

RSC PP 2023/02  
Robert Schuman Centre for Advanced Studies  
Global Governance Programme

# **POLICY PAPER**

**The Economic Interest Test in UK trade  
remedy investigations**

Ilona Elzbieta Serwicka, Geoffrey Chapman, Bradley  
Tyler

European University Institute  
Robert Schuman Centre for Advanced Studies  
Global Governance Programme

## **The Economic Interest Test in UK trade remedy investigations**

Ilona Elzbieta Serwicka, Geoffrey Chapman, Bradley Tyler

RSC Policy Paper 2023/02

This work is licensed under the [Creative Commons Attribution 4.0 \(CC-BY 4.0\) International license](https://creativecommons.org/licenses/by/4.0/) which governs the terms of access and reuse for this work.

If cited or quoted, reference should be made to the full name of the author(s), editor(s), the title, the series and number, the year and the publisher.

ISSN 1830-1541

© Ilona Elzbieta Serwicka, Geoffrey Chapman, Bradley Tyler, 2023

Published in February 2023 by the European University Institute.  
Badia Fiesolana, via dei Roccettini 9  
I – 50014 San Domenico di Fiesole (FI)

Italy

Views expressed in this publication reflect the opinion of individual author(s) and not those of the European University Institute.

This publication is available in Open Access in Cadmus, the EUI Research Repository:

<https://cadmus.eui.eu>

[www.eui.eu](http://www.eui.eu)



With the support of the  
Erasmus+ Programme  
of the European Union

The European Commission supports the EUI through the European Union budget. This publication reflects the views only of the author(s), and the Commission cannot be held responsible for any use which may be made of the information contained therein.

## **Robert Schuman Centre for Advanced Studies**

The Robert Schuman Centre for Advanced Studies, created in 1992 and currently directed by Professor Erik Jones, aims to develop inter-disciplinary and comparative research on the major issues facing the process of European integration, European societies and Europe's place in 21st century global politics.

The Centre is home to a large post-doctoral programme and hosts major research programmes, projects and data sets, in addition to a range of working groups and ad hoc initiatives. The research agenda is organised around a set of core themes and is continuously evolving, reflecting the changing agenda of European integration, the expanding membership of the European Union, developments in Europe's neighbourhood and the wider world.

For more information: <http://eui.eu/rscas>

The Policy Paper Series of the Robert Schuman Centre for Advanced Studies complements its Working Papers Series. This series aims to disseminate the views of a person or a group on a particular policy matter, specifically in the field of European integration.

The European University Institute and the Robert Schuman Centre for Advanced Studies are not responsible for the proposals and opinions expressed by the author(s).

The aim of the Robert Schuman Centre for Advanced Studies is to contribute to the public debate by offering views and opinions on matters of general interest.

The EUI and the RSC are not responsible for the opinion expressed by the author(s).

## **The Global Governance Programme**

The Global Governance Programme is one of the flagship programmes of the Robert Schuman Centre. It is a community of outstanding professors and scholars, that produces high quality research and engages with the world of practice through policy dialogue. Established and early-career scholars work on issues of global governance within and beyond academia, focusing on four broad and interdisciplinary areas: Global Economics, Europe in the World, Cultural Pluralism and Global Citizenship.

The Programme also aims to contribute to the fostering of present and future generations of policy and decision makers through its executive training programme: the Academy of Global Governance, where theory and 'real world' experience meet and where leading academics, top-level officials, heads of international organisations and senior executives discuss on topical issues relating to global governance.

For more information: <http://globalgovernanceprogramme.eui.e>

## **Abstract**

The UK's Trade Remedies Authority (TRA) conducts economic assessment of the ramifications of trade remedies, the Economic Interest Test (EIT). Such assessments are not mandated by the World Trade Organization but are conducted by certain trade remedy investigating authorities, including those of Brazil, Canada, the European Union and New Zealand. The EIT is a mandatory part of the UK trade remedy system and is arguably more transparent than similar interest tests conducted by other trade remedy investigating authorities. However, stakeholder participation remains a challenge and the TRA is working on ways to improve participation. To date the TRA has completed 11 EITs in its trade remedy cases, with a further ten live cases. These cases cover different products, markets and countries, across which the likely positive and negative impacts of trade remedy differ. This paper invites experts to review the TRA's EIT methodology.

## **Keywords**

trade remedies, UK, economic interest test, antidumping, countervailing

## **Acknowledgements**

This paper represents the opinion of the authors and does not represent the position of the Trade Remedies Authority nor the opinion of any of its staff members. We are grateful to Ingo Borchert, Bernard Hoekman, Aproop Bhave, Igor Gavran and Joshua Parker, an anonymous referee, as well as participants at the Festschrift conference in honour of Professor L. Alan Winters at the European University Institute in Florence for useful comments and suggestions on earlier versions of this paper. Any errors and omissions remain the fault of the authors.

## 1. Introduction

The UK's Trade Remedies Authority (TRA) investigates whether measures are needed to counteract unfair import practices like dumping or subsidisation, as well as surges in imports.<sup>1</sup> Trade remedies usually take the form of tariffs on imports of certain goods:

- Anti-dumping remedies address goods being sold in the UK at prices that are below the normal value in the exporting country.
- Countervailing remedies address imports of goods that are subsidised by foreign authorities.
- Safeguard remedies protect domestic industries against an unforeseen surge of imports.

The TRA has been conducting trade remedy cases since the UK's exit from the European Union (EU) on 31 January 2020. Prior to that, the European Commission (EC) conducted trade remedy cases on behalf of the UK (and other EU Member States).

The Economic Interest Test (EIT) forms an important part of the UK trade remedy framework. The EIT assesses whether the imposition of a trade remedy measure would be in the economic interest of the UK, avoiding any disproportionately negative impacts. The EIT needs to be conducted in new trade remedy investigations and some reviews of existing measures.

The parameters of the EIT are outlined in the Taxation (Cross-border Trade) Act (UK, 2018). Paragraph 25 of Schedule 4<sup>2</sup> and Paragraph 23 of Schedule 5<sup>3</sup> of the Act identify the economic factors the TRA must consider, where relevant:

1. injury caused to UK industry by the imports under investigation and the benefits to that industry of removing the injury;
2. economic significance of affected UK industries and consumers;
3. likely impact on wider UK industries and on consumers;
4. likely impact on particular geographic areas or groups within the UK;
5. likely consequences for the competitive environment and the structure of UK markets for these goods; and
6. other matters considered relevant.

For anti-dumping and anti-subsidy cases, the EIT is presumed to be met unless the evidence shows that the negative impacts of a measure are disproportionate to the positive impacts. In safeguard cases, no such presumption exists so the TRA must positively demonstrate that a measure is in the economic interests of the UK. If the EIT is found not to be met (i.e. a trade remedy would not be in the economic interest of the UK), a trade remedy will not be imposed.

This paper looks at the first 11 EITs completed by the TRA between 31 January 2020 (the UK's exit from the EU) and 31 December 2022. The aim is to show how EITs have been conducted to date. To provide international context, the next section provides an overview of interest tests conducted by selected trade remedy investigating authorities in other countries. Section 3 discusses the UK's EIT process, and main findings to date. Section 4 presents two EIT case studies. Section 5 discusses the operational aspects of conducting the EIT. Section 6 concludes.

<sup>1</sup> <https://www.gov.uk/government/organisations/trade-remedies-authority>.

<sup>2</sup> <https://www.legislation.gov.uk/ukpga/2018/22/schedule/4/paragraph/25/enacted>.

<sup>3</sup> <https://www.legislation.gov.uk/ukpga/2018/22/schedule/5/paragraph/23/enacted>.

## 2. Interest tests in trade remedy investigations

Trade remedy investigating authorities are not required to conduct an EIT under existing World Trade Organization (WTO) provisions. As a consequence, those WTO Members that conduct interest tests pursue different approaches. Authorities that have conducted interest tests include Brazil, Canada, the European Union, and New Zealand.

### 2.1. Brazil

Brazil's public interest test is mandatory for new anti-dumping and countervailing investigations, and occurs over two stages.<sup>4</sup> In the preliminary stage, the factors considered are: (1) characteristics, production chain and market; (2) international product supply; and (3) national product supply. During the final stage, the analysis digs deeper into these three elements and adds (4) the impacts of the trade remedies measure in the dynamics of the national market.

### 2.2. Canada

Canada's public interest test (PIT) is applicable to anti-dumping and countervailing investigations only, and is optional.<sup>5</sup> A PIT is initiated when the investigating authorities believe that the imposition of a remedy might not be in the public interest and considers factors including alternative sources of supply, competitiveness and damage to the wider supply chain.

### 2.3. European Union

The Union interest test is mandatory for anti-dumping, countervailing and safeguards investigations, for both new investigations and expiry reviews of the EU.<sup>6</sup> Measures are presumed to be in the Union interest unless Union authorities can clearly conclude that it is not in the Community interest to apply such measures. The test considers how the imposition or non-imposition of measures would impact on the economic operators in question.

### 2.4. New Zealand

In New Zealand the Minister of Commerce and Consumer Affairs can direct the Ministry of Business, Innovation and Employment to investigate whether imposing a trade remedy is in the public interest.<sup>7</sup> The test must consider the effect of the duty on various factors including prices, the availability of substitutes, quality, employment and alternative sources of supply.<sup>8</sup> Measures are assumed to be in the public interest unless the cost to downstream industries and consumers of imposing the duty is likely to materially outweigh the benefit to the domestic industry of imposing the duty.

## 3. Why the UK's EIT is different

The EIT is an integral part of the UK trade remedy system. The UK's EIT is mandatory and arguably more transparent than similar interest tests conducted by other trade remedy investigating authorities. All steps of the EIT are set out in the UK legislation: Paragraph 25 of Schedule 4 and Paragraph 23 of Schedule 5 of the Taxation (Cross-border Trade) Act (UK, 2018) identify the economic factors that must be considered, if relevant. Statutory guidance from the UK Government sets out how TRA applies the EIT (Department of International Trade, 2019).

4 <https://www.gov.br/produtividade-e-comercio-exterior/pt-br/assuntos/comercio-exterior/defesa-comercial-e-interesse-publico/arquivos/guias/GuiaIPversolimpratradoorevisadaesiteSDCOM.pdf>.

5 <https://laws-lois.justice.gc.ca/eng/acts/s-15/FullText.html>.

6 [https://trade.ec.europa.eu/doclib/docs/2013/april/tradoc\\_150839.pdf](https://trade.ec.europa.eu/doclib/docs/2013/april/tradoc_150839.pdf).

7 <https://www.mbie.govt.nz/business-and-employment/business/trade-and-tariffs/trade-remedies/trade-remedies-application-and-investigation-guide/>.

8 <https://www.legislation.govt.nz/act/public/1988/0158/latest/whole.html>.

### 3.1. How the EIT is applied

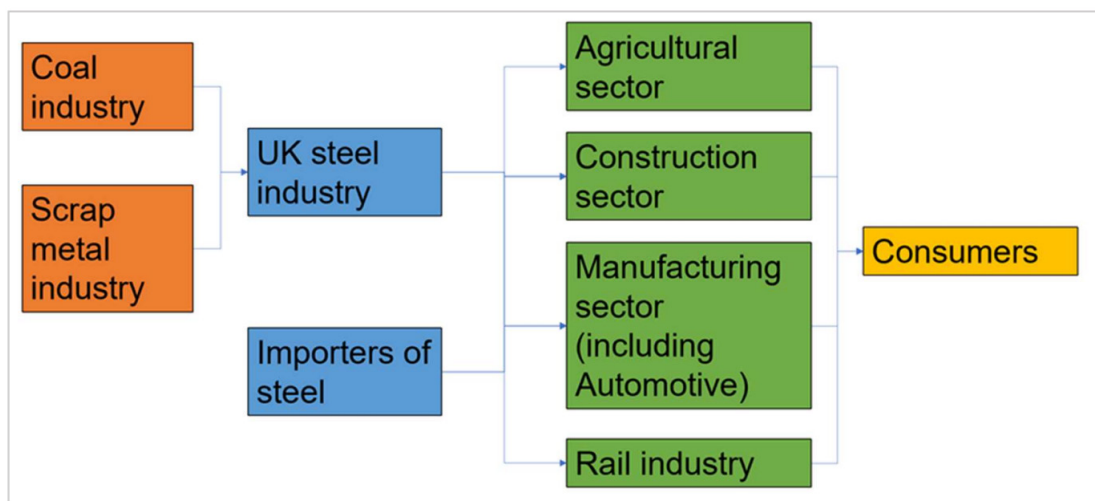
The EIT considers the economic impact of a trade remedy on the full UK supply chain, including consumers. It also considers the likely distributional impacts on geographic areas and particular groups, and potential impacts on competition.

Since initiating the first trade remedy case on 10 February 2020, an EIT has been conducted in 11 cases (Table 1). Six of these involved metals (Steel and Aluminium), two dealt with Glass Fibres, another two addressed Biodiesel and one involved Rainbow Trout. Most cases concern imports from the People’s Republic of China. At the time of writing a further ten cases are being considered, including Aluminium Road Wheels, Hot-Rolled Flat and Coil Products, Ironing Boards, and Optical Fibre Cables.

#### Assessment of economic significance of affected industries and consumers

The first step is identifying those who may be affected by the proposed measure. This requires mapping out the structure of the UK supply chain of the product to help understand the economic dependencies of affected groups (example of the steel industry depicted in Figure 1). To assess the significance of affected groups to the UK, economic factors such as employment, value added and turnover are considered, as well as how important the goods under investigation are to each group. The assessment also considers how vulnerable these groups may be to ‘a shock’ from having or not having a trade remedy.

**Figure 1: Steel industry supply chain in the UK.**



Source: [TF0006 – Safeguards. Statement of Intended Preliminary Decision](#) published on 19 May 2021.



**Table 1: Summary of information on UK trade remedy cases.**

Case description	Type of trade remedy measure	Complainant industry (HS Section)	Country of origin of imports	Number of stakeholders submitting EIT evidence	EIT conclusion
<a href="#">TD0001 – Welded Tubes and Pipes</a>	Anti-dumping	Base Metals and Articles of Base Metals	Republic of Belarus, The People's Republic of China, Russian Federation	4	EIT was met
<a href="#">TS0002 – Rainbow Trout</a>	Countervailing	Live Animals and Animal Products,	Republic of Turkey	4	EIT was met
<a href="#">TD0003 – PSC Wire and Strands</a>	Anti-dumping	Base Metals and Articles of Base Metals	The People's Republic of China	<b>No EIT</b> <b>UK industry withdrew interest in maintaining this anti-dumping measure.</b>	
<a href="#">TD0004</a> and <a href="#">TS0005</a> – Biodiesel	Anti-dumping and countervailing	Animal or Vegetable Fats and Oils, Mineral Products, Products of the Chemical or Allied Industries	United States of America, Canada	12	EIT was met (measures were varied for Biodiesel FAME, but were revoked for Biodiesel HVO)
<a href="#">TF0006 – Certain Steel Products</a>	Safeguard	Base Metals and Articles of Base Metals	All countries	31	11 out of 19 product categories in scope of the EIT, EIT was met for all but one product category
<a href="#">TD0007 – Wire Rod</a>	Anti-dumping	Base Metals and Articles of Base Metals	The People's Republic of China	5	EIT was met
<a href="#">TD0008</a> and <a href="#">TS0009</a> – Glass Fibres	Anti-dumping and countervailing	Articles of Stone, Plaster, Cement, Ceramics, Glass	The People's Republic of China	5	EIT was met* (measures were varied for Glass Fibre chopped strands and Glass Fibre rovings, but were revoked for Glass Fibre mats)
<a href="#">TD0010 – HFP Rebar</a>	Anti-dumping	Base Metals and Articles of Base Metals	The People's Republic of China	4	<b>EIT was not met*</b>

<a href="#">TD0011 – Cold Rolled Flat Steel</a>	Anti-dumping	Base Metals and Articles of Base Metals	The People's Republic of China, Russian Federation	3	EIT was met
<a href="#">AD0012 – Aluminium Extrusions</a>	Anti-dumping	Base Metals and Articles of Base Metals	The People's Republic of China	13	EIT was met
<a href="#">TS0023 – Stainless Steel Bars and Rods</a>	Countervailing	Base Metals and Articles of Base Metals	Republic of India	<b>No EIT.</b> <b>UK TRA found no likelihood of injury continuing or recurring if the countervailing measure no longer applied.</b>	

Source: Authors' own analysis of trade remedy cases completed or currently in progress. See [Trade Remedies Service \(TRS\), public file](#).

Notes: Table contains summary of information on UK trade remedy cases (new investigations and transition reviews), which reached at least the provisional determination stage as of 31 December 2022. \* – EIT conclusion has been reached at provisional determination only; final determination has not been published yet.

### Likely impact on affected industries and consumers

The assessment of the likely impact of a trade remedy considers the impacts on the groups for which the product under investigation is important. To do this, the difference between future states of the world with and without a trade remedy in place is estimated. This involves a two-step process. In the first step, estimates are made how the prices and quantities for goods throughout the supply chain might change in the two future scenarios. These changes may be a result of the measure or exogenous factors. Table 2 shows an example of the outputs of this first step from the Glass Fibres transition review.

**Table 2: Example of output in EIT’s assessment of likely impact on prices and quantities if the measure was varied as proposed rather than revoked (reproduction from [TD0008 – Glass Fibres](#)).**

Group	Prices	Quantities
Upstream products	No change	No change
Domestically produced GFR	No change for GFR chopped strands and GFR rovings. Possible decrease in prices of GFR mats.	No change. Possible increase in quantity produced in the UK dependent on a) investment, and b) growth in demand for GFR from downstream industries in the medium- to long-term.
Imported GFR	No change for GFR chopped strands and GFR rovings. Possible decrease in prices of GFR mats.	No change for GFR chopped strands and GFR rovings. Possible increase in quantities of imported GFR mats. In addition, possible increase in quantity imported to the UK dependent on growth in demand for GFR from downstream industries in the medium- to long-term.
Downstream products	No change	No change

Source: [TD0008 – Glass Fibres. Statement of Essential Facts](#) published on 20 April 2022.

Notes: Conclusion at provisional determination (i.e. proposed anti-dumping measure) was that a) trade remedy measures will be maintained and will continue to apply in respect of Glass Fibre chopped strands and Glass Fibre rovings (where, in the absence of any data, we have maintained the form and the level of the original EU measures that are the subject of this review), and b) trade remedy measures will be revoked in respect of Glass Fibre mats. ‘PRC’ stands for the People’s Republic of China. ‘GFR’ stands for Glass Fibre Reinforcements.

These price and quantity changes from the first step are used in the second step to assess the changes in welfare for the different affected groups. Table 3 shows an example of the outputs of this second step from the Glass Fibres transition review.

**Table 3: Example of output in EIT’s assessment of likely impact on affected groups if the measure was varied as proposed rather than revoked (reproduction from [TD0008 – Glass Fibres](#)).**

Group	Expected impacts
Upstream industries	No or minimal impacts on upstream industries, as little dependency of upstream industries on the supply chain for GFR.
Domestic producer	Possible positive impacts including future investment or expansion of economic activities, improvement in market share and R&D and innovation efforts.
Domestic importers	No or minimal impacts on domestic importers of GFR chopped strands and GFR rovings, as no or little change in circumstances. Positive impacts on domestic importers of GFR mats.
Downstream industries	Additional costs imposed on downstream industries, especially those that use GFR imported from the PRC.
Consumers	Additional costs imposed on final consumers in aggregate terms, but very small impact on individual consumers.

Source: [TD0008 – Glass Fibres. Statement of Essential Facts](#) published on 20 April 2022.

Notes: ‘PRC’ stands for the People’s Republic of China. ‘GFR’ stands for Glass Fibre Reinforcements.

To date, it has not been possible to monetise the likely economic impacts due to a lack of quantifiable evidence at a sufficient level of granularity (such as price elasticity data specifically for the products under investigation). Instead, an attempt is made to quantify the size and direction of impacts on each group using the available evidence. There is a continuous effort to look at ways of refining the EIT analysis through improvements to data gathering or analytical techniques to more precisely quantify the likely economic impacts.

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

This part of the EIT looks at how the likely impacts of the potential trade remedy are distributed both geographically and across different groups, such as those with protected characteristics as defined by the Equality Act 2010.<sup>9</sup>

For the geographic distribution, local authority districts are used as the spatial unit due to the good availability of data at this level. The focus is on the significance of the employment of the affected businesses to local authority districts. Where employment in affected businesses account for less than 1% of the local working-age population, this is considered to be an insignificant level of local employment suggesting that there are unlikely to be significant impacts in this district. For any districts with significant levels of local employment, the TRA looks at deprivation data such as wages, education and unemployment levels to assess levels of deprivation in these districts.

For instance, in the safeguards transition review (TF0006 – Certain Steel Products), which included a variety of steel products, the steel industry was found to be a major employer in areas of south Wales such as Neath Port Talbot (4.6% of the working-age population) and in North Lincolnshire (3.1%).<sup>10</sup> Given the socio-economic data, the negative impact of job losses in these areas could be more damaging than in less economically vulnerable areas of the UK.

<sup>9</sup> <https://www.legislation.gov.uk/ukpga/2010/15/contents>.

<sup>10</sup> <https://www.trade-remedies.service.gov.uk/public/case/TF0006/>.

In trade remedy cases conducted to date, there has rarely been any evidence to suggest a likely impact on any particular groups. As most cases have involved intermediate inputs that were not sold to final consumers, consumers with protected characteristics were unlikely to be disproportionately negatively affected.

The transition anti-subsidy review for Rainbow Trout from the Republic of Turkey (TS0002 – Rainbow Trout) could potentially have been an exception, where consumer data suggested that fish consumption increased with age and affluence.<sup>11</sup> However, in the absence of data on characteristics of consumers of Rainbow Trout, and knowing that Rainbow Trout was not one of the UK's consumers 'top five' consumer seafood species by sales, the benefits of revoking the existing trade remedy on Rainbow Trout for lower income consumers were determined to be minimal.

### Likely impact on the competition or market structure

In this part of the EIT, an assessment is made of the existing structure of the UK market for the goods under investigation and how this might change with and without a measure. In selected cases, a Herfindahl-Hirschman Index (HHI) has been used to get an understanding of the degree of UK market concentration. These calculations depend on the availability of data.

To assess the impact of trade remedy on the competitive environment, the TRA considers potential effects for: a) the number or range of suppliers on the market, b) the ability of suppliers to compete, c) suppliers' incentives to compete vigorously, and d) the choices and information available to consumers. These four areas are taken from the UK's competition authority guidance on assessing the impacts of policy interventions (Competition & Markets Authority, 2015). Table 4 provides an example of the conclusions from the competition assessment for the Aluminium Extrusions case.

---

<sup>11</sup> <https://www.trade-remedies.service.gov.uk/public/case/TS0002/>.

**Table 4: Example of output in EIT’s assessment of likely impact on the competitive environment: [AD0012 – Aluminium Extrusions](#).**

Impact on:	If the measure was imposed
Number or range of suppliers	No likely impact.  UK producers would face reduced competition from exporters of Aluminium Extrusions in the People’s Republic of China.  UK producers would still have to compete with each other and with exporters in third countries.
Ability of suppliers to compete	Positive impact on the ability of domestic suppliers to compete on the UK market because of removal of injury caused by dumped imports.  Negative impact on the ability of exporters of Aluminium Extrusions in the People’s Republic of China to compete on the UK market because of reduced ability to influence prices in the UK market.
Incentives to compete vigorously	Arguably, the incentives of UK producers to compete vigorously could be reduced.  However, UK producers would still have to compete in terms of price, quality and customer service with each other and with exporters in third countries.
Choices and information of consumers	No likely impact on the choices and information available to customers.

Source: Authors’ own analysis of EIT findings in [AD0012 – Aluminium Extrusions: Statement of Essential Facts](#) published on 20 May 2022 and [Final Determination](#) published on 16 December 2022.

## 4. EIT case studies

This section discusses EIT analyses for three different transition reviews and compare these to findings of interest tests in similar investigations conducted by other trade remedy investigating authorities. The two EIT case studies cover: a) anti-dumping and anti-subsidy transition reviews concerning imports of Biodiesel from the United States of America and Canada, and b) anti-dumping transition review concerning imports of HFP Rebar from the People’s Republic of China. The two EIT case studies showcase some of the competing impacts that were considered when assessing whether or not a measure is in the economic interest of the UK.

### 4.1. Biodiesel from the USA and Canada

The EITs for the two Biodiesel cases (TD0004 and TS0005) concluded that the application of trade remedies was in the economic interest of the UK.<sup>12</sup> At the same time, the Biodiesel cases had a clear consumer angle, which, if evidence was stronger, could have led to a different EIT outcome. The assessment found that individual impacts on UK consumers may be negative but insignificant, whereas aggregate impacts may be sizeable.

<sup>12</sup> <https://www.trade-remedies.service.gov.uk/public/case/TD0004/>; <https://www.trade-remedies.service.gov.uk/public/case/TS0005/>.

Data on vehicle and fuel consumption were used to estimate the likely impact on UK consumers, assuming that, if the existing measures were revoked, the reduced cost of Biodiesel would be passed on to final consumers. The calculations showed that even a small difference in the price per litre could have sizeable aggregate impacts on UK consumers: a 1 pence/litre change would be equivalent to just GBP 10 per car, but across all cars would total around GBP 120 million per year.

While potential negative impacts on consumers, on UK Biodiesel importers and UK downstream producers were recognised, the TRA also acknowledged that there were likely positive impacts on UK Biodiesel producers and UK upstream producers. None of the submitted evidence suggested that impact on consumers was a concern, and the assessment did not find any disproportionately negative impact on consumers and the UK economy. As such, it was concluded that the EIT was satisfied.

#### Investigations concerning imports of Biodiesel in other jurisdictions

The EC has applied anti-dumping and countervailing measures on Biodiesel from the USA and Canada since 2009. The initial investigations of the EC demonstrated that these measures were in the interest of Union producers, who could recover from injurious dumping and subsidisation, and suppliers of raw materials. The subsequent expiry reviews of the EC concluded that the measures restored fair market competition, which helped Union producers to increase production and sales volumes.

The EC, however, did not obtain strong evidence of possible impacts on Union importers and users, whose participation was limited. This meant that there were no compelling reasons in terms of Union interest against the imposition of the measures.

During the 2021 review, users argued that trade remedies were a direct hindrance for the green development of the transport sector in Europe and incompatible with EU renewable energy targets for transport in 2030. These claims were dismissed by the EC, which maintained that recent expansions in capacity by Union producers meant that they had enough capacity to satisfy the current demand and spare capacity to satisfy a future increase in demand and exports if need be.

There were similarities between the EC's and the UK's cases: both identified a positive impact of the measures on Biodiesel producers (benefits of removing injury) and suppliers of raw materials, and both had limited participation from importers and users of Biodiesel. However, the EC did not demonstrate an attempt to quantify the possible negative impacts of the measures on users of Biodiesel. The issue of renewable energy targets for transport in 2030 did come up in the EC's case but it did not come up in the UK's case.

## **4.2. HFP Rebar from the People's Republic of China**

HFP Rebar (TD0010) is the only example from the TRA to date, where the EIT was not met.<sup>13</sup> At the Statement of Essential Facts stage it was concluded that maintaining trade remedy was not in the economic interest of the UK. The TRA found the EIT was not met because:

- a) Revoking the measure was not expected to threaten the economic viability of any affected groups. This was due to the overlapping protections of the steel safeguard measure, the significant proportion of sales by the UK producer to associated parties and the cancellation of an export rebate on certain types of HFP Rebar by the People's Republic of China.
- b) There were concerns about a shortfall in supply of HFP Rebar following the Russian invasion of Ukraine due to the high levels of historic imports from Belarus, Russia and Ukraine. Such a shortfall would be detrimental to the construction industry for whom HFP Rebar is an essential product. As the People's Republic of China is the largest producer of HFP Rebar it is an obvious alternative source of supply.
- c) The demand for HFP Rebar from the UK construction industry was expected to increase as the UK economy continued its post-COVID-19 pandemic recovery and the spare capacity of the UK producer was unclear.

After the publication of the Statement of Essential Facts (TRA, 2022) additional submissions from stakeholders were received and new data was published. As a result of the new evidence, the TRA reversed its intended recommendation (the final recommendation has not been published at the time of writing).<sup>14</sup> The new import data revealed that while imports from Belarus, Russia and Ukraine had collapsed, they had been replaced by imports from other countries, notably Portugal, Spain and Turkey, to an extent that imports between January and May 2022 exceeded those in the same period since 2019. Moreover, new forecasts for the construction sector and wider UK economy suggested that demand was unlikely to increase as had been expected at the Statement of Essential Facts.

### Investigations concerning imports of HFP Rebar in other jurisdictions

Investigations into HFP Rebar conducted by other trade remedy authorities make for interesting comparisons. They include investigations by Canada, the EC and New Zealand.<sup>15</sup> The existing measures in the EU expired on 30 July 2021 because no substantiated request for expiry review had been submitted and the authority in New Zealand found no evidence of injury. Only the Canadian authority conducted a public interest inquiry.

In January 2015, the Canadian authority had found that dumped imports of HFP Rebar from China, Korea and Turkey, as well as subsidised imports from China threatened to cause injury. As a result, it had imposed trade remedies on imports from these countries. In February 2015, the British Columbia's Ministry of International Trade and Independent Contractors and Businesses Association, who represent downstream users of HFP Rebar, submitted a joint request for a public interest inquiry. This inquiry decided not to reduce or eliminate the existing measures in place. The reasons included the availability of competitively prices HFP Rebar from non-affected countries, the likelihood that domestic prices would remain competitive and evidence that downstream users of HFP Rebar could pass on increases in costs to downstream purchasers.

<sup>13</sup> <https://www.trade-remedies.service.gov.uk/public/case/TD0010/>.

<sup>14</sup> <https://www.trade-remedies.service.gov.uk/public/case/TD0010/submission/7e630c85-7257-4462-b7c1-1e731f97156b/>.

<sup>15</sup> Canada: <https://decisions.citt-tcce.gc.ca/citt-tcce/a/en/item/354383/index.do>; EU: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32016R1246&from=EN>; New Zealand: <https://www.mbie.govt.nz/assets/76f976c7c7/steel-reinforcing-bar-coil-china-malaysia-dumping-final-report.pdf>.



## **5. Operational aspects of the EIT**

Decisions reached in trade remedy cases are based on evidence submitted by stakeholders, supplemented with any further evidence available to us. As such, decisions are shaped by participation of stakeholders in cases. This section will focus on the scale of stakeholder participation in the UK trade remedy cases.

### ***5.1. Stakeholder participation in the UK trade remedy cases***

Participation in trade remedy cases is often skewed towards domestic producers. This is because domestic producers could gain directly from the imposition of trade remedy which counters the negative impact of imports that cause injury to them. Academic and policy experts often argue trade remedy cases should have more regard for stakeholders who could lose from the imposition of a trade remedy (e.g., Bown, 2009). This is particularly relevant for final consumers who are less organised and, therefore, less likely to have their interests represented in trade remedy cases.

Although the EIT is designed to capture views from a range of stakeholders, motivating stakeholders to actively participate in cases has been challenging. The majority of trade remedy cases concern imports of intermediate inputs rather than consumer goods. This helps explain the lack of participation of consumers, but not the generally low participation of domestic importers and domestic downstream producers (Table 5). Participation in trade remedy cases is costly for stakeholders: it takes time and resources to gather data and evidence, and to complete the questionnaire. To address the generally low level of stakeholder participation, the TRA has engaged more proactively with stakeholders in early stages of a case, including the pre-initiation stage, shortened the questionnaires and became more willing to accept submission of evidence in alternative formats, such as written statements.

**Table 5: Participation from UK stakeholders in UK trade remedy cases: number of full questionnaires received.**

Case description	UK upstream industries	UK producers	UK importers	UK downstream industries	Other	Total
<a href="#">TD0001 – Welded Tubes and Pipes</a>	1	1 (2)	0	1	2	4
<a href="#">TS0002 – Rainbow Trout</a>	0	3 (21)	0	1	0	4
<a href="#">TD0003 – PSC Wire and Strands</a>	No EIT. UK industry withdrew interest in maintaining this anti-dumping measure.					
<a href="#">TD0004</a> and <a href="#">TS0005</a> – Biodiesel	3	2 (3)	1	0	6	12
<a href="#">TF0006 – Certain Steel Products</a>	0	4 (9)	5	0	22	31
<a href="#">TD0007 – Wire Rod</a>	0	2 (3)	0	2	1	5
<a href="#">TD0008</a> and <a href="#">TS0009</a> – Glass Fibres	0	1 (1)	1	2	2	5
<a href="#">TD0010 – HFP Rebar</a>	0	1 (1)	0	2	3	6
<a href="#">TD0011 – Cold Rolled Flat Steel</a>	1	1 (1)	0	0	2	3
<a href="#">AD0012 – Aluminium Extrusions</a>	1	4 (7)	2	2	4	13
<a href="#">TS0023 – Stainless Steel Bars and Rods</a>	No EIT. UK TRA found no likelihood of injury continuing or recurring if the countervailing measure no longer applied.					

Source: Authors' own analysis of trade remedy cases completed or currently in progress. See [Trade Remedies Service \(TRS\), public file](#).

Notes: Table contains summary of UK trade remedy cases (new investigations and transition reviews), which reached provisional determination stage as of 31 December 2022. Total number of known UK producers is reported in parentheses. Total number of participating stakeholders reported in the rightmost column may be lower than sum of the numbers of participating stakeholders from other columns. This is because some stakeholders belonged to more than one category.

## **6. Conclusion**

The aim of trade remedies is to protect domestic industry from unfair trading practices or a sudden surge in imports if they are found to cause injury to domestic industry. Trade remedies, however, do create winners and losers. While trade remedies act to counter the negative impact of unfairly traded or significantly increasing imports on domestic producers, they could have a negative impact on other economic actors, such as domestic importers and domestic downstream producers.

To make an informed decision about whether trade remedies should be in place, the UK's TRA conducts the EIT. Trade remedy investigating authorities are not required to conduct an interest test under existing WTO legislation. Yet selected other trade remedy investigating authorities, including Brazil, Canada, the EU and New Zealand, conduct an interest test in their trade remedy investigations, which can be mandatory or optional.

The TRA has worked with different stakeholders to understand the nature and the scale of the likely impacts of trade remedies, which is the basis for decisions on whether or not to recommend a trade remedy. The TRA is committed to openness and transparency: in determinations there is a detailed discussion of the EIT findings, including limitations and caveats of the analysis. The TRA is also committed to listening to the views of stakeholders. If stakeholders believe the analysis or findings are flawed, they are encouraged to submit comments or requests for reconsiderations of decisions.

This paper explains what the TRA has done to date in respect of analysing the likely economic impacts of trade remedies. We hope that this paper will encourage feedback from our readers that will help the TRA to improve the approach, ensuring that findings are balanced, robust, and consistent across different trade remedy cases.

## **References**

- Bown, C. 2009. The Global Resort to Antidumping, Safeguards, and other Trade Remedies Amidst the Economic Crisis, in O. Cattaneo, S. Evenett and B. Hoekman (eds.) *Effective Crisis Response and Openness: Implications for the Trading System*. CEPR Press.
- Competition & Markets Authority (UK). 2015. Competition impact assessment. Part 2: guidelines. At [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/1121437/A\\_CMA\\_50\\_Competition\\_impact\\_assessment\\_Part\\_2.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1121437/A_CMA_50_Competition_impact_assessment_Part_2.pdf).
- Trade Remedy Authority. 2022. TD0010: HFP Rebar from China: The Statement of Essential Facts, 13 July. At <https://www.trade-remedies.service.gov.uk/public/case/TD0010/submission/ab13892b-17e1-4b8d-b02e-c7184dd5b091/>.
- Trade Remedies Investigations Directorate. 2019. Dumping, subsidisation and safeguarding investigations guidance. At <https://www.gov.uk/guidance/trade-remedies-investigations-directorate-trid-dumping-and-subsidisation-investigations-guidance/economic-interest-test>.
- United Kingdom. 2018. Taxation (Cross-border Trade) Act 2018. At <https://www.legislation.gov.uk/ukpga/2018/22/contents>.

## **Authors**

**Ilona Elzbieta Serwicka**

[Ilona.Serwicka@traderemedies.gov.uk](mailto:Ilona.Serwicka@traderemedies.gov.uk)

**Geoffrey Chapman**

[Geoffrey.Chapman@traderemedies.gov.uk](mailto:Geoffrey.Chapman@traderemedies.gov.uk)

**Bradley Tyler**

[Bradley.Tyler@traderemedies.gov.uk](mailto:Bradley.Tyler@traderemedies.gov.uk)

Trade Remedies Authority

North Gate House

21-23 Valpy Street

Reading RG1 1AF

United Kingdom