



## Summary of the anti-subsidy case regarding imports of hot-rolled flat products from the People's Republic of China

The European Commission has today opened an anti-subsidy investigation in relation to imports of certain hot-rolled flat products ('HRF') originating in the People's Republic of China ('China'). The complainant, the European Steel Association ('Eurofer'), has shown *prima facie* evidence that HRF producers in China have received various types of subsidies over the years. These subsidies span from the provision of goods for less than adequate remuneration to direct transfer of funds and government revenue which is foregone. These subsidies have allowed steel producers in China to export low-priced HRF to the EU and undercut the EU industry. The European Commission was therefore legally obliged to initiate an investigation in order to examine the complaint.

### *Background information: production process*

The product subject to this investigation is certain flat-rolled products of iron, non-alloy steel or other alloy steel (not including stainless steel), whether or not in coils (including products cut-to-length and 'narrow strip'), not further worked than hot-rolled (hot-rolled flat), not clad, plated or coated, excluding grain-oriented silicon electrical steel.

In the BOF route, most of the basic input raw material is hot metal and the remaining 10 to 15% is scrap input (while the EAF route is predominantly a 100% scrap-based steelmaking process). The steelmaking stage of this route is carried out using the basic oxygen furnace. Pure oxygen is blown into the iron and this removes carbon and other impurities.

At the secondary steelmaking stages, 'crude' steel is tapped from the BOF into a ladle. During this tapping operation, many of the alloys are added to make a composition which meets the steel grade specification.

Once the steel is prepared, it is ready for casting. The most common plant used for casting is the 'continuous casting' plant (or 'concast'). The steel is 'teemed' (or poured) through valves in the bottom of the ladle, which can control its flow rate. Concast machines will have only one or two moulds if slab is being cast for rolling to flat strip. The ladle containing treated steel is then embedded in the turret and steel is cast through the tundish into the mold.



Subsequently, hot steel will pass through many consecutive sets of rolls called 'stands'. Hot-rolled coil is made by continuously rolling the slab in the rolling mills. If these products came from a continuous casting operation the products are usually fed directly into the rolling mills at the proper temperature. In smaller operations, the material starts at room temperature and must be heated. Strictly controlling the temperature and the roll surface is essential in producing HRF. HRF will usually be coiled up at the end of the rolling for easier transportation.

After the hot-rolling process, the coil will pass through the pickling line, where surface scales are removed from the surface of the coil to give an attractive surface finish to the steel.

### *End uses*

HRF is produced both as a feedstock (e.g., for cold rolled coil and coated coil), and for direct use in a variety of industrial applications including, e.g. steel tubes used in construction, shipbuilding, gas containers, pressure vessels and energy pipelines, among others.

### *Like product*

There are no differences between EU-produced HRF products and that imported from China.

The producers in China on the one hand and the EU producers on the other hand, manufacture HRF products with the same basic technology on production facilities similar to the above-mentioned process route.

### *The market for HRF in Europe*

The EU market for HRF includes important economic sectors including construction, shipbuilding, energy, etc. HRF is used in a large number of applications in all economic sectors. Below are listed some of the most important ones:

- Agricultural equipment
- Armour steel
- Construction and building components
- Domestic appliances
- Electrical goods
- Infrastructure and street furniture

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- Pressure vessels and boilers
- Ship plate
- Automotive, trucks and trailers
- Tubes and sections
- Lifting and excavating equipment

### *HRF exporters from China*

All producers exporting to the EU HRF originating in China are concerned by this investigation. Known exporters of the product concerned include Angang Steel, Tangshan Iron and Steel Group and Wuhan Iron and Steel (Group) Corp.