessment, as across the three companies that make up UK industry for PC16, employment has increased, capacity utilisation has reduced and profit margins have reduced.
335. The safeguard reconsideration review determined that serious injury had been suffered by UK industry in terms of profits, as the domestic industry had been struggling to maintain positive profit figures generally.<sup>178</sup> The injury picture is mixed whilst the measure is in place, import volumes did reduce at the start of the Pol and the market share of domestic industry slightly increased before it was then lost by domestic industry. Some serious injury is still being experienced by PC16 industry in terms of capacity utilisation and profit margins. Despite the fluctuations in the data, the introduction of the safeguard measure is likely to have reduced serious injury when compared to what it would be were the safeguard measure not in place.
336. We have therefore established that, on the balance of probabilities, at least some serious injury has been reduced by the application of the definitive safeguard measure to PC16 products.

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<sup>177</sup> [TRA Investigations - Trade Remedies Service - GOV.UK \(trade-remedies.service.gov.uk\)](#) , TF0006 Reconsideration call in report of findings, paragraph 335

<sup>178</sup> [TRA Investigations - Trade Remedies Service - GOV.UK \(trade-remedies.service.gov.uk\)](#) , TF0006 Reconsideration call in report of findings, paragraph 354



**E11.3 Whether the circumstances of UK producers, or domestic or overseas market conditions, are such that the serious injury caused by the importation of the goods subject to review in increased quantities is likely to recur**

337. As stated at E.11, the UK producers for this PC are Liberty Steel, British Steel and Celsa. These domestic producers have suffered, and are suffering, serious injury during the Pol – they have lost market share (see Graph 41). Some of these producers have also experienced significant financial difficulties<sup>179 & 180</sup> during the Pol, which indicates that they remain vulnerable to injury.

**Table 13: British Steel PC16 injury data**

| Index Year 1 = 100                   | Pol    |        |        |        |        |
|--------------------------------------|--------|--------|--------|--------|--------|
|                                      | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
| Sales volume                         | 100    | 86     | 91     | 82     | 67     |
| Cost to make and sell per unit       | 100    | 109    | 99     | 141    | 186    |
| Average price for UK sales           | 100    | 94     | 90     | 138    | 155    |
| Average price for export sales       | 100    | 86     | 80     | 125    | 155    |
| Average price for total sales        | 100    | 87     | 82     | 127    | 154    |
| Capacity utilisation (non-indexed %) | 90     | 80     | 80     | 80     | 60     |

Sources: questionnaire annex on the SE0041 public file

338. British Steel's data in relation to PC16 shows that sales volumes have reduced over the Pol, with the cost to make and sell, and sales prices, increasing. UK and export sales prices have grown at a similar rate. Capacity utilisation has fallen over the Pol. British Steel stated in its questionnaire response that:

*“Demand levels for all products have not recovered to pre-covid levels and unlikely to do so for a number of years. It is therefore expected that injury will still occur even with the measures in place as they are currently designed.”<sup>181</sup>*

<sup>179</sup> [LIBERTY Steel UK to forge a viable way forward for its businesses and workforce - LIBERTY Steel Group](#)

<sup>180</sup> [BRITISH STEEL LIMITED filing history - Find and update company information - GOV.UK \(company-information.service.gov.uk\)](#)

Full accounts made up to 31 December 2021 - British Steel's auditors expressed material uncertainty relating to a going concern in their most recent audited accounts, as the company needs further funding from its ultimate parent company and there are no legally binding agreements in place and no guarantee that the funds will be available in the timescale required.

<sup>181</sup> [TRA Investigations - Trade Remedies Service - GOV.UK \(trade-remedies.service.gov.uk\)](#) , British Steel questionnaire response, page 35



**Table 14: Celsa’s PC16 injury data**

| Index Year 1 = 100           | Pol    |        |        |        |        |
|------------------------------|--------|--------|--------|--------|--------|
|                              | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
| Total sales value            | 100    | 103    | 98     | 108    | 85     |
| UK sales value               | 100    | 90     | 85     | 132    | 119    |
| Total sales volume           | 100    | 115    | 107    | 77     | 53     |
| UK sales volume              | 100    | 98     | 89     | 94     | 74     |
| Production volume            | 100    | 101    | 96     | 94     | 71     |
| Capacity utilisation         | 100    | 101    | 96     | 95     | 71     |
| Number of employees          | 100    | 106    | 105    | 104    | 112    |
| UK profit margins            | 100    | 126    | 95     | 96     | 145    |
| Third country profit margins | 100    | -111   | -638   | -257   | 340    |

Sources: questionnaire annex on the SE0041 public file

339. Celsa’s submission shows that UK sales values have increased towards the end of the Pol, when this is compared to the total sales values it suggests that export sales values were higher in Pol years 2 and 3, with UK sales values being higher in Pol years 4 and 5. Production volume and capacity utilisation has decreased over the Pol, whilst employee numbers have slightly increased. UK profit margins have fluctuated, but have generally increased, whilst export profit margins have significant variances year on year. Celsa UK’s questionnaire submission states:

*“If existing safeguards were discontinued, it is highly likely that imports would increase very rapidly and that downward pressure would be exerted on our prices and volumes of product.”<sup>182</sup>*

340. Erdemir, an exporter of PC16 goods, state in its questionnaire response:

*“We do not foresee any likelihood of the recurrence of an increase in imports.”<sup>183</sup>*

341. Erdemir’s assertion is not consistent with the data set out above, particularly in Graph 38, which shows that for every year of the Pol there was an increase in import volumes, apart from 2020/21 (Pol year 3). Imports have increased whilst the measure has been in place, therefore this increases the likelihood of a recurrence of an increase in imports.

342. Overseas market conditions generally have been set out above, at E1.1 and E1.2. As discussed at paragraph 324, these conditions do apply to the global market for PC16 goods.

<sup>182</sup> [TRA Investigations - Trade Remedies Service - GOV.UK \(trade-remedies.service.gov.uk\)](https://www.trade-remedies.service.gov.uk), Celsa Steel questionnaire response, page 35

<sup>183</sup> [TRA Investigations - Trade Remedies Service - GOV.UK \(trade-remedies.service.gov.uk\)](https://www.trade-remedies.service.gov.uk), Erdemir questionnaire response, page



Import prices and the prices of domestically sold goods follow similar trends over the PoI, demonstrating that they are both subject to similar market forces.

343. To conclude, whilst serious injury has reduced to UK industry in relation to PC16 (see E11.2), UK industry remains vulnerable to serious injury. This is because of the individual circumstances of the UK producers (see paragraph 330), and because of global market conditions relating to overcapacity, trade diversion, and the ability for imports to directly compete with domestic goods even whilst subject to a safeguard measure. Additionally, we have established at E11.1, that the importation of PC16 goods in increased quantities is likely to recur. We have therefore determined that, on the balance of probabilities, the circumstances of UK producers, or domestic or overseas market conditions, are such that the serious injury caused by the importation of the goods subject to review in increased quantities is likely to recur.

#### **E11.4 Whether it is likely that serious injury will recur if the application of the definitive safeguarding remedy is not extended**

344. We established at E11.1 that it is likely that the importation of PC16 goods in increased quantities is likely to recur. Additionally, we have established at point E11.3 (above) that serious injury is likely to be caused by the importation of the PC16 goods subject to review in increased quantities. We have therefore determined that, on the balance of probabilities, in relation to PC16, it is likely that serious injury will recur if the application of the definitive safeguarding remedy is not extended.

#### **E11.5 UK industry adjustment**

345. At E1.6, we determined that UK industry have been, and are, adjusting. This conclusion applies to the UK industry for like goods, including producers of PC16 goods.

#### **E11.6 Any other relevant factors**

346. We have not identified any other factors relevant to the PC16 assessments.

#### **E11.7 Conclusion**

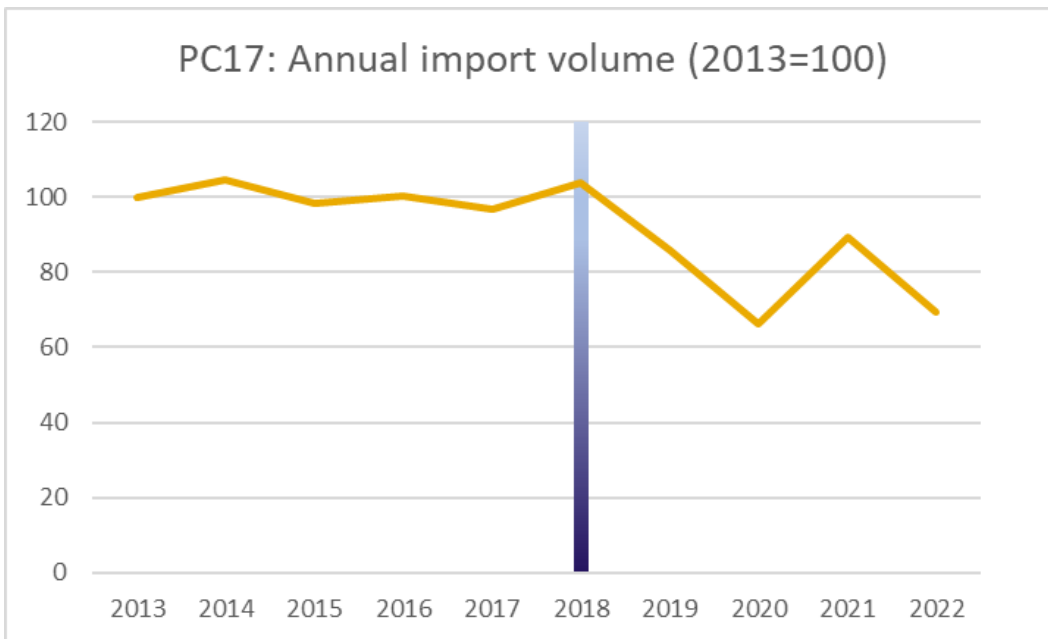
347. We have determined that, on the balance of probabilities, the importation of PC16 goods subject to review in increased quantities is likely to recur, serious injury has been removed or reduced, in whole or in part due to the application of the definitive safeguarding remedy; it is likely that serious injury will recur if the application of the definitive safeguarding remedy is not extended; the circumstances of UK producers, or domestic or overseas market conditions, are such that the serious injury caused by the importation of the goods subject to review in increased quantities is likely to recur and adjustments are being made by UK producers.
348. We are therefore recommending that safeguard measure for PC16 be extended for an additional two years (see [Section F](#) for the EIT assessment, which is met for this PC).



## E12: PC17 assessment: Angles, shapes, and sections of iron or non-alloy steel

349. As recorded in the non-confidential questionnaire responses on the public file, three domestic producers of PC17 registered for this extension review, Liberty Steel,<sup>184</sup> British Steel<sup>185</sup> and Celsa.<sup>186</sup> No exporters of PC17 registered to the extension review. Imports in this PC have developed over the PoI as follows:

**Graph 42: Index of annual import volumes for PC17 by financial year**



Source: Trade data – UK Trade Info

Note: The vertical line indicates the approximate imposition of the provisional EU safeguard measure in July 2018

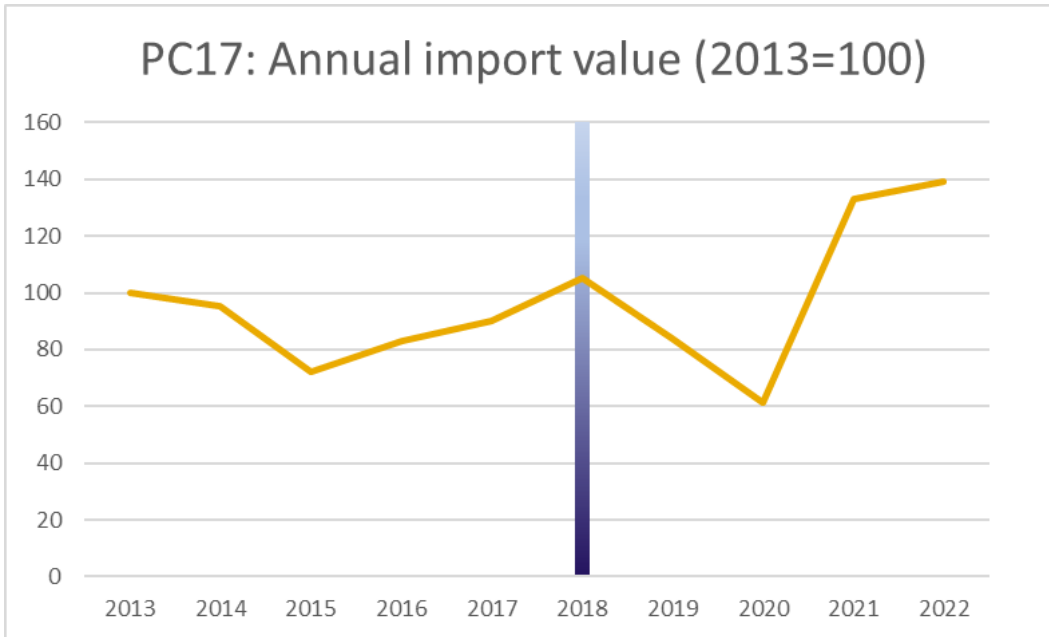
<sup>184</sup> [Merchant Bar - LIBERTY Steel UK \(libertysteelgroup.com\)](https://www.libertysteelgroup.com/)

<sup>185</sup> [Passionate About What We Do \(britishsteel.co.uk\)](https://www.britishsteel.co.uk/)

<sup>186</sup> [Celsa Steel UK - Products \(celsauk.com\)](https://www.celsauk.com/)



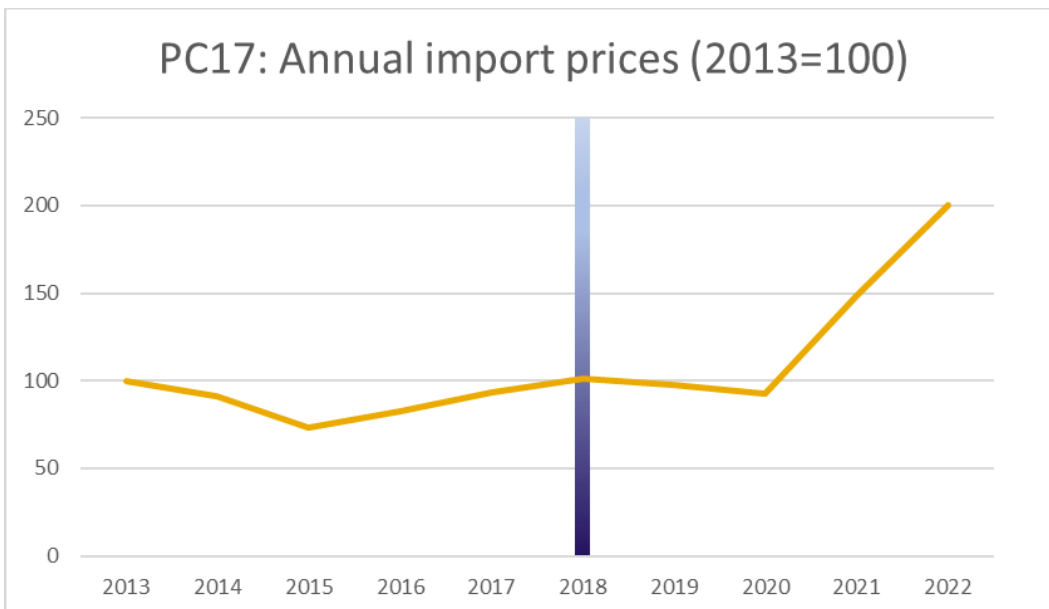
**Graph 43: Index of annual import values for PC17 by financial year**



Source: Trade data – UK Trade Info

Note: The vertical line indicates the approximate imposition of the provisional EU safeguard measure in July 2018

**Graph 44: Index of annual average import prices for PC17 by financial year**



Source: Trade data – UK Trade Info

Note: The vertical line indicates the approximate imposition of the provisional EU safeguard measure in July 2018

350. These graphs show, that for PC17, volumes of imports decreased significantly after the initial introduction of the safeguard measure in July 2018, up to 2020 (Pol year 3) before increasing into 2021 (Pol year 4) and then decreasing by a similar amount into 2022 (Pol year 5).



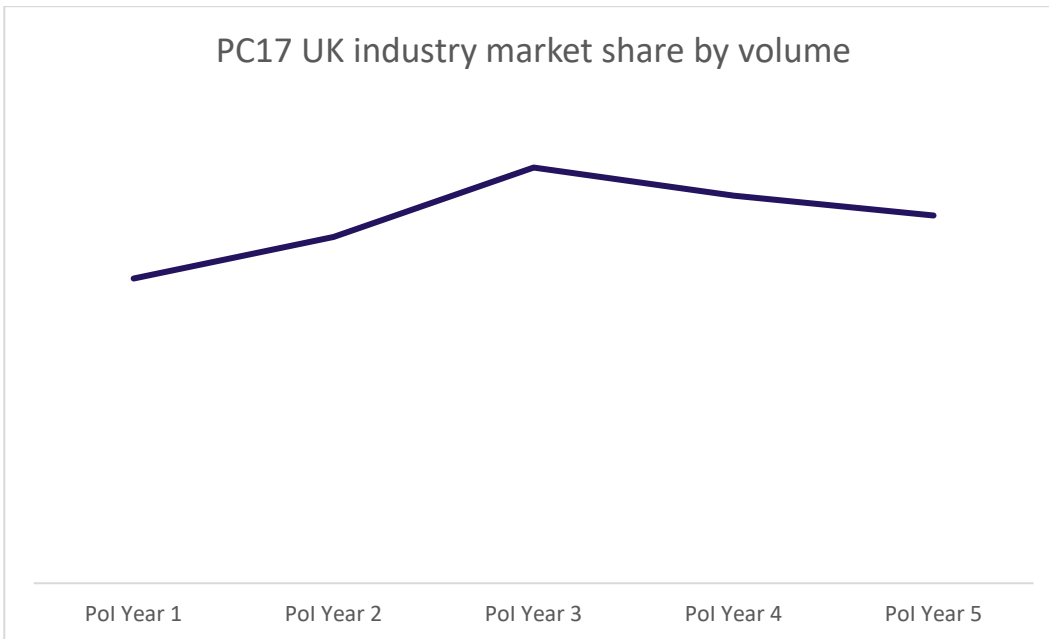


Financial years 2020 (Pol year 3) and 2022 (Pol year 5) had the lowest import volumes of PC17 since 2013. Import values reduced after the introduction of the safeguard measure until 2020 (Pol year 3), and then increased to the end of the Pol, when they are at their highest since 2013. Import prices reduced slightly from the introduction of the measure to 2020 (Pol year 3), and then have steadily increased from 2020 to the end of the Pol, where they are at the highest since 2013.

### E12.1 Whether the importation of the goods subject to review in increased quantities is likely to recur

351. The average import price for PC17 goods imported into the UK in Pol year 5 is £979 GBP per tonne.<sup>187</sup> This is similar to the average sales price of PC16 goods sold into the UK by domestic producers in Pol year 5. Demand for PC17 goods is currently met both by domestic production and by imports:

**Graph 45: UK industry market share by volume for PC17 by Pol year**



Source: Trade data – UK Trade Info and UK producer’s confidential questionnaire responses

352. Graph 45 shows that the UK industry market share increased immediately after the imposition of the safeguard measure at year 1 of the Pol, before reducing into Pol year 4 and Pol year 5. Despite this reduction, UK industry market share in Pol year 5 remains higher than it was when the safeguard measure was introduced. That UK industry have lost market share whilst the measure has been in place increases the likelihood that imports would gain additional market share, were the measure to no longer apply.
353. As referred to in the general points at E1.1, there is global overcapacity for steel manufacturing. Additionally, at E1.2, we have assessed that there is a likelihood of trade diversion, which is further relevant to PC17, the barriers to imports in third countries are

<sup>187</sup> [Trade data - UK Trade Info](#)



applicable to PC17 products. These factors would be likely to push global producers to increase exports to the UK, as they would be able to sell competitively with domestically produced PC17, were their products not subject to the safeguard duties.

354. We have therefore concluded that, on the balance of probabilities, were the measure to no longer apply, the importation of PC17 products in increased quantities is likely to recur.

## **E12.2 Whether serious injury has been removed or reduced, in whole or in part due to the application of the definitive safeguarding remedy**

355. As set out in Graph 42, imports of PC17 did reduce until 2021/22 after the definitive safeguarding remedy was first applied, and UK industry market share grew from Pol year 1 into Pol year 3. The total volume of PC17 imports in the five years after the safeguard measure was introduced is lower than the total volume in the five years preceding the introduction of the safeguard measure. There is no other significant event that affected imports of steel around this time to break the chain of causation – as assessed in the safeguard reconsideration review.<sup>188</sup> It is therefore probable that this reduction in import volume is due to the application of the definitive safeguarding remedy.

356. Graph 45 shows that the market share of domestic industry decreased towards the end of the Pol, despite the initial gain of market share up to Pol year 3. We have further assessed, as a general factor, employment, capacity utilisation and profit margins (see above E1.5). The trends for PC17 follow these general trends.

357. The safeguard reconsideration review determined that serious injury had been suffered by UK industry in terms of profits, as the domestic industry had been struggling to maintain positive profit figures generally.<sup>189</sup> The injury picture is mixed whilst the measure is in place, import volumes did reduce at the start of the Pol and the market share of domestic industry slightly increased before it was then lost by domestic industry. Despite the fluctuations in the data, the introduction of the safeguard measure is likely to have reduced serious injury when compared to what it would be were the safeguard measure not in place.

358. We have therefore established that, on the balance of probabilities, at least some serious injury has been reduced by the application of the definitive safeguard measure to PC17 products.

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<sup>188</sup> [TRA Investigations - Trade Remedies Service - GOV.UK \(trade-remedies.service.gov.uk\)](#) , TF0006 Reconsideration call in report of findings, paragraph 335

<sup>189</sup> [TRA Investigations - Trade Remedies Service - GOV.UK \(trade-remedies.service.gov.uk\)](#) , TF0006 Reconsideration call in report of findings, paragraph 354



**E12.3 Whether the circumstances of UK producers, or domestic or overseas market conditions, are such that the serious injury caused by the importation of the goods subject to review in increased quantities is likely to recur**

359. As stated at E.12, the UK producers for this PC are Liberty Steel, British Steel and Celsa. These domestic producers have suffered, and are suffering, serious injury during the Pol – they have lost market share (see Graph 45) whilst the safeguard measure has been in place. Some of these producers have also experienced significant financial difficulties<sup>190 & 191</sup> during the Pol, which indicates that they remain vulnerable to serious injury.

**Table 15: British Steel PC17 injury data**

| Index Year 1 = 100                   | Pol    |        |        |        |        |
|--------------------------------------|--------|--------|--------|--------|--------|
|                                      | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
| Sales volume                         | 100    | 100    | 132    | 138    | 110    |
| Cost to make and sell per unit       | 100    | 112    | 102    | 138    | 180    |
| Average price for UK sales           | 100    | 94     | 87     | 138    | 180    |
| Average price for export sales       | 100    | 94     | 87     | 144    | 172    |
| Average price for total sales        | 100    | 94     | 87     | 139    | 177    |
| Capacity utilisation (non-indexed %) | 70     | 60     | 80     | 80     | 70     |

Sources: questionnaire annex on the SE0041 public file

360. British Steel's submission shows that, in relation to PC17, sales volumes have increased, as have average sales prices, which have grown at a similar rate for the domestic and export market. Average prices fell in the first two years of the Pol, before rebounding in Pol years 4 and 5. Capacity utilisation has fluctuated over the Pol. British Steel claim in its questionnaire response:

*“For each of the product categories relevant to British Steel, further injury over and above the current financial situation would be evident if the measures would be removed[...] For sections, exporters look to import large volumes which disrupts the price levels and on occasions could be classed as dumping in the UK to fill their own EU production capacity.”<sup>192</sup>*

<sup>190</sup> [LIBERTY Steel UK to forge a viable way forward for its businesses and workforce - LIBERTY Steel Group](#)

<sup>191</sup> [BRITISH STEEL LIMITED filing history - Find and update company information - GOV.UK \(company-information.service.gov.uk\)](#)

Full accounts made up to 31 December 2021 - British Steel's auditors expressed material uncertainty relating to a going concern in their most recent audited accounts, as the company needs further funding from its ultimate parent company and there are no legally binding agreements in place and no guarantee that the funds will be available in the timescale required.

<sup>192</sup> [TRA Investigations - Trade Remedies Service - GOV.UK \(trade-remedies.service.gov.uk\)](#), British Steel questionnaire response, pages 34/35



**Table 16: Celsa’s PC17 injury data**

| Index Year 1 = 100   | PoI    |        |        |        |        |
|----------------------|--------|--------|--------|--------|--------|
|                      | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
| Total sales value    | 100    | 95     | 96     | 168    | 168    |
| UK sales value       | 100    | 95     | 96     | 168    | 168    |
| Total sales volume   | 100    | 103    | 97     | 115    | 92     |
| UK sales volume      | 100    | 103    | 97     | 115    | 92     |
| Production volume    | 100    | 104    | 108    | 98     | 108    |
| Capacity utilisation | 100    | 104    | 108    | 98     | 108    |
| Number of employees  | 100    | 104    | 102    | 103    | 110    |
| UK profit margins    | 100    | 103    | 108    | 128    | 252    |

*Sources: questionnaire annex on the SE0041 public file*

361. Celsa’s injury data indicates that it does not export PC17 directly, and only make domestic sales of these goods. Total sales values have increased over the PoI, whilst sales volumes have fluctuated, with two years of reduced sales volumes compared to PoI year 1, and two years of increased sales volumes. Production volume has slowly increased over the PoI, as have the number of employees. Profit margins have also increased, in particular with a significant growth in PoI year 5.
362. Overseas market conditions generally have been set out above, at E1.1 and E1.2. As discussed at paragraph 346, these conditions do apply to the global market for PC17 goods. Import prices and the prices of domestically sold goods follow similar trends over the PoI, demonstrating that they are both subject to similar market forces.
363. To conclude, whilst serious injury has reduced to UK industry in relation to PC17 (see E12.2), UK industry remains vulnerable to serious injury. This is because of the individual circumstances of the UK producers (see paragraph 352), and because of global market conditions relating to overcapacity, trade diversion, and the ability for imports to directly compete with domestic goods even whilst subject to a safeguard measure. Additionally, we have established at E12.1, that the importation of PC17 goods in increased quantities is likely to recur. We have therefore determined that, on the balance of probabilities, the circumstances of UK producers, or domestic or overseas market conditions, are such that the serious injury caused by the importation of the goods subject to review in increased quantities is likely to recur.



### **E12.4 Whether it is likely that serious injury will recur if the application of the definitive safeguarding remedy is not extended**

364. We established at E12.1 that it is likely that the importation of PC17 goods in increased quantities is likely to recur. Additionally, we have established at point E12.3 (above) that serious injury is likely to be caused by the importation of the PC17 goods subject to review in increased quantities. We have therefore determined that, on the balance of probabilities, in relation to PC17, it is likely that serious injury will recur if the application of the definitive safeguarding remedy is not extended.

### **E12.5 UK industry adjustment**

365. At E1.6, we determined that UK industry have been, and are, adjusting. This conclusion applies to the UK industry for like goods, including producers of PC17 goods.

### **E12.6 Any other relevant factors**

366. We have not identified any other factors relevant to the PC17 assessments.

### **E12.7 Conclusion**

367. We have determined that, on the balance of probabilities, the importation of PC17 goods subject to review in increased quantities is likely to recur, serious injury has been removed or reduced, in whole or in part due to the application of the definitive safeguarding remedy; it is likely that serious injury will recur if the application of the definitive safeguarding remedy is not extended; the circumstances of UK producers, or domestic or overseas market conditions, are such that the serious injury caused by the importation of the goods subject to review in increased quantities is likely to recur and adjustments are being made by UK producers.

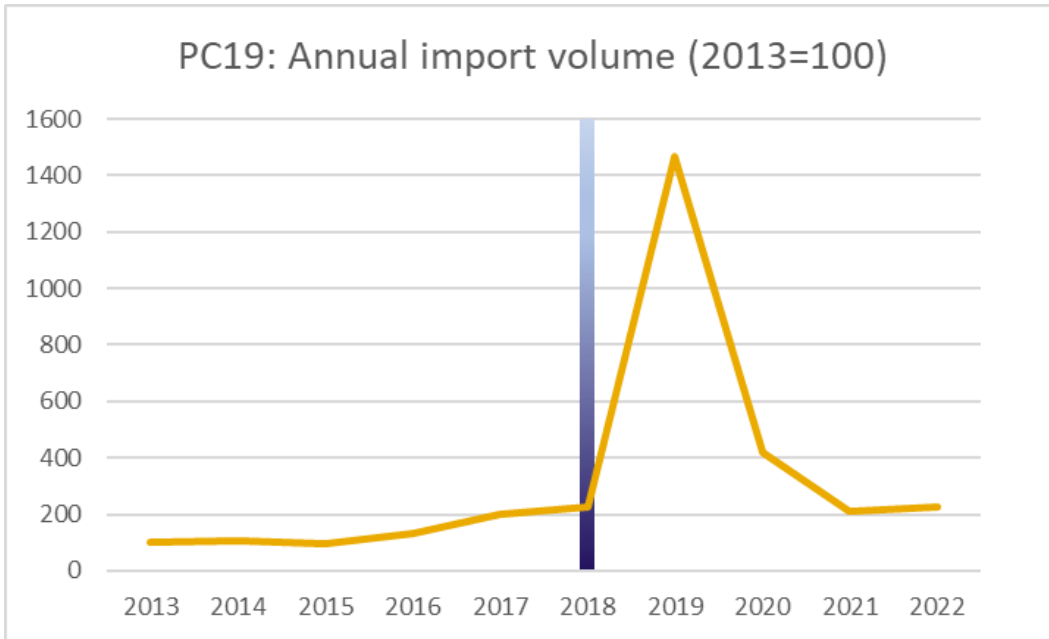
368. We are therefore recommending that safeguard measure for PC17 be extended for an additional two years (see [Section F](#) for the EIT assessment, which is met for this PC).



## E13: PC19 assessment: Railway material

369. As recorded in the non-confidential questionnaire responses on the public file, one domestic producer of PC19 registered for this extension review, British Steel.<sup>193</sup> No exporters of PC19 registered to the extension review. Imports in this PC have developed over the PoI as follows:

**Graph 46: Index of annual import volumes for PC19 by financial year**



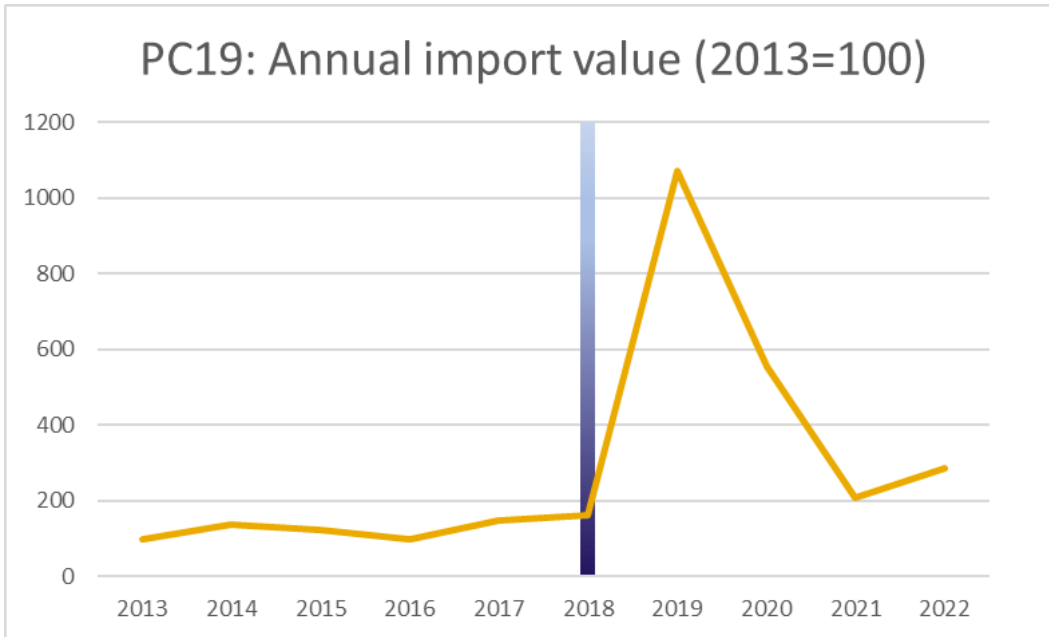
Source: Trade data – UK Trade Info

Note: The vertical line indicates the approximate imposition of the provisional EU safeguard measure in July 2018

<sup>193</sup> [Passionate About What We Do \(britishsteel.co.uk\)](https://www.britishsteel.co.uk)



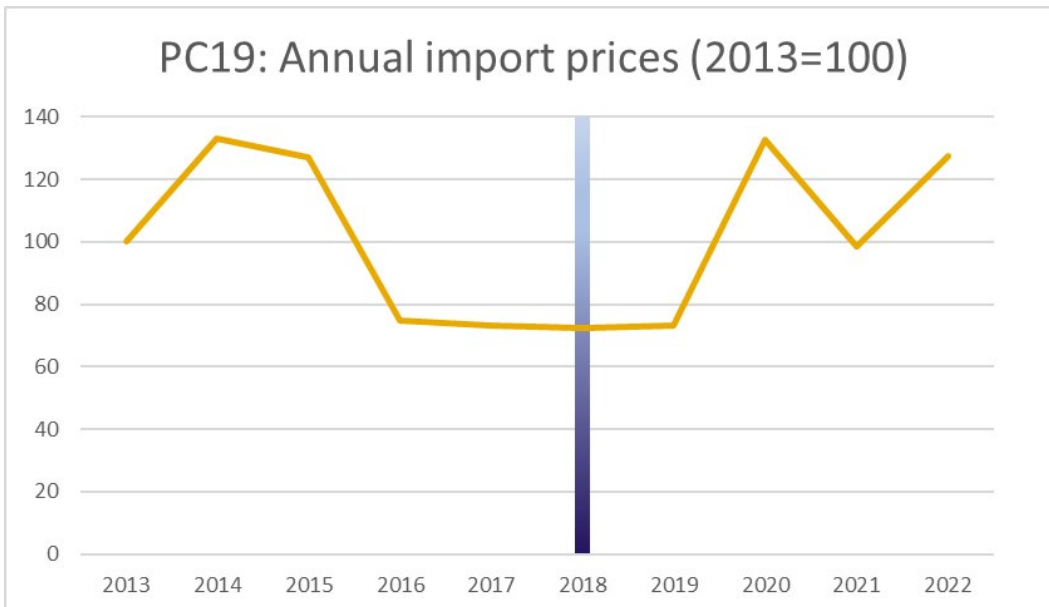
**Graph 47: Index of annual import values for PC19 by financial year**



Source: Trade data – UK Trade Info

Note: The vertical line indicates the approximate imposition of the provisional EU safeguard measure in July 2018

**Graph 48: Index of annual average import prices for PC19 by financial year**



Source: Trade data – UK Trade Info

Note: The vertical line indicates the approximate imposition of the provisional EU safeguard measure in July 2018

370. These graphs show, that for PC19, volumes of imports increased significantly after the initial introduction of the safeguard measure in July 2018, up to 2020 (Pol year 3) decreasing back to levels seen before the introduction of the safeguard measure in financial years 2021/22 (Pol





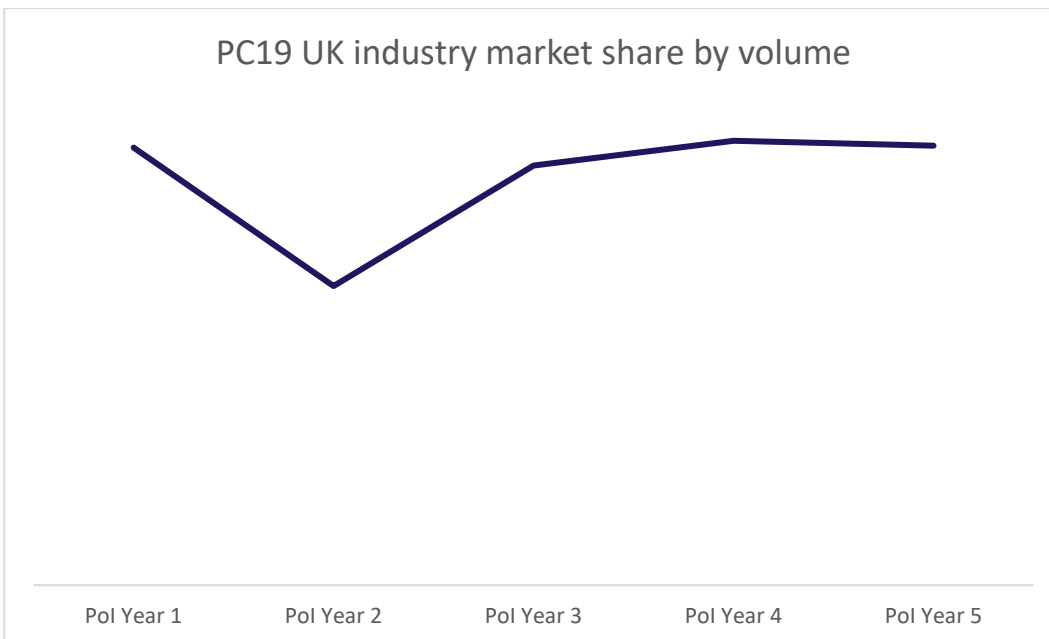
year 4) and 2022/23 (Pol year 5). Financial years 2019/20 (Pol year 2) and 2020/21 (Pol year 3) had the highest import volumes of PC19 since 2013. Import values followed a similar trend, but the reduction of total value in 2021/22 (Pol year 4) was followed by an increase into 2022/23 (Pol year 5). Import prices have increased from the introduction of the measure to 2020/21 (Pol year 3), before reducing into 2021/22 (Pol year 4) and then increasing towards the end of the Pol into 2022/23 (Pol year 5), where they are at the highest since 2013.

371. We treated this import data with caution, as there are relatively low volumes of PC19 goods imported into the UK annually. This means that individual purchases, either for large projects or for stockists, are likely to have had a distorting effect on trade figures, and it may be that it was only one or two purchases that lead to the significant spikes in the import data in 2019/20 and 2020/21.

### E13.1 Whether the importation of the goods subject to review in increased quantities is likely to recur

372. The average import price for PC19 goods imported into the UK in Pol year 5 is £1,310 GBP per tonne.<sup>194</sup> This is slightly higher than the average sales price of PC19 goods sold into the UK by British Steel in Pol year 5. Demand for PC19 goods is currently met both by domestic production and by imports.

**Graph 49: UK industry market share by volume for PC19 by Pol year**



Source: Trade data – UK Trade Info and UK producer’s confidential questionnaire responses

373. Graph 49 shows that the UK industry market share decreased immediately after the imposition of the safeguard measure at year 1 of the Pol, before returning in Pol years 4 and 5. Despite this reduction, UK industry market share in Pol year 5 remains similar to what it was when the

<sup>194</sup> [Trade data - UK Trade Info](#)



safeguard measure was introduced. Whilst we have noted that the increase in imports in PoI years 2 and 3 may be down to only one or two large transactions (see paragraph 364), the fact that UK industry have lost market share whilst the measure has been in place increases the likelihood that imports would gain additional market share, were the measure to no longer apply. Indeed, the spike in imports in PoI year 2 appears to have led to a loss of market share for the domestic producer over the same period, demonstrating the domestic producer's vulnerability to serious injury, even in relation to individual projects.

374. British Steel, the UK producer for PC19 goods, have submitted in its questionnaire response:

*"If the safeguard measure were to be removed, we would anticipate an increase in imports, in particular of railway materials, where the returns are more attractive than other products. If the UK safeguard measure were removed but EU TRQs remain in place, the options for British Steel's sales are limited, whereas the UK would be a "dumping ground" for EU producers."*<sup>195</sup>

375. ISTA, the steel importer trade association, stated in its questionnaire response that:

*"If allowed to expire, market demand is so low that the likelihood of increased imports is relatively small [...] UK price levels and demand are not attractive to imports so we see little likelihood of trade diversion."*<sup>196</sup>

376. We have not determined that the likelihood of increased imports is "relatively small". The significant spike in import volumes in PoI years 2 and 3 demonstrates that UK price levels and demand can be attractive to importers, even whilst the safeguard measure is in place. As referred to in the general points at E1.2, we have assessed that there is a likelihood of trade diversion, which is relevant to PC19, as the barriers to imports in third countries are applicable to PC19 products. Additionally, at E1.1, we have determined that there is global overcapacity for steel manufacturing. These factors would be likely to push global producers to increase exports to the UK, as they would be able to sell competitively with domestically produced PC19, were their products not subject to the safeguard duties.

377. We have therefore concluded that, on the balance of probabilities, were the measure to no longer apply, the importation of PC19 products in increased quantities is likely to recur.

### **E13.2 Whether serious injury has been removed or reduced, in whole or in part due to the application of the definitive safeguarding remedy**

378. As set out in Graph 46, imports of PC19 have not significantly reduced since the introduction of the safeguard measure. Graph 49 shows that the market share of domestic industry initially decreased upon the introduction of the measure, before returning to what it was when the measure was introduced. We have further assessed, as a general factor, employment, capacity utilisation and profit margins (see above E1.5). The trends for PC19 are that employment has increased, capacity utilisation has reduced and profit margins have reduced,

<sup>195</sup> [TRA Investigations - Trade Remedies Service - GOV.UK \(trade-remedies.service.gov.uk\)](https://www.trade-remedies.service.gov.uk), British Steel questionnaire response, page 34

<sup>196</sup> [TRA Investigations - Trade Remedies Service - GOV.UK \(trade-remedies.service.gov.uk\)](https://www.trade-remedies.service.gov.uk), ISTA questionnaire response, page 7



showing that some serious injury has reduced, and some serious injury continues to be suffered by British Steel.

379. The safeguard reconsideration review determined that serious injury had been suffered by UK industry in terms of profits, as the domestic industry had been struggling to maintain positive profit figures generally.<sup>197</sup> Despite the fluctuations in the data, the introduction of the safeguard measure is likely to have reduced serious injury when compared to what it would be were the safeguard measure not in place.
380. We have therefore established that, on the balance of probabilities, at least some serious injury has been reduced by the application of the definitive safeguard measure to PC19 products.

### **E13.3 Whether the circumstances of UK producers, or domestic or overseas market conditions, are such that the serious injury caused by the importation of the goods subject to review in increased quantities is likely to recur**

381. As stated at E.13, the UK producer for this PC is British Steel. This domestic producer has suffered, and are suffering, serious injury during the Pol – it has lost market share in Pol year 2 (see Graph 49), and capacity utilisation and profitability has reduced over the Pol. British Steel has also experienced significant financial difficulties<sup>198</sup> during the Pol, which indicates that it remains vulnerable to serious injury.

**Table 17: British Steel PC19 injury data**

| Index Year 1 = 100                   | Pol    |        |        |        |        |
|--------------------------------------|--------|--------|--------|--------|--------|
|                                      | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
| Sales volume                         | 100    | 91     | 87     | 79     | 78     |
| Cost to make and sell per unit       | 100    | 110    | 100    | 136    | 172    |
| Average price for UK sales           | 100    | 107    | 107    | 123    | 155    |
| Average price for export sales       | 100    | 95     | 97     | 156    | 216    |
| Average price for total sales        | 100    | 106    | 114    | 134    | 171    |
| Capacity utilisation (non-indexed %) | 80     | 70     | 90     | 80     | 70     |

Sources: questionnaire annex on the SE0041 public file

<sup>197</sup> [TRA Investigations - Trade Remedies Service - GOV.UK \(trade-remedies.service.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/100000/TRA-Investigations-Trade-Remedies-Service-2019-2020-Report-Findings.pdf), TF0006 Reconsideration call in report of findings, paragraph 354

<sup>198</sup> [BRITISH STEEL LIMITED filing history - Find and update company information - GOV.UK \(company-information.service.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/100000/BRITISH-STEEL-LIMITED-filing-history-2019-2020-Report-Findings.pdf)  
Full accounts made up to 31 December 2021 - British Steel's auditors expressed material uncertainty relating to a going concern in their most recent audited accounts, as the company needs further funding from its ultimate parent company and there are no legally binding agreements in place and no guarantee that the funds will be available in the timescale required.



382. The injury data submitted by British Steel shows that sales volumes have fallen over the Pol. Costs to sell have increased, as have average sales prices. UK average sales prices have grown at a more constant rate, whereas export sales prices did not increase in Pol years 2 or 3, before increasing at a much faster rate than domestic prices in Pol years 4 and 5. Capacity utilisation has fluctuated.
383. Overseas market conditions generally have been set out above, at E1.1 and E1.2. As discussed at paragraph 369, these conditions do apply to the global market for PC19 goods. Import prices and the prices of domestically sold goods follow similar trends over the Pol, demonstrating that they are both subject to similar market forces.
384. To conclude, whilst serious injury has reduced to UK industry in relation to PC19 (see E13.2), UK industry remains vulnerable to serious injury. This is because of the individual circumstances of the UK producers (see paragraph 374, above), and because of global market conditions relating to overcapacity, trade diversion, and the ability for imports to directly compete with domestic goods even whilst subject to a safeguard measure. Additionally, we have established at E13.1, that the importation of PC19 goods in increased quantities is likely to recur. We have therefore determined that, on the balance of probabilities, the circumstances of UK producers, or domestic or overseas market conditions, are such that the serious injury caused by the importation of the goods subject to review in increased quantities is likely to recur.

#### **E13.4 Whether it is likely that serious injury will recur if the application of the definitive safeguarding remedy is not extended**

385. We established at E13.1 that it is likely that the importation of PC19 goods in increased quantities is likely to recur. Additionally, we have established at point E13.3 (above) that serious injury is likely to be caused by the importation of the PC19 goods subject to review in increased quantities. We have therefore determined that, on the balance of probabilities, in relation to PC19, it is likely that serious injury will recur if the application of the definitive safeguarding remedy is not extended.

#### **E13.5 UK industry adjustment**

386. At E1.6, we determined that UK industry have been, and are, adjusting. This conclusion applies to the UK industry for like goods, including producers of PC19 goods.

#### **E13.6 Any other relevant factors**

387. We have not identified any other factors relevant to the PC19 assessments.

#### **E13.7 Conclusion**

388. We have determined that, on the balance of probabilities, the importation of PC19 goods subject to review in increased quantities is likely to recur, serious injury has been removed or reduced, in whole or in part due to the application of the definitive safeguarding remedy; it is likely that serious injury will recur if the application of the definitive safeguarding remedy is not extended; the circumstances of UK producers, or domestic or overseas market conditions, are



such that the serious injury caused by the importation of the goods subject to review in increased quantities is likely to recur and adjustments are being made by UK producers.

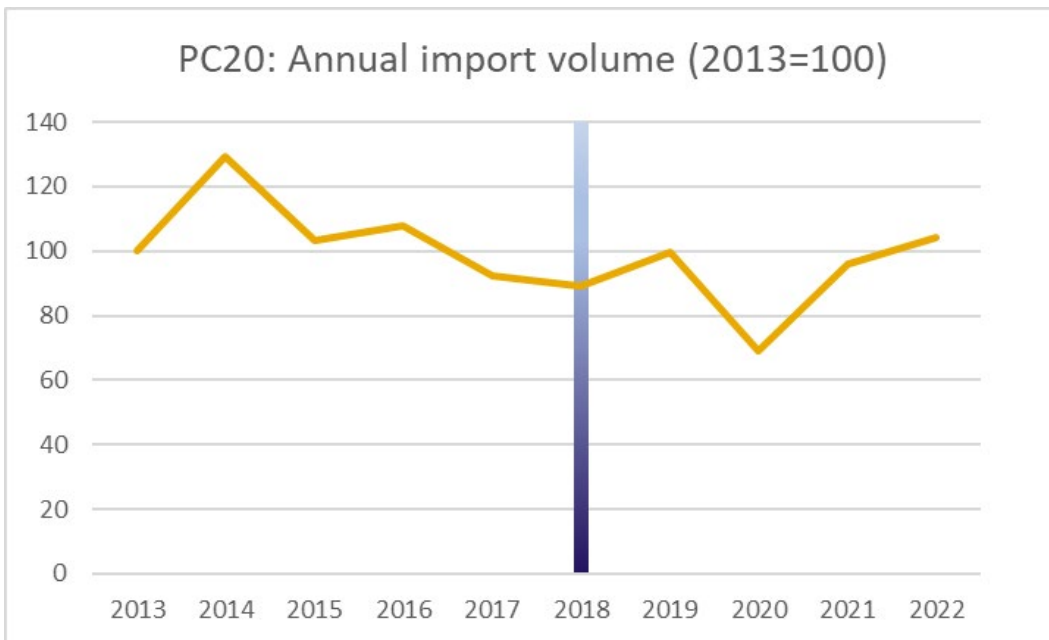
389. We are therefore recommending that safeguard measure for PC19 be extended for an additional two years (see [Section F](#) for the EIT assessment, which is met for this PC).



## E14: PC20 assessment: Gas pipe

390. As recorded in the non-confidential questionnaire responses on the public file, one domestic producer of PC20 registered for this extension review, TSUK.<sup>199</sup> No exporters of PC20 registered to the extension review. Imports in this PC have developed over the PoI as follows:

**Graph 50: Index of annual import volumes for PC20 by financial year**



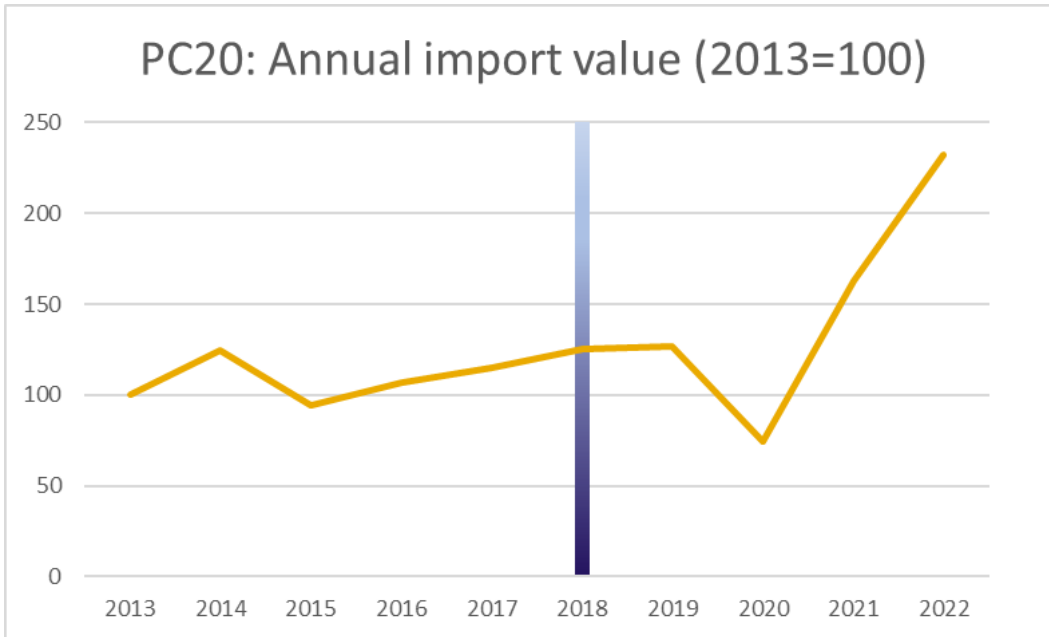
Source: Trade data – UK Trade Info

Note: The vertical line indicates the approximate imposition of the provisional EU safeguard measure in July 2018

<sup>199</sup> [Tube | Tata Steel in Europe \(tatasteel.com\)](https://www.tatasteel.com/en/Products/Tube)



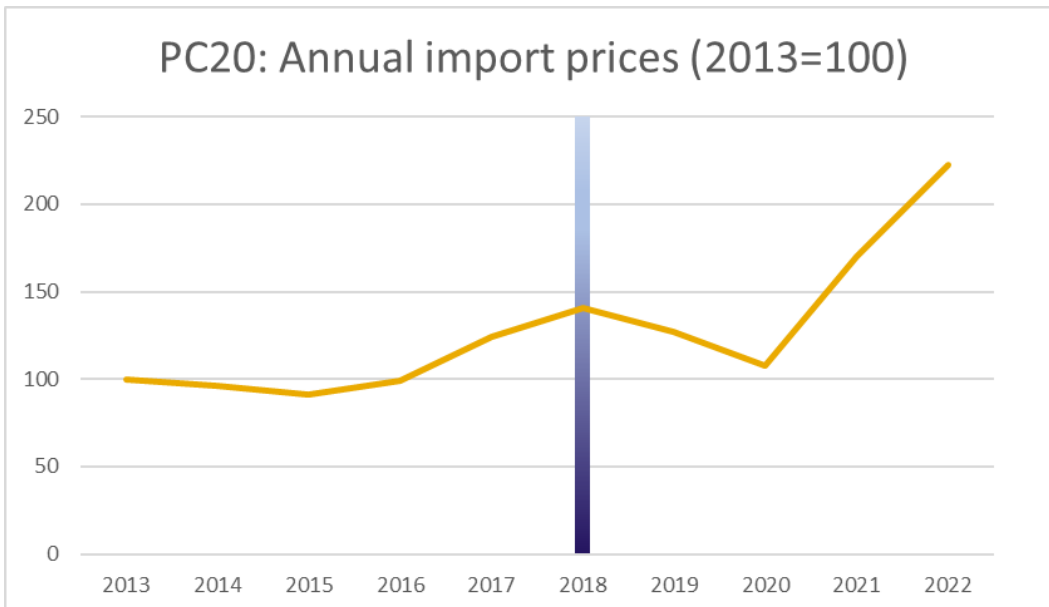
**Graph 51: Index of annual import values for PC20 by financial year**



Source: Trade data – UK Trade Info

Note: The vertical line indicates the approximate imposition of the provisional EU safeguard measure in July 2018

**Graph 52: Index of annual average import prices for PC20 by financial year**



Source: Trade data – UK Trade Info

Note: The vertical line indicates the approximate imposition of the provisional EU safeguard measure in July 2018

391. These graphs show, that for PC20, volumes of imports increased after the initial introduction of the safeguard measure in July 2018, before decreasing into financial year 2020/21 (Pol year 3), before increasing again into financial years 2021/22 (Pol year 4) and 2022/23 (Pol year 5).





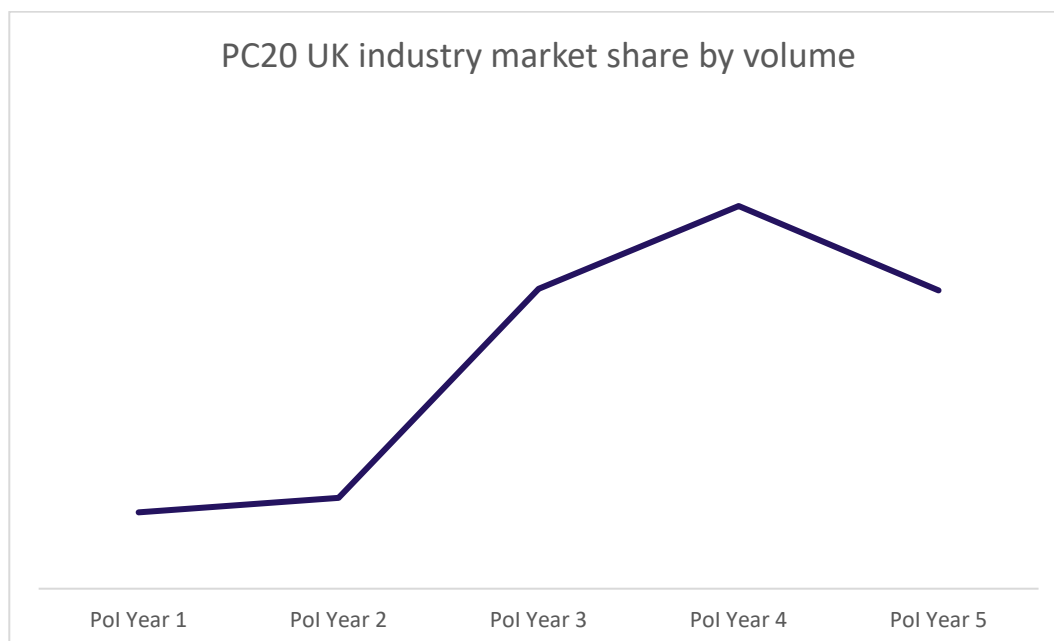
Overall volumes in the five years since the introduction of the safeguard measure are less than the volumes imported in the five years prior to the measure. Import values decreased in 2020/21 (Pol year 3), before significantly increasing in 2021/22 (Pol year 4) and again increasing into 2022/23 (Pol year 5). Import prices reduced have increased from the introduction of the measure to 2020/21 (Pol year 3), before increasing into 2021/22 (Pol year 4) and then increasing again into 2022/23 (Pol year 5), where they are at the highest since 2013.

### E14.1 Whether the importation of the goods subject to review in increased quantities is likely to recur

392. TSUK is the sole registered domestic producer of PC20 that participated in this review.

393. The average import price for PC20 goods imported into the UK in Pol year 5 is £1,240 GBP per tonne.<sup>200</sup> This is slightly higher than the average sales price of PC20 goods sold into the UK by TSUK in Pol year 5. Demand for PC20 goods is currently met both by domestic production and by imports.

**Graph 53: UK industry market share by volume for PC20 by Pol year**



Source: Trade data – UK Trade Info and UK producer's confidential questionnaire responses

394. Graph 53 shows that the UK industry market share has increased significantly since the introduction of the safeguard measure but began reducing towards the end of the Pol. That imported goods have been able to gain market share in Pol year 5 whilst subject to a safeguard measure increases the likelihood that the importation of the goods subject to review in increase quantities would be likely to recur were the measure to no longer apply. Despite this loss of market share in Pol year 5, UK market share at the end of the Pol is still far higher than it was when the safeguard measure was introduced.

<sup>200</sup> [Trade data - UK Trade Info](#)



395. As referred to in the general points at E1.1, there is global overcapacity for steel manufacturing. Additionally, at E1.2, we have assessed that there is a likelihood of trade diversion, which is further relevant to PC20, the barriers to imports in third countries are applicable to PC20 products. These factors would be likely to push global producers to increase exports to the UK, as they would be able to sell competitively with domestically produced PC20, were their products not subject to the safeguard duties.

396. We have therefore concluded that, on the balance of probabilities, were the measure to no longer apply, the importation of PC20 products in increased quantities is likely to recur.

### **E14.2 Whether serious injury has been removed or reduced, in whole or in part due to the application of the definitive safeguarding remedy**

397. As set out in Graph 50, whilst imports of PC20 did slightly increase immediately after the introduction of the measure, overall imports across the whole of the 5-year Pol are lower than in the 5 years prior to the Pol. Graph 53 shows that the market share of domestic industry has generally increased since the introduction of the safeguard measure, despite the drop of domestic market share in Pol year 5. We have further assessed, as a general factor, employment, capacity utilisation and profit margins (see above E1.5). The trends for PC20 are that employment has increased, capacity utilisation has reduced and profit margins have fluctuated, showing that some serious injury has reduced, and some serious injury continues to be suffered by TSUK.

398. The safeguard reconsideration review determined that serious injury had been suffered by UK industry in terms of profits, as the domestic industry had been struggling to maintain positive profit figures generally.<sup>201</sup> Despite the fluctuations in the data, the introduction of the safeguard measure is likely to have reduced serious injury when compared to what it would be were the safeguard measure not in place.

399. We have therefore established that, on the balance of probabilities, at least some serious injury has been reduced by the application of the definitive safeguard measure to PC20 products.

### **E14.3 Whether the circumstances of UK producers, or domestic or overseas market conditions, are such that the serious injury caused by the importation of the goods subject to review in increased quantities is likely to recur**

400. As stated at E.14, the only UK producer for this PC is TSUK. TSUK has suffered, and are suffering, serious injury during the Pol – it has lost market share (see Graph 53), and capacity utilisation has reduced over the Pol. TSUK has been loss making for every year<sup>202</sup> of the Pol aside from Pol year 4 where it recorded its first profit for 13 years.<sup>203</sup>

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<sup>201</sup> [TRA Investigations - Trade Remedies Service - GOV.UK \(trade-remedies.service.gov.uk\)](#), TF0006 Reconsideration call in report of findings, paragraph 354

<sup>202</sup> [TATA STEEL UK LIMITED filing history - Find and update company information - GOV.UK \(company-information.service.gov.uk\)](#)

<sup>203</sup> [Port Talbot steelworks owner makes first pre-tax profit in 13 years | Tata | The Guardian](#)



**Table 18: TSUK PC20 injury data**

| Index Year 1 = 100         | Pol    |        |        |        |        |
|----------------------------|--------|--------|--------|--------|--------|
|                            | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
| Total sales value          | 100    | 233    | 357    | 766    | 778    |
| UK sales value             | 100    | 109    | 259    | 762    | 635    |
| Third country sales value  | 100    | 422    | 507    | 772    | 996    |
| Total sales volume         | 100    | 250    | 395    | 563    | 527    |
| UK sales volume            | 100    | 133    | 312    | 561    | 469    |
| Third country sales volume | 100    | 432    | 524    | 566    | 619    |

Sources: questionnaire annex on the SE0041 public file

401. The submission made by TSUK shows that total sales values have significantly increased over the Pol, with export sales values increasing at a faster rate than domestic sales values. Sales volumes are similar, in that both domestic and export sales volumes have significantly increased, with export sales volumes growing at a faster rate than domestic.

402. TSUK have claimed in its questionnaire response:

*“If the safeguard measure [sic] is allowed to expire: TSUK would certainly experience a sharp but long-lasting decline in new forward sales contracts as a number of TSUK’s customers would be incentivised to switch to cheap imports from third countries. Moreover, it may also have a significant negative impact on the existing forward sales contracts as in many cases, the volume under the contract is not fixed and the customer can deviate from it. In addition, even the volume is indeed fixed, it is extremely difficult, if not impossible, to enforce it if the customer prefers to switch to an alternative, cheaper supplier and refuses to purchase the contractually agreed volume.”<sup>204</sup>*

403. Overseas market conditions generally have been set out above, at E1.1 and E1.2. As discussed at paragraph 388, these conditions do apply to the global market for PC20 goods. Import prices and the prices of domestically sold goods follow similar trends over the Pol, demonstrating that they are both subject to similar market forces.

404. To conclude, whilst serious injury has reduced to UK industry in relation to PC20 (see E14.2), UK industry remains vulnerable to serious injury. This is because of the individual circumstances of the UK producers (see paragraph 393), and because of global market conditions relating to overcapacity, trade diversion, and the ability for imports to directly compete with domestic goods even whilst subject to a safeguard measure. Additionally, we have established at E14.1, that the importation of PC20 goods in increased quantities is likely to recur. We have therefore determined that, on the balance of probabilities, the circumstances of UK producers, or domestic or overseas market conditions, are such that the serious injury caused by the importation of the goods subject to review in increased quantities is likely to recur.

<sup>204</sup> [TRA Investigations - Trade Remedies Service - GOV.UK \(trade-remedies.service.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/614442/TRA_Investigations_-_Trade_Remedies_Service_-_GOV.UK_(trade-remedies.service.gov.uk)), TSUK questionnaire response, page 29



#### **E14.4 Whether it is likely that serious injury will recur if the application of the definitive safeguarding remedy is not extended**

405. We established at E14.1 that it is likely that the importation of PC20 goods in increased quantities is likely to recur. Additionally, we have established at point E14.3 (above) that serious injury is likely to be caused by the importation of the PC20 goods subject to review in increased quantities. We have therefore determined that, on the balance of probabilities, in relation to PC20, it is likely that serious injury will recur if the application of the definitive safeguarding remedy is not extended.

#### **E14.5 UK industry adjustment**

406. At E1.6, we determined that UK industry have been, and are, adjusting. This conclusion applies to the UK industry for like goods, including producers of PC20 goods.

#### **E14.6 Any other relevant factors**

407. We have not identified any other factors relevant to the PC20 assessments.

#### **E14.7 Conclusion**

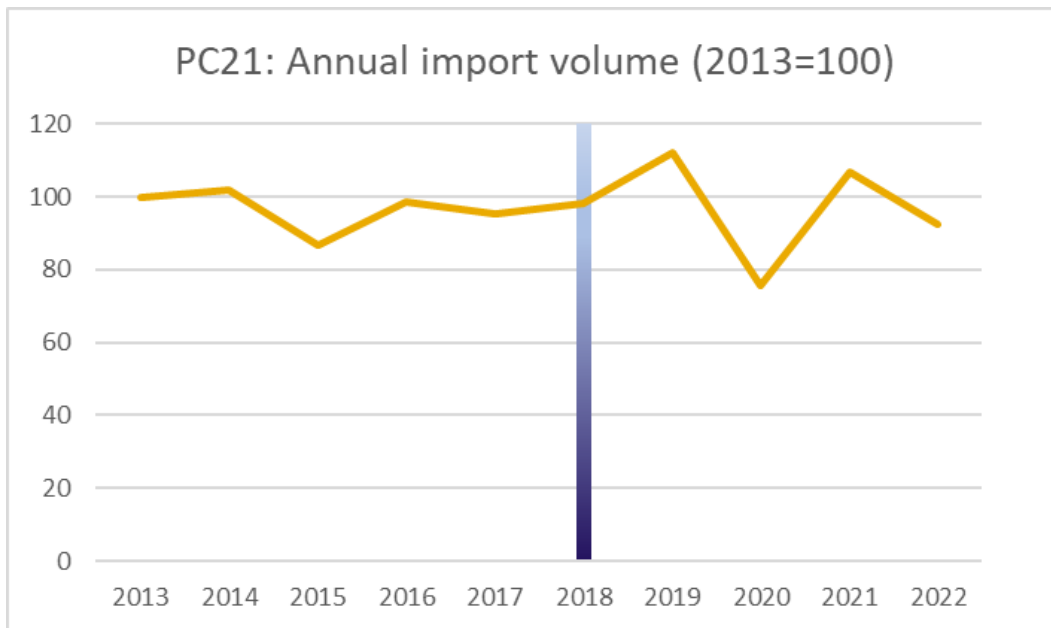
408. We have determined that, on the balance of probabilities, the importation of PC20 goods subject to review in increased quantities is likely to recur, serious injury has been removed or reduced, in whole or in part due to the application of the definitive safeguarding remedy; it is likely that serious injury will recur if the application of the definitive safeguarding remedy is not extended; the circumstances of UK producers, or domestic or overseas market conditions, are such that the serious injury caused by the importation of the goods subject to review in increased quantities is likely to recur and adjustments are being made by UK producers.
409. We are therefore recommending that safeguard measure for PC20 be extended for an additional two years (see [Section F](#) for the EIT assessment, which is met for this PC).



## E15: PC21 assessment: Hollow section

410. As recorded in the non-confidential questionnaire responses on the public file, one domestic producer of PC21 registered for this extension review, TSUK.<sup>205</sup> No exporters of PC21 have registered to this extension review. Imports in this PC have developed over the PoI as follows:

**Graph 54: Index of annual import volumes for PC21 by financial year**



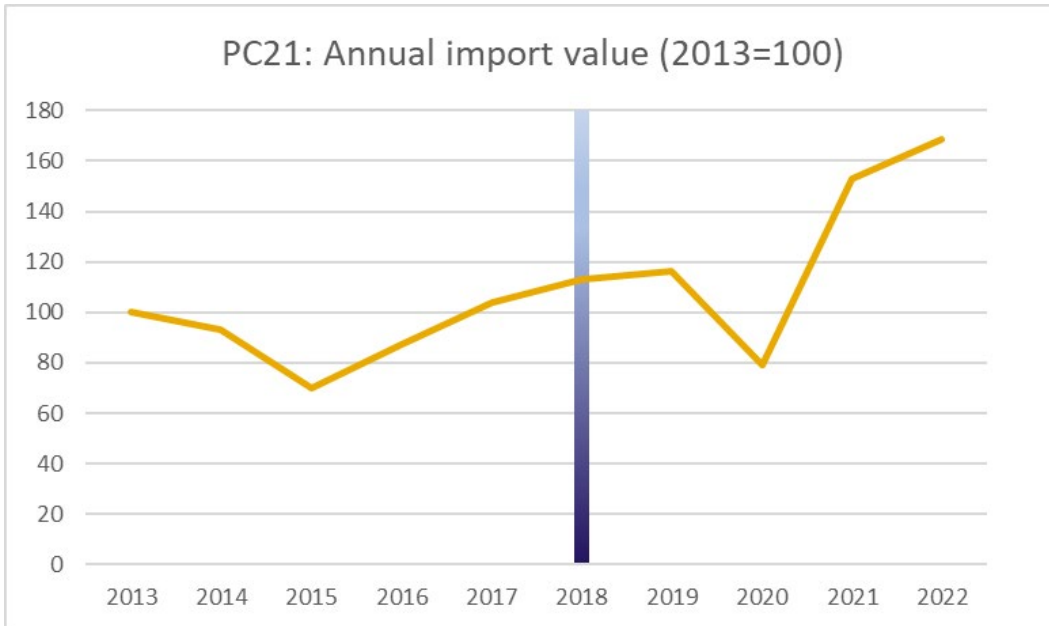
Source: Trade data – UK Trade Info

Note: The vertical line indicates the approximate imposition of the provisional EU safeguard measure in July 2018

<sup>205</sup> <https://www.tatasteeleurope.com/engineering/products/hot-rolled>



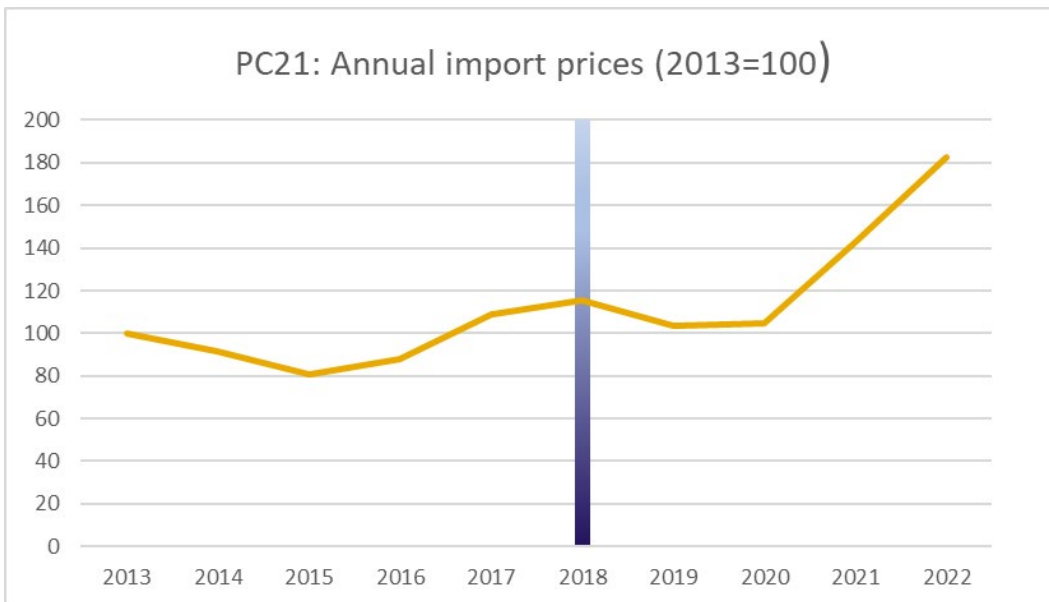
**Graph 55: Index of annual import values for PC21 by financial year**



Source: Trade data – UK Trade Info

Note: The vertical line indicates the approximate imposition of the provisional EU safeguard measure in July 2018

**Graph 56: Index of annual average import prices for PC21 by financial year**



Source: Trade data – UK Trade Info

Note: The vertical line indicates the approximate imposition of the provisional EU safeguard measure in July 2018

411. These graphs show, that for PC21, both the volumes and values of imports initially increased after the introduction of the safeguard measure in July 2018. Both import volumes and values then decreased in 2020 (Pol year 3) before increasing again in 2021 (Pol year 4). Import values continued to increase in 2022 (Pol year 5) although import volumes decreased below

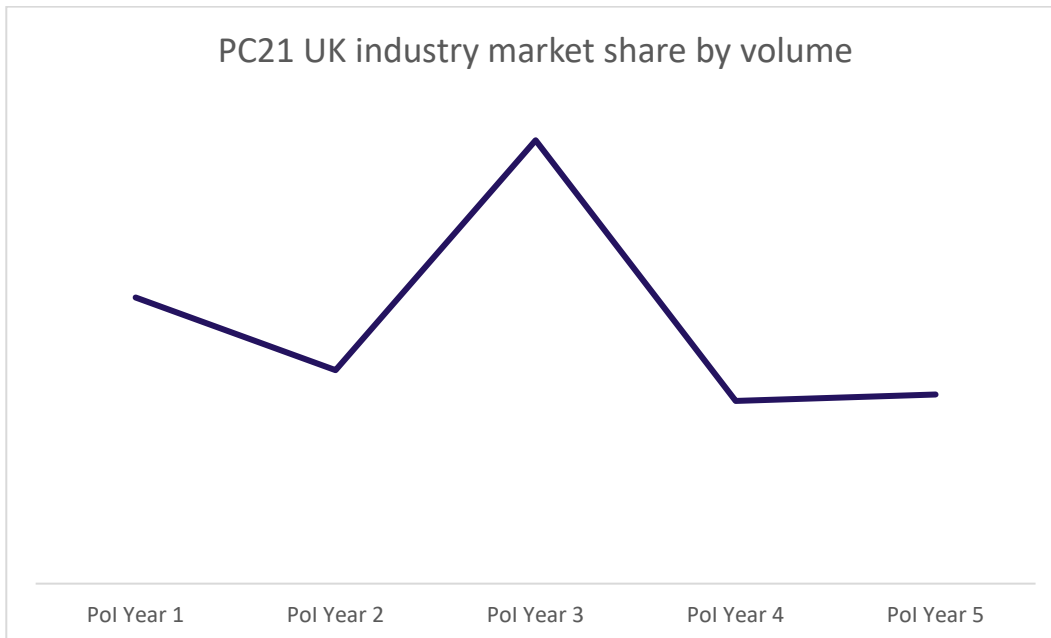


the levels following the introduction of the safeguard measure. Import prices initially decreased after the initial introduction of the safeguard measure in July 2018. The import prices have increased since 2020 (Pol year 3) and as of 2022 (Pol year 5) were at their highest level since 2013.

### E15.1 Whether the importation of the goods subject to review in increased quantities is likely to recur

412. The average import price for PC21 goods imported into the UK in Pol year 5 is £1,076 GBP per tonne.<sup>206</sup> This is close to the average sales price of PC21 goods sold into the UK by domestic producers in Pol year 5. Demand for PC21 goods is currently met both by domestic production and by imports.

**Graph 57: UK industry market share by volume for PC21 by Pol year**



Source: Trade data – UK Trade Info and UK producer’s confidential questionnaire responses

413. Graph 57 illustrates that the UK industry’s market share has marginally decreased over the Pol, and since the imposition of the safeguard measure at year 1 of the Pol. Imported PC21 goods have therefore taken market share from domestically produced PC21 whilst the measure has been in place. This increases the likelihood that imports would further increase, and gain additional market share, were the measure to no longer apply.
414. As referred to in the general points at E1.1, there is global overcapacity for steel manufacturing. This is also true of PC21 products, as they are two manufacturing process away from basic steel inputs, and so their production capacities are closely related to that of basic steel production. Additionally, at E1.2, we have assessed that there is a likelihood of trade diversion, which is further relevant to PC21, as many of the barriers to imports in third

<sup>206</sup> [Trade data - UK Trade Info](#)





countries are applicable to PC21 products. Both factors would be likely to push global producers to increase exports to the UK, as they would be able to sell competitively with domestically produced PC21, were their products not subject to the safeguard duties.

415. We have therefore concluded that, on the balance of probabilities, were the measure to no longer apply, the importation of PC21 products in increased quantities is likely to recur.

## **E15.2 Whether serious injury has been removed or reduced, in whole or in part due to the application of the definitive safeguarding remedy**

416. As set out in Graph 54, imports of PC21 have reduced since the first year of the Pol, which is when the definitive safeguarding remedy was applied. There is no other significant event that affected imports of steel around this time to break the chain of causation – as assessed in the safeguard reconsideration review.<sup>207</sup> It is therefore probable that the reduction in import volume from the first year of the Pol onwards is due to the application of the definitive safeguarding remedy.
417. Graph 57 shows that the market share of domestic industry has decreased since the application of the definitive safeguarding remedy. We have further assessed, as a general factor, that profitability and employee numbers have increased in the same time period (see above E1.5). However, this trend is only consistent in the confidential data for PC21 in respect of profitability.
418. The safeguard reconsideration review determined that serious injury had been suffered by UK industry in terms of profits, as the domestic industry had been struggling to maintain positive profit figures generally.<sup>208</sup> The authenticated data supplied to this extension review by the domestic industry shows that, in the Pol, serious injury in relation to profitability has reduced for PC21.
419. The Pol PC21 import data shows a reduction in import volume since the imposition of the definitive safeguard duty, which is likely to have reduced serious injury. However, the authenticated data supplied to this extension review by the domestic industry shows that, in the Pol, serious injury in relation to employment and capacity utilisation has continued, and in some cases increased, for PC21, since the introduction of the definitive safeguarding remedy. It is likely that this serious injury would have occurred to a greater extent without the application of the definitive safeguarding remedy, which has reduced import volumes and therefore will have reduced the extent of serious injury incurred by UK industry.
420. We have therefore established that, on the balance of probabilities, at least some serious injury has been reduced by the application of the definitive safeguard measure to PC21 products.

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<sup>207</sup> [TRA Investigations - Trade Remedies Service - GOV.UK \(trade-remedies.service.gov.uk\)](#) , TF0006 Reconsideration call in report of findings , paragraph 335

<sup>208</sup> [TRA Investigations - Trade Remedies Service - GOV.UK \(trade-remedies.service.gov.uk\)](#) , TF0006 Reconsideration call in report of findings, paragraph 354



**E15.3 Whether the circumstances of UK producers, or domestic or overseas market conditions, are such that the serious injury caused by the importation of the goods subject to review in increased quantities is likely to recur**

421. As stated at E15 the UK producer for this PC is TSUK. TSUK has been loss making for every year<sup>209</sup> of the Pol aside from Pol year 4 where it recorded its first profit for 13 years.<sup>210</sup>

**Table 19: TSUK PC21 injury data**

| Index Year 1 = 100         | Pol    |        |        |        |        |
|----------------------------|--------|--------|--------|--------|--------|
|                            | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
| Total sales value          | 100    | 90     | 82     | 137    | 145    |
| UK sales value             | 100    | 95     | 88     | 141    | 132    |
| Third country sales value  | 100    | 84     | 75     | 133    | 159    |
| Total sales volume         | 100    | 98     | 90     | 94     | 90     |
| UK sales volume            | 100    | 104    | 96     | 95     | 83     |
| Third country sales volume | 100    | 90     | 83     | 94     | 99     |

Sources : questionnaire annex on the SE0041 public file

422. The information submitted by TSUK indicates that sales values have increased, and sales volumes have decreased, over the Pol. The figures show that these trends are similar on both the domestic and export markets.

423. TSUK have stated, in its questionnaire response:

*“As to the position of UK producers, as noted above, TSUK remains in a fragile economic position which would be aggravated by imports of the goods subject to review in increased quantities. This would be the case as such imports would inevitably impact TSUK’s selling volume and prices, which would in turn have a knock-on effect on a number of other injury indicators, including profitability, ROI, production output, capacity utilisation, etc. TSUK also notes that since the company has announced reconfiguration of the business with a shift towards a more environmentally sustainable model, it will be particularly susceptible to injury in the transition period.”<sup>211</sup>*

424. ISTA submitted in its own questionnaire response similar comments relating to the development of UK industry:

*“We would comment that our two largest steel producers must modernise in order to be competitive and to confirm with future carbon emission controls [...] If extended, the only*

<sup>209</sup> [TATA STEEL UK LIMITED filing history - Find and update company information - GOV.UK \(company-information.service.gov.uk\)](https://www.gov.uk/company-information.service.gov.uk/filing-history)

<sup>210</sup> [Port Talbot steelworks owner makes first pre-tax profit in 13 years | Tata | The Guardian](https://www.theguardian.com/business/2018/feb/22/port-talbot-steelworks-owner-makes-first-pre-tax-profit-in-13-years)

<sup>211</sup> [TRA Investigations - Trade Remedies Service - GOV.UK \(trade-remedies.service.gov.uk\)](https://www.gov.uk/trade-remedies.service.gov.uk) , TSUK questionnaire response, pages 39/40



*serious injury to out two main producers would be caused by the need to modernise plant in order to be competitive. If allowed to expire, UK producers will struggle due to being uncompetitive in their cost structure [...] Lack of modernisation in some producers puts them at a disadvantage to some overseas producers, which are more modern and have a better cost structure [...] They need not suffer if they improve their cost structures.”<sup>212</sup>*

425. We have assessed that UK industry are adjusting (see section E1.6). Both the TSUK and the ISTA submission state that UK producers will struggle and be susceptible to serious injury caused by imports of the goods subject to review in increased quantities. This suggests that UK producers have not yet completed their adjustment plans, and it increases the likelihood that the circumstances of the UK producers are such that serious injury caused by the importation of the goods subject to review in increased quantities is likely to recur.
426. Overseas market conditions generally have been set out above, at E1.1 and E1.2. As discussed at paragraph 407, these conditions do apply to the global market for PC21 goods. Additionally, the import and the domestic sales prices have followed the same trends throughout the Pol, indicating that they are both subject to similar market forces. The prices themselves are sufficiently close, so that even with the safeguard measure in place, imports have been able to gain market share, at times, from UK industry).
427. To conclude, whilst some serious injury factors have reduced in relation to PC21 (see E15.2), UK industry remains vulnerable to serious injury. This is because of the individual circumstances of the UK producers (see paragraph 414), and because of global market conditions relating to overcapacity, trade diversion, and the ability for imports to directly compete with domestic goods even whilst subject to a safeguard measure. Additionally, we have established at E15.1, that the importation of PC21 goods in increased quantities is likely to recur. We have therefore determined that, on the balance of probabilities, the circumstances of UK producers, or domestic or overseas market conditions, are such that the serious injury caused by the importation of the goods subject to review in increased quantities is likely to recur.

#### **E15.4 Whether it is likely that serious injury will recur if the application of the definitive safeguarding remedy is not extended**

428. We established at E15.1 that it is likely that the importation of PC21 goods in increased quantities is likely to recur. Additionally, we have established at point E15.3 (above) that serious injury is likely to be caused by the importation of the PC21 goods subject to review in increased quantities. We have therefore determined that, on the balance of probabilities, in relation to PC21, it is likely that serious injury will recur if the application of the definitive safeguarding remedy is not extended.

<sup>212</sup> [TRA Investigations - Trade Remedies Service - GOV.UK \(trade-remedies.service.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/614442/TRA-Investigations-Trade-Remedies-Service-GOV.UK-trade-remedies.service.gov.uk), ISTA questionnaire response, page 12



### **E15.5 Whether any adjustments have been, are being or will be made by UK producers**

429. At E1.6, we determined that UK industry have been, and are, adjusting. This conclusion applies to all of the UK industry for like goods, including producers of PC21 goods.

### **E15.6 Any other relevant factors**

430. We have not identified any other factors relevant to the PC21 assessments.

### **E15.7 Conclusion**

431. We have determined that, on the balance of probabilities, the importation of PC21 goods subject to review in increased quantities is likely to recur, serious injury has been removed or reduced, in whole or in part due to the application of the definitive safeguarding remedy; it is likely that serious injury will recur if the application of the definitive safeguarding remedy is not extended; the circumstances of UK producers, or domestic or overseas market conditions, are such that the serious injury caused by the importation of the goods subject to review in increased quantities is likely to recur and adjustments are being made by UK producers.

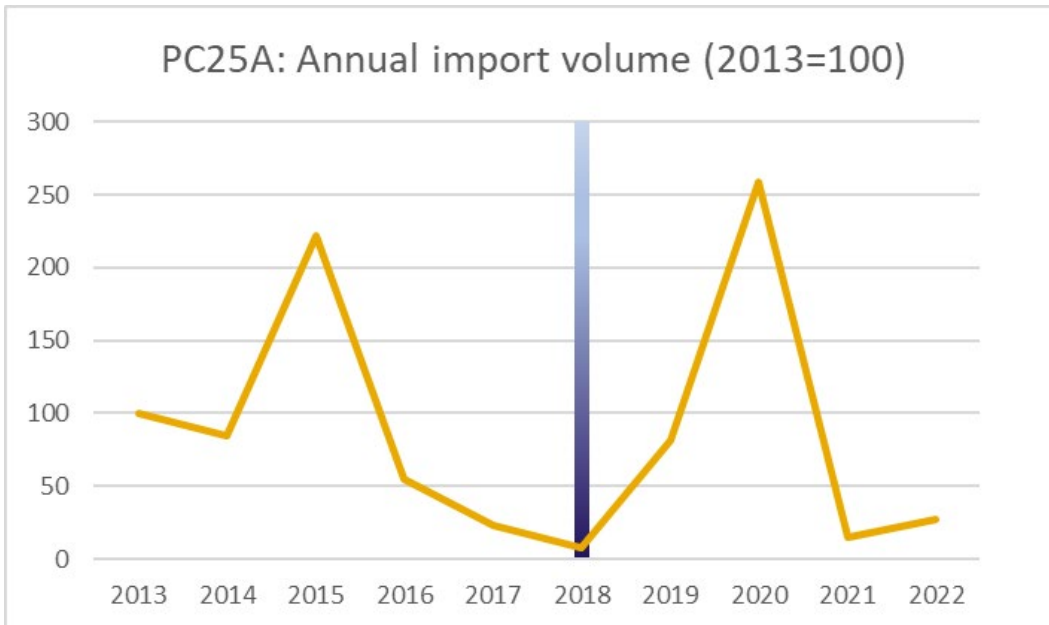
432. We are therefore recommending that safeguard measure for PC21 be extended for an additional two years (see [Section F](#) for the EIT assessment, which is met for this PC).



## E16: PC25A assessment: Large welded tube (1)

433. As recorded in the non-confidential questionnaire responses on the public file, two domestic producers of PC25A registered for this extension review, TSUK<sup>213</sup> and Liberty Steel.<sup>214</sup> No exporters of PC25A have registered to this extension review. Imports in this PC have developed over the Pol as follows:

**Graph 58: Index of annual import volumes for PC25A by financial year**



Source: Trade data – UK Trade Info

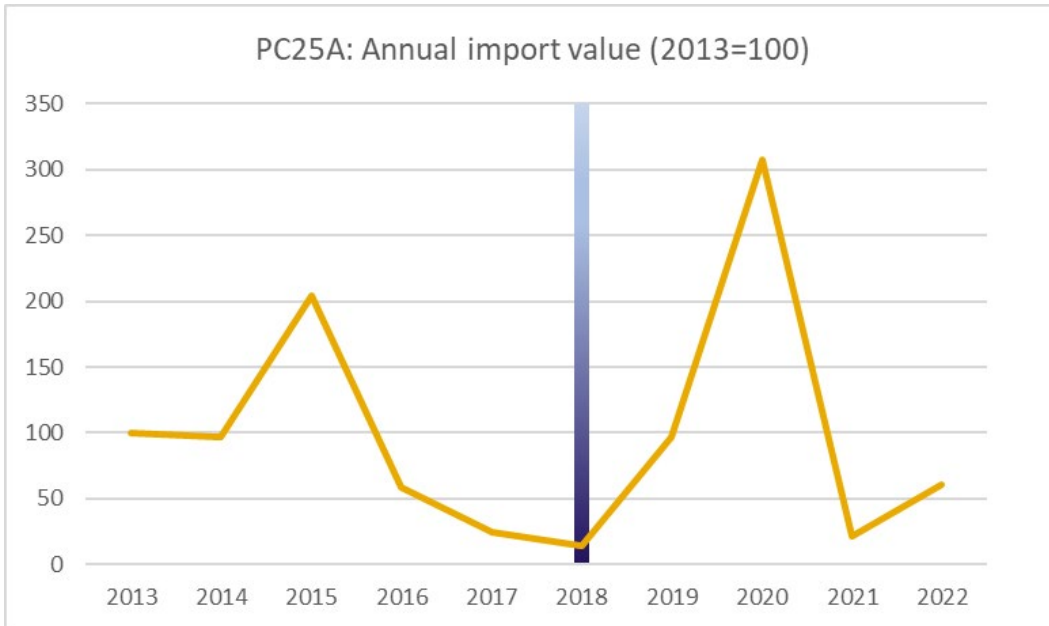
Note: The vertical line indicates the approximate imposition of the provisional EU safeguard measure in July 2018

<sup>213</sup> [Precision and specialist tubes | Tata Steel in Europe \(tatasteelgroup.com\)](https://www.tatasteelgroup.com/en/precision-and-specialist-tubes)

<sup>214</sup> [Line Pipe - LIBERTY Steel UK \(libertysteelgroup.com\)](https://www.libertysteelgroup.com/)



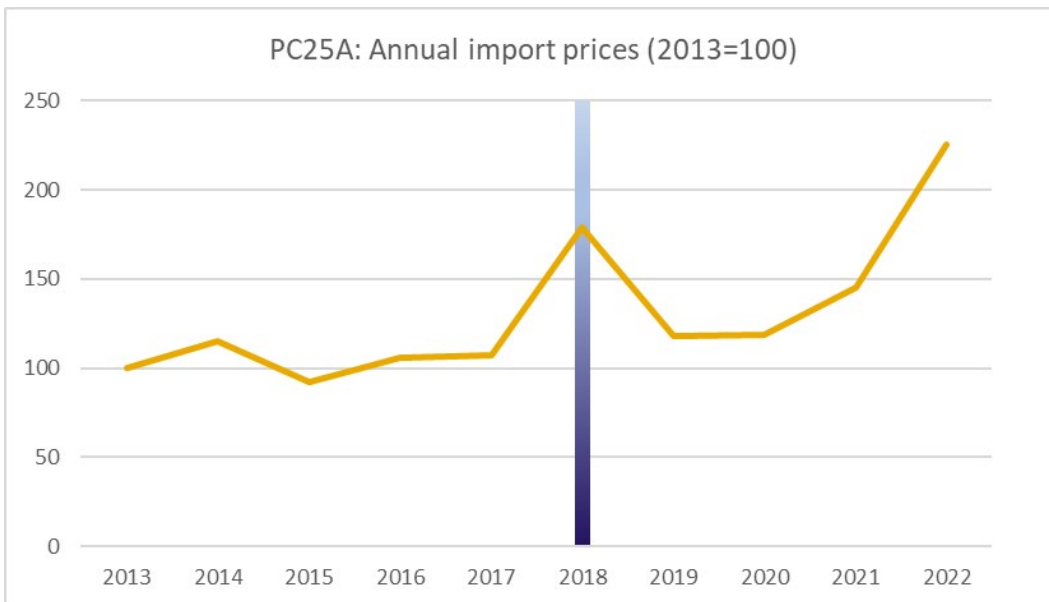
**Graph 59: Index of annual import values for PC25A by financial year**



Source: Trade data – UK Trade Info

Note: The vertical line indicates the approximate imposition of the provisional EU safeguard measure in July 2018

**Graph 60: Index of annual average import prices for PC25A by financial year**



Source: Trade data – UK Trade Info

Note: The vertical line indicates the approximate imposition of the provisional EU safeguard measure in July 2018

434. These graphs show, that for PC25A, overall volumes and values of imports increased immediately after the initial introduction of the safeguard measure in July 2018 and into 2020 (Pol year 3). Both import volumes and values significantly decreased during 2021 (Pol year 4)

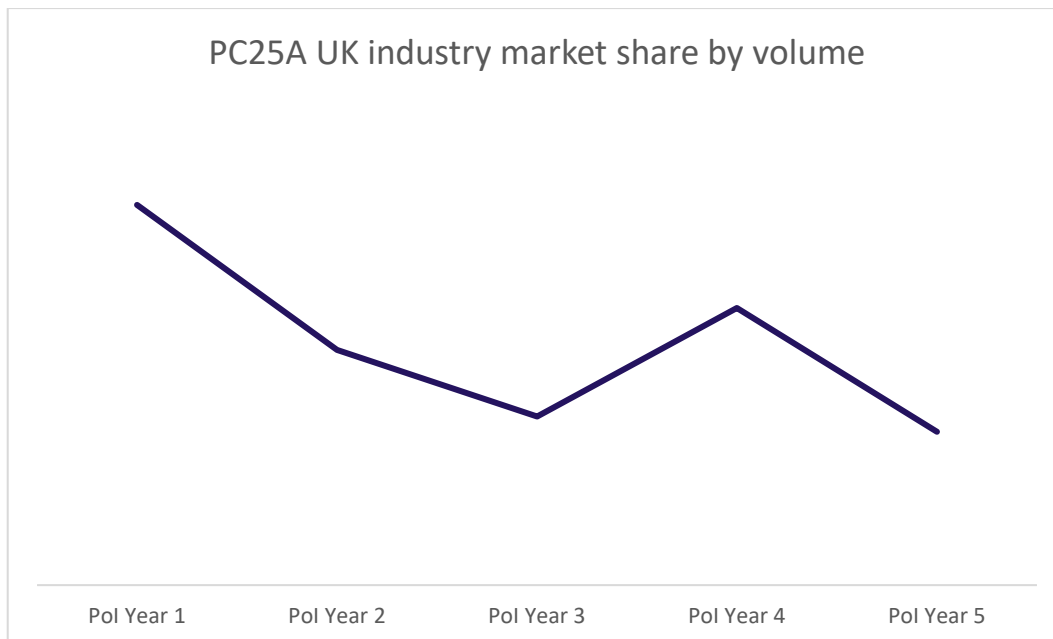


before marginally increasing in 2022 (Pol year 5) to levels above they were when the safeguard measure was initially introduced. Import prices have not followed the same trend, these decreased after initial introduction of the safeguard measure in July 2018 before increasing in 2021 (Pol year 4) and 2022 (Pol year 5). The import prices at the end of the Pol are at their highest level since 2013.

### E16.1 Whether the importation of the goods subject to review in increased quantities is likely to recur

435. The average import price for PC25A goods imported into the UK in Pol year 5 is £1,659 GBP per tonne.<sup>215</sup> This is greater than the average sales price of PC25A goods sold into the UK by domestic producers in Pol year 5.
436. This price differential may go some way to reducing the likelihood of serious injury, as import sales prices are higher than those of UK industry. However, the price differential between the imports and domestically produced PC25A has greatly varied across the Pol. In Pol year 5, although the average domestic sales price was higher, this remained within the level of existing safeguard measure.
437. Demand for PC25A goods is currently met both by domestic production and by imports:

**Graph 61: UK industry market share by volume for PC25A by Pol year**



Source: Trade data – UK Trade Info and UK producer’s confidential questionnaire responses

438. Graph 61 illustrates that the UK industry’s market share has decreased over the Pol, and since the imposition of the safeguard measure at year 1 of the Pol. Imported PC25A goods has therefore taken market share from domestically produced PC25A whilst the measure has been

<sup>215</sup> [Trade data - UK Trade Info](#)





in place. This increases the likelihood that imports would further increase, and gain additional market share, were the measure to no longer apply.

439. As referred to in the general points at E1.1, there is global overcapacity for steel manufacturing. This is also true of PC25A products, as they are two manufacturing process away from basic steel inputs, and so their production capacities are closely related to that of basic steel production. Additionally, at E1.2, we have assessed that there is a likelihood of trade diversion, which is further relevant to PC25A, as many of the barriers to imports in third countries are applicable to PC25A products. Both factors would be likely to push global producers to increase exports to the UK, as they would be able to sell competitively with domestically produced PC25A, were their products not subject to the safeguard duties.
440. We have therefore concluded that, on the balance of probabilities, were the measure to no longer apply, the importation of PC25A products in increased quantities is likely to recur.

## **E16.2 Whether serious injury has been removed or reduced, in whole or in part due to the application of the definitive safeguarding remedy**

441. As set out in Graph 58, imports of PC25A have increased when compared to the first year of the PoI. The import levels have been volatile, moving both up and down, irrespective of the definitive safeguarding remedy being in place.
442. Graph 61 shows that the market share of domestic industry has decreased since the application of the definitive safeguarding remedy. We have further assessed, as a general factor, that profitability and employee numbers have increased in the same time period (see above E1.5). These trends are inconsistent with the confidential data that we have for PC25A in terms of profitability and employee numbers overall. However, capacity utilisation for PC25A has increased over the PoI.
443. The safeguard reconsideration review determined that serious injury had been suffered by UK industry in terms of profits, as the domestic industry had been struggling to maintain positive profit figures generally.<sup>216</sup> The authenticated data supplied to this extension review by the domestic industry shows that, in the PoI, serious injury in relation to capacity utilisation has reduced for PC25A.
444. The PoI PC25A import data does not show a reduction in import volume since the imposition of the definitive safeguard duty. However, we have noted the historical import information indicates there is a particular volatility in the imports of PC25A.<sup>217</sup> The authenticated data supplied to this extension review by the domestic industry shows that, in the PoI, there was an overall increase to serious injury in relation to employment and profitability for PC25A, since the introduction of the definitive safeguarding remedy. It is likely that this serious injury would have occurred to a greater extent without the application of the definitive safeguarding remedy.

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<sup>216</sup> [TRA Investigations - Trade Remedies Service - GOV.UK \(trade-remedies.service.gov.uk\)](#), TF0006 Reconsideration call in report of findings, paragraph 335

<sup>217</sup> [TRA Investigations - Trade Remedies Service - GOV.UK \(trade-remedies.service.gov.uk\)](#), TF0006 Reconsideration call in report of findings, paragraph 196



445. We have therefore established that, on the balance of probabilities, at least some serious injury has been reduced by the application of the definitive safeguard measure to PC25A products.

**E16.3 Whether the circumstances of UK producers, or domestic or overseas market conditions, are such that the serious injury caused by the importation of the goods subject to review in increased quantities is likely to recur**

446. As stated at E16 the UK producers for this PC are TSUK and Liberty Steel. The circumstances of these UK producers are varied. TSUK has been loss making for every year<sup>218</sup> of the Pol aside from Pol year 4 where it recorded its first profit for 13 years.<sup>219</sup>

**Table 20: TSUK PC25A injury data**

| Index Year 1 = 100         | Pol    |        |        |         |         |
|----------------------------|--------|--------|--------|---------|---------|
|                            | Year 1 | Year 2 | Year 3 | Year 4  | Year 5  |
| Total sales value          | 100    | 16     | 8      | 68      | 97      |
| UK sales value             | 100    | 16     | 5      | 26      | 56      |
| Third country sales value  | 100    | 5,229  | 20,723 | 312,299 | 304,466 |
| Total sales volume         | 100    | 14     | 9      | 50      | 52      |
| UK sales volume            | 100    | 14     | 5      | 19      | 29      |
| Third country sales volume | 100    | 4,970  | 25,027 | 220,403 | 162,206 |

Sources: questionnaire annex on the SE0041 public file

447. The data submitted by TSUK shows that, for PC25A, sales volumes and values to the domestic market have significantly reduced, particularly in Pol years 2-4. Third country sales values have significantly increased, particularly in Pol years 3 to 5.

448. TSUK have stated in its questionnaire response:

*“If the measures were revoked, it would have the following impact on TSUK’s production volume, capacity and capacity utilisation:*

- *Revocation of the measures would inevitably lead to a rapid and significant increase in imports of the goods subject to review, most likely undercutting TSUK’s prices;*
- *Such an increase would force TSUK either to drop prices, potentially to uneconomic levels (which is not sustainable in the long-term perspective) or reduce sales volume and, accordingly, production output.*
- *Due to the continuous nature of steel production and the associated costs, in the above scenario, TSUK would prioritise maintaining its production levels even if it meant decreasing the price to uneconomic levels. However, even this approach was adopted, it would*

<sup>218</sup> [TATA STEEL UK LIMITED filing history - Find and update company information - GOV.UK \(company-information.service.gov.uk\)](#)

<sup>219</sup> [Port Talbot steelworks owner makes first pre-tax profit in 13 years | Tata | The Guardian](#)



*immediately contribute to the serious injury caused to TSUK, and would not be sustainable. In addition, it cannot be ruled out that TSUK would immediately lose sales volume and would have to cut production right away.*

- *TSUK would not be in the position to remedy the situation by redirecting sales to other markets as they are either protected by various trade defence measures, or the terms of competition are driven purely by low prices, or both.*
- *As a result, TSUK's production volume would inevitably decline – either imminently, or after a period of unsustainable, uneconomic pricing.*
- *This would lead to lower capacity utilisation, which is extremely unsustainable and detrimental to any integrated steel business, such as TSUK. In fact, decreasing capacity utilisation is one of the main factors that drives opportunistic, aggressive behaviour of steel producers in export markets.*
- *As to production capacity, the nature of the steel business does not allow short-term flexibility to respond to the above-described changes in market conditions. If the decision is taken to lower production by suspending a production line, it would require significant investment and time to reverse such a decision. In addition, it makes it more difficult for the business to recover the share of fixed costs associated with that line. In view of this, TSUK would only decrease its production capacity as a long-term solution which would result in numerous job losses and would be very difficult to reverse.”<sup>220</sup>*

449. Liberty Steel has experienced significant financial difficulties during the PoI, with the organisation reporting its only pre-tax profit in since founding in 2019 and since then have not filed its accounts with Companies House.<sup>221</sup> Liberty Steel's audited accounts have not been filed since 2018/2019 is due to financial issues following Greensill Capital going into administration in March 2021<sup>222</sup> and subsequent investigations and lawsuits by HMRC in 2021 and 2022.<sup>223</sup> Since HMRC dropped its lawsuits against the Liberty Steel Group in March 2022, Liberty Steel UK has undertaken restructuring of its business which includes reducing the output at certain operations to safeguard the core products of the business.<sup>224</sup>

450. MOTIE submitted in its PSQ that:

*“In particular, the growing steel needs based on the UK's environment-friendly policies indicate that currently allocated quota may not be enough to meet the demands of the UK companies. In order to meet the increasing demands from companies who produce steel-using products and environment-friendly products in the UK, such as the solar panel or offshore wind-farms and eco-friendly construction materials, it is necessary to reflect the market condition to the quota (for product category number 5 and 25 in particular) in a way that can absorb imminent increase of related steel product demands in a line with the UK's environment-friendly policies.”<sup>225</sup>*

<sup>220</sup> [TRA Investigations - Trade Remedies Service - GOV.UK \(trade-remedies.service.gov.uk\)](https://www.trade-remedies.service.gov.uk), TSUK questionnaire response, pages 41/42

<sup>221</sup> [LIBERTY STEEL DALZELL LTD filing history - Find and update company information - GOV.UK \(company-information.service.gov.uk\)](https://www.gov.uk/company-information-service)

<sup>222</sup> House of Commons Treasury Committee (2021) [Treasury Committee Report - Lessons from Greensill Capital](https://www.parliament.uk/publications/2021/11/1)

<sup>223</sup> Financial Times (2022) [HMRC drops lawsuits to close Sanjeev Gupta companies over unpaid tax – Financial Times](https://www.ft.com/content/2022-03-15)

<sup>224</sup> PES Media (2023) [Liberty Steel restructures UK business – Production Engineering Solutions](https://www.pesmedia.com/news/liberty-steel-restructures-uk-business)

<sup>225</sup> [TRA Investigations - Trade Remedies Service - GOV.UK \(trade-remedies.service.gov.uk\)](https://www.trade-remedies.service.gov.uk), MOTIE registration of interest, page 7



451. TSUK's submission sets out the serious injury that it would expect to suffer, given its circumstances, were the measure to no longer apply. This is consistent with our understanding of how the UK industry operates (in particular the links between products, referred to in section E1.3), and the wider circumstances of TSUK (see paragraph 439).
452. The MOTIE submission appears to be mainly related to quota allowances, predicting an imminent increase of related steel product demands. We have not received evidence that the UK need for steel is increasing, in fact, ISTA have submitted that UK steel demand has reduced,<sup>226</sup> and Celsa Steel UK have also discussed the "dramatic slowdown in [...] the UK market".<sup>227</sup> This suggests that the future UK demand for steel products is not clear nor imminent, and that MOTIE's submission that there will be an imminent increase of related steel product demands is not certain, nor is it something that UK importers or UK producers are expecting.
453. Overseas market conditions generally have been set out above, at E1.1 and E1.2. As discussed at paragraph 432, these conditions do apply to the global market for PC25A goods. The import and the domestic sales prices for PC25A have diverged since the introduction of the safeguard measure, indicating that the introduction of the safeguard measure may have affected the product mix of imports, which is particularly evident in relation to average pricing for PC25A imports (see Graph 60).
454. To conclude, whilst serious injury has reduced to UK industry in relation to PC25A (see E3.2), UK industry remains vulnerable to serious injury. This is because of the individual circumstances of the UK producers, and because of global market conditions relating to overcapacity, trade diversion, and the ability for imports to directly compete with domestic goods even whilst subject to a safeguard measure. Additionally, we have established at E3.1, that the importation of PC25A goods in increased quantities is likely to recur. We have therefore determined that, on the balance of probabilities, the circumstances of UK producers, or domestic or overseas market conditions, are such that the serious injury caused by the importation of the goods subject to review in increased quantities is likely to recur.

#### **E16.4 Whether it is likely that serious injury will recur if the application of the definitive safeguarding remedy is not extended**

455. We established at E16.1 that it is likely that the importation of PC25A goods in increased quantities is likely to recur. Additionally, we have established at point E16.3 (above) that serious injury is likely to be caused by the importation of the PC25A goods subject to review in increased quantities. We have therefore determined that, on the balance of probabilities, in relation to PC25A, it is likely that serious injury will recur if the application of the definitive safeguarding remedy is not extended.

#### **E16.5 UK industry adjustment**

456. At E1.6, we determined that UK industry have been, and are, adjusting. This conclusion applies to all of the UK industry for like goods, including producers of PC25A goods.

<sup>226</sup> [TRA Investigations - Trade Remedies Service - GOV.UK \(trade-remedies.service.gov.uk\)](https://www.trade-remedies.service.gov.uk), ISTA questionnaire response, page 7

<sup>227</sup> [TRA Investigations - Trade Remedies Service - GOV.UK \(trade-remedies.service.gov.uk\)](https://www.trade-remedies.service.gov.uk), Celsa Steel UK questionnaire response, page 41



### **E16.6 Any other relevant factors**

457. We have not identified any other factors relevant to the PC25A assessments.

### **E16.7 Conclusion**

458. We have determined that, on the balance of probabilities, the importation of PC25A goods subject to review in increased quantities is likely to recur, serious injury has been removed or reduced, in whole or in part due to the application of the definitive safeguarding remedy; it is likely that serious injury will recur if the application of the definitive safeguarding remedy is not extended; the circumstances of UK producers, or domestic or overseas market conditions, are such that the serious injury caused by the importation of the goods subject to review in increased quantities is likely to recur and adjustments are being made by UK producers.

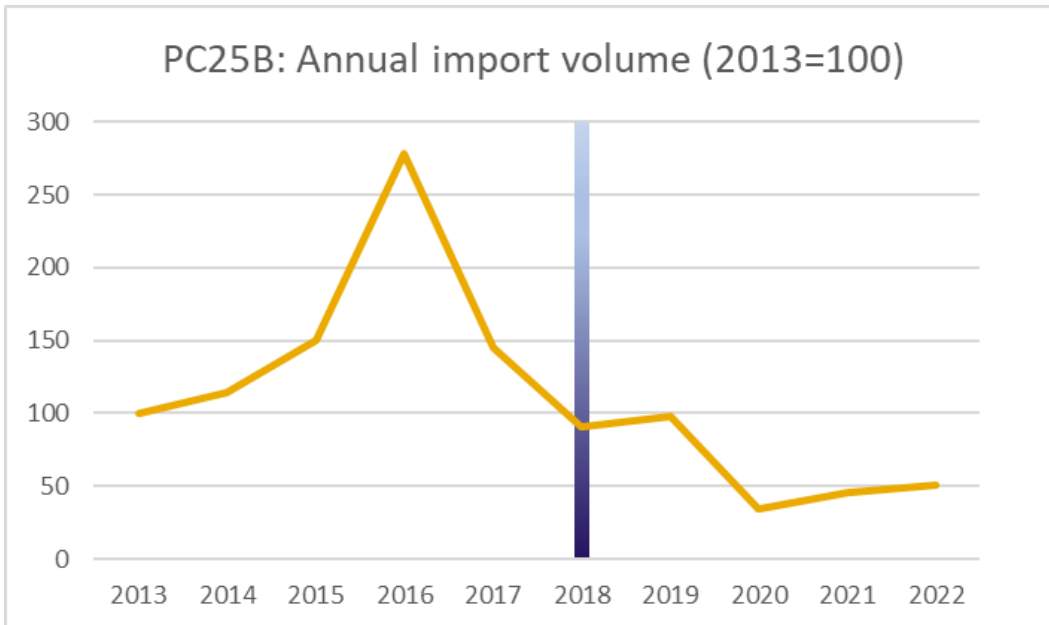
459. We are therefore recommending that safeguard measure for PC25A be extended for an additional two years (see [Section F](#) for the EIT assessment, which is met for this PC).



## E17: PC25B assessment: Large welded tube (2)

460. As recorded in the non-confidential questionnaire responses on the public file, two domestic producers of PC25B registered for this extension review, TSUK<sup>228</sup> and PMSL.<sup>229</sup> No exporters of PC25B have registered to this extension review. Imports in this PC have developed over the Pol as follows:

**Graph 62: Index of annual import volumes for PC2B by financial year**



Source: Trade data – UK Trade Info

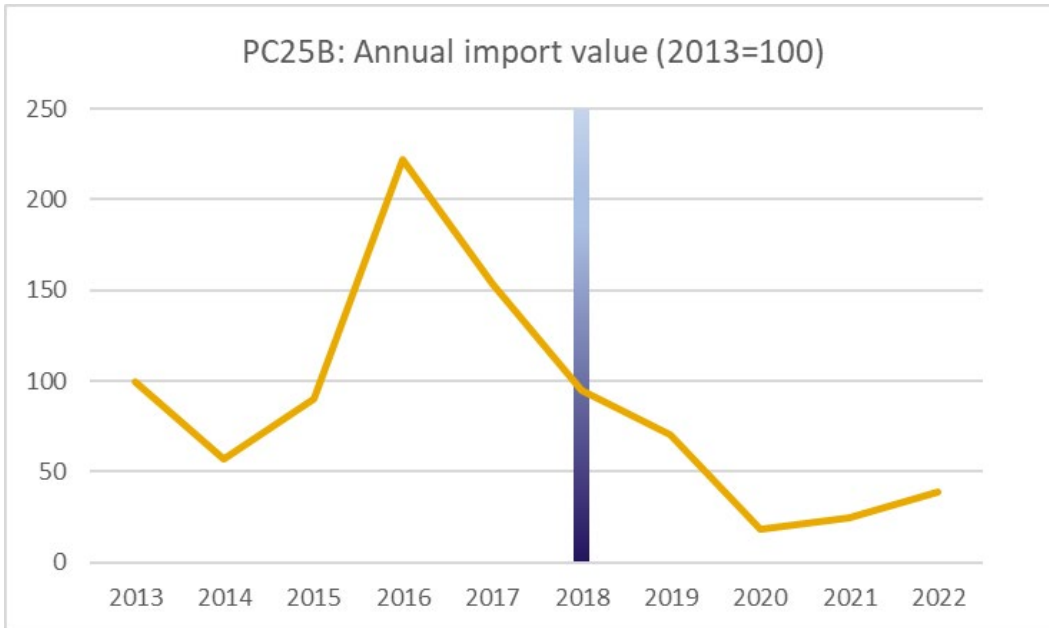
Note: The vertical line indicates the approximate imposition of the provisional EU safeguard measure in July 2018

<sup>228</sup> [Precision and specialist tubes | Tata Steel in Europe \(tatasteel.com\)](https://www.tatasteel.com/Products/Pipes-and-tubes/Precision-and-specialist-tubes)

<sup>229</sup> [LARGE OD SPIRAL PIPES / PRODUCTS / Pipe Manufacturing Solutions Ltd. / PMS Steel Pipe \(pms-ltd.co.uk\)](https://www.pmsltd.co.uk/Products/Pipes-and-tubes/LARGE-OD-SPIRAL-PIPES/)



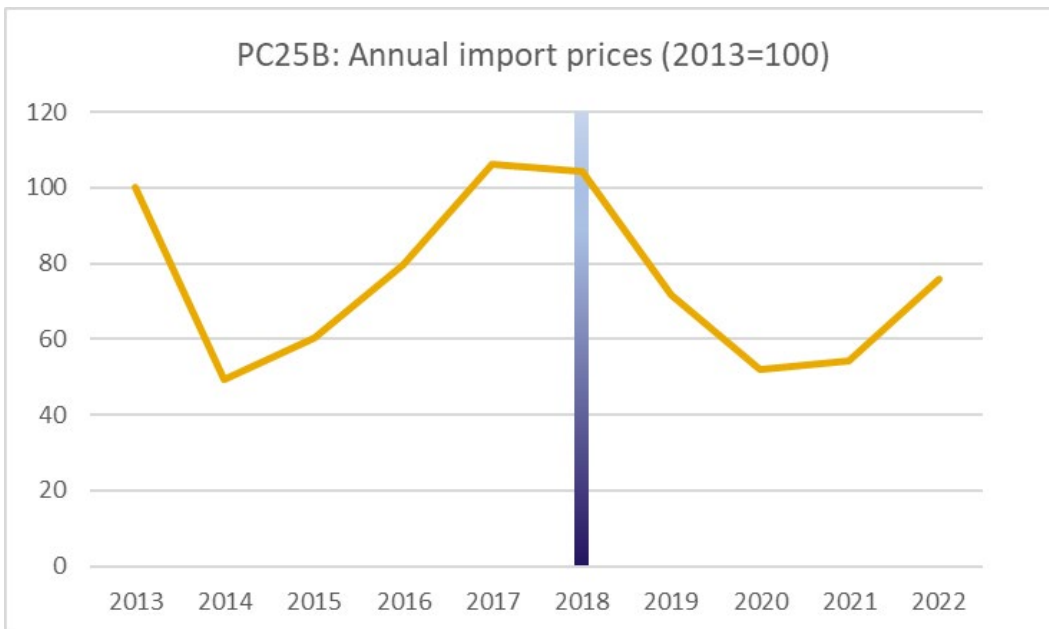
**Graph 63: Index of annual import values for PC25B by financial year**



Source: Trade data – UK Trade Info

Note: The vertical line indicates the approximate imposition of the provisional EU safeguard measure in July 2018

**Graph 64: Index of annual average import prices for PC25B by financial year**



Source: Trade data – UK Trade Info

Note: The vertical line indicates the approximate imposition of the provisional EU safeguard measure in July 2018

461. These graphs show, that for PC25B, overall volumes and values of imports decreased immediately after the initial introduction of the safeguard measure in July 2018. Both import volumes and values have increased since 2020 (Pol year 3) but still remain below the levels



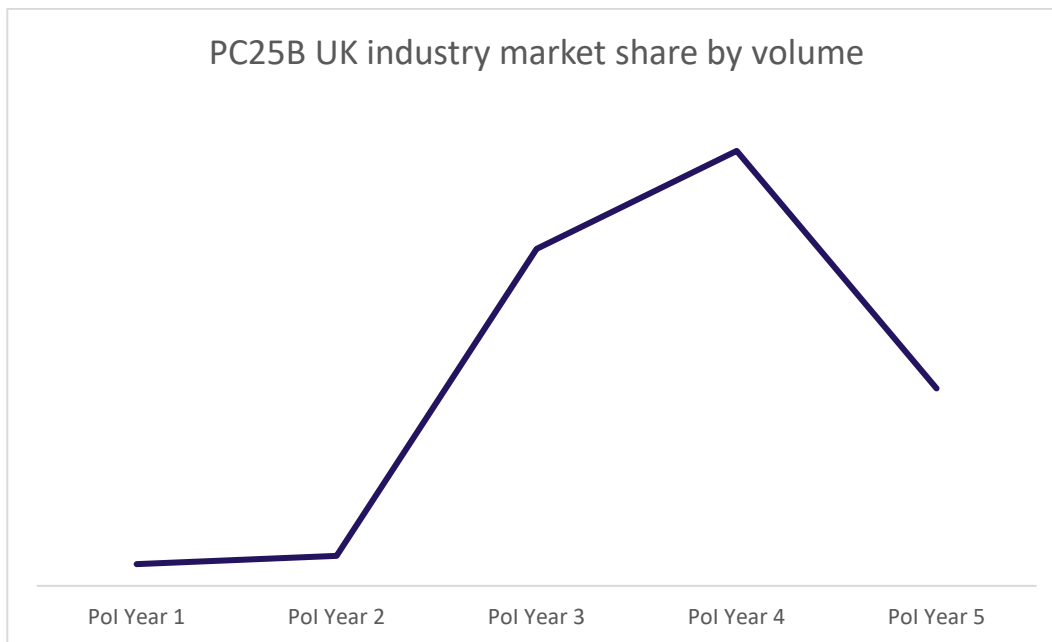


they were when the safeguard measure was initially introduced. Import prices have followed the same trends, albeit with a higher relative increase between 2021 (Pol year 4) and 2022 (Pol year 5).

### E17.1 Whether the importation of the goods subject to review in increased quantities is likely to recur

462. The average import price for PC25B goods imported into the UK in Pol year 5 is £1,635 GBP per tonne.<sup>230</sup> This is greater than the average sales price of PC25B goods sold into the UK by domestic producers in Pol year 5.
463. This price differential may go some way to reducing the likelihood of serious injury, as import sales prices are higher than those of UK industry. However, the price differential between the imports and domestically produced PC25B has varied throughout the POI.
464. Demand for PC25B goods is currently met both by domestic production and by imports:

**Graph 65: UK industry market share by volume for PC25B by Pol year**



Source: Trade data – UK Trade Info and UK producer’s confidential questionnaire responses

465. Graph 65 shows that the UK industry market share has increased over the Pol, and since the imposition of the safeguard measure at year 1 of the Pol. However, imported PC25B goods took some market share from domestically produced PC25B goods in Pol year 5, whilst the measure has been in place, and whilst import prices were higher than domestic prices (see paragraph 455, above). This would suggest that as the safeguard measure have been liberalised, alongside the market normalising after the impact of the COVID-19 pandemic, imports of PC25B did replace some domestically produced goods. This increases the

<sup>230</sup> [Trade data - UK Trade Info](#)



likelihood that imports would further increase, and gain additional market share, were the measure to no longer apply.

466. As referred to in the general points at E1.1, there is global overcapacity for steel manufacturing. This is also true of PC25B products, as they are two manufacturing process away from basic steel inputs, and so their production capacities are closely related to that of basic steel production. Additionally, at E1.2, we have assessed that there is a likelihood of trade diversion, which is further relevant to PC25B, as many of the barriers to imports in third countries are applicable to PC25B products. Both factors would be likely to push global producers to increase exports to the UK, as they would be able to sell competitively with domestically produced PC25B, were their products not subject to the safeguard duties.
467. We have therefore concluded that, on the balance of probabilities, were the measure to no longer apply, the importation of PC25B products in increased quantities is likely to recur.

### **E17.2 Whether serious injury has been removed or reduced, in whole or in part due to the application of the definitive safeguarding remedy**

468. Imports of PC25B have reduced since the first year of the Pol, which is when the definitive safeguarding remedy was first applied, as set out in Graph 62. There is no other significant event that affected imports of steel around this time to break the chain of causation – as assessed in the safeguard reconsideration review.<sup>231</sup> It is therefore probable that the reduction in import volume from the first year of the Pol onwards is due to the application of the definitive safeguarding remedy.
469. Graph 65 shows that the market share of domestic industry has generally increased since the application of the definitive safeguarding remedy. We have further assessed, as a general factor, that profitability and employee numbers have increased in the same time period (see above E1.5). These trends are consistent with the confidential data that we have for PC25B in terms of profitability and employee numbers. Capacity utilisation for PC25B has also increased over the Pol.
470. The safeguard reconsideration review determined that serious injury had been suffered by UK industry in terms of profits, as the domestic industry had been struggling to maintain positive profit figures generally.<sup>232</sup> The authenticated data supplied to this extension review by the domestic industry shows that, in the Pol, serious injury in relation to profitability, employment and capacity utilisation has reduced for PC25B. Finally, the PC25B import data shows a reduction in import volume since the imposition of the definitive safeguard duty, which is likely to have also reduced serious injury.
471. We have therefore established that, on the balance of probabilities, at least some serious injury has been reduced by the application of the definitive safeguard measure to PC25B products.

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<sup>231</sup> [TRA Investigations - Trade Remedies Service - GOV.UK \(trade-remedies.service.gov.uk\)](#), TF0006 Reconsideration call in report of findings, paragraph 335

<sup>232</sup> [TRA Investigations - Trade Remedies Service - GOV.UK \(trade-remedies.service.gov.uk\)](#), TF0006 Reconsideration call in report of findings, paragraph 354



**E17.3 Whether the circumstances of UK producers, or domestic or overseas market conditions, are such that the serious injury caused by the importation of the goods subject to review in increased quantities is likely to recur**

472. As stated at E17 the UK producers for this PC are TSUK and PMSL. The circumstances of these UK producers are varied. TSUK has been loss making for every year<sup>233</sup> of the Pol aside from Pol year 4 where it recorded its first profit for 13 years.<sup>234</sup> In comparison, PMSL has recorded profits, but it only began trading during in Pol year 3.

**Table 21: TSUK PC25B injury data**

| Index Year 1 = 100         | Pol    |        |        |        |        |
|----------------------------|--------|--------|--------|--------|--------|
|                            | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
| Total sales value          | 100    | 112    | 92     | 142    | 294    |
| UK sales value             | 100    | 47     | 210    | 204    | 181    |
| Third country sales value  | 100    | 123    | 72     | 131    | 313    |
| Total sales volume         | 100    | 120    | 110    | 97     | 178    |
| UK sales volume            | 100    | 51     | 235    | 126    | 106    |
| Third country sales volume | 100    | 132    | 87     | 92     | 191    |

Sources: questionnaire annex on the SE0041 public file

473. TSUK’s data shows that sales values have generally increased over the Pol, despite drops in domestic sales in Pol year 2, and in export sales in Pol year 3. Domestic sales values grew more than export sales values in Pol year 4, whereas export sales values increased to a greater extent than domestic in Pol year 5. Sales volumes have also fluctuated.

474. TSUK commented in its questionnaire response that:

*“Extension of the safeguard measure would not cause injury to TSUK. TSUK needs time to adjust and improve its performance, which will be impossible without the safeguard measure preventing sudden and rapid increase in imports caused by overcapacity, trade defence measures in third countries and trade diversion.”<sup>235</sup>*

475. The GoI stated in its own questionnaire response that:

*“GOI does not keep record, and is not aware of possible economic effects on the UK if the existing safeguard measure, are either extended or allowed to expire. However, to the extent of information available, considering the current performance of UK domestic producers, it is*

<sup>233</sup> [TATA STEEL UK LIMITED filing history - Find and update company information - GOV.UK \(company-information.service.gov.uk\)](https://www.gov.uk/company-information.service.gov.uk/filing-history/TATA-STEEL-UK-LIMITED)

<sup>234</sup> [Port Talbot steelworks owner makes first pre-tax profit in 13 years | Tata | The Guardian](https://www.theguardian.com/business/2017/feb/23/port-talbot-steelworks-owner-makes-first-pre-tax-profit-in-13-years)

<sup>235</sup> [TRA Investigations - Trade Remedies Service - GOV.UK \(trade-remedies.service.gov.uk\)](https://www.gov.uk/trade-remedies.service.gov.uk) , TSUK questionnaire response, pages 38/39



*not likely that the serious injury to the UK industry would recur, should the measures be allowed to expire.*<sup>236</sup>

476. The Gol has not stated why it does not consider serious injury to be likely. TSUK (as set out above at paragraph 465) has made a profit in one year from the last 13, recording losses for more than 10 years in a row, including during the Pol. This increases TSUK's vulnerability to serious injury, and therefore increases the likelihood of serious injury recurring.
477. Overseas market conditions generally have been set out above, at E1.1 and E1.2. These conditions do apply to the global market for PC25B goods, as discussed at paragraph 459. The import and the domestic sales prices for PC25B have diverged since the introduction of the safeguard measure, indicating that the introduction of the safeguard measure may have affected the product mix of imports, which is particularly evident in relation to average pricing for PC25B imports (see Graph 64).
478. To conclude, whilst serious injury has reduced to UK industry in relation to PC25B (see E17.2), UK industry remains vulnerable to serious injury. This is because of the individual circumstances of the UK producers, and because of global market conditions relating to overcapacity, trade diversion, and the ability for imports to directly compete with domestic goods even whilst subject to a safeguard measure. Additionally, we have established at E17.1, that the importation of PC25B goods in increased quantities is likely to recur. We have therefore determined that, on the balance of probabilities, the circumstances of UK producers, or domestic or overseas market conditions, are such that the serious injury caused by the importation of the goods subject to review in increased quantities is likely to recur.

#### **E17.4 Whether it is likely that serious injury will recur if the application of the definitive safeguarding remedy is not extended**

479. We established at E17.1 that it is likely that the importation of PC25B goods in increased quantities is likely to recur. Additionally, we have established at point E17.3 (above) that serious injury is likely to be caused by the importation of the PC25B goods subject to review in increased quantities. We have therefore determined that, on the balance of probabilities, in relation to PC25B, it is likely that serious injury will recur if the application of the definitive safeguarding remedy is not extended.

#### **E17.5 UK industry adjustment**

480. At E1.6, we determined that UK industry have been, and are, adjusting. This conclusion applies to all of the UK industry for like goods, including producers of PC25B goods.

#### **E17.6 Any other relevant factors**

481. We have not identified any other factors relevant to the PC25B assessments.

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<sup>236</sup> [TRA Investigations - Trade Remedies Service - GOV.UK \(trade-remedies.service.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/684842/TRA-Investigations-Trade-Remedies-Service-GOV.UK-trade-remedies.service.gov.uk), Gol questionnaire response, page 15



### **E17.7 Conclusion**

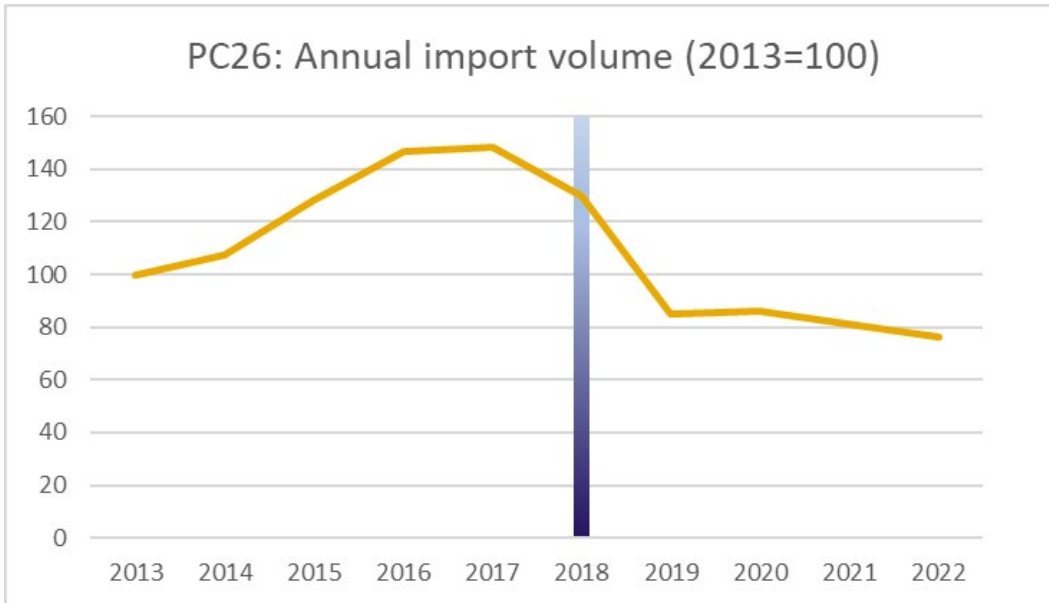
482. We have determined that, on the balance of probabilities, the importation of PC25B goods subject to review in increased quantities is likely to recur, serious injury has been removed or reduced, in whole or in part due to the application of the definitive safeguarding remedy; it is likely that serious injury will recur if the application of the definitive safeguarding remedy is not extended; the circumstances of UK producers, or domestic or overseas market conditions, are such that the serious injury caused by the importation of the goods subject to review in increased quantities is likely to recur and adjustments are being made by UK producers.
483. We are therefore recommending that safeguard measure for PC25B be extended for an additional two years (see [Section F](#) for the EIT assessment, which is met for this PC).



## E18: PC26 assessment: Other welded tube

484. As recorded in the non-confidential questionnaire responses on the public file, one domestic producer of PC26 registered for this extension review, TSUK.<sup>237</sup> No exporters of PC26 have registered to this extension review. Imports in this PC have developed over the PoI as follows:

**Graph 66: Index of annual import volumes for PC26 by financial year**



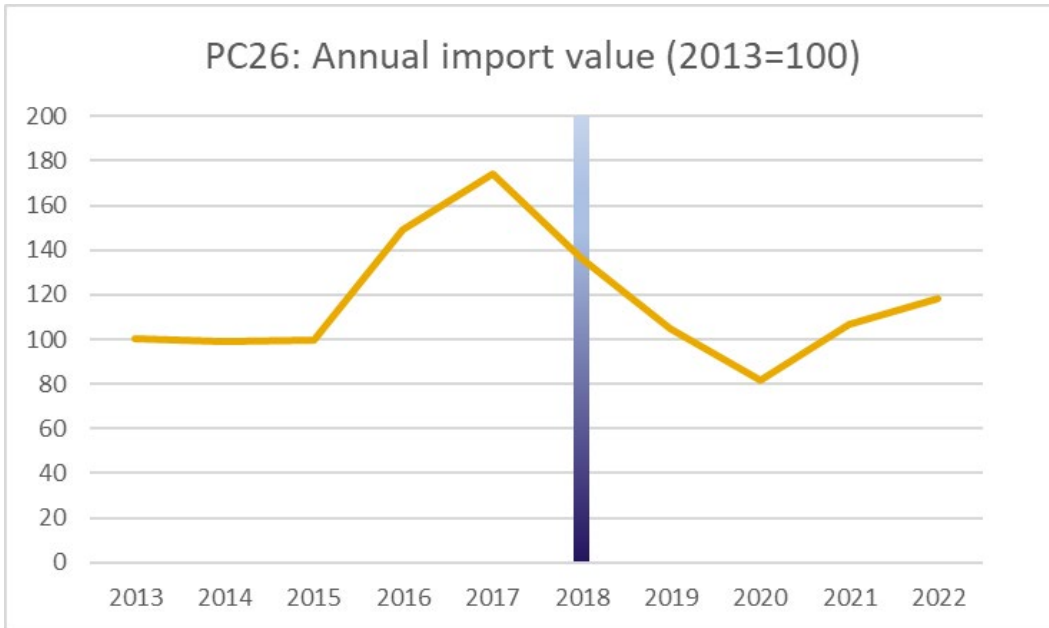
Source: Trade data – UK Trade Info

Note: The vertical line indicates the approximate imposition of the provisional EU safeguard measure in July 2018

<sup>237</sup>[Hot Rolled Steel | Tata Steel in Europe \(tatasteel.com\)](https://www.tatasteel.com)



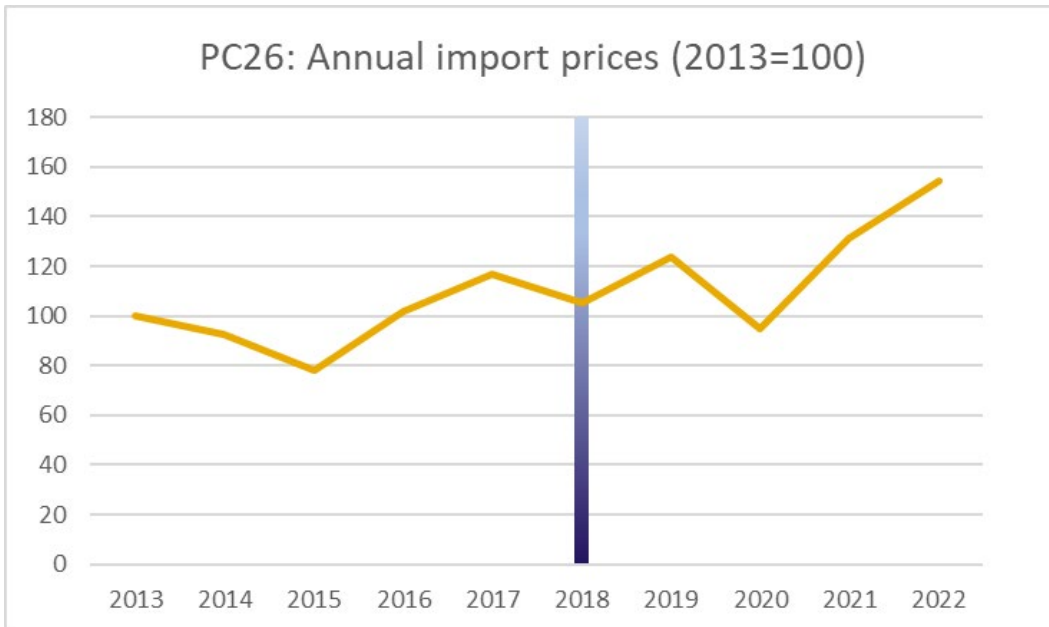
**Graph 67: Index of annual import values for PC26 by financial year**



Source: Trade data – UK Trade Info

Note: The vertical line indicates the approximate imposition of the provisional EU safeguard measure in July 2018

**Graph 68: Index of annual average import prices for PC26 by financial year**



Source: Trade data – UK Trade Info

Note: The vertical line indicates the approximate imposition of the provisional EU safeguard measure in July 2018

485. These graphs show, that for PC26, overall volumes and values of imports decreased immediately after the initial introduction of the safeguard measure in July 2018. Import volumes marginally increased in 2020 (Pol year 3) but continued to decrease thereafter and





are at their lowest since 2013. Import values have increased since 2020 (PoI year 3) but remain lower than when the safeguard measure was introduced in July 2018. Import prices have not followed the same trends, these increased after the initial introduction of the safeguard measure before decreasing in 2020 (PoI year 3). However, import prices have continued to increase each year after 2020 (PoI year 3) and are at the end of 2022 (PoI year 5) are higher than when the safeguard measure was initially introduced. We note that the commodity codes covered by this product category have changed within the PoI, but the scope of the goods covered by the new commodity codes remains the same. This import data is based on the commodity codes that are currently included in PC26.

### **E18.1 Whether the importation of the goods subject to review in increased quantities is likely to recur**

486. The average import price for PC26 goods imported into the UK in PoI year 5 is £2,176 GBP per tonne.<sup>238</sup> This is greater than the average sales price of PC26 goods sold into the UK by domestic producers in PoI year 5.
487. This price differential may go some way to reducing the likelihood of serious injury, as import sales prices are higher than those of UK industry. However, there is a wide range of prices for PC26 products, and it may be that sourcing these goods internationally is only preferable for users if the requirement is for specialist specifications, whereas for other PC26 products with a lower sales price, domestic sources are used due to comparatively lower delivery costs. Indeed, this pattern can be seen in the data that has been submitted to this extension review, whereby export prices are generally higher than domestic sales prices. The PC26 group itself is classified as “other welded tubes” and therefore encompasses a wide range of products which are not immediately comparable based on the relevant commodity codes.<sup>239</sup>
488. Demand for PC26 goods is currently met both by domestic production and by imports:

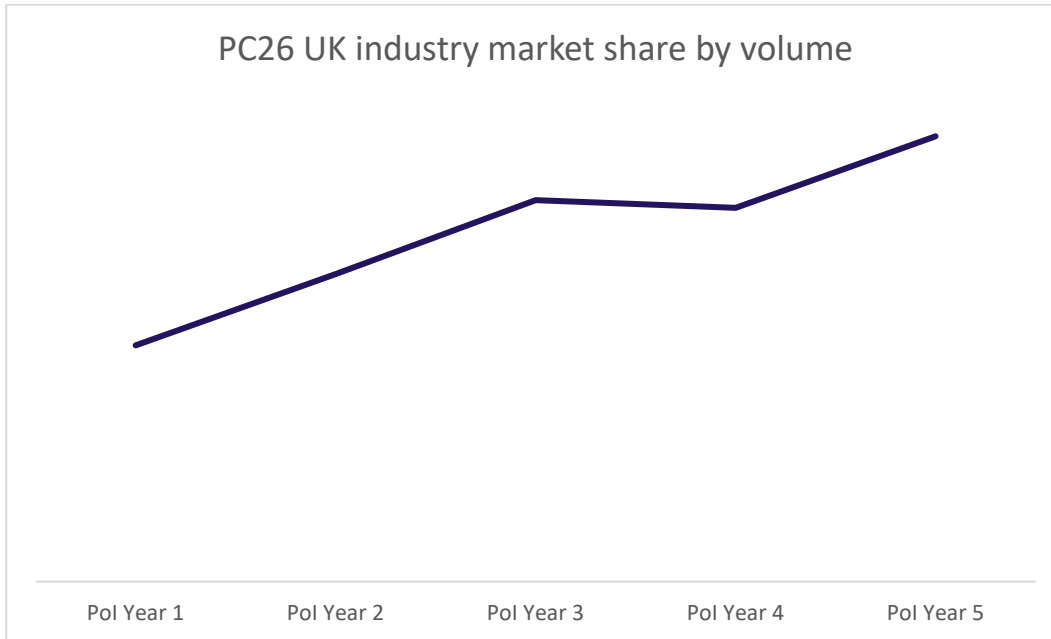
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<sup>238</sup> [Trade data - UK Trade Info](#)

<sup>239</sup> [Trade Tariff: look up commodity codes, duty and VAT rates - GOV.UK \(www.gov.uk\)](#)



**Graph 69: UK industry market share by volume for PC26 by Pol year**



Source: Trade data – UK Trade Info and UK producer’s confidential questionnaire responses

489. Graph 69 shows that the UK industry market share has gradually increased over the Pol, and since the imposition of the safeguard measure at year 1 of the Pol. Imported PC26 goods made a very small market share gain against UK produced goods in Pol year 3 to Pol year 4, whilst the measure has been in place, but otherwise, UK industry market share has steadily increased. This further demonstrates that the imported goods have a different product mix when compared to the like goods manufactured by UK industry, as if they were the same products, UK industry would likely have a much larger market share or would have gained market share at a faster rate, given that they are selling at lower prices. In financial years 2019 and 2020 (Pol years 2 and 3), import prices reduced significantly from an index of over 120 to an index below 100 (see Graph 68) but import volumes remained the same (see Graph 66), and UK market share continued to increase (see Graph 69). This was followed, in 2021 and 2022 (Pol years 4 and 5) by a significant increase in average import prices, a slight increase in average import values and a continuing decrease of import volumes. Import prices at the end of the Pol are the highest that they have been since 2013 by a reasonable margin. This would suggest that the safeguard measure has had the effect of disincentivising UK users of PC26 from import purchases, unless those purchase are motivated by product specifications, rather than by price.
490. The differential in product mix has allowed the UK industry to gain market share particularly in relation to lower priced products. Graphs 66 and 68 (above) provide evidence of this, whereby imported goods during the Pol have reduced significantly in terms of total volumes but imported average prices have increased significantly. Were the measure to no longer apply, this increases the likelihood UK industry would lose market share, as lower priced imports may then again be able to take some of that share back.



491. As referred to in the general points at E1.1, there is global overcapacity for steel manufacturing. This is also true of PC26 products, as they are two manufacturing process away from basic steel inputs, and so their production capacities are closely related to that of basic steel production. Additionally, at E1.2, we have assessed that there is a likelihood of trade diversion, which is further relevant to PC26, as many of the barriers to imports in third countries are applicable to PC26 products. Both factors would be likely to push global producers to increase exports to the UK, as they would be able to sell competitively with domestically produced PC26, were their products not subject to the safeguard duties.
492. We have therefore concluded that, on the balance of probabilities, were the measure to no longer apply, the importation of PC26 products in increased quantities is likely to recur.

### **E18.2 Whether serious injury has been removed or reduced, in whole or in part due to the application of the definitive safeguarding remedy**

493. Imports of PC26 have reduced since the first year of the PoI, which is when the definitive safeguarding remedy was first applied, as set out in Graph 66. There is no other significant event that affected imports of steel around this time to break the chain of causation – as assessed in the safeguard reconsideration review.<sup>240</sup> It is therefore probable that the reduction in import volume from the first year of the PoI onwards is due to the application of the definitive safeguarding remedy.
494. Graph 69 shows that the market share of domestic industry has generally increased since the application of the definitive safeguarding remedy. We have further assessed, as a general factor, that profitability and employee numbers have increased in the same time period (see above E1.5). However, this trend is only consistent in the confidential data for PC26 in respect of profitability. Although we do accept the other factors whilst authenticated, may also be affected by allocation methodology.
495. The safeguard reconsideration review determined that serious injury had been suffered by UK industry in terms of profits, as the domestic industry had been struggling to maintain positive profit figures generally.<sup>241</sup> The authenticated data supplied to this extension review by the domestic industry shows that, in the PoI, serious injury in relation to profitability has reduced for PC26.
496. The PC26 import data from the PoI shows a reduction in import volume since the imposition of the definitive safeguard duty, which is likely to have reduced serious injury. However, the authenticated data supplied to this extension review by the domestic industry shows that, in the PoI, serious injury in relation to employment and capacity utilisation has continued, and in some cases increased, for PC26, since the introduction of the definitive safeguarding remedy. It is likely that this serious injury would have occurred to a greater extent without the application of the definitive safeguarding remedy, which has reduced import volumes and therefore will have reduced the extent of serious injury incurred by UK industry.

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<sup>240</sup> [TRA Investigations - Trade Remedies Service - GOV.UK \(trade-remedies.service.gov.uk\)](#), TF0006 Reconsideration call in report of findings, paragraph 335

<sup>241</sup> [TRA Investigations - Trade Remedies Service - GOV.UK \(trade-remedies.service.gov.uk\)](#), TF0006 Reconsideration call in report of findings, paragraph 354



497. We have therefore established that, on the balance of probabilities, at least some serious injury has been reduced by the application of the definitive safeguard measure to PC26 products.

**E18.3 Whether the circumstances of UK producers, or domestic or overseas market conditions, are such that the serious injury caused by the importation of the goods subject to review in increased quantities is likely to recur**

498. As stated at E18 the sole registered domestic producer for this PC is TSUK. TSUK has struggled to make a profit during the Pol – it has recorded its first profit for 13 years in Pol year 4, but it has otherwise been loss making for every other year of the Pol.

**Table 22: TSUK PC26 injury data**

| Index Year 1 = 100         | Pol    |        |        |        |        |
|----------------------------|--------|--------|--------|--------|--------|
|                            | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
| Total sales value          | 100    | 49     | 48     | 59     | 112    |
| UK sales value             | 100    | 85     | 106    | 150    | 190    |
| Third country sales value  | 100    | 43     | 37     | 42     | 98     |
| Total sales volume         | 100    | 56     | 56     | 46     | 69     |
| UK sales volume            | 100    | 87     | 111    | 102    | 116    |
| Third country sales volume | 100    | 49     | 45     | 33     | 59     |

Sources: questionnaire annex on the SE0041 public file

499. TSUK’s submission to this extension review indicates that UK sales values have increased and have done so in the face of generally declining export sales. Sales volumes to the domestic market have increased, whereas sales volumes to the export market have reduced.
500. Overseas market conditions generally have been set out above, at E1.1 and E1.2. As discussed at paragraph 484, these conditions do apply to the global market for PC26 goods. The import and the domestic sales prices for PC26 have diverged since the introduction of the safeguard measure, indicating that the introduction of the safeguard measure may have affected the product mix of imports, (see paragraph 482) which is particularly evident in relation to average pricing for PC26 imports (see Graph 68).
501. To conclude, whilst serious injury has reduced to UK industry in relation to PC26 (see E18.2), UK industry remains vulnerable to serious injury. This is because of the individual circumstances of the UK producers, and because of global market conditions relating to overcapacity, trade diversion, and the ability for imports to directly compete with domestic goods even whilst subject to a safeguard measure. Additionally, we have established at E18.1, that the importation of PC26 goods in increased quantities is likely to recur. We have therefore determined that, on the balance of probabilities, the circumstances of UK producers, or



domestic or overseas market conditions, are such that the serious injury caused by the importation of the goods subject to review in increased quantities is likely to recur.

#### **E18.4 Whether it is likely that serious injury will recur if the application of the definitive safeguarding remedy is not extended**

502. We established at E18.1 that it is likely that the importation of PC26 goods in increased quantities is likely to recur. Additionally, we have established at point E18.3 (above) that serious injury is likely to be caused by the importation of the PC26 goods subject to review in increased quantities. We have therefore determined that, on the balance of probabilities, in relation to PC26, it is likely that serious injury will recur if the application of the definitive safeguarding remedy is not extended.

#### **E18.5 UK industry adjustment**

503. At E1.6, we determined that UK industry have been, and are, adjusting. This conclusion applies to all of the UK industry for like goods, including producers of PC26 goods.

#### **E18.6 Any other relevant factors**

504. We have not identified any other factors relevant to the PC26 assessments.

#### **E18.7 Conclusion**

505. We have determined that, on the balance of probabilities, the importation of PC26 goods subject to review in increased quantities is likely to recur, serious injury has been removed or reduced, in whole or in part due to the application of the definitive safeguarding remedy; it is likely that serious injury will recur if the application of the definitive safeguarding remedy is not extended; the circumstances of UK producers, or domestic or overseas market conditions, are such that the serious injury caused by the importation of the goods subject to review in increased quantities is likely to recur and adjustments are being made by UK producers.

506. We are therefore recommending that safeguard measure for PC26 be extended for an additional two years (see [Section F](#) for the EIT assessment, which is met for this PC).



## E19 Liberalisation Rate Assessment

507. Regulation 35(8) of the Safeguard Regulations requires us to determine the pace of liberalisation of the definitive safeguarding remedy. We have received multiple submissions relating to the liberalisation rate of the safeguard measure.
508. The GoI have submitted prior to the publication of the SIFD that:
- “The safeguard measures, both original and subsequent extensions, were based on the United States’ (US) imposition of Section 232 measures @25%. However, even these US Section 232 measures have been significantly liberalised. [...] Such liberalisation in measures by US establishes that there is no longer likelihood any surge in imports, should the present measures be withdrawn. GOI submits that the same level of liberalisation in safeguard measures, as undertaken by the US, has not been considered by the UK Authority. Despite, the reason for imposition of safeguard measure being actions taken by the US.”<sup>242</sup>*
509. The exporters JSW, Erdemir and Suez Steel have also commented about the liberalisation rate in their questionnaire responses, with Suez Steel commenting that “they have no specific knowledge of the UK market”<sup>243</sup> with Erdemir<sup>244</sup> and JSW<sup>245</sup> stating that they believe that the safeguard measure should be completely removed.
510. Some of the domestic producers and domestic trade bodies that registered to this extension review have also commented on the liberalisation rate in their own completed questionnaires.
511. Celsa have stated that:
- “Over the last years the rate of liberalisation has not taken into account the dramatic slowdown in activity in the UK market, particularly in the year 2020/21 but also the general sluggish recovery from the pandemic. As a result, the quotas in the last couple of years have, in most product areas, not been fully utilised. Whilst accepting that under WTO rules there needs to be gradual liberalisation of safeguard measures, it would therefore seem sensible to limit the expansion of quotas to the general growth of the economy for the next years in order to ensure the measure continues to have relevance.”<sup>246</sup>*
512. British Steel also provided comment on the liberalisation rate:
- “The current rates of liberalisation (c +3% per year) do not reflect the reality of a reducing UK market in all products. The liberalisation should be calculated against current UK market and not at a historical higher market. The world is different now – all liberalisations are reducing market share options for domestic suppliers and impacting business performance. To restore a more realistic balance, the actual quotas should be reduced. Any increase in liberalisation*

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<sup>242</sup> [TRA Investigations - Trade Remedies Service - GOV.UK \(trade-remedies.service.gov.uk\)](#) , GoI questionnaire response, page 11

<sup>243</sup> [TRA Investigations - Trade Remedies Service - GOV.UK \(trade-remedies.service.gov.uk\)](#) , Suez steel questionnaire response, page 34

<sup>244</sup> [TRA Investigations - Trade Remedies Service - GOV.UK \(trade-remedies.service.gov.uk\)](#) , Erdemir questionnaire response, page 30

<sup>245</sup> [TRA Investigations - Trade Remedies Service - GOV.UK \(trade-remedies.service.gov.uk\)](#) , JSW questionnaire response, page 36

<sup>246</sup> [TRA Investigations - Trade Remedies Service - GOV.UK \(trade-remedies.service.gov.uk\)](#) , Celsa Steel UK questionnaire response, page 41





*from current levels will bring future business strategy reviews potentially impacting future investments.”<sup>247</sup>*

513. EEF/UK Steel have made a similar point in terms of the UK market size:

*“Given the yearly liberalisation of quotas in a falling UK demand environment, TRQs actually allow for much higher import penetration than when they were first calculated.”<sup>248</sup>*

514. TSUK have made a similar point to EEF/UK Steel in its questionnaire response:

*“In the current economic conditions that define the level of UK consumption of the like goods and goods subject to review, any increase of the existing liberalisation rate is unnecessary, unwarranted and unjustified. Indeed, for most product categories produced by TSUK (e.g., 2, 4, 6, 26), UK demand fell to the lowest level in the last 5 years. Therefore, decreasing the current rate of liberalisation of the safeguard measure would be the only adjustment appropriate in these circumstances.”<sup>249</sup>*

515. We have considered these submissions, alongside the confidential information that has been submitted to this extension review, and the import data and the overall circumstances of UK industry as set out in the individual PC assessments. We do not have the power to recommend the reduction of the rate of liberalisation, as requested by British Steel. We have considered the factors raised in the Gol submission, in particular at section E1.2, where we have determined that there is a likelihood of trade diversion due to third country trade barriers. There is no requirement on us to liberalise the UK measure at the same rate as the US measure, as trade diversion as a result of section 232 measures is one factor of many that we are assessing when we consider the future likelihood of imports, and of serious injury.

516. We have determined that the current liberalisation rate is allowing for imports to compete, as evidenced by the market share calculations against each PC, whilst also preventing serious injury to UK producers and facilitating their adjustments, as evidenced by the injury data that we have set out in relation to each PC. We are therefore recommending the pace of liberalisation should remain at 3% per year, so that the quota amounts increase by 3% each year, ensuring a progressive liberalisation of the safeguard measure.

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<sup>247</sup> [TRA Investigations - Trade Remedies Service - GOV.UK \(trade-remedies.service.gov.uk\)](https://www.trade-remedies.service.gov.uk), British Steel questionnaire response, page 44

<sup>248</sup> [TRA Investigations - Trade Remedies Service - GOV.UK \(trade-remedies.service.gov.uk\)](https://www.trade-remedies.service.gov.uk) questionnaire page 11

<sup>249</sup> [TRA Investigations - Trade Remedies Service - GOV.UK \(trade-remedies.service.gov.uk\)](https://www.trade-remedies.service.gov.uk) questionnaire response page 49





## Section F: Economic Interest Test

### F1: Introduction

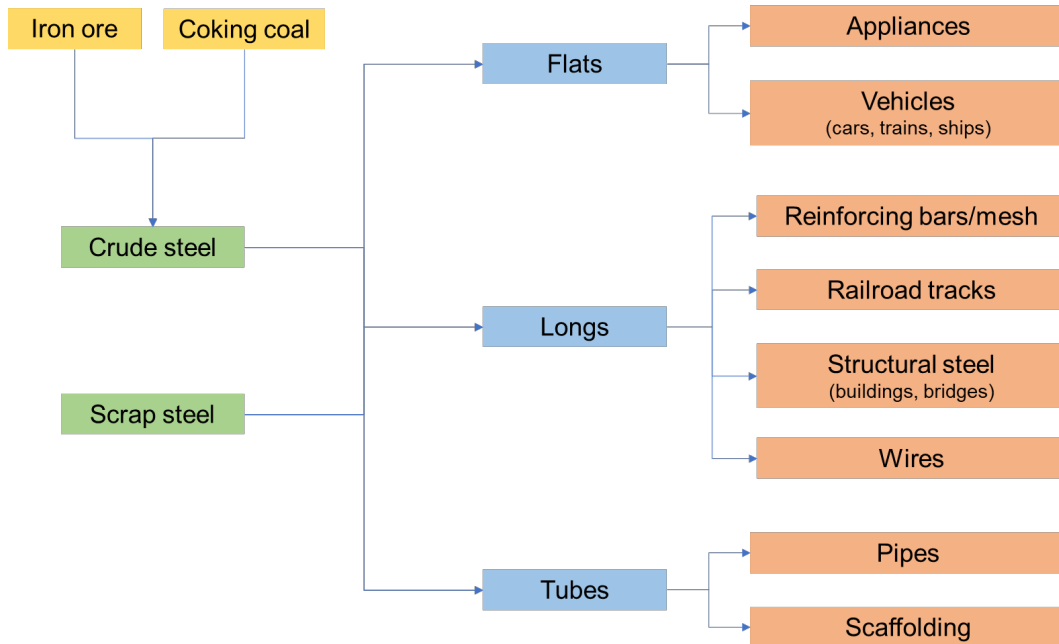
517. The aim of the EIT is to determine whether applying TRQs to product categories 1, 2, 4, 5, 6, 7, 12A, 12B, 13, 16, 17, 19, 20, 21, 25A, 25B, and 26 is in the wider economic interest of the UK.
518. In accordance with paragraph 23 of Schedule 5 to the Act, the EIT is met in relation to the application of a safeguarding remedy if the application of the remedy is in the economic interest of the United Kingdom; there is no presumption that the EIT is met.
519. In line with paragraph 23 of Schedule 5 to the Act, 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 serious 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.

### F2: UK supply chain overview

520. Steel production and its products are closely linked. Typically, a single plant manufactures various steel products. The profitability or success of one product affects production choices and the feasibility of making others. Moreover, some product categories serve as inputs for making different ones. For instance, hot rolled coil (PC1) is utilised in creating large, welded tubes (PC25B).
521. Figure 1 provides a simplified supply chain for the steel products covered by the safeguard measure. These steel products are used to make a wide range of other products across the economy, and, in most cases, there are no obvious substitutes for the steel products.



**Figure 1: Supply chain for the steel products covered by the safeguard measure**



522. 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 products including 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.

523. Table 23 shows the average annual domestic sales of UK producers that participated in the investigation and average annual imports for each of these groups. The sum of these is the known UK consumption. We excluded data for the first three years of the PoI as these years are not likely to be typical because of COVID-19. Data shows that the most significant group in terms of known consumption is the flats products group.



**Table 23: Average annual known consumption of steel product groups\* (kilotonnes)**

| Product group | Product categories       | Average annual domestic sales of UK producers** | Average annual imports | Average annual known UK consumption |
|---------------|--------------------------|---|------------------------|-------------------------------------|
| Flat products | 1, 2, 4, 5, 6, 7         | 1,419   | 2,499                  | 3,918                               |
| Long products | 12A, 12B, 13, 16, 17, 19 | 1,640   | 1,438                  | 3,078                               |
| Tubes         | 20, 21, 25A, 25B, 26     | 219   | 422                    | 641                                 |

Sources: Questionnaire responses; non-published import data, provided by HMRC.

\* Average over the last two years of the Pol (i.e. it covers 01 April 2021 to 31 March 2023).

\*\* Figures only account for domestic sales of UK producers that submitted questionnaire responses.

### F3: Evidence base

524. We received questionnaire responses from:

- Five UK producers;
- One UK steel importer;
- Five UK industrial users;
- No responses from upstream industry; and
- other interested parties and contributors, including from trade or business associations and from foreign governments (see Section B.1).

525. We identified other affected businesses, including industrial users, and contacted them to seek their input. However, no other parties submitted evidence.

526. Having considered the evidence presented, we used facts available to supplement questionnaire responses with background research, and additional information from publicly available sources including the Dun & Bradstreet Hoovers (D&B) database and HMRC: Overseas Trade in Goods Statistics.



## F4: Serious injury caused by increased imports and benefits to the UK industry in removing the serious injury

527. Section E sets out our assessment by PC of the likelihood of importation of the goods subject to review in increased quantities recurring, whether serious injury has been removed or reduced due to the application of the existing safeguard measure and whether it is likely that serious injury will recur if the application of the definitive safeguarding remedy is not extended.
528. Overall, we found evidence of reduction in import volumes within the PoI for the majority of the product categories, with the exception of a few categories (12A, 13, 16, 19, 20, 25A). We also found evidence to suggest that imports are likely to increase if the safeguard measure expires. 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 UK producer's market shares as well as imports during the POI.
529. Section E established that the UK steel industry is already in a vulnerable position and experienced serious injury during the PoI (as indicated by negative profit margins, negative trends in productivity and production volume). In general, although some serious injury indicators showed slight improvement during the PoI (employment and UK producers' market share) which highlights that serious injury was reduced to some extent due to the application of the definitive safeguarding remedy, we concluded that the UK steel industry remains in a fragile position as many UK producers have experienced significant financial difficulties and seen downward trends in sales during the PoI. As such, the UK steel industry remains vulnerable to future import pressures if the safeguard measure was to expire.

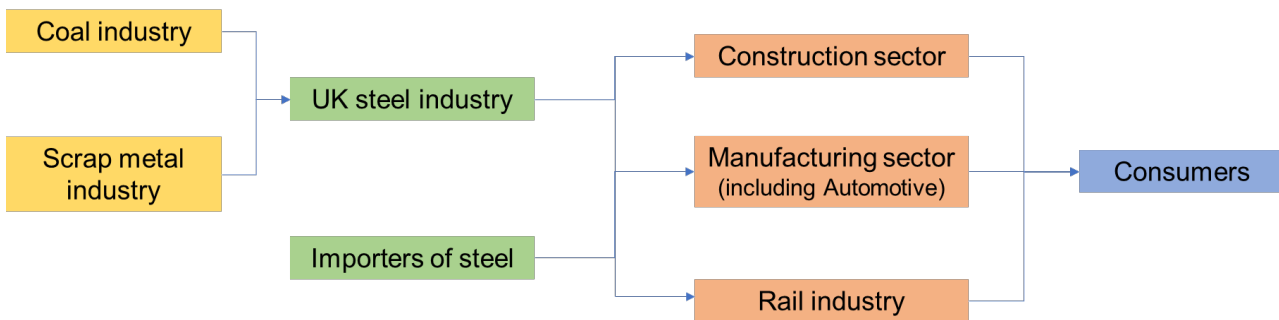
## F5: Economic significance of affected industries and consumers in the UK

530. The proposed measure covers a wide range of products. Since we do not have detailed evidence at a sufficient level of disaggregation, we have conducted the EIT assessment at a sectoral level, and pulled out the impacts on certain industries and businesses where evidence is available.
531. We have identified the following groups as being likely to be impacted by the proposed measure:
- **Upstream businesses:** Coal industry and scrap metal industry;
  - **UK producers** of steel products (UK producers);
  - **Importers** of steel products;
  - **Downstream businesses:** Construction sector; manufacturing sector; automotive industry; and railway industry; and
  - **Consumers/end users.**



532. Figure 2 shows how these groups relate to one another. There is likely to be some overlap between these groups. For example, some downstream businesses directly import their raw materials from overseas suppliers. We have attributed all known businesses to one of these groups based on their main business activity to avoid double counting.
533. In the sub-sections below, we analysed each of the affected groups. We primarily relied on published statistics from the Office for National Statistics (ONS) and the Department for Business, Energy & Industrial Strategy (BEIS) to determine their economic significance. Where possible, we selected businesses for each group, either because they actively participated in the investigation or were referred by interested parties. For these selected businesses, we used questionnaires and obtained their latest financial accounts from D&B<sup>250</sup> to evaluate how susceptible they were to adverse economic effects and to understand the importance of steel safeguard products to them.

**Figure 2: Diagram of UK groups likely to be affected by the safeguard measure**



## F5.1 Upstream businesses

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

### Coal industry

535. Given the relatively small level of demand for coal coming from the iron and steel industry (1.7% of UK coal final consumption),<sup>251</sup> we conclude that any changes in the safeguard measure affecting the steel industry is likely to have a negligible impact on the UK coal industry.

### Scrap metal industry

536. Four UK steel producers said they use scrap steel as one of their main raw materials in production.

<sup>250</sup> Data ranges from 2015 to 2023.

<sup>251</sup> BEIS (2022), [Historical coal data: coal production, availability and consumption 1853 to 2022](#).



537. The UK's scrap metal industry was projected to be worth around £9.6bn in 2022, with more than 280 businesses operating in the sector, and employing 6,000 people.<sup>252</sup> The UK steel industry is a major purchaser of scrap metal; however, the UK recycles more metal than the UK demands, resulting in over 80% of scrap metal being exported abroad.<sup>253</sup>
538. From stakeholder engagement, we identified five UK upstream businesses that supply scrap metal to UK steel producers. For these businesses, we estimated that between 1-10% of their turnover come from demand from the UK steel industry.<sup>254</sup> Therefore, we deem the UK steel industry to be somewhat important to these scrap metal businesses.
539. Most of the selected scrap metal businesses have seen growth in sales and employment figures in recent years; however, their profit margins remain relatively low, making them somewhat vulnerable to negative economic shocks.

## F5.2 UK producers of steel

540. Five UK producers engaged with us during our investigation and submitted questionnaire responses.<sup>255</sup> These five producers cover all product categories and are among the major producers of steel in the UK, allowing for a good representation of the UK steel industry. We estimate that UK producers rely heavily on the products covered by the measures, with sales of these products accounting for 84% of their total turnover.
541. The five selected producers have a total average employment of approximately 15,000,<sup>256</sup> with £5bn generated in turnover and £595m generated in GVA. Their average earnings before interest, taxes, depreciation, and amortisation (EBITDA) margin was of -1%. Financial data shows that UK producers are highly vulnerable to negative shocks, with negative trends in sales, GVA, employment and EBITDA margins in recent years.
542. Some UK steel producers (e.g. British Steel and TSUK) have faced significant financial challenges for a few years and have had ongoing negotiations with the UK government to secure loans necessary for them to maintain operations and safeguard jobs.

## F5.3 Importers of steel

543. One importer submitted a pre-sampling questionnaire. We identified four additional importers from UK producers' questionnaires and the transition review of the safeguard measure.
544. Using the HMRC importer database, we calculated their number of transactions under the relevant commodity codes as a percentage of the total transactions in 2022.<sup>257</sup> We found that on average 87% of listed transactions from the selected importers fall under the safeguard commodity codes. This suggests the goods subject to review are very important for this group.

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<sup>252</sup> IBISWorld (2023). [Scrap Metal Recycling in the UK - market size, industry analysis, trends and forecasts \(2023-2028\)](#). *IBISWorld Industry Reports*.

<sup>253</sup> British Metals Recycling Association (2023). [Why recycle?](#), *BMRA*. (Accessed: 27 October 2023).

<sup>254</sup> This is likely to be an underestimation as we do not have access to all the UK steel producers that purchase from them.

<sup>255</sup> One interested party registered as a UK producer. However, their main concern was with the supply of their raw materials (category 1). Therefore, in the EIT, we treated them as a downstream business.

<sup>256</sup> TSUK's potential closure of their two blast furnaces could affect the employment figures.

<sup>257</sup> Note that the [HMRC Find UK Traders](#) tool does not report country of origin, nor do they report volume or value of transactions.



545. The selected importers have a total average employment of approximately 1,000, with £1b generated in turnover and £124m generated in GVA. Their average EBITDA margin was 5%. Although most of the selected businesses had positive profits, their EBITDA margins remained low, suggesting that these businesses may be somewhat vulnerable to negative economic impacts.

#### **F5.4 Downstream businesses**

546. Over 40 downstream businesses were identified to have purchased steel from UK producers during the POI. We selected these businesses with the goal of covering as many product categories and sectors as possible, whilst ensuring that we included all downstream businesses that engaged in the investigation.

547. In total, we selected 19 downstream businesses, covering 12 product categories (PC1 to PC19) and four sectors which include manufacturing, construction, automotive, and rail.

548. For the five businesses that submitted questionnaire responses, we concluded that the goods covered by the safeguard measure are important for them as they represented a large proportion of their total costs of sales. We were unable to estimate the level of importance for the remaining businesses.

549. The selected downstream businesses have a total average employment of 78,000, with a total average turnover of £28bn and GVA of £25bn. Their EBITDA margin averaged at 16%. Most of the selected businesses had strong positive profits in the last years. However, a few businesses experienced low profit margins (below 5%) and had low or negative operating profits. We therefore conclude that downstream businesses – in particularly those in the automotive industry – may be somewhat vulnerable to negative economic impacts.

550. The next sections of this report look in more detail into the sectors that are known to be the major users of steel in the UK.

#### **Construction sector**

551. The construction sector is a major user of steel products such as rebar. The sector, which includes the construction of buildings, civil engineering projects and other specialised construction activities such as plumbing and electrical work, has over 914,000 businesses which employs about 2.1 million people in 2022.<sup>258</sup> In 2022, the construction sector contributed £136bn in terms of GVA to the UK economy.<sup>259</sup>

552. Although there are some very large businesses in this sector (such as Balfour Beatty which has 25,000 employees),<sup>260</sup> most construction companies tend to be smaller with over 87% having less than five employees.<sup>261</sup>

<sup>258</sup> BEIS (2022). [Annual business population estimates for the UK and regions in 2022](#) (Table 5).

<sup>259</sup> ONS (2023). [GDP output approach – low-level aggregates](#) (Worksheet 1).

<sup>260</sup> Balfour Beatty (2022). [Building New Futures, Annual Report and Accounts 2022](#).

<sup>261</sup> BEIS (2022). [Annual business population estimates for the UK and regions in 2022](#) (Table 5).





553. Overall, the UK demand for steel from the construction sector has grown significantly since the pandemic, rising by more than 11% (year-on-year) to 894,000t in 2022.<sup>262</sup> In 2023, however, demand fell slightly to 893,000t.<sup>263</sup> Recent data shows demand from the construction industry is expected to fall further to 873,000 by 2026 due to a contraction in construction activity.<sup>264</sup>
554. Despite the ongoing contraction in demand for steel, steel continues to remain the preferred choice for the UK construction market, with steelwork being the main structural framing material of choice over other substitutes like concrete, load bearing masonry or timber, having an overall market share of 48.6% in 2023.<sup>265</sup>

### Manufacturing sector

555. The manufacturing sector employed 2.5 million people<sup>266</sup> and had a GVA of £205bn in 2022.<sup>267</sup> The sector includes a diverse range of industries (such as defence and machinery) which tend to be larger than average UK businesses.
556. Demand for steel in the manufacturing sector is projected to decline in 2024 as recent data from S&P Global shows the UK Manufacturing Purchasing Managers' Index (PMI) to be below the 50.0 no-change threshold for January 2024 (47.0), indicating contraction in manufacturing activity for the eighteenth consecutive month in a row.<sup>268</sup>
557. Four of the five selected downstream businesses that submitted evidence fall in the manufacturing sector. Evidence from these companies suggest that the goods covered by the safeguard measure are important for them.

### Automotive industry

558. Within the manufacturing industry, the automotive industry is an important user of steel. The automotive industry includes both the vehicles themselves, and parts and accessories.
559. As at 2022, the industry employed 145,000 people<sup>269</sup> and had a GVA of £15bn.<sup>270</sup> There are several large employers in this industry including Jaguar Land Rover (30,000 employees), Nissan (7,000) and Ford (6,000).<sup>271</sup>
560. BEIS estimated the demand for steel products from the automotive industry to be £348m in 2015<sup>272</sup> which is 0.5% of estimated turnover in the automotive industry at the start of 2016.<sup>273</sup> Although we do not have a more recent estimate of this percentage, this suggests that steel

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<sup>262</sup> New Steel Construction (2023). [Steelwork further strengthens its structural frames market share](#). (Accessed: 27 October 2023).

<sup>263</sup> The Construction Index (2024). [Steel still tops despite softening sales](#). (Accessed: 13 March 2024).

<sup>264</sup> The Construction Index (2024). [Steel still tops despite softening sales](#). (Accessed: 13 March 2024).

<sup>265</sup> The Construction Index (2024). [Steel still tops despite softening sales](#). (Accessed: 13 March 2024).

<sup>266</sup> BEIS (2022). [Annual business population estimates for the UK and regions in 2022](#) (Table 5).

<sup>267</sup> ONS (2023). [GDP output approach – low-level aggregates](#) (Worksheet 1).

<sup>268</sup> S & P Global (2024). [S&P Global UK Manufacturing PMI](#). (Accessed: 13 March 2024).

<sup>269</sup> BEIS (2022). [Annual business population estimates for the UK and regions in 2022](#) (Table 6).

<sup>270</sup> ONS (2023). [GDP output approach – low-level aggregates](#) (Worksheet 1).

<sup>271</sup> Dun & Bradstreet (Accessed: 22 January 2024).

<sup>272</sup> BEIS (2017). [Future capacities and capabilities of the UK steel industry](#).

<sup>273</sup> BEIS (2016). [Annual business population estimates for the UK and regions in 2016](#) (Table 6).



costs are likely to be a relatively small input for the automotive industry as a whole but there may be some businesses in this industry for which steel costs are significant.

### Rail industry

561. The rail industry includes both passenger and freight rail. In 2022, 68,000 people were employed in the rail industry,<sup>274</sup> which contributes £562m as GVA to the UK economy.<sup>275</sup>
562. There are relatively few companies in the rail industry, but their average size is fairly large (between 700 and 800 employees on average). The demand for steel products from the rail industry was estimated to be £84m in 2015<sup>276</sup> which is 0.5% of total rail industry turnover in 2016.<sup>277</sup> Although we do not have a more recent estimate of this percentage, this suggests that steel costs are likely to be a relatively small input for the rail industry.

### F5.5 Consumers

563. Steel products are used throughout the UK economy, so the entire population of the UK has some link to the supply chain for these products. Buildings, vehicles, appliances and countless other goods are created using the products covered by the proposed measures. Because of this, it is not possible to identify typical characteristics of these consumers (such as age, gender or income).
564. Many of these downstream products are relatively expensive (such as houses and cars) for which it is likely that demand would be quite price inelastic (insensitive to changes in prices) for small changes in price. While steel products are typically quite homogeneous, downstream products are more likely to be differentiated. We would expect competition in the downstream sectors to be driven by non-price factors.
565. Some steel products will be consumed by public sector organisations such as Network Rail and the defence sector. Demand from these groups is likely to be price inelastic because they are not subject to market forces to the same extent as other businesses, though any additional costs to groups like these will ultimately be borne by taxpayers.

### F5.6 Summary tables

566. Table 24 shows the economic significance of the broad sectors likely to be affected by the measures but many of these businesses may not be affected. For example, within the steel industry, there are 770 businesses. Only a fraction of these is likely to be producers of the steel safeguards products, while the rest are likely to be downstream businesses that use the safeguard products to manufacture other steel products. There is limited data for the scrap metal industry and importers but sufficient data for other groups.
567. The data shows that upstream industries are relatively small compared to the UK steel industry in terms of GVA and employment. On the other hand, downstream groups are substantially

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<sup>274</sup> BEIS (2022). [Annual business population estimates for the UK and regions in 2022](#) (Table 7).

<sup>275</sup> ONS (2023). [GDP output approach – low-level aggregates](#) (Worksheet 1).

<sup>276</sup> BEIS (2017). [Future capacities and capabilities of the UK steel industry](#).

<sup>277</sup> BEIS (2016). [Annual business population estimates for the UK and regions in 2016](#) (Table 7).



larger than the steel industry employing far more people and contributing more to the economy.

568. Table 25 shows the economic significance of selected businesses with known links to the proposed measures. We conclude that the goods covered by the safeguard measure are an important product for UK producers, upstream businesses, importers, and for the downstream businesses that engaged with the investigation.



**Table 24: Significance metrics for the affected industries**

|                                | Coal industry | Scrap metal industry | Steel industry | Construction | Manufacturing (excl. steel and automotive) | Automotive | Rail   |
|--------------------------------|---------------|----------------------|----------------|--------------|--|------------|--------|
| Total businesses               | 8             | More than 280        | 770            | 914,000      | 238,000                                    | 5,000      | 80     |
| GVA (£m) 2022, current prices  | 24            | Unknown              | 2,000          | 136,000      | 188,000                                    | 15,000     | 562    |
| Number of employees, 2022, BPE | 360           | 6,000                | 33,000         | 2,105,000    | 2,371,000                                  | 145,000    | 68,000 |
| Turnover (£m), 2022            | 149           | 9,600                | 8,000          | 333,000      | 501,000                                    | 68,000     | 7,000  |

Sources:

- Questionnaire responses
- ONS, GDP output approach – low-level aggregates, 2023
- BEIS, Business Population Estimates 2022
- BRMA website
- BEIS Historical coal data: coal production, availability and consumption 2022



**Table 25: Summary table for the significance metrics of selected businesses for affected industries**

|   | <b>Upstream businesses</b>  | <b>UK producers</b>  | <b>Importers</b>  | <b>Downstream businesses</b>  |
|---|---|--|---|---|
| <b>Questionnaire responses</b>                    | 0   | 5  | 1   | 5   |
| <b>Total selected</b>                             | 5   | 5  | 5   | 19  |
|   |   |  |   |   |
| <b>Estimated importance for this group</b>        | <b>Somewhat important (UK producer raw material cost vs turnover)</b> | <b>Very important (turnover from like goods vs total turnover)</b> | <b>Very important (no. of import transactions under the relevant codes vs total transactions)</b> | <b>Very important for registered businesses (purchases of the relevant codes vs costs of sales)</b> |
|   |   |  |   |   |
| <b>Total employment of selected businesses</b>    | 5,000   | 15,000   | 1,000   | 78,000  |
| <b>Total GVA of selected businesses (£m)</b>      | 397   | 595  | 124   | 25,000  |
| <b>Total turnover of selected businesses (£m)</b> | 5,000   | 5,000  | 1,000   | 28,000  |



|  |   |  |                                    |  |
|--|---|--|------------------------------------|--|
| <b>Average EBITDA margin for selected businesses (%)</b> | 4   | -1   | 5                                  | 16   |
| <b>Vulnerability to economic impacts</b>                 | <b>Medium</b> – low EBITDA margins, but growing sales | <b>High</b> – Low or negative EBITDA for most of the producers | <b>Medium</b> – low EBITDA margins | <b>Medium</b> – low EBITDA margins for some businesses |

Sources: Questionnaire responses submitted by interested parties to TRA; Dun & Bradstreet; HMRC trader data.

Methodology: The importance of the safeguard goods to each of the groups was estimated using the comparison metrics set out in brackets for each group. The significance metrics use an average of the five most recent years available (time periods range from 2015 to 2023). The assessment of vulnerability to negative economic impacts was made by looking at the significance metrics for the most recent years. GVA was estimated by adding operating profits, employment costs, depreciation and amortisation. EBITDA margin was estimated by dividing the sum of operating profit, depreciation and amortisation by the turnover.

## F6: Likely impact on affected industries and consumers

569. This section assesses how prices and quantities throughout the supply chain will be impacted should the safeguard measure be extended or expire. We then assess the impact of any changes in prices and quantities on affected industries and consumers.
570. The extended safeguard measure will take the form of TRQs. Imports within quota limits face no additional tariff but those exceeding quota limits are subject to an additional 25% ad valorem tariff.

### F6.1 Price and quantity changes with the extension of the safeguard measures

571. If the safeguard measure was extended, each product category would continue to face a TRQ for two years, until 30 June 2026. The TRQ would be liberalised by 3% each year (see Section G for more information on how TRQs are calculated).
572. The impact of this liberalisation will mostly depend on whether the current quota is being fully used. For product categories where imports currently exceed quota amounts, the price of imports could potentially reduce as a result of the liberalisation of quotas, everything else being equal. This is because some current out-of-quota imports would end up within the quota and not subject to the 25% safeguard tariff. However, with a liberalisation rate of 3%, any changes in prices are expected to be negligible.



573. An analysis of import data suggests that, from July 2022 to June 2023, residual quotas were often used up for three product categories (5, 16 and 17). Country-specific quotas were rarely used up for any categories over this period. Exceptions are categories 12A (EU), 13 (Türkiye), and 20 (Türkiye) where quotas were exhausted for the first quarter. Therefore, it is unlikely that liberalisation would have a significant impact on prices.
574. Some parties submitted comments in relation to TSUK recently starting to procure hot rolled coil (PC1) on a large scale, exhausting the residual quota. The TRA is conducting separate reviews on this.
575. There is uncertainty around future trends in the demand for steel. European steel demand is predicted to grow by 5.8% in 2024<sup>278</sup> but the UK economy is predicted to grow by around 0.6%<sup>279</sup> so UK steel demand might be slower than in other European countries. Overall, it is likely that demand for steel may grow but the growth may be slower than the rate of liberalisation so the effect on prices may be small.
576. There is no evidence suggesting that suppliers of scrap metal would change their current prices and quantities in response to extending the safeguarding measures. Because demand for scrap metal relies heavily on the steel industry and its availability is mostly fixed, the prices and quantities of scrap metal are likely to be driven by steel demand.
577. The impact on steel users will mostly depend on whether importers and UK producers adjust their steel prices and by whether steel users choose to transfer these changes to customers. For the steel users that submitted evidence, the safeguard goods represent a significant proportion of their total costs. However, steel costs make up only a small proportion of the overall cost for most products using steel. Therefore, we conclude that, for most businesses, a small change in the price of steel is unlikely to have a significant impact on the prices of downstream products.
578. It is unclear whether quantities currently produced by downstream businesses will change in response to extending the safeguard measures. Recent data indicates that downstream industries such as construction and manufacturing will experience declines in industry activity in 2024.<sup>280</sup> On the other hand, industries such as the automotive industry continue to recover from the effects of the COVID-19 pandemic and will experience further expansions in 2024.<sup>281</sup>

## F6.2 Price and quantity changes if the safeguard measure were to expire

579. The price of imports is expected to decrease by the value of the tariff for imports exceeding the quota, if the measures are to expire compared to if the measures are extended.<sup>282</sup> Those imports could face reduced costs of up to 20%.<sup>283</sup> Evidence received suggests that price is an

<sup>278</sup> World Steel Association. [Short Range Outlook October 2023](#).

<sup>279</sup> OBR. [Economic and fiscal outlook – November 2023](#).

<sup>280</sup> The Construction Index (2024). [Steel still tops despite softening sales](#). (Accessed: 13 March 2024).

<sup>281</sup> EY (2024). [Automotive sector continues to grow, but concerns remain about 2024 – EY comments](#). (Accessed: 14 March 2024).

<sup>282</sup> 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, the expiry of the measures could also result in price changes for those imports within the quota. However, this cannot be quantified.

<sup>283</sup> When a 25% tariff has been applied the resulting price of imports is 25% higher than their price before the tariff is applied. Removal of a 25% tariff would result in a 20% decrease in price of imports where the tariff had applied.





important factor to customers. Therefore, it is likely that importers would reduce their prices to remain competitive.

580. As discussed, current quotas, with few exceptions, were not fully used. Additionally, the UK currently has multiple trade remedy measures in place on steel products covered by the safeguard measure.<sup>284</sup> Therefore, any direct impacts on import prices from the expiry of the measure are likely to be minimal, all things being equal.
581. However, there is a realistic chance that, if the safeguard measure is removed, there could be a surge in imports. Other major economies like the EU and USA have protective measures in place, leading overseas suppliers to potentially redirect their excess capacity to the UK if the UK were to remove its safeguard protections.
582. 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 sustain a price reduction over an extended period since they are making significant losses at current prices. For products that are less price sensitive (e.g. high-end steel products such as stainless bars), price effects are expected to be less strong. Instead, demand for these products is more sensitive to non-price factors such as quality, brand loyalty and faster delivery.
583. The impact on import prices might be more significant if UK producers partially or completely reduce their production levels. If UK consumption is met entirely by imports, prices for imports could decrease for both 'out-of-quota' imports and for products that were previously domestically produced.
584. Illustrative analysis suggests that the expiry of 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 could be possible in categories where UK consumption is relatively high when compared to the quota and where UK producers account for a significant share of UK consumption (e.g. PC 16, 19, and 21).
585. 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.
586. UK suppliers of scrap metal rely on the steel industry so prices of scrap metal would be likely to face downward pressure if there were decreased demand from UK steel producers.

### **F6.3 Likely impact on affected industries and consumers**

587. In this section we discuss the likely impacts for affected industries. In particular, we compare the expected impacts if the measures were extended as proposed rather than expire.

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<sup>284</sup> More than 90 commodity codes are subject to a measure. Categories 1, 2, 4, 7, 12A, 16, and 20 have the majority or all of their commodity codes covered by a measure.



### **Upstream businesses: scrap metal industry**

588. We do not foresee changes to quantities produced by UK producers as a result of extending the measure. Therefore, quantities of scrap metal sold domestically are likely to remain stable. Where UK producers under some product categories are able to increase their quantities, in response to growing demand for steel, this would result in increased demand for scrap metal, which would benefit scrap metal suppliers.
589. The expiry of the safeguard measure would be likely to negatively impact scrap metal suppliers due to the expected decline in UK production. However, this may be cushioned by demand from overseas buyers. Scrap metal suppliers may also be forced to lower their domestic prices due to reduced demand from UK producers.

### **Steel importers**

590. The average cost of imports is unlikely to change with the extension of the safeguard measure, though prices could decline for those few cases where quota amounts are exceeded (due to liberalisation).
591. If the safeguard measure was to expire, there is the potential for importers to reduce their prices by up to 20% - for those that are currently importing outside the quota. There could be further price reductions if some UK producers are driven out of the market. In addition, the risk and uncertainty associated with exceeding the quota amount and paying a 25% safeguard tariff would be eliminated.
592. 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, if the safeguard measure expires, importers are likely to increase the quantity of imported steel products (especially where there is excess demand).
593. The expiry of the safeguard measure would, therefore, be likely to have a significant positive impact on steel importers.
594. This is particularly true for importers of PC1 under the residual quota who have recently (outside the PoI) been facing paying the safeguard duty on a regular basis due to the residual quota being exhausted very early in each quarter. The TRA is currently conducting two separate reviews into PC1.

### **UK producers of steel**

595. The quantities and prices of UK produced steel are expected to remain stable with the extension of the safeguard measure, everything else remaining the same. UK producers could increase production quantities in response to increased UK demand given their low levels of capacity utilisation.
596. As UK producers are generally 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 to expire and there was a surge in imports. Any price reductions to remain competitive would be unsustainable in the long term for UK producers. The expiry of



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the safeguard measure would therefore be likely to result in reduced quantities and a loss in market share.

597. The expiry of the safeguard measure would therefore be likely to have a significant negative impact on UK producers.

### Downstream businesses

598. We expect that prices of steel products would generally fall if the safeguard measure was to expire. This price fall is likely to be less than 20%. This would lead to a decrease in costs for downstream industries which they could choose to absorb or pass on to their customers in the form of lower prices.

599. A change in the price of steel products is unlikely to have a significant impact on average individual downstream businesses. However, there may be some individual downstream businesses for which steel costs are a relatively larger proportion of turnover, such as the ones that participated in our investigation.

600. Given the size of the demand for steel products covered by the measures, there is likely to be a significant positive impact on downstream groups if the safeguard measure was to expire. However, we were not able to assess the magnitude of this based on the available evidence. On the other hand, the average impacts on individual businesses are likely to be minor given steel costs are usually small compared to the overall size of these businesses.

### Consumers

601. If the measure was to expire and, as a consequence, downstream industries faced lower costs, 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 expiry of the safeguard measure, many businesses may choose to absorb cost decreases rather than pass them onto consumers.

**Table 26: Expected impacts on prices and quantities on affected groups if the safeguard measure were to be extended**

|                              |   |
|------------------------------|---|
| <b>Scrap metal industry</b>  | Positive impact overall and on individual businesses.                                     |
| <b>Steel industry</b>        | Significant positive impact overall and on individual businesses.                         |
| <b>Steel importers</b>       | Significant negative impact overall and on individual businesses.                         |
| <b>Downstream businesses</b> | Significant negative impact overall but relatively small impact on individual businesses. |
| <b>Consumers</b>             | Negligible.   |



## F7: Likely impact on particular geographic areas or particular groups

602. This section explores how the impacts of the proposed measure are likely to be geographically distributed and whether any particular groups might be disproportionately impacted. Our spatial units of analysis are Travel to Work Areas (TTWAs).

### F7.1 Likely impact on particular areas

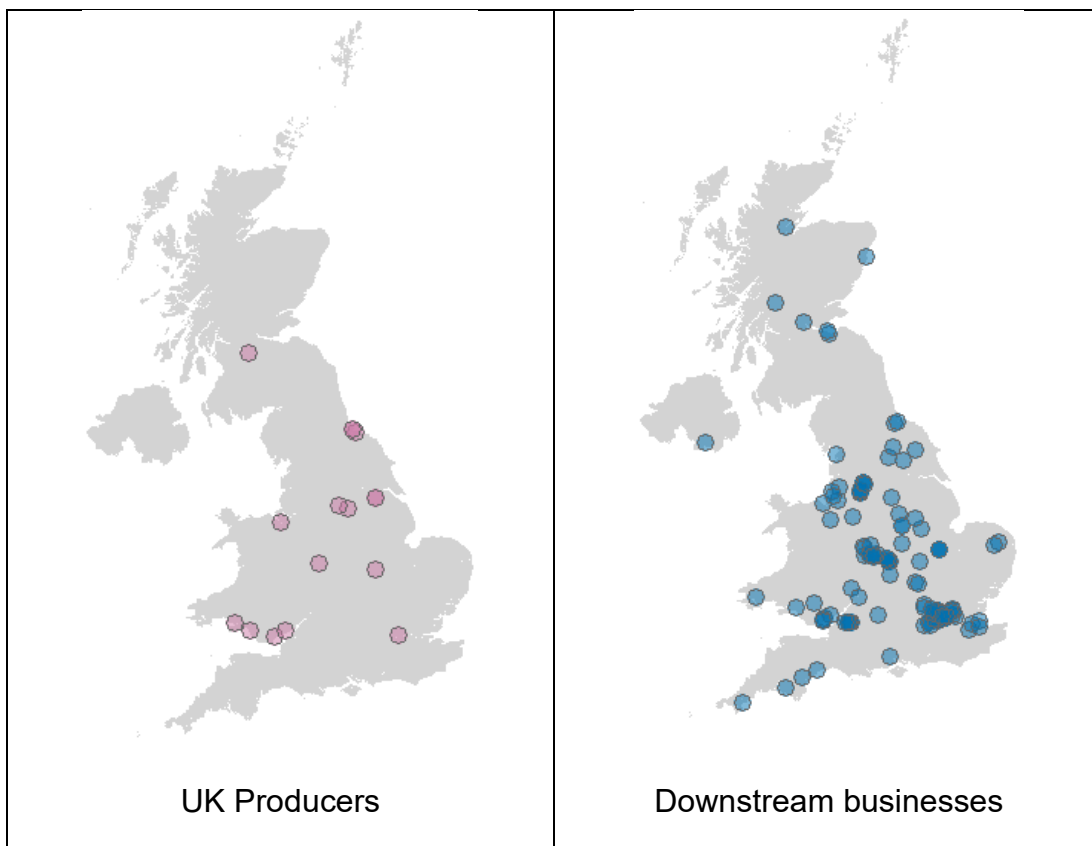
603. Our geographical analysis considers upstream industries, the UK producers of steel, importers of steel and downstream industries.

604. For each affected group, we estimated the percentage of local employment from affected businesses to identify any areas where their employment accounted for a significant percentage of local employment (more than 1% of the working age population of a TTWA).

605. Upstream businesses and importers are not significant employers in their respective TTWAs. This means that extending the measures is unlikely to have any disproportionate impact on TTWAs where these businesses are located.

606. Figure 3 shows the geographic distribution of the known locations for UK producers and selected downstream businesses.

**Figure 3: Known locations for UK producers and selected downstream businesses**



Sources: Questionnaires, Dun and Bradstreet Business Directory



## **Steel producers**

607. Figure 3 shows the geographic distribution of the known UK producers. There are clusters in South Wales, East Midlands and North East.
608. We found three TTWAs where known employment constituted a significant proportion of the working age population – Newport, Scunthorpe and Hartlepool. Socio-economic data for these areas is set out in Table 27 and shows that all areas are likely to be relatively economically deprived because most of the socio-economic indicators considered are worse than the UK average. Additionally, UK Steel stated that the steel industry provides significant employment opportunities across these areas and supports skilled jobs that offer wages that are higher than the local average.
609. Given the evidence of deprivation in these three TTWAs and the significance of employment attributable to steel production, extending the measure as proposed is likely to confer a significant benefit to these areas compared to a scenario where the measure expires. Job losses in these areas could be more damaging as it might be harder for people to find new employment opportunities.
610. TSUK recently announced a proposal to close its blast furnaces in Port Talbot. This may alter the expected geographic impacts but there is insufficient evidence to determine this at this stage. This is discussed in section F.9.



**Table 27: Socio-economic data for TTWAS where UK steel producers are an important employer**

| Travel to Work Area (TTWA) | Job density (2019) | Claimant count (2020) | NVQ level 4 qualifications or above (2021) | Mean annual pay (full time earnings) (2022) |
|----------------------------|--------------------|-----------------------|--|---|
| Newport                    | 0.8                | 5.6%                  | 38.1%                                      | £28,114                                     |
| Decile of UK TTWAs         | 4                  | 3                     | 5  | 5   |
| Scunthorpe                 | 0.8                | 5.2%                  | 31.4%                                      | £27,794                                     |
| Decile of UK TTWAs         | 3                  | 4                     | 2  | 5   |
| Hartlepool                 | 0.6                | 8.2%                  | 29.9%                                      | £25,879                                     |
| Decile of UK TTWAs         | 1                  | 1                     | 2  | 2   |
| <b>UK</b>                  | <b>0.9</b>         | <b>5.3%</b>           | <b>43.5%</b>                               | <b>£33,402</b>                              |

Sources: ONS, [LI03 Regional labour market: Local indicators for travel-to-work areas](#); ONS, [Annual Survey of Hours and Earnings, Earnings and hours worked, work-based travel to work area: ASHE Table 11](#); and ONS, [Annual Population Survey](#).

Notes: Deciles are calculated by ranking the TTWA from most deprived to least deprived and dividing them into 10 equal groups. These range from the most deprived 10% (Decile 1) of TTWAs nationally, to the least deprived 10% (Decile 10) of TTWAs nationally.

### Downstream businesses

611. The location of selected downstream businesses is plotted in Figure 3. The selected downstream businesses are geographically spread across the UK, with clusters in West Midlands, London, South East and North West.
612. Three TTWAs – Rhyl (Wales), Northallerton (North Yorkshire), and Birmingham (West Midlands) – have a significant proportion of working-age population employed in the selected businesses. Jobs in the automotive industry are concentrated in Birmingham, while jobs related to manufacturing and construction industry are located in the other two areas.
613. Rhyl is likely to be relatively economically deprived because all socio-economic indicators considered are worse than the UK average. Northallerton and Birmingham score well for these indicators suggesting they are less deprived, as shown in table 28.
614. In section F.6, we found there may be significant negative impacts on the downstream group collectively as a result of extending the measure but there would not be a significant impact on individual downstream businesses in most cases. The safeguard products are significant for those businesses that engaged with us – but none of them are in the TTWAs where significant employment was found.



615. Therefore, while downstream businesses are significant employers in Rhyl and Northallerton, it is unclear whether extending the measure would have negative impacts on those areas.

**Table 28: Socio-economic data for TTWAs where the selected downstream businesses are an important employer**

| Travel to Work Area (TTWA) | Job density (2019) | Claimant count (2020) | NVQ level 4 qualifications or above (2021) | Mean annual pay (full time earnings) (2022) |
|----------------------------|--------------------|-----------------------|--|---|
| Rhyl                       | 0.8                | 5.8%                  | 37.3%                                      | £28,041                                     |
| Decile of UK TTWAs         | 3                  | 3                     | 4  | 5   |
| Northallerton              | 1.0                | 2.8%                  | 41.6%                                      | £30,381                                     |
| Decile of UK TTWAs         | 9                  | 10                    | 7  | 8   |
| Birmingham                 | 0.9                | 8.1%                  | 39.6%                                      | £34,516                                     |
| Decile of UK TTWAs         | 6                  | 1                     | 6  | 10  |
| <b>UK</b>                  | <b>0.9</b>         | <b>5.3%</b>           | <b>43.5%</b>                               | <b>£33,402</b>                              |

Sources: ONS, [LI03 Regional labour market: Local indicators for travel-to-work areas](#); ONS, [Annual Survey of Hours and Earnings, Earnings and hours worked, work-based travel to work area: ASHE Table 11](#); and ONS, [Annual Population Survey](#).

Notes: Deciles are calculated by ranking the TTWA from most deprived to least deprived and dividing them into 10 equal groups. These range from the most deprived 10% (Decile 1) of TTWAs nationally, to the least deprived 10% (Decile 10) of TTWAs nationally.

### Cumulative geographic impacts

616. When looking at the cumulative geographic impacts, evidence suggests positive impacts on three relatively deprived areas for UK steel producers if the safeguard measure is extended.

617. While the selected downstream businesses are major employers in three TTWAs, there is not enough evidence to conclude that extending the measure would have negative impacts on those areas.

618. For the upstream businesses and importers, we have no evidence suggesting significant geographic impacts.





## **F7.2 Likely impact on particular groups**

619. We considered the likely impact on particular groups including those with protected characteristics as defined by the Equality Act 2010.
620. 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.
621. Therefore, there are no obvious impacts on groups with protected characteristics or other groups, which might result from extending the measure as proposed or allowing the measure to expire.

## **F8: Likely consequences for the competitive environment and for the structure of markets for goods in the UK**

622. The assessment of likely consequences for the competitive environment and structure of the UK market considers four areas:
- the impact on the number or range of suppliers;
  - the impact on the ability of suppliers to compete;
  - the impact on the incentives to compete vigorously; and
  - the impact on the choices and information available to consumers.

623. For this assessment, the term 'suppliers' includes importers and UK producers of steel products.

### **F8.1 Background**

624. In Section E, we discuss market shares' trends using sales volume in the UK from all known UK producers and import data from HMRC.
625. UK producers experienced growth in their market share, particularly within the first three years of the Pol. Their market share began to decline in the fourth year of the Pol, stabilising by the end of the Pol. Overall, market shares and trends in market shares vary significantly by product category during the Pol.
626. There are a wide range of suppliers importing into the UK, with EU, the PRC, the Republic of Türkiye, India, Taiwan, and Republic of Korea holding the highest share of the imports into the UK.
627. The market for steel 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.
628. UK producers claimed that there is significant competition in the steel market for all product categories from either domestic producers or importers of steel and that most of their products



are highly price competitive. They also mentioned that prices are largely determined by demand (and not the reverse), and that for all product categories, their prices are highly sensitive to changes in demand, while for some categories (PC13) prices are ultra-sensitive.

629. For most product categories, our serious injury analysis shows that UK and imported steel prices move together, however, for a few products (such as PC 2, 12A, 25A, 25B, 26) there are significant differences between the two. This suggests that factors other than price may also be important to customers (e.g. quality, reliability of supply, technical support, and delivery lead times).

## **F8.2 The impact on the number and range of suppliers**

630. If the existing safeguard measure is extended, the number and range of suppliers could remain similar to previous levels. The extension of the measure would mean that a large proportion of imports would be supplied by countries with access to a country-specific quota. However, access to the residual quota provides opportunities to other supply sources for the UK steel market.
631. The expiry of the measure could lead to overseas suppliers having increased access to the UK market. Given the high level of competition in the UK market due to limited product differentiation, low costs of switching between suppliers, and substitutability between product categories (e.g. PC 13 and 16), increased import volumes may result in downward price pressures for UK producers, squeezing their profit margins and leading to significant losses of market share. 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.

## **F8.3 The impact on ability of suppliers to compete**

632. The extension of the safeguard measure may hinder the ability of overseas suppliers (particularly those without a country-specific quota) to compete as effectively as in the absence of the measure on price for imports above the quota amount. However, for most of the product categories, our analysis shows that most of the country-specific and residual quotas have not been fully used. This suggests that the ability of overseas suppliers to compete may not be significantly affected if the safeguard measure is extended. UK producers should also be able to adjust to maintain their competitiveness, with the safeguard measure in place.
633. The expiry of the measure would likely improve the ability of overseas suppliers to compete due to the increased access to the UK market and high degree of substitutability between products.

## **F8.4 The impact on the incentive to compete vigorously**

634. There is no evidence to suggest that the extension, or the expiry, of the safeguard measure would have an impact on the incentives for suppliers to compete vigorously.

## **F8.5 The impact on the choices and information available to customers**

635. 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



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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.

636. The expiry of the safeguard measure could impact choices and information available to customers in different ways. On one hand, steel users are likely to have more choices as overseas suppliers would be able to compete more effectively due to their increased access to the UK market. Several UK producers have mentioned that there is little differentiation between supplier products and that customers can very easily substitute between products, thus making the availability of choice for customers very likely to increase if the safeguard measure was to expire.
637. On the other hand, the expiry of the safeguard measure could result in steel producers losing market share and exiting the market, thereby negatively impacting availability of locally sourced steel. One UK producer mentioned that the removal of the safeguard measure could mean that UK choice would be restricted or eliminated, with the likelihood of higher value products being brought in from Europe. Further, some UK producers claim that they produce certain differentiated products that are not available from majority of overseas suppliers. If UK producers lose significant market share with regard to its more generic 'commodity' products, which account for majority of their production, it might become difficult for them to sustain the production of their high-quality, differentiated products which cannot be easily or quickly replaced by imports, thereby limiting, at least temporarily, the choice for customers.

### **F9: Such other matters that the TRA considers relevant**

638. As part of the EIT, we consider any other factors additional to those set out in the legislation which have implications in concluding whether the proposed trade remedy measure is in the economic interest of the UK.
639. As noted in section E.2, in January 2024 (outside of the PoI), TSUK announced a proposal to close its two blast furnaces in Port Talbot which could impact 2,800 jobs.<sup>285</sup> The furnace closures would affect TSUK's production of like goods, with production of hot-rolled coil steel (PC1) being the most impacted. TSUK mentioned that the sites involved with the like goods production are in Port Talbot, Llanwern, Shotton, Trostre, Corby and Hartlepool. This announcement may affect the findings of our geographic assessment but at this stage it is too early to be certain of the impacts.
640. Following the publication of the SIFD, we received evidence from the Confederation of British Metalworking (CBM) who claimed there are problems with buying PC 12A due to the product not being competitively available in the UK or produced on reasonably commercial terms, and the quota allowance for PC 12A being too small. There are two UK producers of PC 12A and CBM only provided evidence of issues securing the product from one of these producers. Furthermore, the quota for PC 12A was increased by the Secretary of State after a tariff quota review on safeguards in 2022 (SM0016), with no further evidence of the quota being exceeded since the review was implemented. We therefore conclude that there is insufficient evidence to make any further changes to the quota for PC 12A. If future evidence arises of the quotas being exhausted, this could be revisited in a TRQ review.

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<sup>285</sup> [Tata Steel announces next steps towards its ambitious transformation from blast furnaces to green steelmaking in the UK and initiates statutory consultation | Tata Steel in Europe \(tatasteelurope.com\)](#) (Accessed: 22 January 2024).



641. We received no further evidence from interested parties.

## F10: Form of measure

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

643. We received requests to adjust TRQs by removing specific products from the scope. In a note to public file,<sup>286</sup> the TRA stated that, due to the limited timeframe to complete the extension review, it will not be considering requests to changes to the scope, or neither it will be adjusting TRQs.

## F11: Conclusion

644. In accordance with paragraph 23 of Schedule 5 to the Act, the EIT is met in relation to the application of a safeguarding remedy if the application of the remedy is in the economic interest of the UK; there is no presumption that the EIT is met and a measure is not in the economic interest of the UK if the negative impacts are disproportionate to the positive impacts.

645. In the [serious injury section](#), we found that the UK steel industry is in a vulnerable position, experiencing serious injury (particularly during the Pol) and thus conclude that allowing the measure to expire would likely result in an increase of imports which will cause further serious injury to the UK steel industry.

646. In the [economic significance](#) section, our analysis revealed that the goods covered by the safeguard measure are very important for the scrap metal industry, UK producers, importers and downstream businesses, with these groups likely to be vulnerable to adverse economic effects. We found that the upstream industries are relatively small compared to the UK steel industry in terms of GVA and employment. Conversely, the downstream groups are significantly larger than the steel industry, employing far more people and contributing more to the economy in terms of GVA.

647. In the [impacts on affected industries](#) and consumers section, we concluded that extending the measure would significantly benefit the UK steel and scrap metal industries. We found that UK importers could incur some costs if the measure is extended. The size of these costs would depend on the extent to which imports exceed the quota amounts. Although most individual downstream businesses are expected to experience a relatively minor impact, the cumulative effect on total costs for this group could be significant due to the large number of businesses affected.

648. In the [section assessing the likely impacts on particular geographic](#) areas and particular groups, we found no evidence of geographic impact for upstream industries and importers. We concluded that there could be significant benefits of extending the safeguard measure to three deprived areas: Newport, Scunthorpe and Hartlepool. While selected downstream businesses

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<sup>286</sup> [TRA Investigations - Trade Remedies Service - GOV.UK \(trade-remedies.service.gov.uk\)](#)



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are significant employers in Rhyl, Northallerton, and Birmingham, we do not have enough evidence to conclude that extending the measure could have negative impact overall. There is no evidence to suggest any particular groups will be impacted.

649. In [the competition section](#), we concluded that extending the measure will allow UK producers to further adjust to the competitive environment helping them to remain in the market. This would ensure that UK consumers will still be able to access locally sourced steel. Foreign producers would still be able to export within quota limits; however, it could be harder for countries without specific quotas to compete.

650. We have identified the following key positive impacts of extending the measure as proposed:

- Large benefits to UK steel producers from preventing recurrence of serious injury. Steel producers are a significant employer in Newport, Scunthorpe and Hartlepool, all relatively deprived areas.
- Benefits to upstream suppliers of scrap metal that rely on demand from the steel industry.
- 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.

651. The contrasting key negative impacts of extending the measure are:

- Importers would be less able to compete with UK producers above quota amounts owing to the out of quota tariff.
- Higher costs to downstream users. However, for most of the steel users, costs with safeguard products are likely to account for a small proportion of their total costs. Altogether, 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 for the ability and incentives of foreign suppliers to compete beyond the quota amount.

652. Based on our consideration of the evidence submitted by interested parties, we conclude that extending the measure as proposed is unlikely to cause disproportionate negative effects to the UK economy, when compared with the significant benefits to UK producers. We conclude, therefore, that the EIT is met for all product categories.



# Section G: Proposed TRQs for each individual product category

## G1: Introduction

653. The TRA has calculated proposed TRQs for each individual product category subject to the 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.

## G2: Current TRQs

654. In January 2023, the TRA initiated a TRQ of Developing Country Exception (DCE) review (TQ0030), which examined the period from 1 January 2022 to 31 December 2022 to establish if developing countries (Table 32) had exceeded the 3% and collective 9% thresholds for the DCE.

655. At the conclusion of TQ0030, the TRA made a recommendation to the Secretary of State. This included updated TRQ allocations after finding that circumstances had changed in relation to the exports of goods from some developing countries that were benefitting from DCE status.

656. The TRA published the final recommendation in relation to TQ0030 on 30 June 2023. The TRQs with the proposed changes to developing countries allocations took effect on 01 July 2023 and are set to expire on 30 June 2024.

## G3: Methodology for the proposed TRQs

657. Consistent with the principle of 'progressive liberalisation' provided in Article 7.4 and Article 12.2 of the Agreement on Safeguards, we have ensured that the quotas have been liberalised year to year.

658. The process of liberalising the quotas is done by calculating the yearly country specific and residual quotas and applying the liberalisation rate to these quotas. For example, to determine the proposed TRQs for year 1, we calculate them by multiplying the existing annual quotas in effect (from 01 July 2023 to 30 June 2024) by a factor of 1.03. After this is done, we calculate the quarterly quotas based on the number of days in each quarter.

659. The 3% liberalisation rate is consistent with the rate used to calculate the current TRQs. We have consulted with stakeholders to assess whether the current level of liberalisation continues to be appropriate.

660. Some interested parties (notably UK producers) claimed that the current liberalisation rate is not in line in the current UK market developments and should, therefore, be reduced.

661. The objective of liberalisation is to progressively allow more import competition while the domestic industry adjusts to the market conditions and to avoid competitiveness issues once safeguard measure come to an end.





662. Considering this, along with the expected slow growth in steel demand and the general availability of TRQs, the TRA consider that there is no need to decrease or increase the level of liberalisation.

### G3.1 Free Trade Agreements (FTAs) / Economic Partnership Agreement (EPA) exception

663. Regulation 44 of the Safeguard Regulations provides an exception from the application of a safeguard measure to certain countries which have this stated in an FTA or EPA with the UK.<sup>287</sup>

664. Since TQ0030, none of the safeguard exception provisions in force expired. Therefore, at this time, the only two active safeguard exception provisions are with Kenya and the CARIFORUM countries listed in Table 31. Imports from these countries are not included in any calculations due to their exception from the safeguard measure.

### G3.2 Developing Countries

665. Table 33 lists the developing countries that are not exempt from the safeguard measure by product category. This extension review has not reviewed the developing country exceptions as it falls outside of the scope, and a separate review specifically addressing this issue has been recently conducted (TQ0030).

## G4: Proposed TRQs

Table 29: Quarterly volumes of country and residual tariff-rate quotas (in tonnes) year 1

| Product category | Country/Area      | 01/07/2024       | 01/10/2024       | 01/01/2025       | 01/04/2025       |
|------------------|-------------------|------------------|------------------|------------------|------------------|
|                  |                   | To<br>30/09/2024 | To<br>31/12/2024 | To<br>31/03/2025 | To<br>30/06/2025 |
| 1                | EU                | 187,484          | 187,484          | 183,409          | 185,446          |
|                  | Türkiye           | 24,616           | 24,616           | 24,081           | 24,349           |
|                  | Taiwan            | 13,704           | 13,704           | 13,407           | 13,556           |
|                  | Residual          | 23,587           | 23,587           | 23,074           | 23,331           |
| 2                | EU                | 81,065           | 81,065           | 79,303           | 80,184           |
|                  | India             | 9,969            | 9,969            | 9,752            | 9,860            |
|                  | Republic of Korea | 11,925           | 11,925           | 11,666           | 11,795           |
|                  | Residual          | 25,296           | 25,296           | 24,746           | 25,021           |
| 4                | EU                | 323,830          | 323,830          | 316,790          | 320,310          |
|                  | Taiwan            | 33,480           | 33,480           | 32,752           | 33,116           |

<sup>287</sup> FTA provide tariff-free trade of goods and services between partner nations, while EPAs include the same provisions but go beyond FTAs in scope. However, both types of exceptions are covered under regulation 44.





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|     |                   |         |         |         |         |
|-----|-------------------|---------|---------|---------|---------|
|     | India             | 24,727  | 24,727  | 24,189  | 24,458  |
|     | Türkiye           | 24,657  | 24,657  | 24,121  | 24,389  |
|     | Residual          | 85,509  | 85,509  | 83,651  | 84,580  |
| 5   | EU                | 36,647  | 36,647  | 35,850  | 36,248  |
|     | Republic of Korea | 14,892  | 14,892  | 14,568  | 14,730  |
|     | Residual          | 2,226   | 2,226   | 2,178   | 2,202   |
| 6   | EU                | 31,954  | 31,954  | 31,259  | 31,606  |
|     | PRC               | 8,113   | 8,113   | 7,936   | 8,024   |
|     | Taiwan            | 2,649   | 2,649   | 2,592   | 2,620   |
|     | Republic of Korea | 2,515   | 2,515   | 2,460   | 2,487   |
|     | Residual          | 1,084   | 1,084   | 1,061   | 1,072   |
| 7   | EU                | 71,107  | 71,107  | 69,561  | 70,334  |
|     | Residual          | 25,376  | 25,376  | 24,824  | 25,100  |
| 12A | EU                | 29,488  | 29,488  | 28,847  | 29,168  |
|     | Residual          | 4,242   | 4,242   | 4,149   | 4,196   |
| 12B | EU                | 35,423  | 35,423  | 34,653  | 35,038  |
|     | Türkiye           | 13,333  | 13,333  | 13,043  | 13,188  |
|     | Residual          | 7,577   | 7,577   | 7,412   | 7,494   |
| 13  | EU                | 74,447  | 74,447  | 72,829  | 73,638  |
|     | Türkiye           | 35,269  | 35,269  | 34,503  | 34,886  |
|     | Residual          | 24,013  | 24,013  | 23,491  | 23,752  |
| 16  | EU                | 74,946  | 74,946  | 73,316  | 74,131  |
|     | Residual          | 3,272   | 3,272   | 3,201   | 3,237   |
| 17  | EU                | 170,645 | 170,645 | 166,935 | 168,790 |
|     | Residual          | 17,735  | 17,735  | 17,349  | 17,542  |
| 19  | EU                | 4,792   | 4,792   | 4,688   | 4,740   |
|     | Residual          | 141     | 141     | 138     | 139     |
| 20  | EU                | 7,072   | 7,072   | 6,918   | 6,995   |
|     | India             | 3,636   | 3,636   | 3,557   | 3,596   |
|     | UAE               | 2,410   | 2,410   | 2,358   | 2,384   |
|     | Türkiye           | 15,712  | 15,712  | 15,371  | 15,542  |
|     | Residual          | 739     | 739     | 723     | 731     |
| 21  | EU                | 11,321  | 11,321  | 11,075  | 11,198  |
|     | Türkiye           | 37,298  | 37,298  | 36,488  | 36,893  |



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|     |                   |        |        |        |        |
|-----|-------------------|--------|--------|--------|--------|
|     | Residual          | 3,442  | 3,442  | 3,367  | 3,404  |
| 25A | EU                | 6,327  | 6,327  | 6,189  | 6,258  |
|     | Republic of Korea | 1,264  | 1,264  | 1,236  | 1,250  |
|     | Japan             | 8,268  | 8,268  | 8,089  | 8,178  |
|     | Residual          | 2,230  | 2,230  | 2,182  | 2,206  |
| 25B | EU                | 16,274 | 16,274 | 15,920 | 16,097 |
|     | Japan             | 2,049  | 2,049  | 2,005  | 2,027  |
|     | Republic of Korea | 4,677  | 4,677  | 4,575  | 4,626  |
|     | Residual          | 4,933  | 4,933  | 4,826  | 4,880  |
| 26  | EU                | 22,797 | 22,797 | 22,301 | 22,549 |
|     | Türkiye           | 11,129 | 11,129 | 10,887 | 11,008 |
|     | PRC               | 5,854  | 5,854  | 5,727  | 5,791  |
|     | UAE               | 15,320 | 15,320 | 14,987 | 15,154 |
|     | Residual          | 10,108 | 10,108 | 9,888  | 9,998  |



Table 30: Quarterly volumes of country and residual tariff-rate quotas (in tonnes) year 2

| Product category | Country/Area      | 01/07/2025       | 01/10/2025       | 01/01/2026       | 01/04/2026       |
|------------------|-------------------|------------------|------------------|------------------|------------------|
|                  |                   | To<br>30/09/2025 | To<br>31/12/2025 | To<br>31/03/2026 | To<br>30/06/2026 |
| 1                | EU                | 193,109          | 193,109          | 188,911          | 191,010          |
|                  | Türkiye           | 25,355           | 25,355           | 24,804           | 25,079           |
|                  | Taiwan            | 14,116           | 14,116           | 13,809           | 13,962           |
|                  | Residual          | 24,295           | 24,295           | 23,766           | 24,030           |
| 2                | EU                | 83,497           | 83,497           | 81,682           | 82,590           |
|                  | India             | 10,268           | 10,268           | 10,045           | 10,156           |
|                  | Republic of Korea | 12,283           | 12,283           | 12,016           | 12,149           |
|                  | Residual          | 26,055           | 26,055           | 25,488           | 25,771           |
| 4                | EU                | 333,545          | 333,545          | 326,294          | 329,919          |
|                  | Taiwan            | 34,484           | 34,484           | 33,734           | 34,109           |
|                  | India             | 25,468           | 25,468           | 24,915           | 25,192           |
|                  | Türkiye           | 25,397           | 25,397           | 24,845           | 25,121           |
|                  | Residual          | 88,075           | 88,075           | 86,160           | 87,117           |
| 5                | EU                | 37,746           | 37,746           | 36,925           | 37,336           |
|                  | Republic of Korea | 15,339           | 15,339           | 15,005           | 15,172           |
|                  | Residual          | 2,293            | 2,293            | 2,243            | 2,268            |
| 6                | EU                | 32,912           | 32,912           | 32,197           | 32,555           |
|                  | PRC               | 8,356            | 8,356            | 8,174            | 8,265            |
|                  | Taiwan            | 2,729            | 2,729            | 2,669            | 2,699            |
|                  | Republic of Korea | 2,590            | 2,590            | 2,534            | 2,562            |
|                  | Residual          | 1,117            | 1,117            | 1,092            | 1,105            |
| 7                | EU                | 73,240           | 73,240           | 71,648           | 72,444           |
|                  | Residual          | 26,137           | 26,137           | 25,569           | 25,853           |
| 12A              | EU                | 30,373           | 30,373           | 29,713           | 30,043           |
|                  | Residual          | 4,369            | 4,369            | 4,274            | 4,321            |
| 12B              | EU                | 36,485           | 36,485           | 35,692           | 36,089           |
|                  | Türkiye           | 13,733           | 13,733           | 13,434           | 13,583           |
|                  | Residual          | 7,804            | 7,804            | 7,634            | 7,719            |
| 13               | EU                | 76,681           | 76,681           | 75,014           | 75,847           |
|                  | Türkiye           | 36,327           | 36,327           | 35,538           | 35,933           |



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|     |                   |         |         |         |         |
|-----|-------------------|---------|---------|---------|---------|
|     | Residual          | 24,734  | 24,734  | 24,196  | 24,465  |
| 16  | EU                | 77,194  | 77,194  | 75,516  | 76,355  |
|     | Residual          | 3,370   | 3,370   | 3,297   | 3,334   |
| 17  | EU                | 175,764 | 175,764 | 171,943 | 173,854 |
|     | Residual          | 18,267  | 18,267  | 17,869  | 18,068  |
| 19  | EU                | 4,936   | 4,936   | 4,829   | 4,883   |
|     | Residual          | 145     | 145     | 142     | 144     |
| 20  | EU                | 7,284   | 7,284   | 7,126   | 7,205   |
|     | India             | 3,745   | 3,745   | 3,663   | 3,704   |
|     | UAE               | 2,483   | 2,483   | 2,429   | 2,456   |
|     | Türkiye           | 16,184  | 16,184  | 15,832  | 16,008  |
|     | Residual          | 761     | 761     | 744     | 753     |
| 21  | EU                | 11,661  | 11,661  | 11,407  | 11,534  |
|     | Türkiye           | 38,417  | 38,417  | 37,582  | 38,000  |
|     | Residual          | 3,545   | 3,545   | 3,468   | 3,506   |
| 25A | EU                | 6,516   | 6,516   | 6,375   | 6,446   |
|     | Republic of Korea | 1,302   | 1,302   | 1,273   | 1,288   |
|     | Japan             | 8,516   | 8,516   | 8,331   | 8,424   |
|     | Residual          | 2,297   | 2,297   | 2,247   | 2,272   |
| 25B | EU                | 16,762  | 16,762  | 16,397  | 16,580  |
|     | Japan             | 2,111   | 2,111   | 2,065   | 2,088   |
|     | Republic of Korea | 4,817   | 4,817   | 4,713   | 4,765   |
|     | Residual          | 5,081   | 5,081   | 4,971   | 5,026   |
| 26  | EU                | 23,481  | 23,481  | 22,971  | 23,226  |
|     | Türkiye           | 11,463  | 11,463  | 11,213  | 11,338  |
|     | PRC               | 6,030   | 6,030   | 5,899   | 5,965   |
|     | UAE               | 15,780  | 15,780  | 15,437  | 15,608  |
|     | Residual          | 10,411  | 10,411  | 10,185  | 10,298  |



**G5: Tables**

**Table 31: FTA/EPA partners with a current safeguard exception**

| Agreement        | Countries Covered   |
|------------------|---|
| UK-Kenya EPA     | Kenya   |
| UK-CARIFORUM EPA | Antigua and Barbuda<br>Barbados<br>Belize<br>The Commonwealth of the Bahamas<br>The Commonwealth of Dominica<br>The Dominican Republic<br>Grenada<br>The Republic of Guyana<br>Jamaica<br>Saint Christopher (Kitts) and Nevis<br>Saint Lucia<br>Saint Vincent and the Grenadines<br>The Republic of Suriname<br>The Republic of Trinidad and Tobago |

**Table 32: Developing country member of WTO**

| List of 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, North Macedonia, Oman, Pakistan, Panama, Papua New Guinea, Paraguay, Peru, Philippines, People's Republic of China, Qatar, Rwanda, Saint Christopher (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, Togo, Tonga, Trinidad and Tobago, Tunisia, |



Türkiye, Uganda, Ukraine, UAE, Uruguay, Vanuatu, Venezuela, Vietnam, Yemen, Zambia, Zimbabwe

**Table 33: Developing country non-exceptions**

| Product Category | Country Specific Quota | Residual Quota          |
|------------------|------------------------|-------------------------|
| 1                | Türkiye                | India                   |
| 2                | India                  | Brazil, Tunisia         |
| 4                | India, Türkiye         | Vietnam                 |
| 5                | N/A                    | Vietnam, India          |
| 6                | PRC                    | Türkiye                 |
| 7                | N/A                    | India, Türkiye          |
| 12A              | N/A                    | PRC                     |
| 12B              | Türkiye                | PRC                     |
| 13               | Türkiye                | Egypt, Malaysia, India  |
| 16               | N/A                    | Türkiye                 |
| 17               | N/A                    | Türkiye, Bahrain, India |
| 19               | N/A                    | N/A                     |
| 20               | Türkiye, India, UAE    | N/A                     |
| 21               | Türkiye                | UAE                     |
| 25A              | N/A                    | PRC                     |
| 25B              | N/A                    | Türkiye, Brazil         |
| 26               | Türkiye, UAE, PRC      | India                   |



## Annex A: The goods subject to review

| Product Number | Product Category  | Commodity Codes  |
|----------------|---|--|
| 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 |
| 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   |
| 4              | Metallic coated sheet                                   | 72102000, 72104100, 72104900, 72106100, 7210690020, 7210690080, 72109080, 72122000, 72123000, 72125020, 72125030, 72125040, 72125061, 72125069, 72125090, 72259100, 72259200, 72259900, 72269910, 72269930, 72269970   |
| 5              | Organic coated sheet                                    | 72107080, 72124080   |
| 6              | Tin mill products                                       | 72091899, 72105000, 72121090, 72101100, 72107010, 72124020, 72101220, 72109040, 72101280, 72121010   |
| 7              | Non-alloy and other alloy quarto plates                 | 72085120, 72089020, 72254040, 72085191, 72089080, 72254060, 72085198, 72109030, 72085291, 72254012   |
| 12A            | Alloy merchant bars and light sections                  | 72283020, 72283041, 72283061, 72283069, 72283070, 72283089, 72286020, 72287010   |
| 12B            | Non-alloy merchant bars and light sections              | 72143000, 72149110, 72149190, 72149931, 72149939, 72149950, 72149971, 72149979, 72149995, 72159000, 72161000, 72162100, 72162200, 72164010, 72164090, 72165010, 72165091, 72165099, 72169900   |
| 13             | Rebar   | 72142000, 72149910   |
| 16             | Non-alloy and other alloy wire rod                      | 72131000, 72139149, 72271000, 72132000, 72139170, 72272000, 72139110, 72139190, 72279010, 72139120, 72139910, 72279050, 72139141, 72139990, 72279095   |
| 17             | Angles, shapes, and sections of iron or non-alloy steel | 72163110, 72163219, 72163310, 72163190, 72163291, 72163390, 72163211, 72163299   |





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|     |                       |   |
|-----|-----------------------|---|
| 19  | Railway material      | 73021022, 73021028, 73021050  |
| 20  | Gas pipe              | 73063041, 73063049, 73063072, 73063077  |
| 21  | Hollow section        | 73066110, 73066192, 73066199  |
| 25A | Large welded tube (1) | 73051100, 73051200  |
| 25B | Large welded tube (2) | 73051900, 73052000, 73053100, 73053900,<br>73059000   |
| 26  | Other welded tube     | 73061100, 73061900, 73062100, 73062900,<br>73063012, 73063018, 73063080, 73064020,<br>73064080, 73065021, 73065029, 73065080,<br>73066910, 73066990, 73069000 |