



**ITEM 9:**

**ASSESSING TRADE MEASURE  
CIRCUMVENTION BEHAVIOURS  
IN GLOBAL STEEL TRADE**

92<sup>th</sup> session of the Steel Committee  
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## Background: why is this important?

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- **Definition:** Trade measure circumvention includes all those activities that are carried out in order to circumvent duty orders resulting from the application of legitimate trade actions.

### Objective of this report

- Empirically identify **cases of possible circumvention** by using official trade statistics.
- Develop **indicators at country level** in order to measure the extent of the problem in the steel sector.

### Why is this important?

- **Trade remedy actions are pervasive in steel trade:** more than 18% of AD investigations and about 28% of all CVD investigations reported to the WTO have addressed imports of steel products.
- Circumvention limits the **effectiveness of trade remedies.**



## What's new in the report?

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- **Broadened the scope of trade remedy actions:**
  - CVD have been included.
  - Removed AD/CVD duplicates affecting the same country pair/products.
- **Refined the empirical methodology:**
  - Included remedy actions implemented by regional organisations (EU, GCC, EEU...)
  - Estimates updated.
- **New evidence from the network analysis**



## Key takeaways

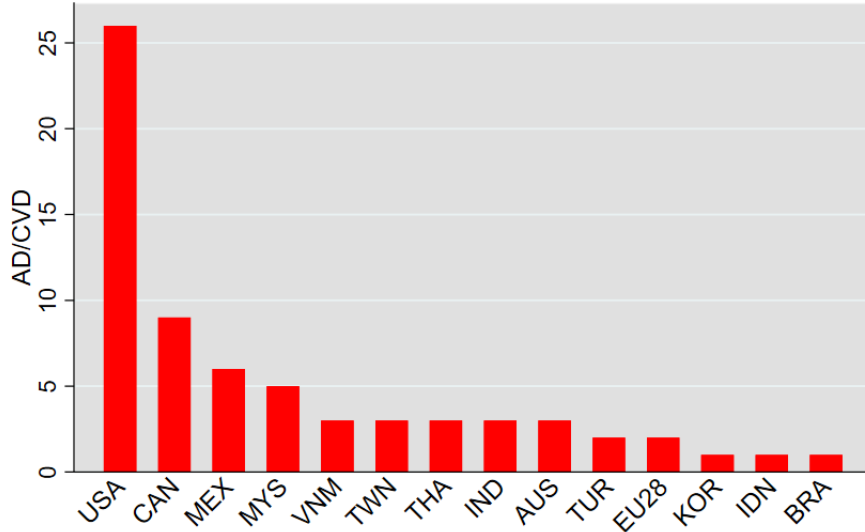
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- **Circumvention behaviours appear being very frequent. 68 out of 152 trade remedy investigations implemented in the steel sector are found to be circumvented.**
- **The magnitude of potentially circumvented trade amounts to about **21.5 mmt**, equivalent to about **EUR 13.3 billion**.**
- **The share of circumvented trade amounts to about **17.1%** of total steel trade subject to trade remedy measures (**17.6%** in values).**
- **Most of circumvention behaviours concern remedy actions targeting China.**
- **Methodologies developed in this project can prove useful for identifying possible circumvention of other trade policy instruments (e.g. sanctions).**

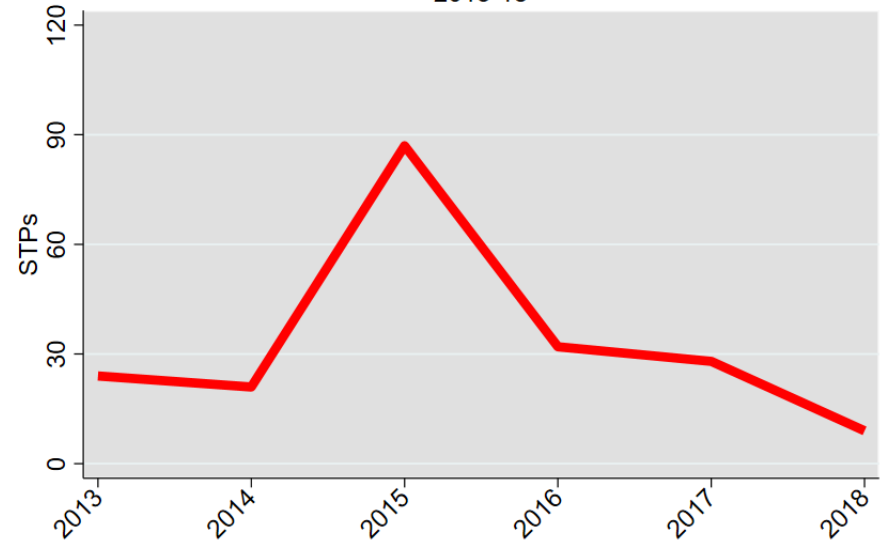


# How prevalent is circumvention in steel trade?

Number of AD/CVD circumvented  
By investigating jurisdiction, 2013-18



Circumvention through the time  
2013-18

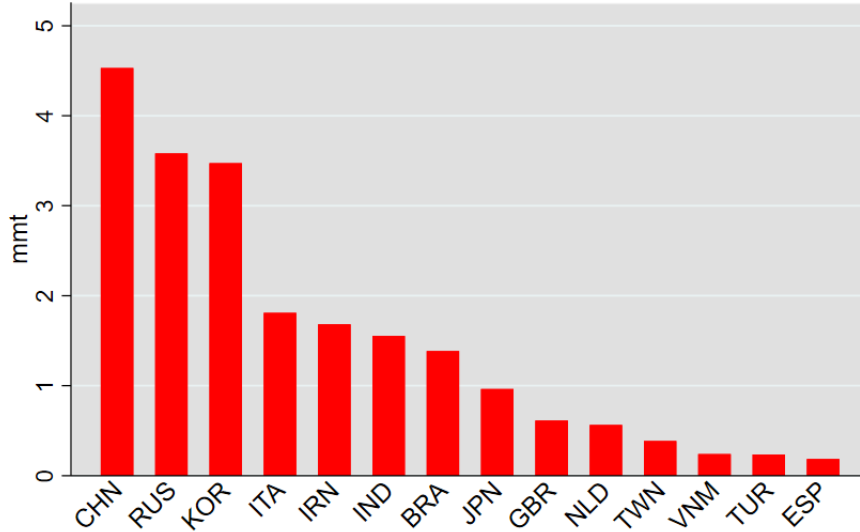


- Remedy investigations pursued by the US, Canada and Mexico are the most affected.
- Circumvention through the time: **peak observed in 2015**
  - When steelmaking capacity increased.
  - Consequent exacerbation of trade tensions.
  - Enhanced use of trade defense instruments.

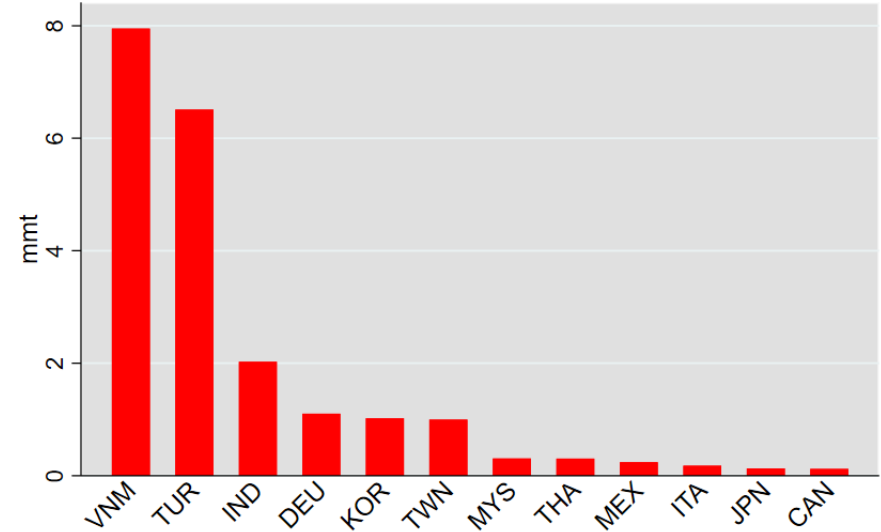


# AD/CVD targeting China are the most affected

Circumvented trade  
By subject jurisdiction, 2013-18



Circumvented trade  
By intermediary jurisdiction, 2013-18



- **China** appears to be the main source of steel trade circumvention
- Most of circumvented trade is estimated being intermediated **through Viet Nam and Turkey**



## Conclusions

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1. Results of the empirical analysis suggest that the **circumvention of trade remedy measures is both pervasive and significant** in volume terms.
2. Working to **improve understanding of the logic and incentives behind this circumvention behaviour is important** to better design trade remedy tools and make them more effective.
3. Trade authorities could consider to **implement and/or further refine their anti-circumvention monitoring framework** in order to ensure the desired effectiveness of trade remedies.

### What the Committee can do in the context of trade circumvention?

- Provide a useful platform to discuss trade circumvention trends.
- More targeted country-specific works: identification of circumvention behaviours through detailed price and firm-level data.



## Actions required

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- This document is submitted to delegates for discussion with a view to declassification.
- Delegates are invited to provide written comments by 14 October 2022 , through the dedicated Steel Committee O.N.E. Community website.





**Thank you!**

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