Commission Implementing Regulation (EU) 2019/1693 of 9 October 2019 imposing a provisional anti-dumping duty on imports of steel road wheels originating in the People's Republic of China

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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)], and in particular Article 7 thereof,

After consulting the Member States,

Whereas:

1. PROCEDURE

1.1. Initiation

(1) On 15 February 2019, the European Commission ('the Commission') initiated an anti-dumping investigation with regard to imports into the Union of steel road wheels ('SRW') originating in the People's Republic of China ('PRC' or 'the country concerned') on the basis of Article 5 of Regulation (EU) 2016/1036 ('the basic Regulation'). It published a Notice of Initiation in the *Official Journal of the European Union*[(2)] ('Notice of Initiation').

(2) The Commission initiated the investigation following a complaint lodged on 3 January 2019 by the Association of European Wheels Manufacturers ('EUWA' or 'the complainant') on behalf of producers representing more than 25 % of the total Union production of steel road wheels. The complaint contained evidence of dumping and of resulting material injury that was sufficient to justify the initiation of the investigation.

(3) Following the Notice of Initiation the Commission received a number of questions and comments concerning the definition of the product concerned. In this respect, the Commission clarified the product scope in the notice amending the Notice of Initiation[(3)].

(4) Pursuant to Article 14(5a) of the basic Regulation, the Commission shall register imports subject to an anti-dumping investigation during the period of pre-disclosure unless it has sufficient evidence that certain requirements are not met. One of these requirements, as mentioned in Article 10(4)(d) of the basic Regulation, is that there is a further substantial rise in imports in addition to the level of imports which

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caused injury during the investigation period. According to Eurostat data, imports in kilograms of SRW from the PRC declined during the first four months following the initiation of the investigation (i.e. from March 2019 to June 2019) by 72 % as compared with the same period in 2018 and by 74 % in relation to the four months average during the investigation period (2018 — see recital (23)). The Commission further observes that the import volumes of the product concerned according to Surveillance 2 database show a similar strong decrease in imports. Therefore, the Commission did not make imports of the product concerned subject to registration under Article 14(5a) of the basic Regulation as the second substantive condition of Article 10(4), i.e. a further substantial rise in imports, was not met.

1.2. **Interested parties**

(5) 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 complainant, other known Union producers, the known exporting producers and the PRC authorities, known importers and users about the initiation of the investigation and invited them to participate.

(6) Interested parties had the 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.

1.3. **Sampling**

(7) In the Notice of Initiation, the Commission stated that it might sample the interested parties in accordance with Article 17 of the basic Regulation.

1.3.1. *Sampling of Union producers*

(8) In the Notice of Initiation, the Commission stated that it had decided to limit its investigation to a reasonable number the Union producers by applying sampling, and that it had provisionally selected a sample of Union producers. The Commission selected the sample on the basis of the information available to the Commission at initiation stage. It was based on the volume of production and sales of the like product in the EU during the investigation period. This sample consisted of three Union producers. The sampled Union producers, located in three different Member States, accounted for over 35 % of the estimated total EU production and sales volume of the like product. The Commission invited interested parties to comment on the provisional sample. Only EUWA made comments and asked for the inclusion of an additional company in order to improve the representativity of the sample. Following these comments, the Commission decided to add one company. However, that Union producer refused to co-operate with the investigation. The provisional sample consisting of three Union producers was thus confirmed. The sample is representative of the Union industry.

(9) The sampled Union producers as well as the other Union producers participating in this investigation have requested the Commission that their identity is kept confidential throughout the proceeding, pursuant to Article 19 of the basic Regulation, on grounds of a fear of retaliatory measures by some of their customers. The

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Commission, based on good cause shown in the request, accepted to grant anonymity to the Union producers.

1.3.2. *Sampling of importers*

(10) 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.

(11) Two unrelated importers provided the requested information. In view of the low number, the Commission decided that sampling was not necessary.

1.3.3. *Sampling of exporting producers in the PRC*

(12) To decide whether sampling was necessary and, if so, to select a sample, the Commission asked all exporting producers in 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.

(13) Twenty-seven companies in the country concerned provided the requested information and agreed to be included in the sample. The Commission found twenty exporting producers/groups of exporting producers to be admissible to the sample. Seven producers reported no exports of the product concerned to the EU during the investigation period and therefore were not considered admissible to the sample. In accordance with Article 17(1) of the basic Regulation, the Commission selected a sample of three companies, which could reasonably be investigated within the time available. The basis for the selection of the sample were the largest volumes of exports to the Union but consideration was also given to covering in the sample all types of SRW (SRW used for passenger and commercial purposes).

(14) In accordance with Article 17(2) of the basic Regulation, all known exporting producers concerned, and the authorities of the country concerned, were consulted on the selection of the sample. No comments were made.

(15) Subsequently, one of the sampled companies refused to cooperate and was replaced by the next largest exporting producer.

(16) Following the verification visit, given the significant shortcomings of the information provided by one sampled exporting producer, the Commission decided to disregard this information on the basis of Article 18(1) of the basic Regulation[(4)].

(17) Furthermore, as a result of the exclusion of certain types of products from the scope of this investigation as set out in Section 2.3 below, one of the cooperating sampled exporting producers was no longer concerned by this investigation.

(18) As a result of the above, the sample was reduced to only one company, covering around 20 % of the Chinese exports of the product concerned to the Union in the investigation period. Taking into account the degree of non-cooperation in the sample and insufficient time to select a new sample, the Commission provisionally

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decided on the basis of Article 17(4) of the basic Regulation to apply the relevant provisions of Article 18 of the basic Regulation.

1.4. **Individual examination**

(19) Originally, ten of the exporting producers that returned the sampling form requested individual examination under Article 17(3) of the basic Regulation. The Commission made the questionnaire available online on the day of the initiation. Moreover, when announcing the sample, the Commission informed the exporting producers that were not sampled that they were required to provide a questionnaire reply if they wished to be examined individually. However, none of the companies followed with a submission of the questionnaire reply. Therefore, no individual examination was granted.

1.5. **Questionnaire replies and verification visits**

(20) The Commission sent a questionnaire concerning the existence of significant distortions in PRC within the meaning of Article 2(6a)(b) of the basic Regulation to the Government of the People's Republic of China ('GOC'). The questionnaires for the Union producers, importers, users, and exporting producers were made available online[(5)] on the day of initiation.

(21) Questionnaire replies were received from the three sampled Union producers and the three sampled exporting producers. One unrelated importer provided the Commission with a questionnaire reply; however, that reply was incomplete and the party stopped its cooperation with the investigation when it was requested to further complete its questionnaire reply. No reply was received from the GOC.

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

Union producers

— Company C, European Union;

— Company E, European Union;

— Company H, European Union.

Association of Union producers

— EUWA, Brussels, Belgium;

Exporting producers in the PRC

— Hangtong Group:

  — Zhejiang Hangtong Machinery Manufacture Co., Ltd. (producer), Taizhou, China;

  — Ningbo Hi-Tech Zone Tongcheng Auto Parts Co., Ltd. (trader), Ningbo, China;

— Ningbo Wheelsky Company Limited (off shore trader), Ningbo, China;

— Xingmin Group:

— Xingmin Intelligent Transportation Systems Co., Ltd. (exporting producer), Longkou, China;

— Tangshan Xingmin Wheels Co., Ltd. (producer), Tangshan, China;

— Xianning Xingmin Wheels Co., Ltd. (producer), Xianning, China.

1.6. **Investigation period and period considered**

(23) The investigation of dumping and injury covered the period from 1 January 2018 to 31 December 2018 ('the investigation period'). The examination of trends relevant for the assessment of injury covered the period from 1 January 2015 to the end of the investigation period ('the period considered').

1.7. **Procedure for the determination of the normal value under Article 2(6a) of the basic Regulation**

(24) In view of the sufficient evidence available at the initiation of the investigation pointing to the existence of significant distortions within the meaning of point (b) of Article 2(6a) of the basic Regulation, the Commission considered it appropriate to initiate the investigation having regard to Article 2(6a) of the basic Regulation.

(25) Consequently, in order to collect the necessary data for the eventual application of Article 2(6a) of the basic Regulation, in the Notice of Initiation the Commission invited all exporting producers in the country concerned to provide the information requested in Annex III to the Notice of the Initiation regarding the inputs used for producing SRW. Twenty-three exporting producers submitted the relevant information.

(26) In order to obtain information it deemed necessary for its investigation with regard to the alleged significant distortions within the meaning of point (b) of Article 2(6a) of the basic Regulation, the Commission also sent a questionnaire to the GOC. No reply was received from the GOC. Subsequently, the Commission informed the GOC that it would use facts available within the meaning of Article 18 of the basic Regulation for the determination of the existence of the significant distortions in the PRC.

(27) In the Notice of Initiation, the Commission also invited all interested parties to make their views known, submit information and provide supporting evidence regarding the appropriateness of the application of Article 2(6a) of the basic Regulation within 37 days of the date of publication of this Notice in the Official Journal of the European Union. One exporting producer made comments on the existence of significant distortions.

(28) In the Notice of Initiation, the Commission also specified that, in view of the evidence available, it may need to select an appropriate representative country pursuant to Article 2(6a)(a) of the basic Regulation for the purpose of determining the normal value based on undistorted prices or benchmarks.