Commission Implementing Regulation (EU) 2015/763 of 12 May 2015 imposing a provisional anti-dumping duty on imports of certain grain-oriented flat-rolled products of silicon-electrical steel originating in the People's Republic of China, Japan, the Republic of Korea, the Russian Federation and the United States of America

COMMISSION IMPLEMENTING REGULATION (EU) 2015/763

of 12 May 2015

imposing a provisional anti-dumping duty on imports of certain grain-oriented flat-rolled products of silicon-electrical steel originating in the People's Republic of China, Japan, the Republic of Korea, the Russian Federation and the United States of America

THE EUROPEAN COMMISSION,

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

Having regard to Council Regulation (EC) No 1225/2009 of 30 November 2009 on protection against dumped imports from countries not members of the European Community[(1)] (‘the basic Regulation’), and in particular Article 7(4) thereof,

After consulting the Member States,

Whereas:

1. PROCEDURE

1.1. Initiation

(1) On 14 August 2014, the European Commission (‘the Commission’) initiated an anti-dumping investigation regarding imports into the Union of grain-oriented flat-rolled products of silicon-electrical steel (‘GOES’) originating in the People's Republic of China (‘PRC’), Japan, the Republic of Korea (‘Korea’), the Russia Federation (‘Russia’) and the United States of America (‘USA’) (together, referred to as ‘the countries concerned’) on the basis of Article 5 of the basic Regulation). It published a Notice of Initiation in the *Official Journal of the European Union*[(2)] (‘the Notice of Initiation’).

(2) The proceeding was initiated following a complaint lodged on 30 June 2014 by the European Steel Association (‘Eurofer’ or ‘the complainant’) on behalf of producers representing more than 25 % of the total Union production of GOES. In this case all known producers in the Union during the investigation period constituted as such the ‘Union industry’. The complaint contained prima facie evidence of dumping of the said product and of resulting material injury that was sufficient to justify the initiation of the investigation.

(3) On 16 February 2015 the complainant requested the registration of imports under Article 14(5) of the basic Regulation with a view to the possible retroactive collection of duties under Article 10(4) of the basic Regulation. A number of interested

Changes to legislation: *There are currently no known outstanding effects for the Commission Implementing Regulation (EU) 2015/763. (See end of Document for details)*

parties claimed that the conditions for registration did not exist in this case and that the retroactive collection of duties would seriously harm the interests of EU transformer makers at no benefit to the Union industry. On 14 April 2015, the complainant informed the Commission that they withdrew their request for registration.

1.2. **Interested parties**

(4) The Commission advised the complainant, the known exporting producers and the authorities of the countries concerned, known importers, suppliers and users, traders, as well as associations known to be concerned of the initiation of the investigation. It informed interested parties in the Notice of Initiation that it had provisionally chosen the Republic of Korea as a third market economy country ('analogue country') within the meaning of Article 2(7)(a) of the basic Regulation and invited comments on this choice.

(5) Interested parties were given the opportunity to make their views known in writing and to request a hearing within the time limit set out in the notice of initiation. All interested parties who so requested and showed that there were particular reasons why they should be heard were granted a hearing.

1.3. **Sampling**

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

(7) No sampling was necessary for the Union producers, since the known (six) Union producers represent 100 % of the total Union production of the like product.

(a) *Sampling of importers*

(8) The Commission asked unrelated importers to provide the information specified in the Notice of Initiation in order to decide whether sampling was necessary and, if so, to select a sample.

(9) Two unrelated importers provided the requested information and agreed to be included in the sample. In view of the limited number of cooperating importers, the Commission decided that sampling was not necessary.

(b) *Sampling of exporting producers*

(10) The Commission asked all exporting producers in the countries concerned to provide the information specified in the Notice of Initiation in order to decide whether sampling was necessary and, if so, to select a sample. In addition, the Commission asked the authorities of the countries concerned to identify and/or contact other exporting producers, if any, that could be interested in participating in the investigation.

(11) Seven exporting producers or groups of exporting producers, of which not more than two companies from each of the countries concerned, provided the requested information and agreed to be included in the sample. In view of the low number

***Changes to legislation:** There are currently no known outstanding effects for the Commission Implementing Regulation (EU) 2015/763. (See end of Document for details)*

of cooperating exporting producers, the Commission decided that sampling was not necessary with respect to any of the countries concerned.

1.4. **Market economy treatment claim forms**

(12) For the purposes of Article 2(7)(b) of the basic Regulation, the Commission sent market economy treatment claim forms to the authorities and to the cooperating exporting producers in the PRC. Neither of the cooperating exporting producers claimed market economy treatment.

1.5. **Replies to the questionnaire**

(13) The Commission sent questionnaires to all parties known to be concerned and to all other companies that made themselves known within the deadlines set out in the Notice of Initiation. Questionnaire replies were received from all known (six) Union producers, ten users and two importers not related to an exporting producer in the countries concerned. Two exporting producers in the PRC, one exporting producer in Korea, two exporting producers in Japan, one exporting producer group in Russia and one exporting producer from the USA also provided questionnaire replies.

1.6. **Verification visits**

(14) The Commission carried out verification visits under Article 16 of the basic Regulation at the following companies:

— Union producers:
  — ThyssenKrupp Electrical Steel UGO SAS, Isbergues, France
  — ThyssenKrupp Electrical Steel GmbH, Gelsenkirchen, Germany
  — Tata Steel UK Limited (Orb Electrical Steels), Newport, United Kingdom[(3)]
  — Stalprodukt s.a., Bochnia, Poland
  — ArcelorMittal Frýdek-Místek a.s., Frýdek-Místek; Czech Republic
— Unrelated Importers in the Union:
  — Hyundai Corporation Europe GmbH, Schwalbach am Taunus, Germany
  — Siecop Europe GmbH, Duisburg, Germany
— Users in the Union:
  — Siemens Aktiengesellschaft, Munchen, Germany
  — Legnano Teknoelectric Company S.p.A., San Giorgio su Legnano (MI), Italy
  — ABB AB, Córdoba, Spain
  — SGB-Smit Group, Regensburg, Germany
  — Končar — Distribution and Special Transformers, Inc., Zagreb, Croatia
  — Alstom Grid UK Limited, Stafford, UK
— Exporting producers in the countries concerned:

Changes to legislation: *There are currently no known outstanding effects for the Commission Implementing Regulation (EU) 2015/763. (See end of Document for details)*

- Baoshan Iron & Steel Co., Ltd ('Baosteel'), Shanghai, PRC
- Wuhan Iron & Steel Co., Ltd, ('WISCO') Wuhan, PRC
- JFE Steel Corporation, Tokyo, Japan
- Nippon Steel & Sumitomo Metal Corporation, Tokyo, Japan
- POSCO, and its related companies POSCO TMC, POSCO Koha and DWIC, Seoul, Korea
- OJSC Novolipetsk Steel, Lipetsk and VIZ Steel, Ekaterinburg, Russia (part of NLMK Group)
- AK Steel Corporation, Ohio, USA

— Related importer/traders:

- Novex Trading (Swiss) S.A. (part of NLMK Group), Switzerland
- Wisco Europe, Germany
- Baosteel Germany, Germany
- Baosteel Italy, Italy
- DWIC Germany (part of POSCO group), Germany
- DWIC Italy (part of POSCO group), Italy

1.7. **Investigation period and period considered**

(15) The investigation of dumping and injury covered the period from 1 July 2013 to 30 June 2014 ('the investigation period'). The examination of trends relevant for the assessment of injury covered the period from 1 January 2011 to the end of the investigation period ('the period considered').

2. PRODUCT CONCERNED AND LIKE PRODUCT

2.1. Product concerned

(16) The product concerned is grain-oriented flat-rolled products of silicon-electrical steel, of a thickness of more than 0,16 mm originating in the PRC, Japan, Korea, Russia and the USA, currently falling within CN codes ex 7225 11 00 and ex 7226 11 00 ('the product concerned').

(17) GOES is produced from hot-rolled coils of silicon alloyed steel of different thicknesses of which the grain structure is uniformly directed in order to allow for magnetic conductivity with a high degree of efficiency. Inefficiencies with regard to conductivity are called 'core loss', which is the prime indicator of the quality of the product and which is expressed in W/kg. GOES can be produced as high permeability GOES and as regular or conventional GOES. The high permeability types allow achieving lower core losses for any given thickness of the sheets. Moreover, high permeability types can be produced as domain refined ('DR') with even have lower core losses as a result of scribing thin lines onto the surface of the steel.

(18) Despite the differences in permeability, thickness and width, all types of the product concerned share basically the same basic physical characteristics and have essentially the same basic use.

***Changes to legislation:** There are currently no known outstanding effects for the Commission Implementing Regulation (EU) 2015/763. (See end of Document for details)*

(19) GOES is mainly used in electrical equipment where the magnetic flux can be constrained to align in the 'oriented' direction, such as when electrical energy is transmitted across large distances. Accordingly, the product concerned is used as the core material in power and distribution transformers.

(20) GOES is also used in shunt reactors, which are used in high voltage energy transmission systems to stabilise the voltage during load variations. The product concerned may also be used in equipment having smaller transformers, including appliances and aerospace, aeronautical and electronic equipment. GOES may further be used in large, high-performance generators when the design permits the directional magnetic characteristics to be used efficiently.

(21) GOES that is 0,16 mm thick or less does not form part of the product concerned. These thin GOES are typically found in the aircraft and medical engineering industries. Thin GOES is produced from ordinary GOES sheets from which the mill coating is removed and the sheets are re-rolled, re-annealed and recoated. According to the complainants only a very small amount of thin GOES may have been imported into the Union from the countries concerned.

2.2. **Like product**

(22) 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 Russia, Korea, Japan, the PRC and the USA;

(c) the product produced and sold in the Union by the Union industry.

(23) The Commission provisionally decided therefore that these products are like products within the meaning of Article 1(4) of the basic Regulation.

2.3. **Claims and clarifications regarding product scope**

(24) Two exporting producers requested that sheets of GOES cut to shape to be used in transformers, known in the industry as 'laminations', be excluded from the product scope. They claimed that the product concerned is produced (and sold) in coils or straight lengths as requested by their customers, whereas laminations do not share these characteristics.

(25) The Commission agreed that laminations fall outside the product scope since they have already the features that make them identifiable as a part of a transformer, such as specific shapes, sizes and holes. As such, they are no longer simple flat-rolled products. These laminations also fall under a different CN code.

(26) Three exporting producers and one user claimed that high permeability and/or DR types with a core loss of 0,90 W/kg or less should be excluded from the scope of the investigation. They argued that the product types with the lowest core losses have