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⁽¹⁾ Text with EEA relevance.

EN

Acts whose titles are printed in light type are those relating to day-to-day management of agricultural matters, and are generally valid for a limited period.

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II

(Non-legislative acts)

REGULATIONS

COUNCIL IMPLEMENTING REGULATION (EU) 2018/1009

of 17 July 2018

implementing Regulation (EU) 2017/1509 concerning restrictive measures against the Democratic People's Republic of Korea

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Council Regulation (EU) 2017/1509 of 30 August 2017 concerning restrictive measures against the Democratic People's Republic of Korea and repealing Regulation (EC) No 329/2007 ⁽¹⁾, and in particular Article 47(5) thereof,

Having regard to the proposal from the High Representative of the Union for Foreign Affairs and Security Policy,

Whereas:

- (1) On 30 August 2017, the Council adopted Regulation (EU) 2017/1509.
- (2) On 9 July 2018, the United Nations Security Council ('UNSC') Committee established pursuant to UNSC Resolution 1718 (2006) amended the listing of an individual and an entity subject to restrictive measures.
- (3) Annex XIII to Regulation (EU) 2017/1509 should therefore be amended accordingly,

HAS ADOPTED THIS REGULATION:

Article 1

Annex XIII to Regulation (EU) 2017/1509 is amended as set out in the Annex to this Regulation.

*Article 2*This Regulation shall enter into force on the date of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 17 July 2018.

For the Council
The President
G. BLÜMEL

⁽¹⁾ OJ L 224, 31.8.2017, p. 1.

ANNEX

1. In Annex XIII to Regulation (EU) 2017/1509, entry 4 under the heading '(a) Natural persons' is replaced by the following:

'4.	Ri Hong-sop		1940	16.7.2009	Former director, Yongbyon Nuclear Research Centre, and Head of Nuclear Weapons Institute, oversaw three core facilities that assist in the production of weapons-grade plutonium: the Fuel Fabrication Facility, the Nuclear Reactor, and the Reprocessing Plant.'
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2. In Annex XIII to Regulation (EU) 2017/1509, entry 28 under the heading '(b) Legal persons, entities and bodies' is replaced by the following:

'28.	Munitions Industry Department	Military Supplies Industry Department	Pyongyang, DPRK	2.3.2016	The Munitions Industry Department is involved in key aspects of the DPRK's missile programme. MID is responsible for overseeing the development of the DPRK's ballistic missiles, including the Taepo Dong-2. The MID oversees the DPRK's weapons production and R & D programmes, including the DPRK's ballistic missile programme. The Second Economic Committee and the Second Academy of Natural Sciences — also designated in August 2010 — are subordinate to the MID. The MID in recent years has worked to develop the KN08 road-mobile ICBM. The MID oversees the DPRK's nuclear programme. The Nuclear Weapons Institute is subordinate to the MID.'
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COMMISSION IMPLEMENTING REGULATION (EU) 2018/1010**of 13 July 2018****approving non-minor amendments to the specification for a name entered in the register of protected designations of origin and protected geographical indications ('Radicchio Variegato di Castelfranco' (PGI))**

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EU) No 1151/2012 of the European Parliament and of the Council of 21 November 2012 on quality schemes for agricultural products and foodstuffs ⁽¹⁾, and in particular Article 52(2) thereof,

Whereas:

- (1) Pursuant to the first subparagraph of Article 53(1) of Regulation (EU) No 1151/2012, the Commission has examined Italy's application for the approval of amendments to the specification for the protected geographical indication 'Radicchio Variegato di Castelfranco', registered under Commission Regulation (EC) No 1263/96 ⁽²⁾ as amended by Commission Regulation (EC) No 783/2008 ⁽³⁾.
- (2) Since the amendments in question are not minor within the meaning of Article 53(2) of Regulation (EU) No 1151/2012, the Commission published the amendment application in the *Official Journal of the European Union* ⁽⁴⁾ as required by Article 50(2)(a) of that Regulation.
- (3) As no statement of opposition under Article 51 of Regulation (EU) No 1151/2012 has been received by the Commission, the amendments to the specification should be approved,

HAS ADOPTED THIS REGULATION:

*Article 1*The amendments to the specification published in the *Official Journal of the European Union* regarding the name 'Radicchio Variegato di Castelfranco' (PGI) are hereby approved.*Article 2*This Regulation shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 13 July 2018.

For the Commission,
On behalf of the President,
Phil HOGAN
Member of the Commission

⁽¹⁾ OJ L 343, 14.12.2012, p. 1.

⁽²⁾ Commission Regulation (EC) No 1263/96 of 1 July 1996 supplementing the Annex to Regulation (EC) No 1107/96 on the registration of geographical indications and designations of origin under the procedure laid down in Article 17 of Regulation (EEC) No 2081/92 (OJ L 163, 2.7.1996, p. 19).

⁽³⁾ Commission Regulation (EC) No 783/2008 of 5 August 2008 approving non-minor amendments to the specification for a name entered in the register of protected designations of origin and protected geographical indications (Radicchio Variegato di Castelfranco (PGI)) (OJ L 209, 6.8.2008, p. 5).

⁽⁴⁾ OJ C 51, 10.2.2018, p. 8.

COMMISSION IMPLEMENTING REGULATION (EU) 2018/1011**of 17 July 2018****authorising an extension of use levels of UV-treated mushrooms as a novel food under Regulation (EU) 2015/2283 of the European Parliament and of the Council, and amending Commission Implementing Regulation (EU) 2017/2470****(Text with EEA relevance)**

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EU) 2015/2283 of the European Parliament and of the Council of 25 November 2015 on novel foods, amending Regulation (EU) No 1169/2011 of the European Parliament and of the Council and repealing Regulation (EC) No 258/97 and Commission Regulation (EC) No 1852/2001 ⁽¹⁾, and in particular Article 12 thereof,

Whereas:

- (1) Regulation (EU) 2015/2283 provides that only novel foods authorised and included in the Union list may be placed on the market within the Union.
- (2) Pursuant to Article 8 of Regulation (EU) 2015/2283, Commission Implementing Regulation (EU) 2017/2470 ⁽²⁾ was adopted, which establishes a Union list of authorised novel foods.
- (3) Pursuant to Article 12 of Regulation (EU) 2015/2283, the Commission is to decide on the authorisation and on the placing on the Union market of a novel food and updating the Union list.
- (4) Commission Implementing Decision (EU) 2017/2355 ⁽³⁾ authorised, in accordance with Regulation (EC) No 258/97 of the European Parliament and of the Council ⁽⁴⁾, the placing on the market of UV-treated mushrooms as a novel food.
- (5) On 23 July 2015, the companies Banken Champignons Group BV and J.K. Holding BV made a request to the competent authority of the Netherlands to place UV-treated mushrooms (*Agaricus bisporus*) with increased levels of vitamin D₂ on the Union market as a novel food within the meaning of point (f) of Article 1(2) of Regulation (EC) No 258/97.
- (6) With Implementing Regulation (EU) 2017/2470 that authorisation became generic in January 2018. As the application of this company concerns mushrooms with higher vitamin D₂ content, this Regulation should be considered as an authorisation for the extension of use.
- (7) Pursuant to Article 35(1) of Regulation (EU) 2015/2283, any request for placing a novel food on the market within the Union submitted to a Member State in accordance with Article 4 of Regulation (EC) No 258/97 and for which the final decision has not been taken before 1 January 2018, shall be treated as an application submitted under Regulation (EU) 2015/2283.
- (8) While the request for placing UV-treated mushrooms (*Agaricus bisporus*) with increased levels of vitamin D₂ on the market as a novel food within the Union was submitted to a Member State in accordance with Article 4 of Regulation (EC) No 258/97, the application also meets the requirements laid down in Regulation (EU) 2015/2283.
- (9) On 20 September 2017, the competent authority of the Netherlands issued its initial assessment report. In that report it came to the conclusion that the UV-treated mushrooms (*Agaricus bisporus*) with increased levels of vitamin D₂ meet the criteria for novel food set out in Article 3(1) of Regulation (EC) No 258/97.

⁽¹⁾ OJ L 327, 11.12.2015, p. 1.

⁽²⁾ Commission Implementing Regulation (EU) 2017/2470 of 20 December 2017 establishing the Union list of novel foods in accordance with Regulation (EU) 2015/2283 of the European Parliament and of the Council on novel foods (OJ L 351, 30.12.2017, p. 72).

⁽³⁾ Commission Implementing Decision (EU) 2017/2355 of 14 December 2017 authorising the placing on the market of UV-treated mushrooms as a novel food under Regulation (EC) No 258/97 of the European Parliament and of the Council (OJ L 336, 16.12.2017, p. 52).

⁽⁴⁾ Regulation (EC) No 258/97 of the European Parliament and of the Council of 27 January 1997 concerning novel foods and novel food ingredients (OJ L 43, 14.2.1997, p. 1).

- (10) On 5 October 2017, the Commission forwarded the initial assessment report to the other Member States. Comments were made by the other Member States within the 60-day period laid down in the first subparagraph of Article 6(4) of Regulation (EC) No 258/97 with regard to ensure that the tolerable upper intake levels of vitamin D set up by EFSA ⁽¹⁾ are not exceeded.
- (11) In view of the comments made by the other Member States, the applicant provided additional explanations which alleviated the concerns to the satisfaction of the Member States and the Commission.
- (12) Those explanations give sufficient grounds to establish that UV-treated mushrooms (*Agaricus bisporus*) with increased levels of vitamin D₂ at the proposed use levels, comply with Article 12(1) of Regulation (EU) 2015/2283.
- (13) Point 1 of Part A of the Annex VI to Regulation (EU) No 1169/2011 of the European Parliament and of the Council ⁽²⁾ requires that the name of the food includes or is accompanied by particulars as to the specific treatment that the food has undergone in all cases where omission of such information could mislead the consumers. As consumers do not normally expect mushrooms to be subject to UV treatments, the name of this food shall include or be accompanied by such information in order to avoid misleading consumers.
- (14) The measures provided for in this Regulation are in accordance with the opinion of the Standing Committee on Plants, Animals, Food and Feed,

HAS ADOPTED THIS REGULATION:

Article 1

- 1. The entry in the Union list of authorised novel foods as provided for in Article 8 of Regulation (EU) 2015/2283 referring to UV-treated mushrooms shall be amended as specified in the annex to this Regulation.
- 2. The entry in the Union list referred to in the first paragraph shall include the conditions of use and labelling requirements laid down in the Annex to this Regulation.

Article 2

The Annex to Implementing Regulation (EU) 2017/2470 is amended in accordance with the Annex to this Regulation.

Article 3

This Regulation shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 17 July 2018.

For the Commission
The President
Jean-Claude JUNCKER

⁽¹⁾ *EFSA Journal* 2012;10(7):2813

⁽²⁾ Regulation (EU) No 1169/2011 of the European Parliament and of the Council of 25 October 2011 on the provision of food information to consumers, amending Regulations (EC) No 1924/2006 and (EC) No 1925/2006 of the European Parliament and of the Council, and repealing Commission Directive 87/250/EEC, Council Directive 90/496/EEC, Commission Directive 1999/10/EC, Directive 2000/13/EC of the European Parliament and of the Council, Commission Directives 2002/67/EC and 2008/5/EC and Commission Regulation (EC) No 608/2004 (OJ L 304, 22.11.2011, p. 18).

The Annex to Implementing Regulation (EU) 2017/2470 is amended as follows:

(1) the entry for 'UV-treated mushrooms (*Agaricus bisporus*)' in Table 1 (Authorised novel foods) is replaced by the following:

Authorised novel food	Conditions under which the novel food may be used		Additional specific labelling requirements	Other requirements
'UV-treated mushrooms (<i>Agaricus bisporus</i>)'	<i>Specified food category</i>	<i>Maximum levels of vitamin D₂</i>	1. The designation on the label of the novel food as such or of the foodstuffs containing it shall be "UV-treated mushrooms (<i>Agaricus bisporus</i>)". 2. The designation on the label of the novel food as such or of the foodstuffs containing it shall be accompanied by indication that a "controlled light treatment was used to increase vitamin D levels" or 'UV treatment was used to increase vitamin D ₂ levels'.'	
	Mushrooms (<i>Agaricus bisporus</i>)	20 µg of vitamin D ₂ /100 g fresh weight		

(2) the entry for 'UV-treated mushrooms (*Agaricus bisporus*)' in Table 2 (Specifications) is replaced by the following:

Authorised Novel Food	Specification
'UV-treated mushrooms (<i>Agaricus bisporus</i>)'	Description/Definition: Commercially grown <i>Agaricus bisporus</i> to which UV light treatment is applied to harvested mushrooms. UV radiation: a process of radiation in ultraviolet light within the wavelength of 200-800 nm. Vitamin D₂: Chemical name: (3β,5Z,7E,22E)-9,10-secoergosta-5,7,10(19),22-tetraen-3-ol Synonym: Ergocalciferol CAS No: 50-14-6 Molecular weight: 396,65 g/mol Contents: Vitamin D₂ in the final product: 5-20 µg/100 g fresh weight at the expiration of shelf life.'

COMMISSION IMPLEMENTING REGULATION (EU) 2018/1012**of 17 July 2018****imposing a provisional anti-dumping duty on imports of electric bicycles originating in the People's Republic of China and amending Implementing Regulation (EU) 2018/671**

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EU) 2016/1036 of the European Parliament and of the Council of 8 June 2016 on protection against dumped imports from countries not members of the European Union ⁽¹⁾ ('the basic Regulation'), and in particular Article 7 thereof,

After consulting the Member States,

Whereas:

1. PROCEDURE**1.1. Initiation**

- (1) On 20 October 2017, the European Commission ('the Commission') initiated an anti-dumping investigation with regard to imports into the Union of cycles, with pedal assistance, with an auxiliary electric motor ('electric bicycles') originating in the People's Republic of China ('the PRC') on the basis of Article 5 of the basic Regulation.
- (2) The Commission published a Notice of Initiation in the *Official Journal of the European Union* ⁽²⁾ ('the Notice of Initiation').
- (3) The Commission initiated the investigation following a complaint lodged on 8 September 2017 by the European Bicycle Manufacturers Association ('the complainant' or 'EBMA'). The complainant represents more than 25 % of the total Union production of electric bicycles. The complaint contained evidence of dumping and of resulting material injury that was sufficient to justify the initiation of the investigation.
- (4) On 21 December 2017, the Commission initiated an anti-subsidy investigation with regard to imports into the Union of electric bicycles originating in the PRC and started a separate investigation. It published a Notice of Initiation in the *Official Journal of the European Union* ⁽³⁾.

1.2. Registration of imports

- (5) On 31 January 2018, the complainant submitted a request for registration of imports of electric bicycles from the PRC under Article 14(5) of the basic Regulation. On 3 May 2018, the Commission published Implementing Regulation (EU) 2018/671 ⁽⁴⁾ ('the registration Regulation') making imports of electric bicycles from the PRC subject to registration as of 4 May 2018 onwards.
- (6) Responding to the request for registration, interested parties submitted comments that were addressed in the registration Regulation. The Commission confirms that the complainants submitted sufficient evidence justifying the need to register imports. Imports and market shares from the PRC had sharply increased. The comments were therefore rejected.

1.3. Investigation period and period considered

- (7) The investigation of dumping and injury covered the period from 1 October 2016 to 30 September 2017 ('the investigation period'). The examination of trends relevant for the assessment of injury covered the period from 1 January 2014 to the end of the investigation period ('the period considered').

⁽¹⁾ OJ L 176, 30.6.2016, p. 21.

⁽²⁾ OJ C 353, 20.10.2017, p. 19.

⁽³⁾ OJ C 440, 21.12.2017, p. 22.

⁽⁴⁾ Commission Implementing Regulation (EU) 2018/671 of 2 May 2018 making imports of electric bicycles originating in the People's Republic of China subject to registration (OJ L 113, 3.5.2018, p. 4).

1.4. Interested parties

- (8) In the Notice of Initiation, the Commission invited interested parties to contact it in order to participate in the investigation. In addition, the Commission specifically informed the complainants, other known Union producers, the known exporting producers and the authorities of the PRC, and known importers about the initiation of the investigation and invited them to participate.
- (9) Interested parties had an opportunity to comment on the initiation of the investigation and to request a hearing with the Commission and/or the Hearing Officer in trade proceedings.
- (10) In the Notice of Initiation, the Commission informed interested parties that it had provisionally chosen Switzerland as a market economy third country ('analogue country') within the meaning of Article 2(7)(a) of the basic Regulation. Interested parties had an opportunity to comment and to request a hearing with the Commission and/or the Hearing Officer in trade proceedings.
- (11) Some of the interested parties supporting the complaint requested confidential treatment of their identities in fear of retaliation, as they purchase certain parts of their electric bicycles in the PRC. The Commission granted their requests after an assessment of the arguments brought forward.
- (12) The China Chamber of Commerce for Import and Export of Machinery and Electronic products ('CCCME'), and the Collective of European Importers of Electric Bicycles ('CEIEB'), both representing several interested parties, submitted comments after the initiation of the proceeding.
- (13) The CCCME argued that the reasons for which the Commission granted confidential treatment to the identity of some of the interested parties supporting the complaint were both insufficient and unfounded. According to the CCCME, some of the members of the Union Industry import complete electric bicycles from the PRC and thus, in light of Article 4(1)(a) of the basic Regulation, may be precluded from being considered as members of the Union Industry. The CCCME pointed out that confidential treatment of the identity of some of the interested parties precludes the exporting producers from properly examining the standing in this case.
- (14) In a similar vein, the CEIEB argued that the complaint does neither contain a list of all known Union producers of the like product, nor the volume and value produced by these producers. The Commission rejected this claim. The complaint contained a list of known producers in the Union ⁽¹⁾, as well as their total production volume ⁽²⁾. The CEIEB was, accordingly, able to assess the list of known Union producers of the like product.
- (15) This information allowed the CEIEB to identify that two companies listed as Union producers are also importing the product under investigation from the country concerned. It is therefore clear that the CEIEB could fully exercise their rights of defence in this respect. The claims were therefore rejected.
- (16) The CCCME further argued that the complaint lacked the necessary level of sufficient evidence to result in the initiation of an investigation. The CCCME gave four reasons for this.
- (17) First, the import data, based on Chinese export statistics obtained from Chinese customs, together with the adjustments made to it to filter out the product subject to this investigation, should not be kept confidential and its source should be duly examined by the Commission.
- (18) Second, certain information in the complaint such as, for instance, the alleged overcapacity in the relevant sector in the PRC, would be misleading as they relate not only to the electric bicycles sector but electric bicycles and bicycles together. Similarly, the value of the Union's electric bicycles market would be overestimated as it covers all light electric vehicles and not only electric bicycles.
- (19) Third, subsidisation claims made in the complaint would be unfounded and would merit their own anti-subsidy investigation.

⁽¹⁾ Complaint, Annex 10.

⁽²⁾ Complaint, Annex 9.

- (20) Fourth, according to the CCCME, the complaint made a series of unjustified claims that are harmful to the electric bicycles industry in the PRC, alleging that it is the Union producers who drive the innovation in this business and that the Chinese producers are merely replicating the status quo of the Union-developed electric bicycles technology.
- (21) The Commission carried out an examination of the complaint in accordance with Article 5 of the basic Regulation, coming to the conclusion that the requirements for initiation of an investigation were met, *i.e.* that the adequacy and accuracy of the evidence presented by the complainant was sufficient. According to Article 5(2) of the basic Regulation, a complaint shall contain such information as is reasonably available to the complainant on the factors indicated therein. On the basis of the evidence provided, the Commission deemed that requirement satisfied.
- (22) Regarding the Chinese import data argument, the Commission refers to section 3.2 of the registration Regulation and to section 4.3 of this Regulation, where that argument is sufficiently addressed.
- (23) Regarding the overcapacity argument, it is indeed relevant to examine overcapacities for electric bicycles and bicycles together, since production capacity for bicycles can be converted to electric bicycles with little cost or effort (see recital 172), and there is evidence on record that this is indeed regularly done by companies producing both products.
- (24) Regarding the comments on alleged subsidisation on the Chinese market, on 21 December 2017, the Commission initiated an anti-subsidy investigation with regard to imports into the Union of electric bicycles originating in the PRC and commenced a separate investigation. That investigation is still on-going.
- (25) Finally, regarding the innovation and replication arguments, the accuracy of the allegations mentioned in point four had no weight on the Commission's assessment underlying the initiation of this case, as they do not fall within the factors considered for this purpose.
- (26) The Commission therefore concluded that the complaint contained evidence of dumping and of resulting material injury that was sufficient to justify the initiation of the investigation.

1.5. Sampling

- (27) In the Notice of Initiation, the Commission stated that it might sample exporting producers, Union producers and unrelated importers in accordance with Article 17 of the basic Regulation.

1.5.1. Sampling of Union producers

- (28) In its Notice of Initiation, the Commission stated that it had provisionally selected a sample of Union producers. The Commission selected the sample on the basis of the highest representative sales volumes of the like product in the investigation period whilst ensuring a spread in product types and a geographical spread.
- (29) This sample consisted of four Union producers. The sampled Union producers accounted for 60 % of the total production volume and 58 % of total sales of the Union industry. The Commission invited interested parties to comment on the provisional sample.
- (30) The EBMA claimed that the sample was overly focused on the Dutch market, and does not give appropriate weight to French producers.
- (31) The Commission noted that the sample included the largest markets for the product under investigation and the largest producers in terms of volume and sales on the Union market which could reasonably be investigated within the time available.
- (32) The Commission also noted that the production of the French producers only account for a minor part of the production of electric bicycles in the Union. It is therefore not necessary to include a French producer to ensure representativity of the sample.
- (33) One interested party suggested adding a German manufacturer to the sample. However, the company in question was not cooperating and the comment had therefore to be disregarded. This did not affect the representativity of the sample, since the sample covered 60 % of the production volume, and did include a German manufacturer.
- (34) In light of the above, the Commission confirmed that the sample is representative of the Union industry.

1.5.2. *Sampling of importers*

- (35) To decide whether sampling was necessary and, if so, to select a sample, the Commission asked unrelated importers to provide the information specified in the Notice of Initiation.
- (36) Twenty-one unrelated importers provided the requested information and agreed to be included in the sample. In accordance with Article 17(1) of the basic Regulation, the Commission selected a sample of five unrelated importers on the basis of the largest volume of imports into the Union. In accordance with Article 17(2) of the basic Regulation, all known importers concerned were consulted on the selection of the sample.
- (37) One interested party commented that the sample of importers is not representative, since it does not cover importers from Denmark, Germany, Italy and the UK, and overly focused on importers buying city electric bicycles.
- (38) However, the cooperating importers from Denmark, Germany and the UK were much smaller than the sampled importers, and no importers from Italy cooperated. Also, the sampled importers imported a wide range of products, including city electric bicycles, trekking electric bicycles, mountain electric bicycles and folding electric bicycles.
- (39) The Commission also notes that the sample included the largest import volume which could reasonably be investigated within the time available.
- (40) In light of the above, the Commission confirmed that the sample is representative of the cooperating importers.

1.5.3. *Sampling of exporting producers in the PRC*

- (41) To decide whether sampling was necessary and, if so, to select a sample, the Commission asked all exporting producers in the PRC to provide the information specified in the Notice of Initiation. In addition, the Commission asked the Mission of the People's Republic of China to the European Union to identify and/or contact other exporting producers, if any, that could be interested in participating in the investigation.
- (42) Ninety-six exporting producers in the PRC provided the requested information and agreed to be included in the sample. One producer reported no exports of the electric bicycles to the Union during the investigation period and therefore was not considered admissible to the sample. The Commission provisionally selected a sample of four cooperating producer groups on the basis of the largest representative volume of exports to the Union.
- (43) In accordance with Article 17(2) of the basic Regulation, all known exporting producers of electric bicycles, and the authorities of the PRC, were consulted on the selected sample.
- (44) Three non-sampled cooperating exporting producers argued that they should be included in the sample due to allegedly particular features of their production or sales, which distinguish them from some or all sampled exporting producers.
- (45) These features are not relevant from the point of view of Article 17(1) of the basic Regulation, on the basis of which the sample is to be selected. In accordance with Article 17(1) of the basic Regulation, the Commission selected a sample on the basis of the largest representative volume of exports to the Union, which can reasonably be investigated within the time available. None of the three non-sampled exporting producers contested that they qualified for the sample according to this criterion, and none of them argued that the criterion for selecting the sample should be changed. Therefore, the three requests were rejected.
- (46) After the expiry of the deadline for sampling responses and after the sample was selected and questionnaires have already been sent, one exporting producer came forward and requested to be considered as cooperating, as it had responded in due time to the sampling exercise in the parallel anti-subsidy investigation. The request was denied as the company did not come forward in the due time in the present investigation.

1.6. Individual examination

- (47) Six non-sampled exporting producers formally requested individual examination under Article 17(3) of the basic Regulation. Two of them requested market economy treatment, which makes for two additional market economy treatment claim forms to be analysed and verified. Furthermore, three of the companies that formally requested individual examination are groups of companies with a total of six related traders. Their replies to the relevant part of the anti-dumping questionnaire would also have to be analysed and verified by the case teams. The examination of such a high number of requests would be unduly burdensome and cannot be reasonably expected during the time available for this investigation. The Commission therefore decided not to grant any requests for individual examination.

1.7. Market economy treatment ('MET') claim forms

- (48) For the purposes of Article 2(7)(b) of the basic Regulation, the Commission sent MET claim forms to all cooperating exporting producers in the PRC selected to be in the sample and to the non-sampled cooperating exporting producers that wished to apply for an individual dumping margin. Only one of the exporting producer groups in the PRC selected in the sample submitted an MET claim form, which was assessed by the Commission.

1.8. Replies to the questionnaire

- (49) The Commission sent questionnaires to all sampled companies, to all exporting producers intending to ask individual examination and to 27 potential analogue country producers in Australia, Japan, Mexico, South Korea, Switzerland, Taiwan, Thailand, Turkey and the USA.
- (50) The Commission received complete questionnaire replies from all sampled Union producers, all sampled unrelated importers, the sampled exporting producers in the PRC, the exporting producers in the PRC requesting individual examination and one analogue country producer from Switzerland.

1.9. Verification visits

- (51) The Commission sought and verified all the information deemed necessary for a provisional determination of dumping, resulting injury and Union interest. Verification visits under Article 16 of the basic Regulation were carried out at the premises of the following companies:

Union producers:

- Accell Group (Heerenveen, the Netherlands);
- Eurosport DHS SA (Deva, Romania), and their related company Prophete GmbH & Co. KG (Rheda-Wiedenbrück, Germany);
- Derby Cycle Holding GmbH (Cloppenburg, Germany);
- Koninklijke Gazelle NV (Dieren, The Netherlands);

Exporting producers in the PRC:

- Bodo Vehicle Group Co., Ltd(Tianjin);
- Giant Electric Vehicle Co. (Kunshan), Ltd; Giant (China) Co.(Kunshan), Ltd and Giant (Tianjin) Co., Ltd (Tianjin);
- Jinhua Vision Industry Co., Ltd and Yongkang Hulong Electric Vehicle Co., Ltd (Jinhua);
- Suzhou Rununion Motivity Co., Ltd (Suzhou);

Producers in an analogue country:

- Bicycletec AG; (Huttwil, Switzerland);

Unrelated importers in the Union:

- Hartmobile B.V. (Amsterdam, the Netherlands);
- Stella Fietsen B.V. (Nunspeet, the Netherlands);

Related importers in the Union:

- Giant Europe B.V. (Lelystad, the Netherlands);
- Giant Benelux B.V. (Lelystad, the Netherlands);
- Giant Deutschland GmbH. (Düsseldorf, Germany).

1.10. Investigation period and period considered

- (52) The investigation of dumping and injury covered the period from 1 October 2016 to 30 September 2017 ('the investigation period' or 'IP'). The examination of trends relevant for the assessment of injury covered the period from 1 January 2014 to the end of the investigation period ('the period considered').

2. PRODUCT CONCERNED AND LIKE PRODUCT

2.1. Product concerned

- (53) The product concerned is cycles, with pedal assistance, with an auxiliary electric motor, originating in the PRC, currently falling within CN codes 8711 60 10 and ex 8711 60 90 (TARIC code 8711 60 90 10) ('the product concerned').
- (54) This definition covers various types of electric bicycles.

2.2. Like product

- (55) The investigation showed that the following products have the same basic physical characteristics as well as the same basic uses:
- (a) the product concerned;
 - (b) the product produced and sold on the domestic market of Switzerland, which served provisionally as an analogue country;
 - (c) the product produced and sold in the Union by the Union industry.
- (56) The Commission decided at this stage that those products are therefore like products within the meaning of Article 1(4) of the basic Regulation.

2.3. Claims regarding product scope

- (57) In their comments after the initiation of the investigation, the CCCME contested the Commission's intention to group all electric bicycles as one single product. In particular, they argued that speed electric bicycles (electric bicycles with a speed of more than 25 km/h and up to 45 km/h) should be excluded from the scope of the investigation. While the engine of standard electric bicycles has a maximum power ⁽¹⁾ of 250 W, the engine of speed electric bicycles can have a higher power of typically 350 – 500 W.
- (58) The CCCME argued that these bicycles have significantly different characteristics and intended uses, and also significantly different prices. From the consumers' perspective speed electric bicycles are not interchangeable with all the other electric bicycles covered by this investigation.
- (59) According to CCCME, there are several reasons for which speed electric bicycles are different from other electric bicycles. First, the raw materials and components are different. For instance, the engine for speed electric bicycles has a higher power rating and the materials for electric bicycles have higher strength and quality.
- (60) Second, the costs and prices would be significantly different. Since there are stricter requirements for the quality and strength of the parts used to produce speed electric bicycles, the cost of producing speed electric bicycles is higher than that of ordinary electric bicycles, which in turn causes a final higher sales price.
- (61) Third, the CN codes would be different. Since 1 January 2017, ordinary electric bicycles have been classified under CN code 8711 60 10 and speed electric bicycles under CN code 8711 60 90. Before 2017, ordinary electric bicycles were classified under (ex) CN code 8711 90 10 and speed electric bicycles under (ex) CN code 8711 90 90.

⁽¹⁾ Maximum continuous rated power.

- (62) Fourth, speed electric bicycles are regarded as motor vehicles (vehicle category L1e-B), so drivers are required to have a licence and to wear helmets. There are no such requirements for ordinary electric bicycles. These requirements will substantially constrain who can purchase and operate the speed electric bicycles.
- (63) Fifth, the types of consumers for the speed electric bicycles are different. Normally, purchasers of ordinary electric bicycles are mainly office workers or elderly persons who appreciate the additional power assist, while purchasers of speed electric bicycles are mostly young people using these electric bicycles for more strenuous or sporting activities.
- (64) The complainant argued that all electric bicycles share key common characteristics. In particular, both are cycles designed to pedal, equipped with an auxiliary electric motor for pedal assistance. Moreover, all electric bicycles are subject to the same tests under the European Standard EN 15194. On this basis, the complainant concluded that they form one single product for the purpose of the present investigations.
- (65) The complainant also pointed out that due to the fact that the auxiliary motor assistance cut-off speed could be easily changed from 25 km/h to 45km/h and *vice-versa*, as this is primarily a question of software programming and not actual physical differences.
- (66) During the investigation, an importer claimed that electric bicycles falling under the L1e-A category should be excluded from the product scope of the investigation. The L1e-A category covers electric bicycles with an auxiliary motor support of up to 25 km/h, but with an engine power of up to 1 kW. Allegedly, L1e-A category electric bicycles are not produced in the Union, and not specifically mentioned in the complaint. The importer further claims that L1e-A category electric bicycles cannot have caused injury to the Union industry, since the first L1e-A category electric bicycle was sold on the Union market more than eight weeks after the complainant lodged the complaint.
- (67) The Commission took all these comments into account. It noted that the product scope of the complaint indeed covered all cycles, with pedal assistance, with an auxiliary electric motor. The product scope of the complaint contains no limitation on the vehicle classification. It was therefore concluded that L1e-A category electric bicycles are covered by the complaint. It was also clear from the importer's own website that L1e-A electric bicycles have all the benefits of a regular electric bicycle but with more power. The importer in particular emphasises that in most Member States L1e-A category electric bicycles do not require a helmet and can be used on regular cycle lanes and paths.
- (68) With regards to speed electric bicycles, it is claimed that they have a significantly higher cost of production and sales price. This, as such, is not a reason for excluding a product from the product scope, since the product scope commonly includes goods sold at different prices. This factor is however taken into account in the comparisons in the dumping and injury calculations.
- (69) As regards the different intended use and consumer perception, it is argued that normal electric bicycles are predominantly sold to elderly people, recreational cyclists, and also office workers, while speed electric bicycles are mostly used for more strenuous activities such as commuting. Since office workers are likely to use their normal electric bicycle for driving from their home to the work place, this use is very similar to the use of commuting for speed electric bicycles. It is therefore concluded that the intended use and consumer perception overlap to a significant extent, and therefore do not warrant a product exclusion.
- (70) With regard to both claims for exclusion, the Commission concluded that speed electric bicycles and the L1e-A category bicycles share the same physical characteristics with other electric bicycles and thus fall within the product scope. While the Commission acknowledged that there are different product types within the general category of the product concerned, this cannot *per se* lead to exclusion from the product scope. Different customs classification within the same general category of the product concerned is also not a criterion which *per se* would lead to exclusion. It is indeed very common in anti-dumping investigations that the product concerned encompasses a range of customs codes. Finally, requirements relating to the after sale use of the product concerned or the like product do not affect the basic physical characteristics that define that product for the purpose of anti-dumping investigations. In the same vein, the product scope is not defined by categories of consumers that will be opting for one product type or the other. The claims were therefore rejected.
- (71) One importer claimed that electrical tricycles should be removed from the product scope of the investigation. It alleged that it is not clear whether the investigation actually covered all types of cycles (including bicycles, tricycles and quadricycles) or only bicycles, because the title of the Notice of Initiation stated that the anti-dumping proceeding concerns import of electric bicycles.

- (72) The Commission noted that the product scope of the investigation is, however, not defined by the title of the Notice of Initiation, but by section '2. Product under investigation'. This section clearly defines that the product under investigation covers 'cycles'. The term 'cycles' is not limited to bicycles with 2 wheels, but also includes tricycles and quadricycles. Since bicycles are by far the most common type of cycle, the title referred to bicycles, without excluding other types of cycles from the scope of the investigation.
- (73) The importer further claimed that the investigation specifically focused on bicycles. The Commission disagreed with this claim. It had collected information covering all types of electric cycles; Union producers and exporters were required to indicate the number of wheels for all products they produced and sold on the Union market. It is therefore clear that tricycles were separately identified and investigated throughout the investigation. As bicycles are undisputedly the most common type of cycles, it is not surprising that the term e-bikes/electric bikes is generally used to refer to all types of electric cycles, in the investigation as well as in the market. This does not mean that other types of cycles were disregarded in the investigation.
- (74) It is therefore concluded that speed electric bicycles, L1e-A category electric bicycles and electric tricycles share the same basic physical characteristics and properties as well as end-uses with other types of electric cycles, and therefore cannot be excluded from the product scope of the investigation.

3. DUMPING

3.1. Normal value

3.1.1. Market economy treatment ('MET')

- (75) Under Article 2(7)(b) of the basic Regulation, the Commission determines normal value in accordance with Article 2(1) to (6) of the basic Regulation for any exporting producer in the PRC which complies with the criteria set out in Article 2(7)(c) of the basic Regulation and could therefore be granted MET.
- (76) The CCCME claimed that after the expiry of paragraph 15(a)(ii) of the Protocol on the Accession of the PRC to the World Trade Organisation ('WTO') on 11 December 2016 the general rules for the determination of normal value should apply to Chinese exporters. In this respect, it claimed that the use of a non-market economy methodology to reach a determination after 11 December 2016 is contrary to the Union's WTO obligations. It also alleged that the normal value cannot be based on an analogue country, but should be based on Chinese sales and costs data.
- (77) The Notice of Initiation was published on 20 October 2017. Consequently, the relevant legislation applicable to this proceeding is the basic Regulation in its version applicable at the time of initiation. The normal value is therefore to be established on the basis of Article 2(7)(a) and (b) of the basic Regulation as applicable at the date of initiation of this investigation in October 2017. Therefore, the claim by the CCCME is rejected.
- (78) Briefly, and for ease of reference only, the criteria set out in Article 2(7)(c) of the basic Regulation for market economy treatment are that:
- (1) business decisions are made in response to market conditions and without significant State interference, and costs reflect market values;
 - (2) firms have one clear set of basic accounting records, which are independently audited, in line with international accounting standards and applied for all purposes;
 - (3) there are no significant distortions carried over from the former non-market economy system;
 - (4) legal certainty and stability is provided by bankruptcy and property laws; and
 - (5) currency exchanges are carried out at the market rate.
- (79) For the determination whether the criteria in Article 2(7)(c) of the basic Regulation are met, the Commission sought the necessary information by asking the exporting producers to fill in the MET claim form. Only one sampled exporting producer, the Giant group, claimed MET and replied within the deadline.
- (80) As this case involved related parties, the Commission examined whether the group of related companies as a whole fulfilled the conditions for MET. Therefore, where a subsidiary or any other company related to the exporting producer in the PRC was involved, directly or indirectly, in the production or sales of the product concerned, the MET examination was carried out in respect of each related company individually as well as to the group of companies as a whole.

- (81) The Commission sought all the information deemed necessary and verified all the information submitted in the MET claims at the premises of the major legal entities of the group.
- (82) On this basis, the Commission found that the Giant group failed to demonstrate that it fulfilled the MET criteria in Article 2(7)(c) of the basic Regulation, notably criteria 1 and 3. Therefore, the Commission rejected its claim for MET.
- (83) The Giant group failed to demonstrate that there is no significant State interference and that costs of major inputs substantially reflect market values in its production of the product concerned. As explained in the MET disclosure, the Giant group purchases Chinese aluminium tubes and frames, whose prices are affected by the significant distortions of primary aluminium due to significant State interference. On this basis, the Commission concluded that the Giant group failed to demonstrate that it fulfilled MET criterion 1.
- (84) Moreover, the Giant group also failed to demonstrate that it was not subject to significant distortions carried over from the former non-market economy system. According to the MET disclosure, the Giant Group benefitted from several preferential tax schemes, refunds, financial incentives, and special deductions for expenses incurred. These advantages, particularly in combination, are considered as significant distortions carried over from the non-market economy system. Accordingly, it did not fulfil MET criterion 3.
- (85) The Commission disclosed the findings to the exporting producer concerned, to the authorities of the country concerned and to the Union industry. Interested parties had an opportunity to comment on the findings and to request a hearing with the Commission and/or the Hearing Officer in trade proceedings. The Commission took account of the views presented.
- (86) Following the disclosure of MET findings, the Giant group submitted a number of comments.
- (87) Concerning criterion 1, the Giant group claimed that the price of aluminium used in the production of electric bicycles was in line with international prices, as reflected on the London Metal Exchange ('LME'). Alternatively, it submitted that the resulting distortion could not be qualified as significant because in value terms the impact of the alleged distortion was *de minimis*.
- (88) As the Commission explained at length in the disclosure document, the SHFE is designed in a way that the Chinese government can exercise complete control over the aluminium market. Whether that influence is used to set prices at market level or not, or based on other considerations and hence at a fluctuating deviance of the market level, is irrelevant for finding significant State interference. The criterion of significant State interference is fulfilled where the State can influence prices not only marginally, but can exercise significant control, independently of how it actually exercises that control.
- (89) The fact that the proportion of aluminium used in the production of electric bicycles is lower than in other products does not change the fact that electric bicycle producers operate in a significantly distorted market. In this particular case, and irrespective of its value, the Commission established, on the basis of the facts collected during the investigation, that the aluminium frame (produced from aluminium tubes) is one of the most essential elements for the production of an electric bicycles with knock on effects on all other parts and components.
- (90) With regard to criterion 3, the Giant group argued that the benefit resulting from the differential taxation rate is the expression of the legitimate industrial policy objectives of the PRC and cannot be considered as a distortion carried over from a former non-market economy. In addition, the Giant group claimed that distortions, if any, are not significant. The group further claimed that an incorrect methodology was applied to determine whether the preferential grant of land use rights constituted a significant distortion since it did not amortise the benefit received over the life period of the asset.
- (91) The Commission disagreed that the a qualification as significant distortion within the meaning of Article 2(7)(c) of the basic Regulation bears any legal or factual correlation to the concept of 'benefit' within the meaning of Regulation (EU) 2016/1037 of the European Parliament and of the Council⁽¹⁾ ('the basic anti-subsidy Regulation'). Rather, it is a concept intrinsic to the present assessment under Article 2(7)(c) of the basic Regulation.

⁽¹⁾ Regulation (EU) 2016/1037 of the European Parliament and of the Council of 8 June 2016 on protection against subsidised imports from countries not members of the European Union (OJ L 176, 30.6.2016, p. 55).

- (92) The Commission found that two companies of the group received almost complete refund of the land use right price, while a third one paid a small percentage of the value of the land use right price after refund. Given the nature of the industry where land is the most important asset and significant in nature, the Commission could only conclude that the production costs and financial situation of the company are subject to significant distortions carried over from the non-market economy system.
- (93) The conclusion to deny the MET claim of the Giant group therefore remains unchanged.
- (94) The Commission informed the interested parties of the final MET determination.

3.1.2. *Analogue country*

- (95) According to Article 2(7)(a) of the basic Regulation normal value was determined on the basis of the price or constructed value in a market economy third country ('analogue country') for the exporting producers not granted MET. For this purpose, a market economy third country had to be selected.
- (96) In addition to Switzerland, Japan and Taiwan, which were mentioned in the Notice of Initiation, the Commission tried to identify producers of the product under investigation in Australia, Mexico, South Korea, Thailand, Turkey and the USA. Based on the information received, the Commission asked twenty-seven known producers of the like product to provide information. One producer in Switzerland and one producer in Taiwan replied to the analogue country producers' questionnaire. The reply from the producer in Taiwan was lacking essential information, including a cost of production per product type and a domestic sales listing. Despite the Commission's requests, the producer did not complete the reply, leaving Switzerland as the only potential analogue country.
- (97) The CCCME argued that Switzerland would be inappropriate as an analogue country for several reasons. First, the Swiss electric bicycles are different from Chinese – they have a central motor whereas Chinese electric bicycles have predominantly hub motors (mounted in the wheels), which are different technologies. The Swiss also use parts that are significantly different (more powerful central motors, GPS-enabled controllers, touch-screen displays etc.) Second, Swiss producers produce their own brands whereas Chinese are mainly original equipment manufacturers ('OEM') for the Union importers. Third, the overall production scale in Switzerland is much smaller than the one in the PRC. Fourth, the Swiss import their parts from the Union and Japan, whereas the Chinese source domestically. Finally, out of the eight Swiss producers, three only import complete electric bicycles from Taiwan and resell, and the largest producer imports all parts from abroad and only assembles in Switzerland.
- (98) The CEIEB also argued that Switzerland would be inappropriate as the analogue country. It pointed out that that Switzerland has a very different level of development from the PRC and thus different production costs (especially labour). Furthermore, no other market in the world has such a high share of speed electric bicycles, which, due to legally required type-approval, are generally more costly.
- (99) The investigation confirmed that, whilst a vast majority of electric bicycles exported to the Union from the PRC by the sampled exporting producers have hub motors, all electric bicycles sold on the Swiss market by the cooperating analogue country producer during the IP have central motors. Alongside the battery, the motor is usually the single most expensive part of an electric bicycle. Central and hub motors are two distinct technologies with different technical specifications and level of complexity. Central motors not only have a different price than hub motors, but a use of one over another has a knock-on effect on other parts. For instance, an electric bicycle with a central motor would have a different, often more expensive, frame, designed to fit the motor. The same would be true for wheels in case of electric bicycles with hub motors. Certain additional parts, like special motor holders, are necessary for electric bicycles with central motor but not necessary for those with hub motors. Other parts, like torque sensors, are different depending on the type of the motor.
- (100) Considering that these are two different technologies with different cost structures and prices, the use of Switzerland as the analogue country would not provide the Commission with a normal value for a vast majority of imports, due to the knock on effect referred to above and the difficulty of quantifying adjustments that would be necessary to adjust the normal value from Switzerland to match the product types exported from China to the Union.
- (101) The Commission further looked at the cooperating analogue country producer's export to other countries, but those were also exclusively of electric bicycles with central motors.
- (102) The Commission therefore concluded at this stage that Switzerland is not an appropriate analogue country under Article 2(7)(a) of the basic Regulation.

- (103) Consequently, in absence of an appropriate market economy third country, it was provisionally concluded in accordance with Article 2(7)(a) of the basic Regulation, that it was not possible to determine normal value for the sampled producers based on the domestic prices or constructed normal value in a market economy third country or the price from such a third country to other countries, including the Union, and that it was therefore necessary to determine normal value based on any other reasonable basis, in this case on the basis of the prices actually paid or payable in the Union for the like product. This was considered appropriate due to the inappropriateness of Switzerland and the lack of any other cooperation as mentioned in recitals 96 and 99 to (102). In addition, the Commission deemed this justified due to the size of the Union market, the existence of imports, and the strong internal competition on the Union market for this product.

3.1.3. Normal value

- (104) As MET was not granted in this case, the normal value for all Chinese exporting producers was determined, as explained in recital 103 above, on the basis of the prices actually paid or payable in the Union for the like product on the basis of the data verified at the premises of the sampled Union producers listed in recital 51.
- (105) The normal value of each product type was based on the actual sales price (ex-works), adjusted to include the target profit of the Union industry.
- (106) The vast majority of product types exported from the PRC to the Union could be matched with the product types produced and sold in the Union. In the rare cases where the exact matching on the level of the product control number ('PCN') was not possible, the Commission iteratively removed the PCN characteristics until a successful match was found. In some exceptional cases, where the particular bicycle types were not produced in the Union, the closest possible match based on other characteristics was done. The details of this procedure have been disclosed to the exporting producers.

3.2. Export price

- (107) The sampled exporting producers exported to the Union directly to independent customers or through related or unrelated companies acting as an importer.
- (108) If the exporting producers exported the product concerned directly to independent customers in the Union, the export price was the price actually paid or payable for the product concerned when sold for export to the Union, in accordance with Article 2(8) of the basic Regulation.
- (109) If the exporting producers exported the product concerned to the Union through related companies acting as an importer, the export price was taken as established on the basis of the price at which the imported product was first resold to independent customers in the Union, in accordance with Article 2(9) of the basic Regulation. In those cases, adjustments to the price were made for all costs incurred between importation and resale, including SG&A expenses and profits (9 %).

3.3. Comparison

- (110) The Commission compared the normal value and the export price of the sampled exporting producers on an ex-works basis.
- (111) For the purpose of ensuring a fair comparison between the normal value and the export price, due allowance in the form of adjustments was made for differences affecting prices and price comparability in accordance with Article 2(10) of the basic Regulation. The Commission made the following adjustments to the export price using the data provided by the sampled exporting producers in their questionnaire replies and during the verification visits: bank charges, handling and loading charges in the exporting country, credit costs, and profits for the unrelated traders in case of the related traders in the Union.
- (112) The CCCME and one sampled exporting producer argued that in order to secure a fair comparison between the normal value and the export price, the latter should be adjusted upwards on account of the exporting producers being OEM.
- (113) The CCCME argued that as most of Chinese electric bicycles producers are OEM, electric bicycles produced by them are sold to final consumers through brand-name importers and distributors. The price charged to final consumers includes both the brand importer's mark-up and distributor's mark-up. The CCCME noted that, brand importers in the electric bicycles industry are different from ordinary importers in other industries.

- (114) The CCCME noted that the reason for that would be that, for most electric bicycles exported from the PRC to the Union, the design, research and development is done by the brand importers or by the brand importers in cooperation with the exporter. In either case, the brand importers have made a significant investment into this work, much like the Union producers themselves. Beyond the import price, the brand importers will add their own brand value into their re-sale price. Thus, the export price of Chinese electric bicycles should be adjusted upward by adding the brand importer's mark-up before being compared with the normal value.
- (115) The Commission considered making an appropriate adjustment under Article 2(10)(d) ('level of trade') of the basic Regulation. However, the relevant conditions were not met as the Commission did not find any consistent and distinct difference in functions and prices of the Union industry between their OEM and non-OEM sales on the Union market at the level of product types, within the meaning of Article 2(10)(d)(i) of the basic Regulation. Article 2(10)(d)(ii) of the basic Regulation was equally inapplicable as the relevant level of trade – OEM – does exist on the domestic market of Union producers.
- (116) The Commission also considered making an Article 2(10)(k) ('other factors') adjustment to account for the design and R & D costs of the brand-name importers. However, at this stage of the investigation, the exporting producers did not provide the Commission with a reliable quantification of these costs. The Commission accordingly invites interested parties to provide it with reliable and verifiable quantification of costs for an adjustment under Article 2(10)(k) of the basic Regulation.
- (117) The claim of the CCCME was therefore rejected.
- (118) According to three sampled exporting producers the product type classification proposed by the Commission was insufficient to distinguish electric bicycles of different price levels. They requested the Commission to add several characteristics to the product type classification, namely:
- Derailleur – to reflect the difference between external derailleur and internal derailleur;
 - Brake – to reflect the difference between mechanical and hydraulic brake;
 - Suspension – to reflect the difference between spring suspension, hydraulic suspension and air suspension; and
 - Battery characteristics – add two capacity ranges – below 250Wh and between 250Wh and 350Wh.
- (119) The complainant, on the other hand, argued that different parts within each proposed characteristic do not have *per se* different prices. Furthermore, electric bicycles with allegedly more expensive parts within each proposed characteristic do not have to be more expensive than those containing the allegedly cheaper part. The complainant provided several examples of this.
- (120) The exporting producers, in turn, disagreed, pointing out, for instance, that in its examples the complainant compares a high-end external derailleur (with 10 speeds) with low-end internal derailleur (with three speeds). This would be why the price is similar. Similarly, high-end mechanical breaks are being compared with low-end hydraulic breaks. The exporting producer also pointed out that the comparison of bicycles containing different parts to prove that these parts do not affect the price of the whole bicycle is meaningless as in each example there are other differentiating factors than the parts in question.
- (121) The Commission took note of both sets of comments. Regarding the additional characteristics, the Commission notes that it has not been able to establish that an internal derailleur would always be significantly more expensive than an external one or that a hydraulic break will always be significantly more expensive than a mechanical one. Within those sub-categories there are parts that are on the high and on the low-end of the price spectrum. The Commission therefore concluded that there does not appear to be a consistent significant price difference between parts within the proposed additional characteristics that would warrant changes to the product types established in this investigation.
- (122) At this stage of the investigation, there was no evidence justifying adjustments based on price differences of parts within the characteristics mentioned above, as well as the additional characteristics claimed later by the exporting producers (namely the number of derailleur speeds and the brand of the central motor). Chinese electric bicycles exported to the Union use a mix of parts within these characteristics, which, to the best of the Commission's knowledge, does not favour a particular type. The same can be said about the electric bicycles produced in the Union. Again, the Commission invited interested parties to provide it with such verifiable evidence and information in order to complete its assessment on the above arguments.

3.4. Dumping margins

- (123) For the sampled exporting producers, the Commission compared the weighted average normal value of each type of the like product with the weighted average export price of the corresponding type of the product concerned, in accordance with Article 2(11) and (12) of the basic Regulation.
- (124) The dumping margin for the cooperating exporting producers not included in the sample was established in accordance with the provisions of Article 9(6) of the basic Regulation. This margin was calculated as a weighted average on the basis of the margins established for the sampled exporting producers.
- (125) With regard to all other exporting producers in the PRC, the Commission determined the level of cooperation in the PRC. It was measured by assessing the proportion of the volume of exports of the cooperating exporting producers to the Union out of the total export volume from the country concerned to the Union.
- (126) The level of cooperation was high. Therefore, the residual dumping margin applicable to all other exporting producers in the PRC was provisionally set at a level corresponding to the highest dumping margin found for the cooperating exporting producers in the sample.
- (127) The provisional dumping margins expressed as a percentage of the CIF Union frontier price, duty unpaid, are as follows:

Table 1

Company	Provisional dumping margin
Bodo Vehicle Group Co., Ltd	90,6 %
Giant Electric Vehicle (Kunshan) Co., Ltd	34,6 %
Jinhua Vision Industry Co., Ltd and Yongkang Hulong Electric Vehicle Co., Ltd	42,8 %
Suzhou Rununion Motivity Co., Ltd	106,4 %
Cooperating exporting producers not sampled (see Annex)	51,0 %
All other companies	106,4 %

4. INJURY

4.1. Definition of the Union industry and Union production

- (128) At the start of the period considered, forty-one producers manufactured the like product in the Union. They constitute the 'Union industry' within the meaning of Article 4(1) of the basic Regulation. Four of them stopped their production during the investigation period.
- (129) The total Union production during the investigation period was established at around 1,1 million pieces. The Commission established the figure on the basis of the consumption figure submitted by the Confederation of the European Bicycle Industry ('CONEBI'), import statistics, and the ratio of sales to production of the sampled Union producers.
- (130) One interested party submitted that two Union producers are also importers of electric bicycles. They however did not claim that these producers should be excluded from the definition of the Union industry, or provide arguments why they should be excluded. Imports *per se* do not constitute a reason for exclusion from the definition of the Union industry.
- (131) Another party claimed that company ATALA and its related company Accell Nederland should not form part of the Union industry because ATALA imports electric bicycles from the PRC. According to the conditions of Article 4(2) of the basic Regulation ATALA and Accell are not related. In any case, imports *per se* do not constitute a reason for exclusion from the definition of the Union industry.

- (132) Other Union producers requesting confidentiality have reported imports from the PRC. These companies together with those mentioned in recitals 130 and 131 account for less than 5 % of production and sales of the Union industry. They therefore have no material impact on the injury indicators of the Union industry as a whole. Whether or not those companies are considered to be part of the Union industry has no material impact on the injury analysis. This issue will be further examined for the final findings.

4.2. Union consumption

- (133) The Commission established the Union consumption on the basis of the information submitted by CONEBI.
- (134) Union consumption developed as follows:

Table 2

Union consumption (pieces)

	2014	2015	2016	IP
Total Union consumption (pieces)	1 139 000	1 363 842	1 666 251	1 982 269
<i>Index</i>	100	120	146	174

Source: CONEBI.

- (135) Union consumption increased steadily from 1,1 million pieces in 2014 to almost 2 million pieces during the investigation period, reflecting a growth of 74 % during the period considered. This development was due to greater environmental awareness and continued investment in marketing and promotion, and in the technological development of electric bicycles.

4.3. Imports from the PRC

4.3.1. Volume and market share of the imports from the PRC

- (136) Since 2017, electric bicycles have been classified under CN code 8711 60 10. Before 2017, electric bicycles were classified under (ex) CN code 8711 90 10 under which other products were included. To overcome this issue, the complainant submitted detailed Chinese customs statistics in which it was able to identify Chinese exports of electric bicycles.
- (137) The Commission established the volume of imports on the basis of Eurostat data by extrapolating to the relevant HS code the ratio of Chinese exports of electric bicycles (as established above) on total exports from the PRC under the same HS code. For the nine months of 2017, the Chinese import statistics are directly based on Eurostat.
- (138) The market share of the imports was then established by comparing import volumes with the Union consumption as shown in Table 2 in recital 134.
- (139) Imports into the Union from the PRC developed as follows:

Table 3

Import volume (pieces) and market share

	2014	2015	2016	IP
Volume of imports from the PRC (pieces)	199 728	286 024	389 046	699 658
<i>Index</i>	100	143	195	350
Market share (%)	18	21	23	35
<i>Index</i>	100	120	133	201

Source: Eurostat, Chinese export statistics.

- (140) The volume of imports from the PRC more than tripled, increasing from close to 200 000 pieces in 2014 to close to 700 000 pieces in the investigation period. The pace of growth accelerated between 2016 and the investigation period.
- (141) In parallel, the share of the Union market held by imports from the PRC has increased from 17 % in 2014 to 35 % in the investigation period.
- (142) The CCCME expressed its concerns regarding the reliability of the Chinese customs statistics submitted by the complainant and requested to disclose the detailed statistics and the source of these data.
- (143) The complainant made available to the Commission the detailed statistics used to support its complaint. The complainant also made available, on the non-confidential version of the complaint, the aggregated export figures per year. The complainant furthermore indicated that the source was the Chinese customs, mentioned the codes used, and explained its methodology to exclude other products than the product concerned.
- (144) The Commission established through a verification of this data that the complainant had purchased these customs statistics from a long-established Chinese company specialising in this field, and that the same information was available from other Chinese service providers.
- (145) On the other hand, the verification also evidenced that the complainant had accurately described in the open file the methodology followed to determine the exports of electric bicycles from the PRC.
- (146) In addition, the detailed data submitted by the complainant was cross-checked against other sources of information and proved to be reliable. No other party proposed alternative source of information or methodology.
- (147) The Commission also established that the detailed data and the identity of the company supplying this information were by nature confidential within the meaning of Article 19(1) of the basic Regulation. Disclosing the identity of the supplier of the information would have a significant adverse effect upon the person supplying the information or upon the person from whom the information has been acquired.
- (148) In these circumstances, and given the level of disclosure of aggregated data and methodology on the non-confidential file, the Commission considered that the input data and the identity of the company reselling them are not necessary for the party concerned to exercise their rights of defence.
- (149) CCCME's argument had therefore to be rejected.
- (150) Interested parties claimed that imports from the PRC have followed the market trends, since both the consumption in the Union and Chinese exports were growing. It is however noted that the magnitude of growth between Chinese exports and the consumption in the Union is very different. Between 2014 and the investigation period, Chinese imports grew by 250 %, while the consumption in the Union increased at a much slower pace by 74 %. So while the trend was certainly the same, the magnitude of increase was very different.

4.3.2. *Prices of the imports from the PRC and price undercutting*

- (151) The Commission established the prices of imports on the basis of Eurostat data following the method described under recital 137.
- (152) The average price of imports into the Union from the PRC developed as follows:

Table 4

Import prices (EUR/piece)

	2014	2015	2016	IP
The PRC	472	451	477	422
<i>Index</i>	100	96	101	89

Source: Eurostat, Chinese export statistics.

- (153) The average price of imports from the PRC decreased by 11 % between 2014 and the investigation period, with a first decline of 4 % between 2014 and 2015 and a second decline of 12 % between 2016 and the investigation period.
- (154) As the detailed product type mix was not known due to the general nature of the Eurostat statistics, the evolution of prices is not completely reliable. However, the Commission noted that the average prices of imports from the PRC were markedly below those of both Union producers' and imports from other third countries than the PRC. In addition, while Chinese exporters expanded the range of products sold in the Union market and included more expensive electric bicycles, the average price of Chinese imports decreased.
- (155) The Commission determined the price undercutting during the investigation period by comparing:
- (1) the weighted average sales prices per product type of the four sampled Union producers charged to unrelated customers on the Union market, adjusted to an ex-works level; and
 - (2) the corresponding weighted average prices per product type of the imports from the sampled exporting producers in the PRC to the first independent customer on the Union market, established on a CIF basis with appropriate adjustments for customs duties of 6 % and importation costs.
- (156) MOFCOM claimed that the price undercutting analysis should take into account various elements, such as the type of electric bicycle (e.g. electric city bike and electric mountain bike), the location of the engine (hub or central engine), the power of the battery and the material of which the electric bicycle is made (e.g. steel, aluminium, carbon). It is confirmed that all these factors were taken into account when making the price undercutting analysis.
- (157) The Commission made the price comparison on a type-by-type basis for transactions, duly adjusted where necessary, and after deduction of rebates and discounts. As for the level of trade of these transactions, it was established that both the sampled Union producers and sampled Chinese exporters sell to OEM customers as well as under their own brand. It was therefore examined whether an adjustment for level of trade was warranted. In this respect, it was examined whether there is a consistent and distinct difference in prices between sales to OEM customers and sales under their own brand. It was established, that no such consistent and distinct difference in prices exists for the sales of the sampled Union producers.
- (158) The result of the comparison was expressed as a percentage of the four sampled Union producers' turnover during the investigation period. It showed undercutting margins ranging from 16,2 % to 41 %.

4.4. Economic situation of the Union industry

4.4.1. General remarks

- (159) In accordance with Article 3(5) of the basic Regulation, the examination of the impact of the dumped imports on the Union industry included an evaluation of all economic indicators having a bearing on the state of the Union industry during the period considered.
- (160) As mentioned in recital 28, sampling was used for the determination of possible injury suffered by the Union industry.
- (161) For the injury determination, the Commission distinguished between macroeconomic and microeconomic injury indicators.
- (162) The Commission evaluated the macroeconomic indicators (production, production capacity, capacity utilisation, sales volume, market share, employment, growth, productivity, magnitude of the dumping margin, and recovery from past dumping) on the basis of the information provided by CONEBI, import statistics and the sampled Union producers.
- (163) The Commission verified the consumption figure submitted by CONEBI. The Commission established that this information was genuinely based on information collected from national associations of European producers, that it derived from companies' declarations or reasonable estimates and that it was supported by adequate documentation and research procedures.

- (164) The indicators of Union Industry's sales, production, capacity and employment derive from this information. They have been estimated on the basis of the relevant ratios of the sampled Union's producers. This approach follows the methodology described by the complainant in the non-confidential version of the complaint. No interested party made any comment on this methodology.
- (165) On this basis, the Commission considered that the set of macroeconomic data is representative of the economic situation of the Union industry.
- (166) The Commission evaluated the microeconomic indicators (average unit sale prices, labour costs, unit cost, inventories, profitability, cash flow, investments, and return on investments) on the basis of data contained in the questionnaire replies from the sampled Union producers, duly verified. The data related to the sampled Union producers.

4.4.2. Macroeconomic indicators

4.4.2.1. Production, production capacity and capacity utilisation

- (167) The total Union production, production capacity and capacity utilisation developed over the period considered as follows:

Table 5

Production, production capacity and capacity utilisation

	2014	2015	2016	IP
Production volume (pieces)	842 531	987 111	1 108 087	1 089 541
<i>Index</i>	100	117	132	129
Production capacity (pieces)	1 140 553	1 397 145	1 694 853	1 538 347
<i>Index</i>	100	122	149	135
Capacity utilisation (%)	74	71	65	71
<i>Index</i>	100	96	89	96

Source: CONEBI, sampled Union producers.

- (168) The production volume of the Union industry increased by 29 % over the period considered despite a decrease of 2 % between 2016 and the investigation period.
- (169) The increase in production was driven by the increase in consumption. Production has to be planned ahead of very short selling seasons and therefore relies to some extent on sales' forecasts. The decrease in production between 2016 and the investigation period was therefore primarily related to a continued loss of market share against imports from the PRC which forced the Union Industry to reassess its expectations
- (170) The production capacity increased by 35 % between 2014 and the investigation period. Production capacity increased by 49 % between 2014 and 2016 and then declined by 9 % between 2016 and the investigation period.
- (171) Capacity utilisation declined from 74 % in 2014 to 71 % during the investigation period. Capacity utilisation decreased from 74 % to 65 % between 2014 and 2016 due to a faster growth in capacity than in production. The trend reversed between 2016 and the investigation period when capacity was reduced to a larger extent than the decline in production, which generated an increase in capacity utilisation from 65 % to 71 %.
- (172) The capacity refers to the theoretical number of electric bicycles which can be manufactured on available production lines. The production lines currently used for the manufacturing of electric bicycles are mainly converted from existing production lines previously used for conventional bicycles. Such conversion can be done quickly and at a small cost. The electric bicycles manufacturing capacity represents a small portion of the existing capacity for the manufacturing of conventional bicycles. As a result, the indicators for capacity and capacity utilisation are of limited relevance since they can be adapted taking account of market developments. In this particular case, the Commission also established that the conversion between conventional and electric bicycles also does not require significant investment (impacting cash flow, the ability to raise capital, or the continuation of operations), a significant fixed cost (with a large impact on profitability linked to utilisation), or a constraint to increase production.

4.4.2.2. Sales volume and market share

(173) The Union industry's sales volume and market share developed over the period considered as follows:

Table 6

Sales volume and market share

	2014	2015	2016	IP
Total Sales volume on the Union market (pieces)	862 168	941 937	1 074 335	1 042 268
<i>Index</i>	100	109	125	121
Market share (%)	76	69	64	53
<i>Index</i>	100	91	85	69

Source: CONEBI, sampled Union producers.

- (174) The Union industry's sales volume increased by 21 % during the period considered. The Union industry's sales volume increased by 25 % between 2014 and 2016 and then declined by 3 % between 2016 and the investigation period.
- (175) Similar to the development of the production volume, the increase in sales quantity between 2014 and 2016 was driven by an increasing consumption. The decline in sales quantity between 2016 and the investigation period was directly related to the continued loss of market share against imports from the PRC.
- (176) The sales of the Union Industry increased at a much slower pace than the development of consumption. As a result, the market share of the Union industry decreased significantly, going from 76 % in 2014 to 53 % during the investigation period.

4.4.2.3. Growth

- (177) The Union Industry was not able to fully benefit from the growth in consumption between 2014 and the investigation period. Indeed, consumption increased by 74 %, and the Union industry only managed to increase their sales by 21 %. As a consequence, Union industry lost significant market share (23 percentage points) during this period. The Union Industry had to reduce its production, sales, employment and capacity between 2016 and the investigation period due to dumped imports from the PRC.

4.4.2.4. Employment and productivity

(178) Employment and productivity developed over the period considered as follows:

Table 7

Employment and productivity

	2014	2015	2016	IP
Number of employees	2 577	3 030	3 546	3 610
<i>Index</i>	100	118	138	140
Productivity (pieces/employee)	327	326	312	302
<i>Index</i>	100	100	96	92

Source: CONEBI, sampled Union producers.

- (179) The Union industry increased the level of employment by 40 % over the period considered. Most of this increase occurred between 2014 and 2016. Employment increased by 2 % between 2016 and the investigation period.
- (180) Productivity declined by 8 % as a result of employment increasing at a higher pace than production.

4.4.2.5. Magnitude of the dumping margin and recovery from past dumping

- (181) The impact of the magnitude of the actual margins of dumping on the Union industry was substantial, given the volume and prices of imports from the PRC.
- (182) There is no evidence of past dumping.

4.4.3. Microeconomic indicators

4.4.3.1. Prices and factors affecting prices

- (183) The weighted average unit sales prices of the four sampled Union producers to unrelated customers in the Union developed over the period considered as follows:

Table 8

Sales prices in the Union

	2014	2015	2016	IP
Average unit sales price in the Union (EUR/piece)	1 112	1 156	1 237	1 276
<i>Index</i>	100	104	111	115
Unit cost of production (EUR/piece)	1 068	1 134	1 173	1 234
<i>Index</i>	100	106	110	116

Source: sampled Union producers.

- (184) The average sales prices of the sampled Union producers increased by 15 % over the period considered, in line with the increase in the average cost of production which grew by 16 %.
- (185) Since the average costs and prices are affected by the product mix sold by these producers, this does not mean that the cost and price of a comparable product increased by 16 % during the period considered.

4.4.3.2. Labour costs

- (186) The average labour costs of the four sampled Union producers developed over the period considered as follows:

Table 9

Average labour costs per employee

	2014	2015	2016	IP
Average labour costs per employee (EUR)	38 348	37 042	34 818	34 659
<i>Index</i>	100	97	91	90

Source: sampled Union producers.

- (187) The average labour cost per employee decreased by 10 % over the period considered due to the increase in the number of factory workers in relation to the increase in the number of staff employed on sales and administrative functions.

4.4.3.3. Inventories

- (188) Stock levels of the four sampled Union producers developed over the period considered as follows:

Table 10

Inventories

	2014	2015	2016	IP
Closing stocks (pieces)	59 375	73 521	90 573	98 412
<i>Index</i>	100	124	153	166

Source: sampled Union producers.

- (189) The level of closing stocks of the four sampled Union producers increased by 66 % over the period considered.
- (190) It had to be noted that the level of stocks in the investigation period was taken at the end of September when stocks are normally low since it coincides with the end of the selling season. On the contrary, the level of stocks in the other periods was taken at the end of December when it is normal to have high stocks in anticipation of the next selling season.
- (191) The increase in stocks was therefore significant. This was found to be due to the general development of the market and to the fact that while production volumes were kept well below the increase in consumption, the volumes of sales developed even less rapidly than production, generating an accumulation of stocks which is particularly visible at the end of the investigation period.

4.4.3.4. Profitability, cash flow, investments, return on investments and ability to raise capital

- (192) Profitability, cash flow, investments and return on investments of the four sampled Union producers developed over the period considered as follows:

Table 11

Profitability, cash flow, investments and return on investments

	2014	2015	2016	IP
Profitability of sales in the Union to unrelated customers (% of sales turnover)	2,7	4,3	3,8	3,4
<i>Index</i>	100	160	142	125
Cash flow (EUR)	5 178 860	– 5 433 666	17 079 409	4 955 399
<i>Index</i>	100	– 105	330	96
Cash flow (% of sales turnover)	1,1	– 1,0	2,5	0,6
<i>Index</i>	100	– 89	218	55
Investments (EUR)	6 775 924	17 773 148	7 888 936	11 965 802
<i>Index</i>	100	262	116	177
Return on investments (%)	18	30	38	37
<i>Index</i>	100	164	213	203

Source: sampled Union producers.

- (193) The Commission established the profitability of the four sampled Union producers by expressing the pre-tax net profit of the sales of the like product to unrelated customers in the Union as a percentage of the turnover of those sales.

- (194) Starting from a low base of 2,7 % in 2014, profits margins eroded from 4,3 % in 2015 to 3,4 % in the investigation period.
- (195) The net cash flow is the ability of the Union producers to self-finance their activities. The cash flow decreased by 4 % over the period considered and turned negative in 2015. It did not cover the investments incurred during the period considered.
- (196) The comparison of the profit margin in percentage of the turnover with the operating cash flow expressed on the same basis shows a very poor conversion of profit to cash flows due to the variation of stocks.
- (197) Investments increased by 77 % during the period considered while representing no more than 2 % of sales.
- (198) The ratio of return of investment increased by 103 % over the period considered. However, while the electric bicycle industry is structurally a cash-intensive business, it requires little assets to operate and those generally already exist from the production of conventional bicycles. In this context, the return on investments is of limited relevance.
- (199) The poor financial performance of the Union Industry in terms of profits and cash flow during the investigation period limited its ability to raise capital.

4.4.4. Conclusion on injury

- (200) Confronted with an accelerating flow of dumped imports from China, the Union Industry was not able to capitalise on the growth of the electric bicycle market. Sales grew by 21 % in the period considered while consumption increased by 74 %. At the same time 23 points of market share were lost, of which 18 % went to Chinese imports having undercut Union industry's prices by 16 % to 43 % in the investigation period.
- (201) The pressure on sales was felt in relation to production, stocks, capacity, capacity utilisation, and employment levels. Production increased broadly at the same rate as consumption between 2014 and 2015 (+ 17 % and + 20 % respectively). However, after 2015, the Union industry was forced to reassess its sales expectations. The trend in production then diverged markedly and increasingly from the general development of the market, with production increasing by 12 percentage points and consumption by 54 percentage points between 2015 and the investigation period.
- (202) Nevertheless, except in 2014, production was systematically higher than sales, leading to a significant increase in stocks. Production capacity, which had increased in line with consumption until 2016, was reduced to stem the deterioration of the capacity utilisation rate which lost 9 percentage points between 2014 and 2016.
- (203) Between 2016 and the investigation period, overall, production declined, stocks were higher after than before the selling season, capacity was reduced, employment stalled while imports from the PRC increased by 155 percentage points.
- (204) The pressure on prices and the inability to seize economies of scale in a nascent market kept the profitability of the Union industry at depressed levels throughout the period considered. This low level of profit and the variation of stocks led to low operating cash flows which were below the level of investment incurred during the period considered and created an additional element of vulnerability for this cash-intensive business strongly dependent on the liquidity provided by banks. Four producers went into bankruptcy during the investigation period.
- (205) The injury indicators for growth, market share, capacity, capacity utilisation, stocks, profit margins, cash flows, and ability to raise capital developed negatively. It was only due to the strong underlying growth in demand that other indicators did not also turn negative.
- (206) On the basis of the above, the Commission concluded at this stage that the Union industry suffered material injury within the meaning of Article 3(5) of the basic Regulation.

5. CAUSATION

- (207) In accordance with Article 3(6) of the basic Regulation, the Commission examined whether the dumped imports from the PRC caused material injury to the Union industry. In accordance with Article 3(7) of the basic Regulation, the Commission also examined whether other known factors could at the same time have injured the Union industry.

- (208) The Commission ensured that any possible injury caused by factors other than the dumped imports from the PRC was not attributed to the dumped imports. These factors are: imports from other third countries, export sales performance of the Union producers, and an alleged impact of investment and expansion of capacities.

5.1. Effects of the dumped imports

- (209) Prices of dumped imports from the PRC significantly undercut Union industry prices during the investigation period with undercutting margins ranging from 16,2 % to 43,2 %. During the period considered, the Union Industry lost 23 points of market share in a market growing by 74 % while imports from the PRC increased by 250 % and gained 17 points of market share from 18 % to 35 %. The pressure on prices by dumped imports from the PRC kept profits and cash flows at depressed levels.

5.2. Effects of other factors

5.2.1. Imports from third countries

- (210) The volume of imports from other third countries developed over the period considered as follows:

Table 12

Imports from third countries

Country		2014	2015	2016	IP
Taiwan	Volume (pieces)	21 335	43 095	79 312	108 817
	<i>Index</i>	100	202	372	510
	Market share (%)	2	3	5	5
	Average price (EUR)	622	571	843	1 016
	<i>Index</i>	100	92	135	163
Vietnam	Volume (pieces)	37 892	74 259	91 468	101 376
	<i>Index</i>	100	196	241	268
	Market share (%)	3	5	5	5
	Average price (EUR)	435	539	542	570
	<i>Index</i>	100	124	125	131
Switzerland	Volume (pieces)	883	14 310	30 477	28 440
	<i>Index</i>	100	1 621	3 452	3 221
	Market share (%)	0	1	2	1
	Average price (EUR)	1 140	1 391	1 606	1 606
	<i>Index</i>	100	122	141	141
Japan	Volume (pieces)	16 994	4 217	1 613	1 710
	<i>Index</i>	100	25	9	10
	Market share (%)	1	0	0	0
	Average price (EUR)	1 098	1 406	1 687	952
	<i>Index</i>	100	128	154	87

Country		2014	2015	2016	IP
Total of all third countries except the PRC	Volume (pieces)	77 104	135 881	202 870	240 343
	<i>Index</i>	100	176	263	312
	Market share (%)	7	10	12	12
	Average price (EUR)	641	666	828	897
	<i>Index</i>	100	104	129	140

Source: Eurostat.

- (211) The volume of imports from third countries other than the PRC developed strongly, increasing its market share from 7 % in 2014 (77 000 pieces) to 12 % (240 000 in the investigation period). Yet, the pace of increase decelerated when Chinese exporters intensified their activity after 2015.
- (212) These imports originated almost exclusively from Taiwan and Vietnam. Nevertheless, after 2015, the Commission observed a slower increase of imports from Vietnam, which may be explained by the significant and growing price difference with Chinese imports. Likewise, the continued progression of imports from Taiwan occurred on the back of an equally significant increase in prices, which suggests that these imports may have been displaced towards the high end of the market.
- (213) Imports from Taiwan and Vietnam had on average lower prices than the Union Industry. However, given the wide range of prices of electric bicycles, the Commission cannot conclude that these imports undercut Union Industry's prices on a like-for-like basis. In addition, their average prices increased while the average prices of imports from the PRC decreased.
- (214) The difference between the prices of imports of Vietnam and of the Union's Industry's was nevertheless significant and it cannot be excluded that they marginally contributed to the injury. However, imports from Vietnam ceased to win market share after 2015 and their volumes remained small.
- (215) Consequently, the imports from all countries other than the PRC did not attenuate the causal link between the dumped imports from the PRC and the injury suffered by the Union industry, and could not have more than a marginal impact on injury.

5.2.2. Export performance of the Union industry

- (216) The volume of exports of the four sampled Union producers developed over the period considered as follows:

Table 13

Export performance of the sampled Union producers

	2014	2015	2016	IP
Export volume (pieces)	5 539	14 529	24 922	21 548
<i>Index</i>	100	262	450	389
Average price (EUR)	1 570	680	676	907
<i>Index</i>	100	43	43	58

Source: Sampled Union producers.

- (217) Exports outside the Union by the sampled Union producers were negligible (3 % of total sales volume in the period considered). Even considering the decrease in the average price, the export performance of the Union industry cannot have been a cause of injury.

5.2.3. *Investment and expansion of capacities*

- (218) The CCCME claimed that the investment in capacity resulted in 2016 in a surplus of production capacity beyond any realistic sales expectations which had the effects of both significantly reducing capacity utilisation and severely impacting profitability.
- (219) The Commission rejected this argument. Firstly, it cannot be said that the investment in capacity was beyond any realistic sales expectations. As shown in Table 5 above, production capacity increased by 300 000 pieces between 2015 and 2016. This was fully in line with the growth in consumption between 2015 and 2016, which was equally 300 000 pieces as shown in Table 2 above. Due to unfair pressure by dumped Chinese imports, the Union industry subsequently reduced their production capacity between 2016 and the investigation period by more than 150 000 pieces, despite a further market growth of more than 300 000 pieces.
- (220) Secondly, the Commission noted that the level of capital expenditure was not high. To the contrary, it stood below 2 % of total turnover over the period considered. The Union Industry converted existing production lines and the increase of capacity was therefore not a major driver of capital expenditures.
- (221) Thirdly, capital expenditures were not taken into account in profitability (except for depreciation and amortisation which did not increase materially) or cash flows (which are at operating level). It was therefore inaccurate to interpret any of these indicators in light of the level of investments.
- (222) Finally, the Commission's indicators showed that the cost of production increased in line with sales prices. As a result, it could not be argued that the increase in capacity had a disproportionate impact on cost of production.

5.3. **Conclusion on causation**

- (223) The Commission provisionally established a causal link between the injury suffered by the Union producers and the dumped imports from the PRC.
- (224) The Commission distinguished and separated the effects of all known factors on the situation of the Union industry from the injurious effects of the dumped imports.
- (225) The other identified factors such as imports from other third countries, export sales performance of the Union producers, and an alleged impact of investment and expansion in capacity were provisionally not found to attenuate the causal link, even considering their possible combined effect.
- (226) On the basis of the above, the Commission concluded at this stage that the material injury to the Union industry was caused by the dumped imports from the PRC and the other factors, considered individually or collectively, did not attenuate the causal link between the injury and the dumped imports.

6. UNION INTEREST

- (227) In accordance with Article 21 of the basic Regulation, the Commission examined whether it could clearly conclude that it was not in the Union interest to adopt measures in this case, despite the determination of injurious dumping. The determination of the Union interest was based on an appreciation of all the various interests involved, including those of the Union industry, importers and users.

6.1. **Interest of suppliers**

- (228) CONEBI, which brings together national associations representing both bicycles manufacturers and parts suppliers, supported the imposition of measures. However, no supplier individually took position in this investigation.
- (229) According to figures submitted by CONEBI, the bicycle parts (for both conventional and electric bicycles) are manufactured by 424 companies in 19 Members States, employing nearly 21 000 staff, who invested more than EUR 660 millions in manufacturing and innovation in 2016.
- (230) The Commission provisionally concluded that the imposition of an anti-dumping duty would be in the interest of the suppliers of the Union Industry.

6.2. Interest of the Union industry

- (231) The Union industry is composed of large as well as small and medium-sized companies and employed directly around 3 600 employees spread across twelve Member States during the period considered. Moreover, while the consumption of electric bicycles still represents a small portion of the overall bicycle market, the shift in demand from conventional bicycles to electric bicycles is rapid and poses a structural challenge to maintain the level of activity, value-added and jobs of the entire bicycle industry.
- (232) As demonstrated in section 4.4.4 above, when analysing the development of the injury indicators since the beginning of the period considered, the whole Union industry experienced a deterioration of its situation and was negatively affected by the dumped imports.
- (233) The Commission expects that the imposition of a provisional anti-dumping duty will allow all producers to operate under conditions of fair trade on the Union market. In the absence of measures, a further deterioration of the Union industry's economic and financial situation is very likely.
- (234) The Commission therefore provisionally concluded that the imposition of an anti-dumping duty would be in the interest of the Union industry.

6.3. Interest of unrelated importers

- (235) The CEIEB came forward to oppose the imposition of measures. It represented twenty-one importers from seven Member States.
- (236) Eleven of the members of the CEIEB had participated in the sampling exercise. In addition, two companies outside of this collective also expressed their disagreement with the imposition of anti-dumping measures. Altogether, the thirteen companies for whom the volume of imports is known represented 10 % of the total imports from the PRC in the investigation period.
- (237) The submissions made by sampled importers showed that the imposition of duties was likely to disrupt at least temporarily their supply chains and threaten their financial position if they were not able to pass on the increased costs related to the duty to their customers.
- (238) The submissions made by the sampled importers also showed that the largest importers had been able to source suitable electric bicycles and/or had potential alternative sources of supply outside the PRC, including the Union industry. These importers employ most of the employees referred to in recital 236.
- (239) The import statistics show that Vietnam and Taiwan provided significant volumes of electric bicycles to European importers. It is also likely that other countries which are well positioned in the manufacturing of conventional bicycles could potentially supply importers.
- (240) In this regard, the Commission notes that the imposition of duties on imports of conventional bicycles from the PRC did not have the effect to close the Union market to imports and on the contrary expanded the number of countries supplying conventional bicycles. On the contrary, in large markets without measures on conventional bicycles from the PRC such as the United States and Japan, imports represented respectively 99 % and 90 % of the market and most of these imports came from the PRC.
- (241) The Commission noted that the bicycle industry consists of more than 450 producers, of which only 37 currently manufacture electric bicycles. In addition, the current manufacturers of electric bicycles supply already a wide range of electric bicycles, and can increase their production capacities in normal market conditions.
- (242) Although the imposition of duties could have an adverse effect on a number of mainly small importers, the negative impact of the imposition of duties could be mitigated by the availability to source suitable bicycles in the Union Industry, in other third countries, and in the PRC at fair prices.
- (243) The Commission therefore concluded that the imposition of duties was not in the interest of the importers, but that the likely negative effect on importers did not outweigh the positive effect of measures on the Union industry.

6.4. Interest of users

- (244) The European Cyclists' Federation ('ECF') came forward in this investigation. The ECF represents associations and federations of cyclists. The ECF submitted that the price is not the determining factor in whether people cycle more or less and provided evidence that countries where people cycle more are the countries where bicycles and electric bicycles cost more.

- (245) This pattern was corroborated by a submission made by the collective of importers opposing the measures which showed that the countries with the fastest rates of adoption of electric bicycles were the countries where electric bicycles were on average the most expensive.
- (246) The collective of importers also submitted that there was a strong link between the prices of electric bicycles, the national cycling culture, the quality of infrastructures and ultimately the adoption of electric bicycles.
- (247) The ECF is supportive of market conditions which foster quality, innovation and services. As such, if dumping was established, ECF claimed that it would play a negative role in the development of electric bicycles and as a consequence on the transition to a greener Europe offering more effective mobility to its citizens.
- (248) On the other hand, the collective of importers opposing the imposition of measures submitted that measures would prevent Chinese producers to supply the low-end as well as developing mid- and high-range products, which would result in reduced competition. Since the Union industry allegedly to a large extent is active in the mid- and high-range segments, this in turn would bring a reduction of choice and higher prices for the European consumers.
- (249) The investigation has shown that the Union industry is active in all segments of the market, including entry-level products. It is expected that the measures will amplify and diversify the supply of electric bicycles by restoring competition on a level playing field. It is recalled that the imposition of measures on conventional bicycles did not reduce the consumer choice, but increased the diversity of suppliers and of their countries of origins. The argument was therefore found to be unsubstantiated and had to be rejected.
- (250) Whilst the imposition of measures is expected to restore market prices which are *de facto* higher than dumped prices, price is one factor guiding consumer choices and the likely impact on prices for consumers has to be balanced by a cost-benefit comparison with alternatives to electric bicycles such as cars, motorcycles or scooters.
- (251) The Commission found that the interest of the consumer cannot be reduced to the price impact of bringing imports from the PRC to non-injurious levels. On the contrary, there is evidence that consumer choice is driven by other factors such as variety, quality, innovation, and service which can only be achieved under normal market conditions with fair and open competition.
- (252) The Commission therefore concluded that the measures would not unduly affect the situation of consumers and would contribute to the sustainable development of electric bicycles in Europe and its wider benefits to society in terms of protection of the environment and improved mobility.

6.5. Interest of other parties

- (253) Lastly, the European Trade Union industriAll came forward to express concerns on the negative impact of the dumped imports on the state of the Union Industry and its support of measures to ensure a level playing field and continued strong Union employment.

6.6. Conclusion on Union interest

- (254) Although an adverse effect of the measures on small importers of the product concerned and on prices to consumers could not be ruled out, it does not outweigh the benefits to suppliers, the union industry and consumers.
- (255) On the basis of the above, the Commission concluded that there were no compelling reasons that it was not in the Union interest to impose provisional measures on imports of the product concerned originating in the PRC at this stage of the investigation.

7. PROVISIONAL ANTI-DUMPING MEASURES

- (256) On the basis of the conclusions reached by the Commission on dumping, injury, causation and Union interest, provisional measures should be imposed to prevent further injury being caused to the Union industry by the dumped Chinese imports.

7.1. Injury elimination level

- (257) To determine the level of the measures, the Commission first established the amount of duty necessary to eliminate the injury suffered by the Union industry.
- (258) The injury would be eliminated if the Union industry was able to cover its costs of production and to obtain a profit before tax on sales of the like product in the Union market that could be reasonably achieved under normal conditions of competition by an industry of this type in the sector, namely in the absence of dumped imports.
- (259) To establish this profit that could be reasonably achieved under normal conditions of competition, the Commission considered the profits made on the sales to unrelated customers, which are used for the purpose of determining the injury elimination level.
- (260) The target profit was provisionally set at 4,3 % which is the highest average profit margin of the Union industry during the period considered. The sampled Union producers were not in a position to provide a profit margin for the manufacturing of electric bicycles before 2014.
- (261) The Commission then determined the injury elimination level on the basis of a comparison of the weighted average import price of the cooperating sampled exporting producers in the PRC, duly adjusted for importation costs and customs duties, as established for the price undercutting calculations, with the weighted average non-injurious price of the like product sold by the sampled Union producers on the Union market during the investigation period. Any difference resulting from this comparison was expressed as a percentage of the weighted average CIF import value.
- (262) The injury elimination level for 'other cooperating companies' and for 'all other companies' is defined in the same manner as the dumping margin for these companies (see recitals 123 to 127).

7.2. Provisional measures

- (263) Provisional anti-dumping measures should be imposed on imports of electric bicycles originating in the PRC in accordance with the lesser duty rule in Article 7(2) of the basic Regulation. The Commission compared the injury elimination levels and the dumping margins. The amount of the duty should be set at the level of the lower of the dumping margin and the injury elimination levels.
- (264) On the basis of the above, the provisional anti-dumping duty rates, expressed on the CIF Union border price, customs duty unpaid, should be as follows:

Company	Dumping margin	Injury elimination level	Provisional anti-dumping duty
Bodo Vehicle Group Co., Ltd	90,6 %	77,6 %	77,6 %
Giant Electric Vehicle (Kunshan) Co., Ltd	34,6 %	27,5 %	27,5 %
Jinhua Vision Industry Co., Ltd and Yongkang Hulong Electric Vehicle Co., Ltd	42,8 %	21,8 %	21,8 %
Suzhou Rununion Motivity Co., Ltd	106,4 %	83,6 %	83,6 %
Cooperating exporting producers not sampled (see Annex)	51,0 %	37,0 %	37,0 %
All other companies	106,4 %	83,6 %	83,6 %

- (265) The Commission made imports of the product concerned subject to registration by the registration Regulation in view of the possible retroactive application of any anti-dumping and countervailing measures under Article 14(5) of the basic Regulation and Article 24(5) of the basic anti-subsidy Regulation.
- (266) As far as the current anti-dumping investigation is concerned, and in view of the above findings, the registration of imports for the purpose of the anti-dumping investigation pursuant to Article 14(5) of the basic Regulation should be discontinued.

- (267) Regarding the parallel anti-subsidy investigation, the registration of imports of the product concerned pursuant to Article 24(5) of the basic anti-subsidy Regulation should continue.
- (268) No decision on a possible retroactive application of anti-dumping measures can be taken at this stage of the proceeding.
- (269) The individual company anti-dumping duty rates specified in this Regulation were established on the basis of the findings of this investigation. Therefore, they reflected the situation found during this investigation with respect to these companies. These duty rates are exclusively applicable to imports of the product concerned originating in the PRC and produced by the named legal entities. Imports of the product concerned produced by any other company not specifically mentioned in the operative part of this Regulation, including entities related to those specifically mentioned, should be subject to the duty rate applicable to 'all other companies'. They should not be subject to any of the individual anti-dumping duty rates.
- (270) A company may request the application of these individual anti-dumping duty rates if it changes subsequently the name of its entity. The request must be addressed to the Commission ⁽¹⁾. The request must contain all the relevant information enabling to demonstrate that the change does not affect the right of the company to benefit from the duty rate which applies to it. If the change of name of the company does not affect its right to benefit from the duty rate which applies to it, a notice informing about the change of name will be published in the *Official Journal of the European Union*.
- (271) To ensure a proper enforcement of the anti-dumping duties, the anti-dumping duty for all other companies should apply not only to the non-cooperating exporting producers in this investigation, but to the producers which did not have exports to the Union during the investigation period.

8. FINAL PROVISIONS

- (272) In the interests of sound administration, the Commission invited interested parties to submit written comments and/or to request a hearing with the Commission and/or the Hearing Officer in trade proceedings within a fixed deadline.
- (273) The findings concerning the imposition of provisional duties are provisional and may be amended at the definitive stage of the investigation,

HAS ADOPTED THIS REGULATION:

Article 1

1. A provisional anti-dumping duty is imposed on imports of cycles, with pedal assistance, with an auxiliary electric motor, originating in the People's Republic of China, currently falling within CN codes 8711 60 10 and ex 8711 60 90 (TARIC code 8711 60 90 10).

2. The rates of the provisional anti-dumping duty applicable to the net, free-at-Union-frontier price, before duty, of the product described in paragraph 1 and produced by the companies listed below shall be as follows:

Company	Provisional anti-dumping duty	TARIC additional code
Bodo Vehicle Group Co., Ltd	77,6 %	C382
Giant Electric Vehicle (Kunshan) Co., Ltd	27,5 %	C383
Jinhua Vision Industry Co., Ltd and Yongkang Hulong Electric Vehicle Co., Ltd	21,8 %	C384
Suzhou Rununion Motivity Co., Ltd	83,6 %	C385
Other cooperating exporting producers listed in Annex	37,0 %	See Annex
All other companies	83,6 %	C999

⁽¹⁾ European Commission, Directorate-General for Trade, Directorate H, Rue de la Loi 170, 1040 Brussels, Belgium.

3. The application of the individual duty rates specified for the companies mentioned in paragraph 2 shall be conditional upon presentation to the Member States' customs authorities of a valid commercial invoice, on which shall appear a declaration dated and signed by an official of the entity issuing such invoice, identified by his/her name and function, drafted as follows: *'I, the undersigned, certify that the electric cycles sold for export to the European Union covered by this invoice was manufactured by (company name and address) (TARIC additional code) in the People's Republic of China. I declare that the information provided in this invoice is complete and correct.'* If no such invoice is presented, the duty applicable to all other companies shall apply.

4. The release for free circulation in the Union of the product referred to in paragraph 1 shall be subject to the provision of a security deposit equivalent to the amount of the provisional duty.

5. Unless otherwise specified, the relevant provisions in force concerning customs duties shall apply.

Article 2

1. Within 25 calendar days of the date of entry into force of this Regulation, interested parties may:

- (a) Request disclosure of the essential facts and considerations on the basis of which this Regulation was adopted;
- (b) Submit their written comments to the Commission; and
- (c) Request a hearing with the Commission and/or the Hearing Officer in trade proceedings.

2. Within 25 calendar days of the date of entry into force of this Regulation, the parties referred to in Article 21(4) of Regulation (EU) 2016/1036 may comment on the application of the provisional measures.

Article 3

In Article 1 of Implementing Regulation (EU) 2018/671, paragraph 1 is replaced by the following:

'1. The customs authorities are hereby directed, pursuant to Article 24(5) of Regulation (EU) 2016/1037, to take the appropriate steps to register imports into the Union of cycles, with pedal assistance, with an auxiliary electric motor, currently falling within CN codes 8711 60 10 and ex 8711 60 90 (TARIC code 8711 60 90 10) and originating in the People's Republic of China.'

Article 4

This Regulation shall enter into force on the day following that of its publication in the *Official Journal of the European Union*.

Article 1 shall apply for a period of six months.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 17 July 2018.

For the Commission
The President
Jean-Claude JUNCKER

ANNEX

Company Name	Province	TARIC additional code
Acetrikes Bicycles (Taicang) Co., Ltd	Jiangsu	C386
Active Cycles Co., Ltd	Jiangsu	C387
Aigeni Technology Co., Ltd	Jiangsu	C388
Aima Technology Group Co., Ltd	Tianjin	C389
Alco Electronics (Dongguan) Limited	Guangdong	C390
Beijing Tsinova Technology Co., Ltd	Beijing	C391
Changzhou Airwheel Technology Co., Ltd	Jiangsu	C392
Changzhou Bisek Cycle Co., Ltd	Jiangsu	C393
Changzhou Hj Pedal Co., Ltd	Jiangsu	C394
Changzhou Rich Vehicle Technology Co., Ltd	Jiangsu	C395
Changzhou Ristar Cycle Co., Ltd	Jiangsu	C396
Changzhou Sobowo Vehicle Co., Ltd	Jiangsu	C397
Changzhou Steamoon Intelligent Technology Co., Ltd	Jiangsu	C398
Cutting Edge Power Vehicle Int'l TJ Co., Ltd	Tianjin	C399
Cycleman E-Vehicle Ltd., Co.	Jiangsu	C400
Dongguan Benling Vehicle Technology Co., Ltd	Guangdong	C401
Dongguan Honglin Industrial Co., Ltd and Melton Industrial (Dong Guan) Co., Ltd	Guangdong	C402
Eco International Elebike Co., Ltd	Jiangsu	C403
Everest International Industries Ltd	Jiangsu	C404
Foshan Lano Bike Co., Ltd	Guangdong	C405
Foshan Zenith Sports Co., Ltd	Guangdong	C406
Geoby Advance Technology Co., Ltd	Jiangsu	C407
Guangdong Commercial Trading Imp. & Exp. Corp., Ltd	Guangdong	C408
Guangdong Shunde Junhao Science & Technology Development Co., Ltd	Guangdong	C409
Guangzhou Symbol Bicycle Co., Ltd	Guangzhou	C410
Hangzhou Fanzhou Technology Co., Ltd	Zhejiang	C411
Hangzhou Morakot E-Bike Manufacture Co., Ltd	Zhejiang	C412
Hangzhou TOP Mechanical And Electrical Technology, Co. Ltd	Zhejiang	C413
Hua Chin Bicycle & Fitness (H.Z.) Co., Ltd	Guangdong	C414
Jiangsu Imi Electric Vehicle Technology Co., Ltd	Jiangsu	C415

Company Name	Province	TARIC additional code
Jiangsu Lvneng Electrical Bicycle Technology Co., Ltd	Jiangsu	C416
Jiangsu Stareyes Bicycle Industrial Co., Ltd	Jiangsu	C417
Jiaxing Onway Ev Tech Co., Ltd	Zhejiang	C418
Jinhua Enjoycare Motive Technology Co., Ltd	Zhejiang	C419
Jinhua Feirui Vehicle Co., Ltd	Zhejiang	C420
Jinhua Jobo Technology Co., Ltd	Zhejiang	C421
Jinhua Suntide Vehicle Co., Ltd	Zhejiang	C422
Jinhua Yifei Electric Science And Technology Co., Ltd	Zhejiang	C423
Jinhua Zodin E-Vehicle Co., Ltd	Zhejiang	C424
Kenstone Metal (Kunshan) Co., Ltd	Jiangsu	C425
Komda Industrial (Dongguan) Co., Ltd	Guangdong	C426
Kunshan Sevenone Cycle Co., Ltd	Jiangsu	C427
Nanjing Jincheng Machinery Co., Ltd	Jiangsu	C428
Nantong Tianyuan Automatic Vehicle Co., Ltd	Jiangsu	C429
Ningbo Bestar Co., Ltd	Zhejiang	C430
Ningbo Lvkang Vehicle Co., Ltd	Zhejiang	C431
Ningbo Nanyang Vehicle Co., Ltd	Zhejiang	C432
Ningbo Oner Bike Co., Ltd	Zhejiang	C433
Ningbo Pugonying Vehicle Technology Co., Ltd	Zhejiang	C434
Ningbo Roadsan New Energy Technology Co., Ltd	Zhejiang	C435
Ningbo Shenchima Vehicle Industry Co., Ltd	Zhejiang	C436
Ningbo Zixin Bicycle Industry Co., Ltd	Zhejiang	C437
Pronordic E-Bikes Limited Company	Jiangsu	C438
Shandong Eco Friendly Technology Co., Ltd	Shandong	C439
Shanghai Promising Int'l Trade & Logistics Co., Ltd	Shanghai	C440
Shenzhen SanDin Cycle Co., Ltd	Guangdong	C441
Shenzhen Shenling Car Co., Ltd	Guangdong	C442
Sino Lithium (Suzhou) Electric Technology Co., Ltd	Jiangsu	C443
Skyland Sport Tech Co., Ltd	Tianjin	C444
Suzhou Dynavolt Intelligent Vehicle Technology Co., Ltd	Jiangsu	C445
Suzhou Guoxin Group Fengyuan Imp & Exp. Co., Ltd	Jiangsu	C446
Suzhou Joydeer E-Bicycle Co., Ltd	Jiangsu	C447
Taioku Manufacturing (Jiangsu) Co., Ltd	Jiangsu	C448

Company Name	Province	TARIC additional code
Tianjin Luodeshengda Bicycle Co., Ltd	Tianjin	C449
Tianjin Upland Bicycle Co., Ltd	Tianjin	C450
Tianjin Anbike Electric Bicycle Co., Ltd	Tianjin	C451
Ubchoice Co., Ltd	Guangdong	C452
Universal Cycle Corporation (Guang Zhou)	Guangdong	C453
Wettsen Corporation	Shandong	C454
Wuxi Bashan E-Vehicle Co., Ltd	Jiangsu	C455
Wuxi Merry Ebike Co., Ltd	Jiangsu	C456
Wuxi METUO Vehicle Co., Ltd	Jiangsu	C457
Wuxi Shengda Bicycle Co., Ltd	Jiangsu	C458
Wuxi United Mobility Technology Inc	Jiangsu	C459
Wuyi Simino Industry & Trade Co., Ltd	Zhejiang	C460
Wuyi Yuema Leisure Articles Co., Ltd	Zhejiang	C461
Xiangjin (Tianjin) Cycle Co., Ltd	Tianjin	C462
Yadea Technology Group Co., Ltd	Jiangsu	C463
Yong Qi (China) Bicycle Industrial Corp	Jiangsu	C464
Yongkang Aijiu Industry & Trade Co., Ltd	Zhejiang	C465
Yongkang Juxiang Vehicle Co, Ltd	Zhejiang	C466
Yongkang Lohas Vehicle Co., Ltd	Zhejiang	C467
Yongkang Mars Vehicle Co., Ltd	Zhejiang	C468
Zhejiang Apollo Motorcycle Manufacturer Co., Ltd	Zhejiang	C469
Zhejiang Baoguilai Vehicle Co., Ltd	Zhejiang	C470
Zhejiang Enze Vehicle Co., Ltd	Zhejiang	C471
Zhejiang Goccia Electric Technology Co., Ltd	Zhejiang	C472
Zhejiang Jsl Vehicle Co., Ltd	Zhejiang	C473
Zhejiang Kaiyi New Material Technology Co., Ltd	Zhejiang	C474
Zhejiang Lianmei Industrial Co., Ltd	Zhejiang	C475
Zhejiang Luyuan Electric Vehicle Co., Ltd	Zhejiang	C476
Zhejiang Tuer Vehicle Industry Co., Ltd	Zhejiang	C477
Zhejiang Xingyue Vehicle Co., Ltd, Zhejiang Xingyue Overfly Electric Vehicle Co., Ltd and Zhejiang Xingyue Electric Vehicle Co., Ltd	Zhejiang	C478
Zhongshan Qiangli Electronics Factory	Guangdong	C479
Zhongxin Power (Tianjin) Bicycle Co., Ltd	Tianjin	C480

COMMISSION IMPLEMENTING REGULATION (EU) 2018/1013**of 17 July 2018****imposing provisional safeguard measures with regard to imports of certain steel products**

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EU) 2015/478 of the European Parliament and of the Council of 11 March 2015 ⁽¹⁾, and in particular Articles 5 and 7 thereof,

Having regard to Regulation (EU) 2015/755 of the European Parliament and of the Council of 11 March 2015 ⁽²⁾, and in particular Articles 3 and 4 thereof,

After having consulted the Committee on Safeguards established under Article 3(3) of Regulation (EU) 2015/478 and Article 22(3) of Regulation (EU) 2015/755 respectively,

Whereas:

I. BACKGROUND

- (1) On 26 March 2018, the Commission published a Notice of Initiation of a safeguard investigation concerning imports of 26 steel product categories (2018/C 111/10) ⁽³⁾ in the *Official Journal of the European Union*. The Commission decided to initiate the investigation in the light of sufficient evidence that imports of those products might cause or threaten to cause serious injury to the Union producers concerned.
- (2) On 28 June, the Commission also published a Notice by which the investigation was extended to two additional product categories ⁽⁴⁾.
- (3) The information available to the Commission from the steel prior-surveillance mechanism in place ⁽⁵⁾ and from Union industry sources showed that an increasing trend of imports of these product categories and the prevailing menacing economic and trade conditions, including the situation of the Union steel industry, justified an in-depth examination.
- (4) Furthermore, due to the measures against imports of steel adopted by the United States of America ('U.S.') under Section 232 of the Trade Expansion Act of 1962 ('Section 232'), there was a high risk of further increase of imports resulting from trade diversion.
- (5) These circumstances, in a context of persistent worldwide overcapacities, may jeopardise the Union steel industry, which is still vulnerable to a likely imminent increase of imports and recovering from the damage caused by unfair trade practices, as the substantial number of trade defence measures taken worldwide on steel products in the recent past prove.
- (6) On 11 April 2018, the Commission issued a 'Note to the File' containing key import statistics and available injury indicators. In relation to this 'Note to the File', the Commission received 41 submissions from third countries, national associations and individual steel companies
- (7) Several interested parties have claimed that the Commission failed to disclose the evidence on which the initiation of the safeguard investigation was based in an adequate and timely manner. It was claimed that by failing to do this, interested parties were not allowed to fully exercise their rights of defence. More precisely, several interested parties claimed that the 'Note to the File' made available on 11 April 2018 did not contain data on Union sales, Union exports, Union consumption, or total Union production.

⁽¹⁾ OJ L 83, 27.3.2015, p. 16.

⁽²⁾ OJ L 123, 19.5.2015, p. 33.

⁽³⁾ OJ C 111, 26.3.2018, p. 29.

⁽⁴⁾ OJ C 225, 28.6.2018, p. 54.

⁽⁵⁾ Prior surveillance measures were adopted in April 2018 through the Commission Implementing Regulation (EU) 2016/670 of 28 April 2016 introducing prior Union surveillance of imports of certain iron and steel products originating in certain third countries (OJ L 115, 29.4.2016, p. 37).

- (8) Contrary to these claims, the 'Note to the File' did contain data on Union sales, Union consumption, and total Union production. Furthermore, the Commission considers that, in addition, the main elements and evidence available were adequately summarised both in the Notice of Initiation that was published in the *Official Journal of the European Union* and the notification of the investigation to the WTO pursuant to Article 12.1(a) of the WTO Safeguard Agreement.
- (9) The Commission therefore considers that it has fulfilled its legal obligations to adequately protect the rights of defence of interested parties. In any event, interested parties still have the opportunity to exercise their rights during the remainder of the investigation.
- (10) In order to obtain the information necessary to carry out an in-depth assessment, the Commission sent questionnaires to known EU producers and to any exporting producer, importer, and user of the products under investigation that so requested within the deadlines stipulated in the Notice of Initiation. These parties, like third countries, were also invited to make any relevant submissions. The Commission has received 222 replies to questionnaires and 74 submissions.

II. PRODUCT CONCERNED AND LIKE OR DIRECTLY COMPETING PRODUCT

- (11) The Commission initiated the safeguard investigation on 26 steel product categories imported into the EU, and on 28 June its scope was extended by 2 additional product categories by means of a notice amending the Notice of Initiation ⁽¹⁾. The 28 product categories ('the product concerned' or the 'product categories concerned') are all covered by the steel surveillance mechanism introduced by the Commission in May 2016. They are also subject to the US tariff measures under Section 232. The product categories concerned, together with the CN codes under which these products are currently classified, are listed in Annex I.
- (12) In this preliminary assessment, the Commission finds that the 28 product categories produced by the Union producers (hereinafter 'the like product' or 'the like product categories') are like or directly competing with the product categories concerned. Both the Union-produced and the imported products concerned have the same basic physical, technical and chemical characteristics; they have the same uses, and price and quality information on them is readily available; they are also sold via similar or identical sales channels to customer who purchase or may purchase them from both domestic as well as alternatively from foreign exporters. Accordingly, there is strong competition between the product categories concerned and those produced by the Union producers under the corresponding categories.
- (13) The Commission has also found in this preliminary analysis that there is an important interrelation and strong competition between products classified in different product categories and also between products at different production stages within certain categories as some of the categories contain the main raw or input material to produce other products in other product categories.
- (14) Some examples illustrate this interrelation and competition within and between product categories. For instance, hot rolled wide strips are produced from slabs and rolled into coils or produced flat on quarto mills. By cutting the strip to length, sheets are produced. Narrow strip is produced either directly or by slitting hot-rolled wide strip. Hot rolled flat products are also used in the manufacture of pipes and tubes for the petrochemical industry and cold rolled flat products are subsequently used by welded tube manufacturers. A large part of the hot rolled wide strip that is produced is further processed to produce cold rolled strip, which is thinner and has a superior surface finish. A significant proportion of the cold rolled products are metallurgically coated, with tin or chrome for the can industry or with zinc ⁽²⁾.
- (15) Many producers in the Union are active in the production of most the above mentioned products. For example, Arcelor Mittal not only produces hot rolled and cold rolled sheets and strips but also coats several steel products and produces plates. Similarly, companies like Voest Alpine and Tata Steel produce hot rolled and cold rolled sheets and strips and also coated steel products made of these products.
- (16) Furthermore, as a consequence, given this level of interrelation, competitive pressure can easily be shifted from one product to the other. For instance, if trade defence measures are imposed on one product, e.g. steel coils, that product may be further transformed in the same country and exported under a different form to avoid the additional measures and still compete with domestic products. It is also not excluded that third countries import some of these products at low cost and transform them before re-exporting them to the Union.

⁽¹⁾ OJ C 225, 28.6.2018, p. 54.

⁽²⁾ Case No COMP/ECSC.1351 Usinor/Arbed/Aceralia and Case No COMP/M.4137, Mittal/Arcelor.

- (17) Because of these interrelations and interconnections, and given the fact that – as will be explained below – the potential trade diversion resulting from the U.S. Section 232 measures applies to all product categories on account that these measures are applied horizontally to all steel products, without distinction of their shape, size of composition, the analysis for the purpose of the provisional determination has been carried out both globally for all 28 product categories, as the product concerned (i.e. steel in various shapes and forms) and also at individual level for each product category ⁽¹⁾.

III. THE UNION PRODUCERS

- (18) Most of the Union's producers are members of the European Confederation of the Iron and Steel Industry ('Eurofer') or, to the extent the products are pipes and tubes, members of European Steel Tube Association ('ESTA'). These two industry associations represent more than 95 % of Union steel production. Their members are located in almost all Member States.
- (19) On behalf of their members, these industry associations have informed the Commission that they support the opening of the safeguard investigation, as well as the adoption of measures to also address the trade diversion resulting from the Section 232 measures that seriously disrupts the steel market which has not yet fully recovered from the steel crisis.

IV. INCREASE IN IMPORTS

- (20) Based on the information from Eurostat, the prior steel surveillance mechanism, as well as information submitted by the Union industry, the Commission has carried out a preliminary analysis of the increase in imports of the products concerned over the period 2013-2017. The Commission has also examined the evolution of imports during the first quarter of 2018 in order to confirm the recent increase in imports.
- (21) The total imports of the products concerned have developed as follows:

	2013	2014	2015	2016	2017
imports (000 tonnes)	18 861	22 437	27 164	29 778	30 573
<i>index 2013 = 100</i>	100	119	144	158	162
market shares	12,7 %	14,4 %	16,9 %	17,9 %	18,0 %

Source: Eurostat

- (22) In overall terms, imports of the 28 product categories concerned, taken altogether, increased in absolute terms by 62 % over the period 2013-2017. The increase of imports was especially marked until 2016. Subsequently, imports continued to increase and remained at a very high level.
- (23) Imports for the vast majority of the individual product categories covered by the investigation also showed an increase in absolute terms over the last five years. For example, the imports of the largest categories in terms of imports (product categories 1, 4, and 7) have increased by 45 %, 168 %, and 78 % respectively.
- (24) There was however not an increase for 5 product categories, namely products 10, 11, 19, 24, and 27. The Commission therefore considers that these product categories should at this stage be excluded from the scope of the provisional measures. The Commission, nevertheless, reserves the right to include these 5 product categories in the scope of the definitive measures and to this effect will continue monitoring the imports within these categories. The evolution of imports for each product category is presented in Annex II.
- (25) In addition to the exclusion, at this stage, of the abovementioned product categories, the Commission has also considered the exclusion of certain countries from the scope of the measures in line with the conclusions in recital (121). Accordingly, the Commission has excluded the imports of these product categories from these aforementioned countries from the rest of its preliminary analysis and reviewed the imports' evolution.

⁽¹⁾ In particular, see Section IV and Section VI 1 and 2.

- (26) On this basis, the imports of the products concerned by this preliminary determination have developed as follows:

	2013	2014	2015	2016	2017
imports (000 tonnes)	17 367	20 764	25 556	28 174	29 122
<i>index 2013 = 100</i>	100	120	147	162	168
market shares	12,1 %	13,8 %	16,5 %	17,5 %	17,8 %

Source: Eurostat

- (27) Imports increased in absolute terms by 68 % during the period 2013-2017, with market shares increasing from 12,1 % to 17,80 %. The most significant increase took place in the period 2013-2016, but imports continued to increase and remained at a high level in 2017.
- (28) The trend of increasing imports continues in 2018. When comparing the first quarter of 2018 with the first quarter of 2017, the overall import increase amounts to 10 %. For 9 product categories, the increase is more than 20 % and for one of those categories (category 13) the increase is more than 100 %. Moreover, this increase took place even before the Section 232 measures entered into force.
- (29) The Commission therefore concludes that there has been a sudden, steep, and significant increase of imports in absolute terms for 23 product categories. In addition, the increase of imports continues in the first quarter of 2018 and it is expected to be even more significant in view of the expected trade diversion from the Section 232 measures.

V. UNFORESEEN DEVELOPMENTS

- (30) The Commission has preliminarily determined that the above-mentioned increase in imports of steel products in the Union has been the result of unforeseen developments that finds its source in a number of factors establishing and aggravating imbalances in the international trade of the products concerned.
- (31) First of all, the nominal global steelmaking capacity has more than doubled since 2000, from a level of 1,05 billion tonnes in 2000 to 2,29 billion tonnes in 2016 and has remained at a very high level in 2017 (2,27 billion tonnes) ⁽¹⁾. In addition, actual global steel production in 2016 (1,6 billion tonnes) was still 100 million tonnes higher than global steel demand (1,5 billion tonnes). Consequently, there has been over the last years a major gap between nominal global capacity and production and between production and demand, generating an unprecedented overcapacity in the global steel market which has persisted despite the measures adopted to narrow it. Moreover, looking forward, whereas global production in 2017 increased by more than 5 % due to an economic recovery, global steel demand in 2018 will show only moderate growth with further deceleration predicted for 2019. There was a sign of recovery in 2017, but important risks remain.
- (32) The steel firms continue to be financially vulnerable since, as mentioned above, there are persisting structural imbalances in the steel sector. These imbalances are accentuated by distortive subsidies and government support measures ⁽²⁾. Given the important fixed costs in the steel sector, many steel producers, notably in countries where the State distorts the normal play of market forces, kept capacity utilisation at high rates and flooded third country markets with their products at low prices when they could not be absorbed by domestic consumption. This has resulted in increasing imports in the EU and overall price depression. Import prices have in general undercut Union industry prices in 2017, based on an average price comparison for each product category. Such an average price comparison does not necessarily reflect all the specificities which may have an impact on comparability, but nevertheless gives a good indication of the general price level of imports as compared to Union prices. Undercutting was established for 17 product categories, with ranges between 1,2 % and 23 %.
- (33) Secondly, the above effect has been exacerbated by trade-restrictive practices in third country markets. Indeed, since 2014/2015, in reaction to the above mentioned oversupply of steel and the market-distorting practices,

⁽¹⁾ Cf. reports from the 83rd and 84th OECD Steel Committee, available at <http://www.oecd.org/sti/ind/steel.htm>

⁽²⁾ Idem, 83rd report.

several countries have begun to make greater use of trade policy and trade defence instruments in the steel sector with a view to protecting their domestic producers. Mexico, South Africa, India and Turkey have applied import tariffs' increases ranging from 2,5 % to 40 % for a series of steel products including inter alia: hot rolled and cold rolled steel, flat steel products like strips, and also rebars. These products were typically imported in increasing quantities over the period of investigation. Furthermore, third countries continued throughout 2017 to impose trade restrictive measures: some countries introduced minimum import prices (India), some imposed mandatory national standards for steel (Indonesia) and others imposed local content requirements, including through government procurement (U.S.).

- (34) In addition, recourse to trade defence instruments has steadily increased. Based on WTO statistics, whereas during 2011-2013 on average around 77 steel-related investigations had been initiated per year, during 2015-2016 this average increased to 117. In February 2018, the U.S. had 169 anti-dumping and countervailing duty orders in place on steel, as well as 25 ongoing investigations that could lead to an even more restrictive picture for imports of steel into the U.S. ⁽¹⁾ As the U.S. is one of the world's largest steel importing countries – representing around 13,1 % of the world steel imports (in 2016) – the impact of such a large number of trade remedies has been strongly felt globally.
- (35) Third, in the context of the prevailing persistent worldwide overcapacity, the illegal and restrictive U.S. Section 232 measures, given their level and scope, are likely to cause substantial trade diversion of steel products into the Union. The U.S. have calculated that the imposition of a single across-product tariff under the Section 232 measures with almost no country exclusion should decrease imports by approximately 13 million tonnes – corresponding to 7 % of Union consumption ⁽²⁾. The Union market is generally a very attractive market for steel products both in terms of demand and prices. Some of the main exporters to the US are also traditional steel suppliers to the Union and there is no doubt that these countries, as well as others whose exports and production will be affected by the U.S. measures and the foreseeable trade diversion cascade, will redirect their exports to the Union. Even a partial diversion of the abovementioned trade flows into the Union will unavoidably result in a new price depression and undercutting on the EU market, bringing price down to levels comparable to those of 2016, with significant negative consequences on the profitability of the Union steel industry. It should finally be noted that the additional import increase which is liable to further deteriorate the economic situation of the Union steel industry might especially originate from countries currently not subject to anti-dumping/countervailing duty measures.
- (36) Consequently, the abovementioned unforeseen developments have lead and will further lead to a clear increase of steel imports into the Union.

VI. THREAT OF SERIOUS INJURY

1. Global situation of the Union steel industry

- (37) In order to formulate its preliminary determination as to whether there is evidence of serious injury or threat of serious injury to the Union industry for the product concerned under assessment, the Commission, in line with Article 9 of Regulation 2015/478 and Article 6 of Regulation 2015/755, has examined the trends of consumption, production, capacity utilisation, sales, market share, prices, profitability, stocks, Return On Capital Employed (ROCE), cash flow and employment for the product concerned for the years 2013 to 2017 (pending the collection of 2018 data).
- (38) This analysis has been carried out globally and also individually for the 23 product categories showing an increase of import volumes ('the products/product categories under assessment'). As explained in Section II above, the Commission considers such a global and comprehensive analysis adequate in this investigation, given the interrelation, interconnection, and the level of competition between the different products from a demand and supply point of view.

⁽¹⁾ Press release U.S. Secretary Ross, Department of Commerce, <https://www.commerce.gov/news/press-releases/2018/02/secretary-ross-releases-steel-and-aluminum-232-reports-coordination>

⁽²⁾ Report by U.S. Department of Commerce under Section 232, https://www.commerce.gov/sites/commerce.gov/files/the_effect_of_imports_of_steel_on_the_national_security_-_with_redactions_-_20180111.pdf

- (39) When looking at the overall situation, the Union consumption, sales of Union producers and the corresponding market share developed as follows:

(000 tonnes)	2013	2014	2015	2016	2017
Consumption	144 908	152 146	157 236	163 100	166 244
<i>index 2013 = 100</i>	100	105	109	113	115
Domestic sales	125 808	129 261	129 542	132 717	134 542
<i>index 2013 = 100</i>	100	103	103	105	107
market shares (%)	86,8 %	85,0 %	82,4 %	81,4 %	80,9 %

Source: Eurostat and industry data

- (40) The consumption of the products under assessment increased consistently every year during the period 2013-2017, and by 15 % overall. The sales of Union producers also increased, but to a much lesser extent than Union consumption, i.e. by 7 % only. Consequently, the Union producers could not benefit from the increasing Union demand and lost market shares, going from 86,8 % to 80,9 %. It should be recalled that during the same period imports increased by 68 %.

- (41) On the basis of the questionnaire replies received from the Union producers, production and production capacity developed as follows:

000 tonnes	2013	2014	2015	2016	2017
EU production	184 912	190 687	192 493	194 369	200 650
<i>index 2013 = 100</i>	100	103	104	105	109
production capacity	257 331	257 138	258 056	260 171	265 353
<i>index 2013 = 100</i>	100	100	100	101	103
capacity utilisation (%)	71,9 %	74,2 %	74,6 %	74,7 %	75,6 %

Source: Industry data

- (42) Production capacity increased by 3 % during the period 2013-2017, but less than the production level which increased by 9 %. As a result, the capacity utilisation rate increased from 72 % to 76 %.

- (43) The stocks held by the cooperating companies increased overall by 20 % in the period 2013-2017.

000 tonnes	2013	2014	2015	2016	2017
Stocks	11 006	11 896	12 391	12 117	13 222
<i>index 2013 = 100</i>	100	108	113	110	120

Source: questionnaire replies

- (44) Unit sales prices, profitability and cash flow of the Union producers developed as follows:

	2013	2014	2015	2016	2017
Unit sales prices (EUR/tonne)	673,5	652,8	616,9	572,9	681,5
<i>index 2013 = 100</i>	100	97	92	85	101

	2013	2014	2015	2016	2017
Profitability	– 1,0 %	0,9 %	0,9 %	2,2 %	6,2 %
Cash flow (mio EUR)	3 133	4 975	6 519	5 386	6 141
<i>index 2013 = 100</i>	100	159	208	172	196

Source: questionnaire replies

- (45) In the period 2013-2016 there was a significant price depression on the Union market: Unit sales prices decreased by 15 %. It should be recalled that imports also increased significantly during this period. The average unit sales price recovered however in 2017 and reached a level comparable to 2013. Profitability overall remained at a very low level during the period 2013-2016. Despite a significant decrease in prices, the Union industry could nevertheless reduce its cost of production in 2016 to such an extent that it managed to make a small level of profit of 2,2 %. The situation temporarily recovered in 2017. Sales prices increased by almost 20 % between 2016 and 2017 and reached their 2013 level. The Union industry achieved a level of profit of 6,2 % since cost of production (raw material), even if increasing, remained lower than in 2013. The overall cash flow position of the Union industry increased by approximately 60 %.

- (46) In terms of employment, over the 5-year period, the Union producers of the product categories under assessment lost almost 10 000 jobs.

	2013	2014	2015	2016	2017
employment (FTE)	189 265	183 470	182 136	182 162	181 303
<i>index 2013 = 100</i>	100	97	96	96	96

Source: questionnaire replies

2. Situation at the level of individual product categories

- (47) In addition to the global analysis of the situation for the product concerned overall, which the Commission considers to be the appropriate standpoint for the appraisal of the necessity of safeguard measures in this investigation, the Commission has also assessed the situation at the level of the individual product categories in order to confirm the above trends at a disaggregated level.
- (48) When looking at individual product categories, the situation is more contrasted but generally shows the same trends. The economic indicators are provided individually and by product categories in Annex III.
- (49) The Union consumption for all but two product categories increased in the last five years. While this increase remained modest for some individual products, with a minimum increase of 2 %, it was much more marked for others, with a maximum increase of 169 %.
- (50) Sales volumes were generally stable in the period 2013-2017 or, in some cases, slightly increased but, except for three product categories, they did not increase as much as EU consumption. As a result, there was a decrease of market shares over the five year period for all but 3 products.
- (51) Production levels generally increased for 18 out of 23 of the individual products, as well as capacity utilisation rates.
- (52) In terms of prices, there was a significant price decrease for each product (except for one product that was subject to anti-dumping duties in the form of a minimum import price) in the period 2013-2016. Prices recovered in 2017, given a general recovery of the steel market but also as a consequence of the various trade defence measures taken against unfair pricing behaviour and subsidised imports. For 16 products the price level remained lower in 2017 than in 2013. It should be noted that average import price levels were almost systematically lower than Union prices for all years, and for all product categories.
- (53) As far as profit is concerned, all product categories were sold at a loss or at a much reduced profit until 2016. Only 7 products could recover to a level of profit above 6 % in 2017. These products are significant in terms of

EU production volume and six of them are currently subject to (recent) anti-dumping or countervailing duty measures. Note that these measures concern only some countries of origin. All other products remained either loss making (3 products) or only close to break-even (13 products). It is considered that the level profit below 6 % is insufficient to cover the investments needed to sustain the activity, as, in the majority of the recent investigations, the Commission has used a level of around 8 % profit as a sufficient profit level in this sector in order to cover investments. As for cash flow, for half of the products the cash flow deteriorated in 2013-2017 and for 6 products the cash flow was even negative in 2017. The return on capital employed (ROCE) remained low in the period 2013-2016, but subsequently improved for a large majority of the product categories, even though for 5 products the ROCE was still negative in 2017.

- (54) In terms of stocks, the stocks increased for 17 product categories. Only the stocks of 5 product categories decreased and for one product category it remained at the same level during the period.
- (55) The above analysis corroborates that the situation of the Union steel industry deteriorated significantly in the period 2013-2016. This materialised by a decrease in market shares, and by a significant price depression which prevented the industry from benefiting from lower raw material costs. These trends existed both at a global and individual product level. The situation partially recovered in 2017. While many product categories are still below a level of sustainable profit, some have improved, most likely as a result of the recent imposition of anti-dumping and anti-subsidy measures. Globally, and for individual product categories, it is therefore considered that the Union industry is still in a fragile situation and vulnerable to further increase in imports, in particular if imports from countries subject to trade defence measures are replaced by other imports diverted from the U.S. market as a result of the Section 232 action.
- (56) This is, for example, typically the case for product categories 1, 2 and 4, which are important in terms of Union demand but also because these product categories (in particular categories 1 and 2) are used as raw material to produce other steel products. For product categories 1, 2 and 4, the financial situation was negative in 2016, but became positive in 2017 following the imposition of anti-dumping and anti-subsidy measures against a number of countries like, amongst others, China and Russia. Imports from these countries have however been recently and partially replaced by imports from India, Korea and Turkey, the two latter being also significant supplier to the U.S. In the first quarter of 2018, i.e. before the imposition of the measures in the U.S., Union imports have already increased for product category 1 as compared to the first quarter 2017, and this increase is mainly due to imports from Turkey.
- (57) It is likely that a further increase in steel imports in the Union would prevent the Union industry, which has not yet fully recovered, to benefit from the positive effect of the recent trade defence measures.

3. Threat of serious injury

- (58) In its Steel Communication of March 2016 ⁽¹⁾, the Commission concluded that the Union steel industry was facing a number of serious challenges, fuelled by global overcapacity, a dramatic increase of global exports, and an unprecedented wave of unfair trading practices.
- (59) In parallel, in order to remedy the injury caused by unfair trade imports, the Union has imposed a number of anti-dumping and anti-subsidy measures against imports of steel products. In total, there are currently no less than 19 anti-dumping or anti-subsidy measures against the unfairly traded imports of 14 product categories under investigation from various countries. During the period under investigation, i.e. 2013-2017, 13 new investigations determined that the EU steel industry suffered (or in one case was threatened to suffer) from material injury caused by unfair trade practices.
- (60) As noted in recital (55), the Union industry is still in a fragile situation and vulnerable to a further increase in imports. The recent U.S. decision not to exclude EU exports from the scope of Section 232 measures will likely reduce the Union producers' ability to export their products to the U.S. and make their situation even more vulnerable.
- (61) Steel imports have increased significantly, remaining at high levels in 2017. The further increase of imports in 2018 – in particular from those countries or exporters not subject to trade defence measures – is likely to prevent the industry from a full recovery and from benefiting from these measures. The Union steel industry is indeed considered to be still vulnerable to further increases of imports.

⁽¹⁾ Communication from the Commission to the European Parliament, the European Council, the Council, the European Economic and Social Committee, the Committee of the Regions, and the European Investment Bank: Steel: Preserving sustainable jobs and growth in Europe, COM(2016) 155 final, 16.3.2016.

- (62) In the absence of provisional safeguard measures, it is likely that the situation will develop into actual serious injury in the foreseeable future.
- (63) In this context, pursuant to Article 9(2) of Regulation 2015/478 and Article 6(3) of Regulation 2015/755, the Commission has examined the rate of increase of the exports to the Union and the likelihood that available capacity is used to export into the Union.
- (64) First, as concluded above, imports into the Union increased substantially in the period 2013-2017, i.e. by 68 % globally. While the increase was especially marked until 2016, imports continued to increase in the subsequent period, albeit at a slower pace. As highlighted in recitals (37) and (82) regarding critical circumstances – imports increased again significantly, by almost 10 %, in the first quarter of 2018. The rate of increase of imports is therefore significant.
- (65) Second, in a situation of global overcapacity in various countries, it is expected that the restrictive U.S. Section 232 measures, given their level and scope, are likely to cause trade diversion of steel products in the Union.
- (66) The U.S. have announced their intention to decrease imports by approximately 13 million tonnes and, as a result, have imposed in March 2018 an additional import duty of 25 % against imports of a very large number of steel products. The volume of steel that will no longer be exported to the U.S. will unavoidably be diverted to other third countries.
- (67) Some of the main exporters to the US are also traditional steel suppliers to the Union. It is more than likely that these countries, as well as others, will to a large extent be willing to redirect their exports to the Union. The Union market is indeed generally an attractive market for steel products both in terms of demand and prices. In fact, the EU is, after China, but before the U.S., one of the main markets for steel, where demand has increased in the last years and prices have also now recovered.
- (68) In this context, a significant increase of supply on the Union market caused by an influx of imports will result in a general downward price pressure, resulting in price levels comparable to 2016 with significant negative consequences on the profitability of the Union steel industry.

4. Conclusions

- (69) Under these circumstances, and based on the above, it is preliminary concluded that, although the Union steel industry has partially recovered for some product categories in 2017, notably due to trade defence measures, for the bulk of product categories under assessment the financial situation is still well below sustainable levels, which makes the Union industry still vulnerable to another surge of imports. Accordingly, the Commission concludes that the Union steel industry is in a situation of threat of serious injury for the 23 product categories under assessment.

VII. CAUSATION

1. Increase of imports

- (70) The Commission has made a preliminary determination that there is a causal link between increased imports of the product under assessment on the one hand and a threat of serious injury on the other hand, on the following basis.
- (71) It is first recalled that the products produced by the Union producers are like or directly competing with the products concerned. They have the same basic characteristics, the same uses and are sold via similar or identical sales channels and strongly compete on price.
- (72) As explained in Sections IV and VI, the Union producers have suffered in terms of loss of market share and significant price pressure resulting in a negative or unsustainable level of profit. For some products, even if the producers have recovered, serious injury appears to be imminent.
- (73) In the period 2013-2017, imports of the product concerned increased significantly and took away Union market shares based on lower than EU producers' price levels. Indeed, the market share of imports, overall, grew from 12,2 % to 17,6 % and import prices remained almost systematically lower than the Union sales prices for each individual product.

- (74) The causal link between the increased imports and the situation of the Union producers was especially marked in the period 2013-2016, when low priced imports peaked (+ 62 %) and EU producers' prices fell by 15 %. For category 13, the decrease in prices amounted even to 20 % whereas for categories 1 and 3 they were 19 % and 18 % respectively. As a result, Union producers of the like products were either in a loss making situation or just close to break even. In the year 2017, imports remained at a high level and continued to undercut prices, despite a general price increase. EU prices recovered, but not sufficiently for a number of products which were still sold at a loss or reduced profit.
- (75) Even if profit recovered for some product categories, their situation is still vulnerable. Indeed, based on previous years' developments, these product categories are particularly sensitive to price pressure, and any further increase of imports at low prices would have a significant negative impact on their situation.
- (76) In this context, it is considered that the restrictive measures taken by the U.S. pursuant to Section 232 of the Trade Expansion Act, given their level and scope, are likely to cause imminent serious injury to Union producers.
- (77) The Commission therefore provisionally concludes that, in relation to the 23 product categories under assessment, there is a causal link between the increase in imports, the pressure on the Union steel market price and the threat of serious injury suffered by Union producers.

2. Other known factors

- (78) To ensure that the serious injury is not attributable to factors other than the increase in imports, the Commission has carried out a preliminary analysis to determine whether the other factors may have contributed to the serious injury suffered by the Union producers.
- (79) The global overcapacity was found to have played a role in the sense that it boosted cheap imports into the Union. Consumption for the steel products concerned increased and could therefore not weaken the causal link.
- (80) The Commission also considered the attribution of serious injury due to imports of the products concerned from members of the European Economic Area (EEA). As a result of the EEA Agreement between the Union and its Member States, on the one hand, and members of the EEA (Norway, Iceland, and Liechtenstein), on the other hand, the Union has established a close economic integration with the markets of EEA countries, as well as the industries of the products concerned. The industry in those markets is mature and saturated, due to which it is considered that the exclusion of products originating in the members of the EEA from the safeguard measures will have little (if no) impact on the import levels of the products. Indeed, and while the imports from these countries have indeed contributed for some product categories to an increase in imports (overall imports from these countries show an increase of approximately 9 %), the share of those imports in the total imports is limited (EEA share in imports is about 1,5 %, with a corresponding market share of 0,3 % in total). In addition, EEA members are traditionally minor suppliers of the product concerned to the U.S., which means that the risk of trade diversion has preliminarily been determined to also be limited. Having, therefore, regard to the traditionally minor supplies to the U.S., the maturity of the industry in EEA markets, and the related limited risk of trade diversion stemming therefrom, the Commission considers that imports of the products concerned from EEA members may only have very marginally, if at all contributed to the threat of serious injury.
- (81) Consequently, the Commission has not identified other factors that would weaken the causal link between the increase in imports and the serious injury to the Union producers. Nevertheless, a more detailed examination of all other factors that have or may have contributed to the injury will be undertaken in the remainder of the investigation.

VIII. CRITICAL SITUATION

- (82) As indicated above, Union steel producers are globally in a situation of threat of injury and serious injury is clearly imminent. For some individual product categories, there are already indications pointing towards serious injury. A further increase of imports will likely have significant adverse effects on the economic situation of the industry overall.
- (83) The Commission has examined whether critical circumstances exist in which delay would cause damage which it would be difficult to repair. In particular it was examined whether imports have continued to increase in the most recent period.

- (84) Based on a comparison between imports of steel products in the first quarter 2018 and the first quarter 2017, it appears that for 18 of the 23 product categories imports increased by 26 %. This increase of imports is significantly more important than that experienced in the period 2016-2017, which was around 2 %.
- (85) The 25 % tariffs under Section 232 on steel products were introduced on 23 March 2018. It is at this stage not possible to assess the full effect of the U.S. measures in terms of trade diversion. The increase of imports into the Union in the first quarter 2018 could however be seen as an anticipation of their effects and, therefore, give a good indication of what could be the potential future development of Union imports after the US measures have been imposed.
- (86) On 30 May 2018, the U.S. also decided that Section 232 measures should be enforced against the Union, Mexico and Canada. The Commission considers that this is a further critical element since it would not only restrict Union exports but also increase the risk of trade diversion from the other two important steel producing countries.
- (87) Given the vulnerable situation of the industry, and in view of the most recent increase of imports, a further oversupply of steel products on the Union market, and the resulting pressure on prices, will undoubtedly have serious consequences on the situation of the Union producers.
- (88) Therefore, the Commission considers that, on account of the real risk of trade diversion and the further restriction of imports to the U.S. of important steel producing countries, there are critical circumstances by which any delay in the adoption of provisional safeguard measures would cause damage which would be difficult to repair. The Commission therefore concludes that provisional safeguard measures should be adopted without delay.

IX. UNION INTEREST

- (89) In accordance with Article 16 of Regulation 2015/478, it has been examined whether, despite the provisional finding of threat of serious injury, compelling reasons exist for concluding that it is not in the Union interest to adopt provisional measures in this particular case. The analysis of the Union interest was based on an appraisal of all the various interests involved, including those of the Union producers, importers, and users.
- (90) The Union industry is composed of around 40 producers, located in many different Member States of the Union, and employing directly more than 180 000 people in relation to the 25 products concerned in the period 2013-2017. It has been established that the Union industry faces a threat of serious injury caused by an increase of imports. It is recalled that the Union industry has not benefited from an increase in consumption and that the economic situation of the Union industry remains fragile and vulnerable to further increase of imports. The strategic importance of the steel industry has long been recognised ⁽¹⁾. It is in the Union interest to have a healthy and competitive steel industry. It is clear that if no measures are taken, both the prices and the market share of the Union producers will further decrease resulting in reduced production, increased financial losses and loss of employment, both in the steel industry and in related industries. Imposing provisional safeguard measures will temporary remedy the serious injury and facilitate the adjustment by the Union industry.
- (91) Users and importers, in general, seek the lowest possible price for steel, and it is clear that, without measures, prices would be lower. However, it is also in their interests to have a competitive and viable Union steel industry, able to meet their future needs.
- (92) In this context, several interested parties to the investigation have claimed that it would not be in the interest of the Union to impose provisional safeguard measures. They claim that measures would almost certainly result in a supply shortage and would therefore place that Union industry in a stronger negotiating position to exert pressure on prices. They further argued that the sources of supply are already limited by the imposition of anti-dumping and anti-subsidy measures and that products which are not available from Union producers or not available sufficiently or with the proper technical specifications must be excluded from safeguard measures.
- (93) In order to strike the right balance between the various legitimate interests and since the threat of serious injury is mainly linked in this case to the existence of trade diversion, the Commission considers that the form of the

⁽¹⁾ Communication from the Commission to the European Parliament, the European Council, the Council, the European Economic and Social Committee, the Committee of the Regions and the European Investment Bank of 16.3.2016, 'Steel: Preserving sustainable jobs and growth in Europe', COM(2016)155 final)

safeguard measures should preserve historical import levels, and that only imports in excess of this level should be subjected to them. In this respect, a system of Tariff Rate Quotas under which no obstacle is raised against traditional trade flows guarantees that the safeguard measures are in line with the Union interest. Such a form of measure would prevent the negative effects of trade diversion for the Union industry, while at the same time preserve traditional trade supply sources and effective competition in the steel market.

- (94) In these circumstances, the Commission considers that the risk that the adopted measure triggers a supply shortage or a price increase is not material. Similarly, the claim that certain specific product categories must be excluded from safeguard measures as they are not available from Union producers or not available sufficiently or with the proper technical specifications should be rejected since traditional trade flows will be guaranteed.
- (95) Therefore, on balance, the Commission provisionally concludes that the Union interest requires the adoption of provisional safeguard measures under the specific form of a tariff increase which will be applied beyond traditional trade flows on a product category basis.

X. CONCLUSIONS AND ADOPTION OF PROVISIONAL MEASURES

1. Adoption of provisional measures

- (96) It was preliminary concluded that the Union steel industry is in a situation of threat of serious injury for the 23 product categories under assessment and that this situation is likely to develop into actual serious injury in the foreseeable future. Given the critical circumstances, it is considered that provisional safeguard measures should be taken in order to prevent damage to the EU steel industry which would be difficult to repair before the conclusion of the current investigation.

2. Form and level of measures

- (97) For the selection of the appropriate form of measure, the Commission considered the three following elements. First, serious injury to the global Union steel industry is likely to materialise due to the diversion of steel exports to the US to the EU as a consequence of the Section 232 measures. Second, it is considered that the openness of the Union market should be preserved and the traditional flow of imports should be maintained. Indeed, it is basically the excess of imports above these traditional trade flows that are considered to be the main threat for the situation of the steel industry. Finally, in conformity with Article 7(2) of Regulation (EU) 2015/478 and the Union's international obligations, in particular Article 6 of the WTO Agreement on Safeguards, the provisional measures should take the form of tariff measures.
- (98) On that basis the Commission considers that, as mentioned in recital (93), the provisional safeguard measures should take the form of a system of tariff rate quotas in excess of which an additional duty will be paid. To ensure access to the Union market to all traditional suppliers, such tariff rate quotas should be based on the average of the annual level of imports in the years 2015, 2016, and 2017. As the tariff rate quotas will be in operation for 200 calendar days, the quotas should be set at a corresponding pro-rata level to the annual figure.
- (99) The additional above-quota duty rate should be fixed at a level which is consistent with the aim of preventing serious injury to the Union industry. Given the conclusions on threat of serious injury and the fact that serious injury did not occur yet in overall terms, the Commission considers that calculating an injury margin on the basis of the constructed average non-injurious price per tonne of the Union industry's products in the most recent period does not seem to be appropriate.
- (100) Under these circumstances, the Commission rather considers it more appropriate to take a forward-looking approach to assessing the level of the duty necessary to deter imports in excess of traditional trade flows from materialising and producing serious injury to the Union industry once the level of the quota has been reached.
- (101) In this respect, the Union industry has submitted two complementary methods to calculate a sufficiently deterring tariff, which the Commission finds adequate for such purpose: the first is a partial equilibrium model of the Union market for steel, whereas the second calculates contribution margins for steel products.

- (102) A partial equilibrium model is a set of demand and supply equations focusing on one part of the economy and applying the *ceteris paribus* assumption to the rest of the economy. It also assumes that the macroeconomic impacts of the scenario that is analysed are not large enough to influence macroeconomic aggregates such as the overall wage level in an economy.
- (103) The model proposed by the Union industry is based on publically available code that is programmed and solved in a spreadsheet-software. Partial equilibrium models more broadly are a standard tool for trade policy analysis by investigating authorities, including the Commission.
- (104) The model, as most others, applies the so-called Armington assumption that products from different origins are imperfect substitutes. The model looks at the Union market only using a supply function each for Union domestic supply, import supply by countries subject to safeguards and import supply by countries exempted from safeguards. Finally, it employs an Union demand function that responds to the overall price level to determine demand for steel at the aggregate level and distributes this according to relative prices to the three mentioned sources of supply. This latter process is governed by the so-called Armington Elasticities, i.e. economic parameters representing the elasticity of substitution between products from different countries of origin that differ between product types and markets.
- (105) The data for the model comes from Eurofer and Eurostat. The Armington Elasticities, as well as the supply and demand elasticities come from established sources such as the U.S. ITC and the Global Trade Analysis Project ('GTAP'). The Armington Elasticity is set at 3,75, the demand elasticity is set at - 0,5 and the three supply elasticities are set at 4 in accordance with these sources.
- (106) Being a one-country-model certain explicit and implicit assumptions need to be made, notably concerning the U.S. steel market and the impact of the measures imposed by invoking Section 232.
- (107) First, it is assumed that these measures will succeed in excluding from the U.S. market the current exports of countries subjected to Section 232 measures. In the next step, the proportion of these excluded exports that will be diverted towards the EU market for each producer country currently exporting to the U.S. is calculated according to a methodology under which four different criteria are considered and weighted: distance to the Union, availability in the relevant region of countries capable of absorbing diverted exports, existence of countries in the region with significant overcapacity, and the existence in the country of trade defence measures in place. According to this calculation, 72 % of current US imports of steel will be diverted to the EU market, which corresponds to 55 % of total Union imports of steel in 2017. It is further assumed that these additional imports will displace Union production of the same amount.
- (108) The model is specified with the above mentioned parameters and the market data corrected for the assumptions made in the two previous recitals. The model is then solved with experiments of various magnitudes of a Union out-of-quota safeguard tariff. The results of the model predict that a tariff of 25 % would allow import levels that are about 19 % higher than in the reference period of 2015-2017. A tariff of 32 % would still allow 10 % more imports than in the reference period. A tariff of 41 % would, on the other hand, suppress imports to their 2015-2017 level.
- (109) The results of the macroeconomic trade model are complemented with a series of microeconomic simulations of typical contribution margins for 12 different product categories under assessment. The assumption behind the analysis is that in case of falling prices, producers would continue to fully utilize their capacities and export to the Union as long as variable costs are covered. The margin between the sales price and variable costs is termed the contribution margin. In other words, a producer would continue producing as long as the contribution margin is non-negative. The analysis establishes for each of the twelve product categories under assessment the Union landed price at which the contribution margin for exporters to the EU would be entirely exhausted. The spread between this price and the non-injurious domestic price on the Union market should then be the out-of-quota tariff necessary to guarantee a non-injurious price level on the Union market.
- (110) The analysis uses a basket of raw material prices based on Metal Bulletin public indices, variable cost of Chinese firms from the CRU database and assumed freight costs of \$60/tonne between China and the EU, which is stated to be a conservative estimate. It concludes that contribution margins and thus the necessary deterrent out-of-quota tariffs should be in the range of 19-45 %, with a median of 34 %, which would essentially confirm the order of magnitude of the out-of-quota tariff identified by the partial equilibrium model.

- (111) On the basis of the above, the Commission has preliminary established that a provisional 25 % out-of-quota tariff would be sufficient to prevent serious injury from occurring. This lower tariff than the 32 % resulting from the model for ensuring a traditional trade plus 10 % import flow increase represents a cautious approach, having regard to the Union interest, and pending comments from interested parties after the adoption of the provisional measures and a closer study of the evolution of imports before the imposition of definitive measures.

3. Administration of the quotas

- (112) The best way of ensuring optimal use of the tariff quotas is to allocate them in the chronological order of the dates on which declarations of release for free circulation are accepted, as provided for in Commission Implementing Regulation (EU) 2015/2447 ⁽¹⁾. Equal and continuous access to the quotas should be ensured for all Union importers. This method of administration calls for close cooperation between the Member States and the Commission.
- (113) The eligibility of imported goods from developing countries to be excluded from the tariff quotas is dependent on the origin of the goods. The criteria for determining non-preferential origin currently in force in the Union should therefore be applied.
- (114) For the purpose of the provisional measures, in order to permit traditional trade flows to continue, a specific quota will be determined for each of the product categories on which this Regulation imposes provisional measures, irrespectively of their country of origin. The remainder of the investigation will determine whether an allocation of quota by exporting country is desirable in order to ensure traditional trade flows from these countries and having regard to the impact of the provisional measures. In particular, the Commission will have to consider the potential effect of the anti-dumping and anti-subsidy measures currently in force on the allocation and usage of a per-country quota.

4. Applicable anti-dumping and anti-subsidy measures

- (115) Once the determined free-of-duty quota is reached, the safeguard measures will apply.
- (116) Several interested parties claimed that the combination of the already imposed anti-dumping and countervailing measures on many product categories with the safeguard measures on those same imports would place an undesirably onerous burden on certain exporting producers seeking to export to the EU, which may have the effect of denying them access to the Union market.
- (117) Indeed, for 12 steel product categories covered by the current provisional safeguard measures, some countries of origin are currently subject to anti-dumping and countervailing duties. It is therefore necessary to consider whether the cumulation of these measures with the safeguard measures would not lead to a greater effect than desirable ⁽²⁾. In order to avoid the imposition of 'double remedies', whenever the tariff quota is exceeded, the level of the existing anti-dumping and countervailing will be suspended or reduced to ensure that the combined effect of these measures does not exceed the highest level of the safeguard or anti-dumping/countervailing duties in place.

5. Duration

- (118) The provisional measures should apply for 200 calendar days from the date on which this Regulation enters into force.

XI. EXCLUSIONS OF CERTAIN COUNTRIES FROM THE SCOPE OF THE PROVISIONAL MEASURES

- (119) In accordance with Article 18 of Regulation 2015/478 and the international obligations of the Union, the provisional measures should not apply to any product originating in a developing country as long as its share of imports of that product into the Union does not exceed 3 %, provided that developing country members of the WTO with less than a 3 % import share, collectively account for not more than 9 % of total Union imports of the product concerned.

⁽¹⁾ Commission Implementing Regulation (EU) 2015/2447 of 24 November 2015 laying down detailed rules for implementing certain provisions of Regulation (EU) No 952/2013 of the European Parliament and of the Council laying down the Union Customs Code (OJ L 343, 29.12.2015, p. 558).

⁽²⁾ Regulation (EU) 2015/477 of the European Parliament and of the Council of 11 March 2015 on measures that the Union may take in relation to the combined effect of anti-dumping or anti-subsidy measures with safeguard measures (OJ L 83, 27.3.2015, p. 11).

- (120) The preliminary determination made by the Commission shows that the product categories concerned originating in certain developing countries meet the requirements to benefit from the abovementioned derogation. Annex IV (*List of products originating in developing countries to which the provisional measures apply*) specifies the developing countries for the purposes of this Regulation. It also indicates for each of the 23 product categories the developing countries to which the provisional measures apply. The Commission considers it appropriate at this stage to calculate the volume of imports from developing countries on the basis of each product category since the tariff rate quota is also established by reference to traditional trade flows from each category individually. This is without prejudice as to future decisions regarding whether a country can be considered as a developing country.
- (121) As set out in recital (80) above, on account of the close integration of markets with EEA members, the overall figures of imports from these countries, and the low risk of trade diversion, the Commission considers that the products under assessment originating in Norway, Iceland, and Liechtenstein should be excluded from the application of this Regulation,

HAS ADOPTED THIS REGULATION:

Article 1

1. Tariff quotas are hereby opened in relation to imports into the Union of each of the 23 product categories listed in Annex I for a period of 200 days from the entry into force of this Regulation.
2. Tariff quotas are specified in Annex V (defined by reference to the CN codes specified in relation to it).
3. Where the relevant tariff quota is exhausted or where imports of the product categories do not benefit from the relevant tariff quota, an additional duty at the rate of 25 % shall be levied. That additional duty shall apply to the customs value of the product being imported.

Article 2

1. The origin of any product to which this Regulation applies shall be determined in accordance with the provisions in force in the Union relating to non-preferential origin.
2. Unless otherwise specified, the relevant provisions in force concerning customs duties shall apply.

Article 3

The tariff quotas shall be managed by the Commission and the Member States in accordance with the management system for tariff quotas provided for in Articles 49 to 54 of Commission Implementing Regulation (EU) 2015/2447.

Article 4

Imports of the product categories referred to in Article 1, which are already on their way to the Union on the date of entry into force of this Regulation, whose destination cannot be changed, shall not be attributed to the tariff quotas, or subject to the additional duty specified in Article 1, and may be put into free circulation.

Article 5

The Member States and the Commission shall cooperate closely to ensure compliance with this Regulation.

Article 6

1. Subject to paragraph 2, imports of the 23 product categories specified in Annex I originating in one of the developing countries shall, as specified in Annex IV, not be subject to the tariff quotas or subject to the additional duty referred to in Article 1.
2. For each of the 23 product categories, Annex IV specifies the originating developing countries which shall be subject to the measures set out in Article 1.

Article 7

Products originating in Norway, Iceland, and Liechtenstein shall not be subject to the measures set out in Article 1.

Article 8

This Regulation shall enter into force on the day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 17 July 2018.

For the Commission

The President

Jean-Claude JUNCKER

ANNEX I — Products concerned

Product Number	Product category	CN Codes
1	Non Alloy and Other Alloy Hot Rolled Sheets and Strips	7208 10 00, 7208 25 00, 7208 26 00, 7208 27 00, 7208 36 00, 7208 37 00, 7208 38 00, 7208 39 00, 7208 40 00, 7208 52 10, 7208 52 99, 7208 53 10, 7208 53 90, 7208 54 00, 7211 13 00, 7211 14 00, 7211 19 00, 7212 60 00, 7225 19 10, 7225 30 10, 7225 30 30, 7225 30 90, 7225 40 15, 7225 40 90, 7226 19 10, 7226 91 20, 7226 91 91, 7226 91 99
2	Non Alloy and Other Alloy Cold Rolled Sheets	7209 15 00, 7209 16 90, 7209 17 90, 7209 18 91, 7209 25 00, 7209 26 90, 7209 27 90, 7209 28 90, 7209 90 20, 7209 90 80, 7211 23 20, 7211 23 30, 7211 23 80, 7211 29 00, 7211 90 20, 7211 90 80, 7225 50 20, 7225 50 80, 7225 99 00, 7226 20 00, 7226 92 00
3	Electrical Sheets (other than GOES)	7209 16 10, 7209 17 10, 7209 18 10, 7209 26 10, 7209 27 10, 7209 28 10, 7225 19 90, 7226 19 80
4	Metallic Coated Sheets	7210 20 00, 7210 30 00, 7210 41 00, 7210 49 00, 7210 61 00, 7210 69 00, 7210 90 80, 7212 20 00, 7212 30 00, 7212 50 20, 7212 50 30, 7212 50 40, 7212 50 61, 7212 50 69, 7212 50 90, 7225 91 00, 7225 92 00, 7226 99 10, 7226 99 30, 7226 99 70
5	Organic Coated Sheets	7210 70 80, 7212 40 80
6	Tin Mill products	7209 18 99, 7210 11 00, 7210 12 20, 7210 12 80, 7210 50 00, 7210 70 10, 7210 90 40, 7212 10 10, 7212 10 90, 7212 40 20
7	Non Alloy and Other Alloy Quarto Plates	7208 51 20, 7208 51 91, 7208 51 98, 7208 52 91, 7208 90 20, 7208 90 80, 7210 90 30, 7225 40 12, 7225 40 40, 7225 40 60
8	Stainless Hot Rolled Sheets and Strips	7219 11 00, 7219 12 10, 7219 12 90, 7219 13 10, 7219 13 90, 7219 14 10, 7219 14 90, 7219 22 10, 7219 22 90, 7219 23 00, 7219 24 00, 7220 11 00, 7220 12 00
9	Stainless Cold Rolled Sheets and Strips	7219 31 00, 7219 32 10, 7219 32 90, 7219 33 10, 7219 33 90, 7219 34 10, 7219 34 90, 7219 35 10, 7219 35 90, 7219 90 20, 7219 90 80, 7220 20 21, 7220 20 29, 7220 20 41, 7220 20 49, 7220 20 81, 7220 20 89, 7220 90 20, 7220 90 80
12	Non Alloy and Other Alloy Merchant Bars and Light Sections	7214 30 00, 7214 91 10, 7214 91 90, 7214 99 31, 7214 99 39, 7214 99 50, 7214 99 71, 7214 99 79, 7214 99 95, 7215 90 00, 7216 10 00, 7216 21 00, 7216 22 00, 7216 40 10, 7216 40 90, 7216 50 10, 7216 50 91, 7216 50 99, 7216 99 00, 7228 10 20, 7228 20 10, 7228 20 91, 7228 30 20, 7228 30 41, 7228 30 49, 7228 30 61, 7228 30 69, 7228 30 70, 7228 30 89, 7228 60 20, 7228 60 80, 7228 70 10, 7228 70 90, 7228 80 00
13	Rebars	7214 20 00, 7214 99 10
14	Stainless Bars and Light Sections	7222 11 11, 7222 11 19, 7222 11 81, 7222 11 89, 7222 19 10, 7222 19 90, 7222 20 11, 7222 20 19, 7222 20 21, 7222 20 29, 7222 20 31, 7222 20 39, 7222 20 81, 7222 20 89, 7222 30 51, 7222 30 91, 7222 30 97, 7222 40 10, 7222 40 50, 7222 40 90
15	Stainless Wire Rod	7221 00 10, 7221 00 90
16	Non Alloy and Other Alloy Wire Rod	7213 10 00, 7213 20 00, 7213 91 10, 7213 91 20, 7213 91 41, 7213 91 49, 7213 91 70, 7213 91 90, 7213 99 10, 7213 99 90, 7227 10 00, 7227 20 00, 7227 90 10, 7227 90 50, 7227 90 95

Product Number	Product category	CN Codes
17	Angles, Shapes and Sections of Iron or Non Alloy Steel	7216 31 10, 7216 31 90, 7216 32 11, 7216 32 19, 7216 32 91, 7216 32 99, 7216 33 10, 7216 33 90
18	Sheet Piling	7301 10 00
20	Gas pipes	7306 30 41, 7306 30 49, 7306 30 72, 7306 30 77
21	Hollow sections	7306 61 10, 7306 61 92, 7306 61 99
22	Seamless Stainless Tubes and Pipes	7304 11 00, 7304 22 00, 7304 24 00, 7304 41 00, 7304 49 10, 7304 49 93, 7304 49 95, 7304 49 99
23	Bearing Tubes and Pipes	7304 51 12, 7304 51 18, 7304 59 32, 7304 59 38
25	Large welded tubes	7305 11 00, 7305 12 00, 7305 19 00, 7305 20 00, 7305 31 00, 7305 39 00, 7305 90 00
26	Other Welded Pipes	7306 11 10, 7306 11 90, 7306 19 10, 7306 19 90, 7306 21 00, 7306 29 00, 7306 30 11, 7306 30 19, 7306 30 80, 7306 40 20, 7306 40 80, 7306 50 20, 7306 50 80, 7306 69 10, 7306 69 90, 7306 90 00
28	Non Alloy Wire	7217 10 10, 7217 10 31, 7217 10 39, 7217 10 50, 7217 10 90, 7217 20 10, 7217 20 30, 7217 20 50, 7217 20 90, 7217 30 41, 7217 30 49, 7217 30 50, 7217 30 90, 7217 90 20, 7217 90 50, 7217 90 90

ANNEX II

II.1 — Growth in imports for the 23 product categories (in tonnes)

Product Number	Product category	2013	2014	2015	2016	2017	growth 2017 compared to 2013
1	Non Alloy and Other Alloy Hot Rolled Sheets and Strips	4 814 207	5 212 268	7 807 441	8 574 007	6 991 376	45 %
2	Non Alloy and Other Alloy Cold Rolled Sheets	1 832 159	1 903 092	2 759 877	1 998 437	2 462 471	34 %
3	Electrical Sheets (other than GOES)	266 559	285 132	280 256	318 496	379 649	42 %
4	Metallic Coated Sheets	1 854 963	2 202 856	2 687 715	3 911 752	4 980 452	168 %
5	Organic Coated Sheets	681 698	725 296	622 553	730 625	915 248	34 %
6	Tin Mill products	552 384	662 861	638 316	756 016	617 567	12 %
7	Non Alloy and Other Alloy Quarto Plates	1 419 767	1 959 605	2 554 930	2 814 802	2 530 630	78 %
8	Stainless Hot Rolled Sheets and Strips	175 836	233 028	269 697	351 075	436 173	148 %
9	Stainless Cold Rolled Sheets and Strips	697 457	1 017 613	787 521	843 352	976 108	40 %
12	Non Alloy and Other Alloy Merchant Bars and Light Sections	911 115	1 219 800	1 200 627	1 400 824	1 385 829	52 %
13	Rebars	527 008	972 602	1 430 014	1 292 971	1 191 445	126 %
14	Stainless Bars and Light Sections	113 071	147 453	142 416	147 811	159 577	41 %
15	Stainless Wire Rod	52 082	71 229	57 627	58 670	62 978	21 %
16	Non Alloy and Other Alloy Wire Rod	1 125 730	1 289 953	1 697 912	2 000 967	2 094 274	86 %
17	Angles, Shapes and Sections of Iron or Non Alloy Steel	223 669	277 507	268 014	388 041	262 745	17 %
18	Sheet Piling	15 870	16 503	14 051	36 970	85 054	436 %
20	Gas pipes	266 467	340 051	298 103	336 050	380 257	43 %
21	Hollow sections	461 263	552 874	574 490	725 545	820 667	78 %
22	Seamless Stainless Tubes and Pipes	32 581	38 782	39 719	42 510	42 701	31 %
23	Bearing Tubes and Pipes	7 489	9 426	11 944	9 773	8 663	16 %
25	Large welded tubes	286 939	411 273	209 524	159 219	1 044 534	264 %

Product Number	Product category	2013	2014	2015	2016	2017	growth 2017 compared to 2013
26	Other Welded Pipes	474 949	491 934	510 548	540 386	571 167	20 %
28	Non Alloy Wire	573 988	722 719	692 714	736 500	722 633	26 %

II.2 — Growth in imports for the 23 product categories (in tonnes)

Product Number	Product category	Q1 2017	Q1 2018	growth Q1 2017 vs. Q1 2018
1	Non Alloy and Other Alloy Hot Rolled Sheets and Strips	1 810 764	2 079 408	15 %
2	Non Alloy and Other Alloy Cold Rolled Sheets	679 628	630 459	– 7 %
3	Electrical Sheets (other than GOES)	80 836	114 451	42 %
4	Metallic Coated Sheets	1 482 049	1 190 741	– 20 %
5	Organic Coated Sheets	212 209	201 838	– 5 %
6	Tin Mill products	146 457	168 583	15 %
7	Non Alloy and Other Alloy Quarto Plates	676 207	640 176	– 5 %
8	Stainless Hot Rolled Sheets and Strips	122 092	107 577	– 12 %
9	Stainless Cold Rolled Sheets and Strips	229 981	280 549	22 %
12	Non Alloy and Other Alloy Merchant Bars and Light Sections	319 420	466 154	46 %
13	Rebars	210 505	551 316	162 %
14	Stainless Bars and Light Sections	40 602	49 988	23 %
15	Stainless Wire Rod	14 956	19 642	31 %
16	Non Alloy and Other Alloy Wire Rod	560 863	641 668	14 %
17	Angles, Shapes and Sections of Iron or Non Alloy Steel	73 733	139 670	89 %
18	Sheet Piling	19 947	20 326	2 %
20	Gas pipes	94 430	120 512	28 %
21	Hollow sections	223 618	256 998	15 %
22	Seamless Stainless Tubes and Pipes	12 411	12 399	0 %
23	Bearing Tubes and Pipes	1 316	1 498	14 %
25	Large welded tubes	48 791	51 285	5 %
26	Other Welded Pipes	145 059	153 106	6 %
28	Non Alloy Wire	176 299	202 450	15 %

II.3 — Growth in imports for the 5 product categories (in tonnes)

Product Number	Product category	2013	2014	2015	2016	2017	growth 2017 compared to 2013
10	Stainless Hot Rolled Quarto Plate	34 319	40 218	37 542	31 407	32 917	– 4 %
11	Grain-oriented electrical sheet	147 565	160 580	150 047	156 477	121 947	– 17 %
19	Railway Material	1 376	1 096	1 240	1 521	1 342	– 2 %
24	Other Seamless tubes	456 167	528 245	475 132	464 876	402 600	– 12 %
27	Non Alloy and Other Alloy Cold Finished Bars	456 791	521 976	484 927	459 327	458 310	0 %

ANNEX III — Economic indicators for the 23 product categories

Product 1 Non Alloy and Other Alloy Hot Rolled Sheets and Strips

Data per Calendar Year	2013	2014	2015	2016	2017
<i>Consumption (tonnes)</i>	30 225 632	31 095 524	33 121 273	34 158 703	32 768 375
<i>Imports</i>					
Volume (tonnes)	4 814 207	5 212 268	7 807 441	8 574 007	6 991 376
Market share (%)	15,9 %	16,8 %	23,6 %	25,1 %	21,3 %
Unit prices (EUR/tonne)	463	442	396	351	492
<i>Situation of EU producers</i>					
Utilisation of capacity (%)	75 %	75 %	76 %	75 %	76 %
Production (tonnes)	76 871 621	77 990 908	77 331 686	77 563 694	79 568 514
Sales volume in the EU (tonnes)	25 411 425	25 883 256	25 313 832	25 584 696	25 776 999
Market share (%)	84,1 %	83,2 %	76,4 %	74,9 %	78,7 %
Unit sales price (EUR/tonne)	519	493	455	422	556
Net profit/loss on EU sales (in %)	– 1,9 %	0,0 %	– 3,1 %	– 1,0 %	7,8 %
Employment (end of period)	37 467	35 573	35 038	33 557	34 815
Stock	2 572 574	2 580 258	2 585 958	2 617 556	2 749 280
Cashflow	448 135 738	1 065 492 450	763 891 666	603 485 811	1 369 472 142
ROCE (%)	– 3,8 %	1,0 %	– 6,6 %	– 1,0 %	7,7 %

Price comparison for 2017

Price undercutting 11,5 %

Product 2 Non Alloy and Other Alloy Cold Rolled Sheets

Data per Calendar Year	2013	2014	2015	2016	2017
<i>Consumption (tonnes)</i>	9 772 904	9 728 449	10 353 391	9 849 904	10 085 487
<i>Imports</i>					
Volume (tonnes)	1 832 159	1 903 092	2 759 877	1 998 437	2 462 471
Market share (%)	18,7 %	19,6 %	26,7 %	20,3 %	24,4 %
Unit prices (EUR/tonne)	566	546	485	474	606

Data per Calendar Year	2013	2014	2015	2016	2017
<i>Situation of EU producers</i>					
Utilisation of capacity (%)	71 %	75 %	75 %	75 %	77 %
Production (tonnes)	40 855 196	41 632 189	41 639 946	41 738 974	42 811 283
Sales volume in the EU (tonnes)	7 920 370	7 805 648	7 570 764	7 829 002	7 602 288
Market share (%)	81,0 %	80,2 %	73,1 %	79,5 %	75,4 %
Unit sales price (EUR/tonne)	588	558	522	495	633
Net profit/loss on EU sales (in %)	– 4,4 %	– 2,8 %	– 3,0 %	0,6 %	9,8 %
Employment (end of period)	12 690	11 973	11 550	11 230	11 264
Stock	1 078 838	1 052 246	1 064 061	1 054 347	1 093 798
Cashflow	200 559 843	413 849 620	324 264 435	454 766 919	375 807 983
ROCE (%)	– 8,0 %	– 2,4 %	– 12,8 %	– 3,1 %	4,0 %

Price comparison for 2017

Price undercutting 4,3 %

Product 3 Electrical Sheets (other than GOES)

Data per Calendar Year	2013	2014	2015	2016	2017
<i>Consumption (tonnes)</i>	1 267 827	1 287 448	1 223 892	1 255 417	1 350 354

Imports

Volume (tonnes)	266 559	285 132	280 256	318 496	379 649
Market share (%)	21,0 %	22,1 %	22,9 %	25,4 %	28,1 %
Unit prices (EUR/tonne)	648	617	578	502	642

Situation of EU producers

Utilisation of capacity (%)	87 %	80 %	80 %	82 %	81 %
Production (tonnes)	1 080 894	1 110 013	1 052 273	1 032 560	1 114 309
Sales volume in the EU (tonnes)	1 001 268	1 002 316	943 636	936 553	969 977
Market share (%)	79,0 %	77,9 %	77,1 %	74,6 %	71,8 %
Unit sales price (EUR/tonne)	705	657	606	576	699

Data per Calendar Year	2013	2014	2015	2016	2017
Net profit/loss on EU sales (in %)	– 8,9 %	– 8,1 %	– 13,0 %	– 14,3 %	– 3,2 %
Employment (end of period)	1 522	1 707	2 087	2 069	2 065
Stock	45 680	136 605	142 998	125 466	148 259
Cashflow	110 221 498	213 556 132	127 226 053	131 151 436	– 89 295 095
ROCE (%)	– 18,3 %	– 11,7 %	– 38,3 %	– 17,9 %	– 3,4 %

Price comparison for 2017

Price undercutting 8,1 %

Product 4 Metallic Coated Sheets

Data per Calendar Year	2013	2014	2015	2016	2017
Consumption (tonnes)	23 229 673	24 289 751	25 840 225	27 439 848	28 231 862

Imports

Volume (tonnes)	1 854 963	2 202 856	2 687 715	3 911 752	4 980 452
Market share (%)	8,0 %	9,1 %	10,4 %	14,3 %	17,6 %
Unit prices (EUR/tonne)	679	657	615	530	662

Situation of EU producers

Utilisation of capacity (%)	78 %	82 %	84 %	86 %	84 %
Production (tonnes)	27 930 059	29 517 243	29 875 495	29 905 847	30 450 568
Sales volume in the EU (tonnes)	21 344 052	22 056 052	23 118 423	23 490 212	23 218 040
Market share (%)	91,9 %	90,8 %	89,5 %	85,6 %	82,2 %
Unit sales price (EUR/tonne)	682	654	614	586	711
Net profit/loss on EU sales (in %)	1,9 %	5,4 %	5,5 %	7,9 %	11,7 %
Employment (end of period)	28 915	28 243	28 749	29 863	29 648
Stock	1 970 500	2 433 422	2 498 143	2 329 341	2 597 133
Cashflow	807 884 294	1 353 026 892	1 343 062 742	1 720 354 890	2 020 588 339
ROCE (%)	– 6,8 %	– 0,9 %	– 10,4 %	– 1,7 %	6,0 %

Price comparison for 2017

Price undercutting 7,0 %

Product 5 Organic Coated Sheets

Data per Calendar Year	2013	2014	2015	2016	2017
<i>Consumption (tonnes)</i>	4 533 256	4 823 144	4 809 384	5 121 927	5 221 575
<i>Imports</i>					
Volume (tonnes)	681 698	725 296	622 553	730 625	915 248
Market share (%)	15,0 %	15,0 %	12,9 %	14,3 %	17,5 %
Unit prices (EUR/tonne)	854	813	813	709	853
<i>Situation of EU producers</i>					
Utilisation of capacity (%)	70 %	76 %	74 %	76 %	75 %
Production (tonnes)	4 479 238	4 564 346	4 574 414	4 863 169	4 940 410
Sales volume in the EU (tonnes)	3 851 467	4 097 788	4 186 771	4 391 169	4 306 231
Market share (%)	85,0 %	85,0 %	87,1 %	85,7 %	82,5 %
Unit sales price (EUR/tonne)	898	868	829	791	934
Net profit/loss on EU sales (in %)	– 1,7 %	1,4 %	1,1 %	3,7 %	3,9 %
Employment (end of period)	6 377	6 272	6 047	6 150	6 095
Stock	239 236	182 275	197 241	214 384	258 114
Cashflow	152 893 378	351 790 418	321 603 588	361 237 401	79 886 901
ROCE (%)	– 7,6 %	– 2,1 %	– 12,9 %	– 2,7 %	3,7 %

Price comparison for 2017

Price undercutting

8,6 %

Product 6 Tin Mill Products

Data per Calendar Year	2013	2014	2015	2016	2017
<i>Consumption (tonnes)</i>	3 638 423	3 758 879	3 789 391	3 792 575	3 695 205
<i>Imports</i>					
Volume (tonnes)	552 384	662 861	638 316	756 016	617 567
Market share (%)	15,2 %	17,6 %	16,8 %	19,9 %	16,7 %
Unit prices (EUR/tonne)	822	792	781	667	753
<i>Situation of EU producers</i>					
Utilisation of capacity (%)	82 %	84 %	84 %	82 %	84 %
Production (tonnes)	4 223 583	4 315 402	4 353 002	4 302 367	4 295 575

Data per Calendar Year	2013	2014	2015	2016	2017
Sales volume in the EU (tonnes)	3 085 602	3 095 745	3 150 741	3 036 316	3 077 185
Market share (%)	84,8 %	82,4 %	83,1 %	80,1 %	83,3 %
Unit sales price (EUR/tonne)	845	821	789	728	812
Net profit/loss on EU sales (in %)	1,7 %	4,1 %	4,8 %	4,6 %	3,1 %
Employment (end of period)	7 939	7 660	7 683	7 819	7 424
Stock	380 445	394 384	394 712	297 877	356 460
Cashflow	117 064 184	201 350 074	291 440 814	272 002 110	133 250 945
ROCE (%)	– 18,6 %	– 10,1 %	– 35,2 %	– 20,4 %	– 25,0 %

Price comparison for 2017

Price undercutting

7,3 %

Product 7 Non Alloy and Other Alloy Quarto Plates

Data per Calendar Year	2013	2014	2015	2016	2017
Consumption (tonnes)	10 148 839	10 375 274	10 934 966	11 058 596	11 059 068

Imports

Volume (tonnes)	1 419 767	1 959 605	2 554 930	2 814 802	2 530 630
Market share (%)	14,0 %	18,9 %	23,4 %	25,5 %	22,9 %
Unit prices (EUR/tonne)	513	492	474	403	533

Situation of EU producers

Utilisation of capacity (%)	58 %	62 %	62 %	63 %	65 %
Production (tonnes)	10 749 475	11 240 103	10 608 260	10 244 950	10 581 040
Sales volume in the EU (tonnes)	8 727 826	8 414 892	8 377 455	8 242 865	8 527 686
Market share (%)	14,0 %	18,9 %	23,4 %	25,5 %	22,9 %
Unit sales price (EUR/tonne)	700	676	714	582	692
Net profit/loss on EU sales (in %)	– 9,4 %	– 8,9 %	– 4,0 %	– 7,5 %	3,2 %
Employment (end of period)	18 472	17 628	17 177	16 763	16 211
Stock	707 152	788 008	896 708	862 084	819 690
Cashflow	45 651 999	123 399 207	426 592 285	– 44 547 318	205 976 592
ROCE (%)	– 12,2 %	– 0,3 %	– 3,3 %	– 9,9 %	– 1,5 %

Price comparison for 2017

Price undercutting

23,0 %

Product 8 Stainless Hot Rolled Sheets and Strips

Data per Calendar Year	2013	2014	2015	2016	2017
Consumption (tonnes)	1 168 291	1 352 875	1 590 437	1 807 242	1 487 848

Imports

Volume (tonnes)	175 836	233 028	269 697	351 075	436 173
Market share (%)	15,1 %	17,2 %	17,0 %	19,4 %	29,3 %
Unit prices (EUR/tonne)	2 011	1 926	1 877	1 518	1 822

Situation of EU producers

Utilisation of capacity (%)	61 %	65 %	69 %	73 %	73 %
Production (tonnes)	3 334 814	3 525 794	3 664 821	3 842 503	3 799 867
Sales volume in the EU (tonnes)	991 962	1 119 435	1 320 528	1 455 714	1 050 966
Market share (%)	84,9 %	82,7 %	83,0 %	80,5 %	70,6 %
Unit sales price (EUR/tonne)	2 023	2 013	2 028	1 792	2 115
Net profit/loss on EU sales (in %)	– 4,2 %	– 0,3 %	4,0 %	4,9 %	9,2 %
Employment (end of period)	5 439	4 914	4 464	4 271	4 133
Stock	103 375	131 557	123 098	106 508	93 335
Cashflow	144 497 251	182 932 062	613 851 975	116 754 324	218 815 195
ROCE (%)	– 33,7 %	– 37,1 %	– 1,5 %	– 0,4 %	13,6 %

Price comparison for 2017

Price undercutting

13,9 %

Product 9 Stainless Cold Rolled Sheets and Strips

Data per Calendar Year	2013	2014	2015	2016	2017
Consumption (tonnes)	3 362 718	3 671 898	3 587 237	3 913 974	3 816 472

Imports

Volume (tonnes)	697 457	1 017 613	787 521	843 352	976 108
Market share (%)	20,7 %	27,7 %	22,0 %	21,5 %	25,6 %
Unit prices (EUR/tonne)	2 098	1 985	2 064	1 782	2 023

Data per Calendar Year	2013	2014	2015	2016	2017
<i>Situation of EU producers</i>					
Utilisation of capacity (%)	71 %	76 %	80 %	84 %	84 %
Production (tonnes)	3 076 074	3 016 723	3 139 572	3 425 201	3 114 323
Sales volume in the EU (tonnes)	2 664 602	2 653 177	2 798 719	3 070 197	2 839 979
Market share (%)	79,2 %	72,3 %	78,0 %	78,4 %	74,4 %
Unit sales price (EUR/tonne)	2 259	2 272	2 238	2 014	2 323
Net profit/loss on EU sales (in %)	– 4,2 %	– 2,7 %	2,4 %	5,5 %	9,4 %
Employment (end of period)	10 205	9 483	9 220	8 892	8 812
Stock	179 087	206 956	219 170	215 904	213 931
Cashflow	135 463 456	45 971 825	847 696 098	450 355 017	685 492 711
ROCE (%)	– 12,4 %	– 7,7 %	8,5 %	10,6 %	21,5 %

Price comparison for 2017

Price undercutting 12,9 %

Product 12 Non Alloy and Other Alloy Merchant Bars and light Sections

Data per Calendar Year	2013	2014	2015	2016	2017
<i>Consumption (tonnes)</i>	11 891 558	12 422 902	12 297 356	12 678 733	13 617 607

Imports

Volume (tonnes)	911 115	1 219 800	1 200 627	1 400 824	1 385 829
Market share (%)	7,7 %	9,8 %	9,8 %	11,0 %	10,2 %
Unit prices (EUR/tonne)	699	657	640	531	641

Situation of EU producers

Utilisation of capacity (%)	79 %	82 %	80 %	80 %	74 %
Production (tonnes)	12 132 593	12 585 360	12 301 986	11 839 241	12 427 808
Sales volume in the EU (tonnes)	10 964 010	11 189 221	11 095 204	11 276 054	12 230 774
Market share (%)	92,2 %	90,1 %	90,2 %	88,9 %	89,8 %
Unit sales price (EUR/tonne)	632	613	573	520	592

Data per Calendar Year	2013	2014	2015	2016	2017
Net profit/loss on EU sales (in %)	2,2 %	3,4 %	2,4 %	0,8 %	3,6 %
Employment (end of period)	9 537	9 734	10 057	10 342	10 486
Stock	749 386	888 456	914 268	943 355	1 023 612
Cashflow	220 994 774	264 742 034	272 433 127	255 904 385	123 997 731
ROCE (%)	– 1,2 %	3,7 %	3,3 %	3,9 %	6,9 %

Price comparison for 2017

Price undercutting – 8,3 %

Product 13 Rebars

Data per Calendar Year	2013	2014	2015	2016	2017
<i>Consumption (tonnes)</i>	9 617 685	10 359 993	10 664 689	11 099 947	11 253 309

Imports

Volume (tonnes)	527 008	972 602	1 430 014	1 292 971	1 191 445
Market share (%)	5,5 %	9,4 %	13,4 %	11,6 %	10,6 %
Unit prices (EUR/tonne)	475	446	388	353	441

Situation of EU producers

Utilisation of capacity (%)	72 %	72 %	71 %	73 %	67 %
Production (tonnes)	13 171 558	13 019 699	12 763 140	13 191 436	12 494 712
Sales volume in the EU (tonnes)	8 906 120	9 187 941	9 019 809	9 568 119	9 848 615
Market share (%)	92,6 %	88,7 %	84,6 %	86,2 %	87,5 %
Unit sales price (EUR/tonne)	460	437	386	367	436
Net profit/loss on EU sales (in %)	– 2,0 %	– 2,5 %	– 2,6 %	3,4 %	4,8 %
Employment (end of period)	5 563	5 441	5 529	5 634	5 457
Stock	761 808	683 591	642 506	602 948	659 484
Cashflow	20 571 082	14 116 433	53 015 513	165 167 521	249 292 475
ROCE (%)	0,9 %	2,4 %	1,9 %	6,2 %	9,3 %

Price comparison for 2017

Price undercutting – 1,3 %

Product 14 Stainless Bars and light Shapes

Data per Calendar Year	2013	2014	2015	2016	2017
<i>Consumption (tonnes)</i>	526 080	593 501	593 530	630 737	632 804
<i>Imports</i>					
Volume (tonnes)	113 071	147 453	142 416	147 811	159 577
Market share (%)	21,5 %	24,8 %	24,0 %	23,4 %	25,2 %
Unit prices (EUR/tonne)	3 092	2 894	3 035	2 590	2 885
<i>Situation of EU producers</i>					
Utilisation of capacity (%)	65 %	68 %	68 %	69 %	72 %
Production (tonnes)	527 386	597 178	599 927	637 938	641 446
Sales volume in the EU (tonnes)	411 655	444 339	450 094	482 314	472 247
Market share (%)	78,2 %	74,9 %	75,8 %	76,5 %	74,6 %
Unit sales price (EUR/tonne)	2 988	2 969	2 838	2 404	2 807
Net profit/loss on EU sales (in %)	5,2 %	5,6 %	4,1 %	2,3 %	5,8 %
Employment (end of period)	3 680	3 766	3 737	3 789	3 844
Stock	83 561	91 900	89 676	90 409	90 893
Cashflow	111 869 518	142 849 693	191 511 047	155 623 001	145 832 442
ROCE (%)	1,0 %	4,3 %	1,4 %	– 0,7 %	4,9 %

Price comparison for 2017

Price undercutting

– 2,8 %

Product 15 Stainless Wire Rod

Data per Calendar Year	2013	2014	2015	2016	2017
<i>Consumption (tonnes)</i>	318 373	323 191	304 987	335 552	347 077
<i>Imports</i>					
Volume (tonnes)	52 082	71 229	57 627	58 670	62 978
Market share (%)	16,4 %	22,0 %	18,9 %	17,5 %	18,1 %
Unit prices (EUR/tonne)	2 300	2 193	2 310	1 962	2 228
<i>Situation of EU producers</i>					
Utilisation of capacity (%)	63 %	64 %	65 %	69 %	71 %
Production (tonnes)	373 010	383 586	388 273	412 892	449 392

Data per Calendar Year	2013	2014	2015	2016	2017
Sales volume in the EU (tonnes)	266 290	251 961	247 359	276 880	284 098
Market share (%)	83,6 %	78,0 %	81,1 %	82,5 %	81,9 %
Unit sales price (EUR/tonne)	2 480	2 516	2 382	2 022	2 417
Net profit/loss on EU sales (in %)	– 3,7 %	– 2,1 %	– 4,7 %	– 3,1 %	3,9 %
Employment (end of period)	1 677	1 671	1 731	1 761	1 852
Stock	24 810	28 696	31 083	31 584	43 800
Cashflow	13 022 575	18 221 077	106 175 940	84 328 053	44 337 763
ROCE (%)	– 0,7 %	2,9 %	– 1,5 %	– 2,8 %	5,5 %

Price comparison for 2017

Price undercutting

7,8 %

Product 16 Non Alloy and Other Alloy Wire Rod

Data per Calendar Year	2013	2014	2015	2016	2017
Consumption (tonnes)	18 033 534	18 249 258	18 949 497	19 375 225	20 026 426

Imports

Volume (tonnes)	1 125 730	1 289 953	1 697 912	2 000 967	2 094 274
Market share (%)	6,2 %	7,1 %	9,0 %	10,3 %	10,5 %
Unit prices (EUR/tonne)	522	504	439	392	486

Situation of EU producers

Utilisation of capacity (%)	80 %	84 %	83 %	81 %	83 %
Production (tonnes)	19 765 154	19 775 715	20 436 595	20 037 883	20 757 864
Sales volume in the EU (tonnes)	16 782 585	16 828 358	17 108 877	17 222 468	17 795 595
Market share (%)	93,1 %	92,2 %	90,3 %	88,9 %	88,9 %
Unit sales price (EUR/tonne)	509	492	443	420	505
Net profit/loss on EU sales (in %)	1,8 %	4,8 %	3,0 %	0,6 %	3,4 %
Employment (end of period)	11 561	11 598	11 881	13 068	13 058
Stock	876 450	896 633	1 120 091	974 085	954 649
Cashflow	234 768 428	424 076 182	365 467 214	287 106 970	310 381 566
ROCE (%)	1,0 %	6,9 %	2,9 %	3,9 %	6,7 %

Price comparison for 2017

Price undercutting

3,7 %

Product 17 Angles shapes and sections of iron or non alloy steel

Data per Calendar Year	2013	2014	2015	2016	2017
<i>Consumption (tonnes)</i>	6 159 135	6 544 142	6 549 935	7 205 377	7 375 383
<i>Imports</i>					
Volume (tonnes)	223 669	277 507	268 014	388 041	262 745
Market share (%)	3,6 %	4,2 %	4,1 %	5,4 %	3,6 %
Unit prices (EUR/tonne)	539	509	463	409	473
<i>Situation of EU producers</i>					
Utilisation of capacity (%)	64 %	69 %	71 %	72 %	72 %
Production (tonnes)	8 583 668	8 590 216	8 894 223	9 400 691	9 605 365
Sales volume in the EU (tonnes)	5 935 432	6 266 353	6 281 426	6 817 231	7 112 453
Market share (%)	96,4 %	95,8 %	95,9 %	94,6 %	96,4 %
Unit sales price (EUR/tonne)	471	471	449	417	463
Net profit/loss on EU sales (in %)	– 6,5 %	– 3,7 %	– 0,6 %	2,1 %	– 1,8 %
Employment (end of period)	6 212	5 685	6 006	6 264	6 096
Stock	510 927	464 184	466 561	559 452	569 947
Cashflow	– 48 381 794	7 224 031	161 157 041	150 487 051	– 18 595 244
ROCE (%)	– 6,0 %	6,3 %	1,4 %	3,9 %	0,6 %

Price comparison for 2017

Price undercutting

– 2,1 %

Product 18 Sheet piling

Data per Calendar Year	2013	2014	2015	2016	2017
<i>Consumption (tonnes)</i>	574 025	637 684	577 270	584 985	626 863
<i>Imports</i>					
Volume (tonnes)	15 870	16 503	14 051	36 970	85 054
Market share (%)	2,8 %	2,6 %	2,4 %	6,3 %	13,6 %
Unit prices (EUR/tonne)	787	765	1 126	651	629

Data per Calendar Year	2013	2014	2015	2016	2017
<i>Situation of EU producers</i>					
Utilisation of capacity (%)	78 %	82 %	76 %	82 %	81 %
Production (tonnes)	907 320	940 451	840 182	777 182	817 764
Sales volume in the EU (tonnes)	558 131	621 150	563 140	548 010	541 782
Market share (%)	97,2 %	97,4 %	97,6 %	93,7 %	86,4 %
Unit sales price (EUR/tonne)	711	697	652	623	640
Net profit/loss on EU sales (in %)	6,8 %	11,5 %	8,8 %	14,0 %	3,7 %
Employment (end of period)	949	971	951	981	995
Stock	49 762	47 610	58 744	68 417	75 616
Cashflow	58 272 442	68 732 139	63 936 644	86 404 634	40 555 786
ROCE (%)	– 9,3 %	6,8 %	6,7 %	10,3 %	1,5 %

Price comparison for 2017

Price undercutting

1,7 %

Product 20 Gas pipes

Data per Calendar Year	2013	2014	2015	2016	2017
<i>Consumption (tonnes)</i>	1 211 435	1 662 233	1 653 112	1 637 097	1 642 935
<i>Imports</i>					
Volume (tonnes)	266 467	340 051	298 103	336 050	380 257
Market share (%)	22,0 %	20,5 %	18,0 %	20,5 %	23,1 %
Unit prices (EUR/tonne)	688	649	646	566	676
<i>Situation of EU producers</i>					
Utilisation of capacity (%)	37 %	38 %	38 %	40 %	37 %
Production (tonnes)	1 053 283	1 460 549	1 471 772	1 396 933	1 392 404
Sales volume in the EU (tonnes)	944 903	1 322 070	1 354 273	1 300 727	1 262 560
Market share (%)	78,0 %	79,5 %	81,9 %	79,5 %	76,8 %
Unit sales price (EUR/tonne)	717	666	619	580	693
Net profit/loss on EU sales (in %)	0,9 %	1,3 %	2,3 %	3,9 %	0,5 %

Data per Calendar Year	2013	2014	2015	2016	2017
Employment (end of period)	552	543	548	526	509
Stock	55 178	55 305	53 434	58 081	50 697
Cashflow	15 451 286	15 884 723	16 166 705	15 309 189	20 506 964
ROCE (%)	3,7 %	3,9 %	1,1 %	1,7 %	8,7 %

Price comparison for 2017

Price undercutting 2,4 %

Product 21 Hollow sections

Data per Calendar Year	2013	2014	2015	2016	2017
Consumption (tonnes)	3 347 996	3 407 926	3 511 951	3 885 748	4 028 730

Imports

Volume (tonnes)	461 263	552 874	574 490	725 545	820 667
Market share (%)	13,8 %	16,2 %	16,4 %	18,7 %	20,4 %
Unit prices (EUR/tonne)	599	571	553	497	618

Situation of EU producers

Utilisation of capacity (%)	46 %	46 %	46 %	47 %	49 %
Production (tonnes)	3 019 375	3 019 977	3 106 261	3 333 368	3 388 786
Sales volume in the EU (tonnes)	2 882 473	2 854 843	2 936 771	3 159 965	3 207 994
Market share (%)	86,1 %	83,8 %	83,6 %	81,3 %	79,6 %
Unit sales price (EUR/tonne)	606	569	541	517	625
Net profit/loss on EU sales (in %)	– 2,7 %	– 3,9 %	– 3,3 %	0,2 %	– 0,5 %
Employment (end of period)	1 073	1 124	1 200	1 209	1 181
Stock	160 442	138 981	146 353	107 826	149 537
Cashflow	– 9 630 441	13 389 861	23 807 058	13 000 201	21 372 166
ROCE (%)	– 2,4 %	– 5,3 %	– 6,2 %	– 0,6 %	7,2 %

Price comparison for 2017

Price undercutting 1,2 %

Product 22 Seamless stainless tubes and pipes

Data per Calendar Year	2013	2014	2015	2016	2017
<i>Consumption (tonnes)</i>	96 507	101 504	97 341	96 320	95 672
<i>Imports</i>					
Volume (tonnes)	32 581	38 782	39 719	42 510	42 701
Market share (%)	33,8 %	38,2 %	40,8 %	44,1 %	44,6 %
Unit prices (EUR/tonne)	6 941	6 167	6 118	5 846	6 300
<i>Situation of EU producers</i>					
Utilisation of capacity (%)	6 %	7 %	6 %	6 %	6 %
Production (tonnes)	116 630	124 135	101 291	101 831	92 357
Sales volume in the EU (tonnes)	61 822	61 708	56 802	53 196	52 083
Market share (%)	64,1 %	60,8 %	58,4 %	55,2 %	54,4 %
Unit sales price (EUR/tonne)	7 913	7 740	8 318	7 361	7 993
Net profit/loss on EU sales (in %)	3,1 %	5,9 %	– 0,4 %	– 0,1 %	1,2 %
Employment (end of period)	11 180	11 211	10 369	9 779	9 317
Stock	7 452	9 389	10 455	8 690	11 688
Cashflow	19 858 477	10 438 041	– 48 885 671	4 038 078	– 22 872 178
ROCE (%)	22,7 %	– 4,3 %	– 58,1 %	– 33,4 %	– 50,5 %

Price comparison for 2017

Price undercutting

21,2 %

Product 23 Bearing tubes and pipes

Data per Calendar Year	2013	2014	2015	2016	2017
<i>Consumption (tonnes)</i>	68 824	72 805	67 249	59 867	65 355
<i>Imports</i>					
Volume (tonnes)	7 489	9 426	11 944	9 773	8 663
Market share (%)	10,9 %	12,9 %	17,8 %	16,3 %	13,3 %
Unit prices (EUR/tonne)	2 069	1 626	1 749	1 630	1 608
<i>Situation of EU producers</i>					
Utilisation of capacity (%)	68 %	64 %	53 %	52 %	63 %
Production (tonnes)	64 972	65 475	58 407	52 494	57 657

Data per Calendar Year	2013	2014	2015	2016	2017
Sales volume in the EU (tonnes)	61 324	63 378	55 304	50 092	56 691
Market share (%)	89,1 %	87,1 %	82,2 %	83,7 %	86,7 %
Unit sales price (EUR/tonne)	2 023	2 003	1 925	1 804	1 837
Net profit/loss on EU sales (in %)	4,6 %	4,9 %	– 6,7 %	– 9,2 %	– 1,8 %
Employment (end of period)	332	322	306	274	280
Stock	1 285	1 433	2 591	1 452	2 429
Cashflow	3 499 664	3 928 566	5 055 796	– 791 310	– 620 461
ROCE (%)	0,9 %	– 3,3 %	– 64,7 %	– 54,5 %	– 28,1 %

Price comparison for 2017

Price undercutting

12,5 %

Product 25 Large welded tubes

Data per Calendar Year	2013	2014	2015	2016	2017
Consumption (tonnes)	669 846	1 041 055	427 457	586 746	1 804 463

Imports

Volume (tonnes)	286 939	411 273	209 524	159 219	1 044 534
Market share (%)	42,8 %	39,5 %	49,0 %	27,1 %	57,9 %
Unit prices (EUR/tonne)	1 070	793	904	772	936

Situation of EU producers

Utilisation of capacity (%)	26 %	32 %	29 %	35 %	65 %
Production (tonnes)	1 333 900	1 150 000	1 034 600	1 086 300	1 500 000
Sales volume in the EU (tonnes)	382 758	624 819	216 243	426 937	759 478
Market share (%)	57,1 %	60,0 %	50,6 %	72,8 %	42,1 %
Unit sales price (EUR/tonne)	894	887	835	771	766
Net profit/loss on EU sales (in %)	3,0 %	– 6,1 %	– 2,7 %	– 0,6 %	0,0 %
Employment (end of period)	1 512	1 545	1 365	1 372	1 326
Stock	322 722	600 020	633 600	727 048	1 139 429
Cashflow	197 726 967	– 97 558 802	94 492 289	– 70 888 943	13 666 659
ROCE (%)	– 15,8 %	– 23,5 %	– 17,7 %	– 6,7 %	9,1 %

Price comparison for 2017

Price undercutting

– 22,0 %

Product 26 Other welded tubes

Data per Calendar Year	2013	2014	2015	2016	2017
<i>Consumption (tonnes)</i>	2 385 499	3 121 613	3 126 300	3 286 436	3 352 661

Imports

Volume (tonnes)	474 949	491 934	510 548	540 386	571 167
Market share (%)	19,9 %	15,8 %	16,3 %	16,4 %	17,0 %
Unit prices (EUR/tonne)	1 352	1 376	1 397	1 262	1 431

Situation of EU producers

Utilisation of capacity (%)	57 %	57 %	57 %	58 %	60 %
Production (tonnes)	2 384 152	3 166 935	3 144 492	3 190 480	3 301 195
Sales volume in the EU (tonnes)	1 907 944	2 622 348	2 588 536	2 721 349	2 765 915
Market share (%)	80,0 %	84,0 %	82,8 %	82,8 %	82,5 %
Unit sales price (EUR/tonne)	1 024	1 013	984	942	1 062
Net profit/loss on EU sales (in %)	1,2 %	2,4 %	1,7 %	4,2 %	4,3 %
Employment (end of period)	3 024	3 013	3 011	3 089	3 025
Stock	125 621	84 268	100 035	120 308	120 420
Cashflow	66 281 502	68 619 951	77 514 611	87 283 492	106 630 804
ROCE (%)	9,1 %	11,5 %	8,8 %	12,8 %	19,3 %

Price comparison for 2017

Price undercutting

– 34,8 %

Product 28 Steel Wire

Data per Calendar Year	2013	2014	2015	2016	2017
<i>Consumption (tonnes)</i>	1 318 451	1 517 192	1 480 243	1 513 248	1 505 202

Imports

Volume (tonnes)	574 083	722 773	692 918	736 623	722 858
Market share (%)	43,5 %	47,6 %	46,8 %	48,7 %	48,0 %
Unit prices (EUR/tonne)	781	729	722	626	708

Data per Calendar Year	2013	2014	2015	2016	2017
<i>Situation of EU producers</i>					
Utilisation of capacity (%)	73 %	75 %	77 %	73 %	71 %
Production (tonnes)	899 763	932 496	940 169	886 666	900 054
Sales volume in the EU (tonnes)	744 368	794 419	787 325	776 626	782 344
Market share (%)	56,5 %	52,4 %	53,2 %	51,3 %	52,0 %
Unit sales price (EUR/tonne)	940	909	840	832	905
Net profit/loss on EU sales (in %)	0,5 %	0,0 %	1,1 %	2,6 %	0,8 %
Employment (end of period)	3 387	3 395	3 429	3 459	3 408
Stock					
Cashflow	66 281 502	68 619 951	77 514 611	87 283 492	106 630 804
ROCE (%)					

Price comparison for 2017

Price undercutting

21,8 %

[illegible]

[illegible]

[illegible]

ANNEX V — *Tariff quotas*

Product Number	Order Number	Product category	CN Codes	Volume of tariff quota (net tonnes)	Additional duty rate
1	09.8501	Non Alloy and Other Alloy Hot Rolled Sheets and Strips	7208 10 00, 7208 25 00, 7208 26 00, 7208 27 00, 7208 36 00, 7208 37 00, 7208 38 00, 7208 39 00, 7208 40 00, 7208 52 99, 7208 53 90, 7208 54 00, 7211 14 00, 7211 19 00, 7212 60 00, 7225 19 10, 7225 30 10, 7225 30 30, 7225 30 90, 7225 40 15, 7225 40 90, 7226 19 10, 7226 91 20, 7226 91 91, 7226 91 99	4 269 009	25 %
2	09.8502	Non Alloy and Other Alloy Cold Rolled Sheets	7209 15 00, 7209 16 90, 7209 17 90, 7209 18 91, 7209 25 00, 7209 26 90, 7209 27 90, 7209 28 90, 7209 90 20, 7209 90 80, 7211 23 20, 7211 23 30, 7211 23 80, 7211 29 00, 7211 90 20, 7211 90 80, 7225 50 20, 7225 50 80, 7226 20 00, 7226 92 00	1 318 865	25 %
3	09.8503	Electrical Sheets (other than GOES)	7209 16 10, 7209 17 10, 7209 18 10, 7209 26 10, 7209 27 10, 7209 28 10, 7225 19 90, 7226 19 80	178 704	25 %
4	09.8504	Metallic Coated Sheets	7210 20 00, 7210 30 00, 7210 41 00, 7210 49 00, 7210 61 00, 7210 69 00, 7210 90 80, 7212 20 00, 7212 30 00, 7212 50 20, 7212 50 30, 7212 50 40, 7212 50 61, 7212 50 69, 7212 50 90, 7225 91 00, 7225 92 00, 7226 99 10, 7226 99 30, 7226 99 70	2 115 054	25 %
5	09.8505	Organic Coated Sheets	7210 70 80, 7212 40 80	414 324	25 %
6	09.8506	Tin Mill products	7209 18 99, 7210 11 00, 7210 12 20, 7210 12 80, 7210 50 00, 7210 70 10, 7210 90 40, 7212 10 10, 7212 10 90, 7212 40 20	367 470	25 %
7	09.8507	Non Alloy and Other Alloy Quarto Plates	7208 51 20, 7208 51 91, 7208 51 98, 7208 52 91, 7208 90 20, 7208 90 80, 7210 90 30, 7225 40 12, 7225 40 40, 7225 40 60, 7225 99 00	1 442 988	25 %
8	09.8508	Stainless Hot Rolled Sheets and Strips	7219 11 00, 7219 12 10, 7219 12 90, 7219 13 10, 7219 13 90, 7219 14 10, 7219 14 90, 7219 22 10, 7219 22 90, 7219 23 00, 7219 24 00, 7220 11 00, 7220 12 00	193 049	25 %
9	09.8509	Stainless Cold Rolled Sheets and Strips	7219 31 00, 7219 32 10, 7219 32 90, 7219 33 10, 7219 33 90, 7219 34 10, 7219 34 90, 7219 35 10, 7219 35 90, 7219 90 20, 7219 90 80, 7220 20 21, 7220 20 29, 7220 20 41, 7220 20 49, 7220 20 81, 7220 20 89, 7220 90 20, 7220 90 80	476 161	25 %

Product Number	Order Number	Product category	CN Codes	Volume of tariff quota (net tonnes)	Additional duty rate
12	09.8512	Non Alloy and Other Alloy Merchant Bars and Light Sections	7214 30 00, 7214 91 10, 7214 91 90, 7214 99 31, 7214 99 39, 7214 99 50, 7214 99 71, 7214 99 79, 7214 99 95, 7215 90 00, 7216 10 00, 7216 21 00, 7216 22 00, 7216 40 10, 7216 40 90, 7216 50 10, 7216 50 91, 7216 50 99, 7216 99 00, 7228 10 20, 7228 20 10, 7228 20 91, 7228 30 20, 7228 30 41, 7228 30 49, 7228 30 61, 7228 30 69, 7228 30 70, 7228 30 89, 7228 60 20, 7228 60 80, 7228 70 10, 7228 70 90, 7228 80 00	728 270	25 %
13	09.8513	Rebars	7214 20 00, 7214 99 10	714 964	25 %
14	09.8514	Stainless Bars and Light Sections	7222 11 11, 7222 11 19, 7222 11 81, 7222 11 89, 7222 19 10, 7222 19 90, 7222 20 11, 7222 20 19, 7222 20 21, 7222 20 29, 7222 20 31, 7222 20 39, 7222 20 81, 7222 20 89, 7222 30 51, 7222 30 91, 7222 30 97, 7222 40 10, 7222 40 50, 7222 40 90	82 156	25 %
15	09.8515	Stainless Wire Rod	7221 00 10, 7221 00 90	32 744	25 %
16	09.8516	Non Alloy and Other Alloy Wire Rod	7213 10 00, 7213 20 00, 7213 91 10, 7213 91 20, 7213 91 41, 7213 91 49, 7213 91 70, 7213 91 90, 7213 99 10, 7213 99 90, 7227 10 00, 7227 20 00, 7227 90 10, 7227 90 50, 7227 90 95	1 058 110	25 %
17	09.8517	Angles, Shapes and Sections of Iron or Non Alloy Steel	7216 31 10, 7216 31 90, 7216 32 11, 7216 32 19, 7216 32 91, 7216 32 99, 7216 33 10, 7216 33 90	167 817	25 %
18	09.8518	Sheet Piling	7301 10 00	24 854	25 %
20	09.8520	Gas pipes	7306 30 41, 7306 30 49, 7306 30 72, 7306 30 77	185 280	25 %
21	09.8521	Hollow sections	7306 61 10, 7306 61 92, 7306 61 99	387 343	25 %
22	09.8522	Seamless Stainless Tubes and Pipes	7304 11 00, 7304 22 00, 7304 24 00, 7304 41 00, 7304 49 10, 7304 49 93, 7304 49 95, 7304 49 99	22 818	25 %
23	09.8523	Bearing Tubes and Pipes	7304 51 12, 7304 51 18, 7304 59 32, 7304 59 38	5 549	25 %
25	09.8525	Large welded tubes	7305 11 00, 7305 12 00, 7305 19 00, 7305 20 00, 7305 31 00, 7305 39 00, 7305 90 00	258 133	25 %
26	09.8526	Other Welded Pipes	7306 11 10, 7306 11 90, 7306 19 10, 7306 19 90, 7306 21 00, 7306 29 00, 7306 30 11, 7306 30 19, 7306 30 80, 7306 40 20, 7306 40 80, 7306 50 20, 7306 50 80, 7306 69 10, 7306 69 90, 7306 90 00	296 274	25 %

Product Number	Order Number	Product category	CN Codes	Volume of tariff quota (net tonnes)	Additional duty rate
28	09.8528	Non Alloy Wire	7217 10 10, 7217 10 31, 7217 10 39, 7217 10 50, 7217 10 90, 7217 20 10, 7217 20 30, 7217 20 50, 7217 20 90, 7217 30 41, 7217 30 49, 7217 30 50, 7217 30 90, 7217 90 20, 7217 90 50, 7217 90 90	393 031	25 %

DECISIONS

COUNCIL DECISION (EU, Euratom) 2018/1014

of 13 July 2018

appointing a member, proposed by the Republic of Austria, of the European Economic and Social Committee

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 302 thereof,

Having regard to the Treaty establishing the European Atomic Energy Community, and in particular Article 106a thereof,

Having regard to the proposal of the Austrian Government,

Having regard to the opinion of the European Commission,

Whereas:

- (1) On 18 September 2015 and 1 October 2015, the Council adopted Decisions (EU, Euratom) 2015/1600 ⁽¹⁾ and (EU, Euratom) 2015/1790 ⁽²⁾ appointing the members of the European Economic and Social Committee for the period from 21 September 2015 to 20 September 2020.
- (2) A member's seat on the European Economic and Social Committee has become vacant following the end of the term of office of Mr Thomas DELAPINA,

HAS ADOPTED THIS DECISION:

Article 1

Ms Judith VORBACH, *EU-Referentin der Arbeiterkammer Oberösterreich*, is hereby appointed as a member of the European Economic and Social Committee for the remainder of the current term of office, which runs until 20 September 2020.

Article 2

This Decision shall enter into force on the date of its adoption.

Done at Brussels, 13 July 2018.

For the Council

The President

H. LÖGER

⁽¹⁾ Council Decision (EU, Euratom) 2015/1600 of 18 September 2015 appointing the members of the European Economic and Social Committee for the period from 21 September 2015 to 20 September 2020 (OJ L 248, 24.9.2015, p. 53).

⁽²⁾ Council Decision (EU, Euratom) 2015/1790 of 1 October 2015 appointing the members of the European Economic and Social Committee for the period from 21 September 2015 to 20 September 2020 (OJ L 260, 7.10.2015, p. 23).

COUNCIL DECISION (EU) 2018/1015**of 13 July 2018****appointing two members and three alternate members, proposed by the Grand Duchy of Luxembourg, of the Committee of the Regions**

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 305 thereof,

Having regard to the proposal of the Luxembourg Government,

Whereas:

- (1) On 26 January 2015, 5 February 2015 and 23 June 2015, the Council adopted Decisions (EU) 2015/116 ⁽¹⁾, (EU) 2015/190 ⁽²⁾ and (EU) 2015/994 ⁽³⁾ appointing the members and alternate members of the Committee of the Regions for the period from 26 January 2015 to 25 January 2020.
- (2) Two members' seats on the Committee of the Regions have become vacant following the end of the term of office of Ms Agnès DURDU and Mr Marc SCHAEFER.
- (3) Two alternate members' seats on the Committee of the Regions have become vacant following the end of the term of office of Ms Martine MERGEN and Mr Pierre WIES.
- (4) An alternate member's seat has become vacant following the appointment of Mr Tom JUNGEN as a member of the Committee of the Regions,

HAS ADOPTED THIS DECISION:

Article 1

The following are hereby appointed to the Committee of the Regions for the remainder of the current term of office, which runs until 25 January 2020:

(a) as members:

- Mr Tom JUNGEN, *Maire de la Commune de Roeser*,
- Ms Romy KARIER, *Conseiller communal de la Commune de Clervaux*;

(b) as alternate members:

- Mr Jeff FELLER, *Echevin de la Commune de la Vallée de l'Ernz*,
- Ms Liane FELTEN, *Conseiller communal de la Commune de Grevenmacher*,
- Ms Cécile HEMMEN, *Maire de la Commune de Weiler-la-Tour*.

Article 2

This Decision shall enter into force on the date of its adoption.

Done at Brussels, 13 July 2018.

For the Council

The President

H. LÖGER

⁽¹⁾ Council Decision (EU) 2015/116 of 26 January 2015 appointing the members and alternate members of the Committee of the Regions for the period from 26 January 2015 to 25 January 2020 (OJ L 20, 27.1.2015, p. 42).

⁽²⁾ Council Decision (EU) 2015/190 of 5 February 2015 appointing the members and alternate members of the Committee of the Regions for the period from 26 January 2015 to 25 January 2020 (OJ L 31, 7.2.2015, p. 25).

⁽³⁾ Council Decision (EU) 2015/994 of 23 June 2015 appointing the members and alternate members of the Committee of the Regions for the period from 26 January 2015 to 25 January 2020 (OJ L 159, 25.6.2015, p. 70).

COUNCIL IMPLEMENTING DECISION (CFSP) 2018/1016
of 17 July 2018
implementing Decision (CFSP) 2016/849 concerning restrictive measures against the Democratic
People's Republic of Korea

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on European Union, and in particular Article 31(2) thereof,

Having regard to Council Decision (CFSP) 2016/849 of 27 May 2016 concerning restrictive measures against the Democratic People's Republic of Korea and repealing Decision 2013/183/CFSP ⁽¹⁾, and in particular Article 33(1) thereof,

Having regard to the proposal from the High Representative of the Union for Foreign Affairs and Security Policy,

Whereas:

- (1) On 27 May 2016, the Council adopted Decision (CFSP) 2016/849.
- (2) On 9 July 2018, the United Nations Security Council ('UNSC') Committee established pursuant to UNSC Resolution 1718 (2006) amended the listing of an individual and an entity subject to restrictive measures.
- (3) Annex I to Decision (CFSP) 2016/849 should therefore be amended accordingly,

HAS ADOPTED THIS DECISION:

Article 1

Annex I to Decision (CFSP) 2016/849 is amended as set out in the Annex to this Decision.

Article 2

This Decision shall enter into force on the date of its publication in the *Official Journal of the European Union*.

Done at Brussels, 17 July 2018.

For the Council
The President
G. BLÜMEL

⁽¹⁾ OJ L 141, 28.5.2016, p. 79.

ANNEX

1. In Annex I to Decision (CFSP) 2016/849, entry 4 under the heading 'A. Persons' is replaced by the following:

'4.	Ri Hong-sop		1940	16.7.2009	Former director, Yongbyon Nuclear Research Centre, and Head of Nuclear Weapons Institute, oversaw three core facilities that assist in the production of weapons-grade plutonium: the Fuel Fabrication Facility, the Nuclear Reactor, and the Reprocessing Plant.'
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2. In Annex I to Decision (CFSP) 2016/849, entry 28 under the heading 'B. Entities' is replaced by the following:

'28.	Munitions Industry Department	Military Supplies Industry Department	Pyongyang, DPRK	2.3.2016	The Munitions Industry Department is involved in key aspects of the DPRK's missile programme. MID is responsible for overseeing the development of the DPRK's ballistic missiles, including the Taepo Dong-2. The MID oversees the DPRK's weapons production and R & D programmes, including the DPRK's ballistic missile programme. The Second Economic Committee and the Second Academy of Natural Sciences — also designated in August 2010 — are subordinate to the MID. The MID in recent years has worked to develop the KN08 road-mobile ICBM. The MID oversees the DPRK's nuclear programme. The Nuclear Weapons Institute is subordinate to the MID.'
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