# Council Implementing Regulation (EU) No 215/2013 of 11 March 2013 imposing a countervailing duty on imports of certain organic coated steel products originating in the People's Republic of China

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## imposing a countervailing duty on imports of certain organic coated steel products originating in the People's Republic of China

THE COUNCIL OF THE EUROPEAN UNION,

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

Having regard to Council Regulation (EC) No 597/2009 on protection against subsidised imports from countries not members of the European Community[(1)], and in particular Article 17 thereof,

Having regard to the proposal from the European Commission,

Whereas:

1. **PROCEDURE**

1.1. *INITIATION*

(1) On 22 February 2012, the European Commission ("Commission") announced by a notice published in the *Official Journal of the European Union*[(2)] ('Notice of initiation'), the initiation of an anti-subsidy proceeding with regard to imports into the Union of certain organic coated steel products originating in the People's Republic of China ('PRC' or the 'country concerned').

(2) The anti-subsidy proceeding was initiated following a complaint lodged on 9 January 2012 by EUROFER ('the complainant') on behalf of producers representing in this case more than 70 % of the total Union production of certain organic coated steel products. The complaint contained prima facie evidence of subsidisation of the said product and of material injury resulting therefrom, which was considered sufficient to justify the initiation of a proceeding.

(3) Prior to the initiation of the proceeding and in accordance with Article 10(7) of the basic Regulation, the Commission notified the Government of the PRC ('the GOC') that it had received a properly documented complaint alleging that subsidised imports of certain organic coated steel products originating in the PRC were causing material injury to the Union industry. The GOC was invited for consultations with the aim of clarifying the situation as regards the contents of the complaint and arriving at a mutually agreed solution. The GOC accepted the offer of consultations and consultations were subsequently held. During the consultations, no mutually agreed solution could be arrived at. However, due note was taken of comments made by the

authorities of the GOC in regard to the allegations contained in the complaint regarding the lack of countervailability of the schemes. Following the consultations, submissions were received from the GOC.

1.2. *ANTI-DUMPING PROCEEDING*

(4) On 21 December 2011, the European Commission announced by a notice published in the *Official Journal of the European Union*[(3)], the initiation of an anti-dumping proceeding concerning imports into the Union of certain organic coated steel products originating in the PRC.

(5) On 20 September 2012, the Commission, by Regulation (EU) No 845/2012[(4)], imposed a provisional anti-dumping duty on imports of certain organic coated steel products originating in the PRC.

(6) The injury analyses performed in this anti-subsidy and the parallel anti-dumping investigation are identical, since the definition of the Union industry, the representative Union producers and the investigation period are the same in both investigations. For this reason, comments on injury aspects put forward in any of these proceedings were taken into account in both proceedings.

1.3. *PARTIES CONCERNED BY THE PROCEEDING*

(7) The Commission officially advised the complainants, other known Union producers, the known exporting producers in the PRC, importers, traders, users, suppliers and associations known to be concerned, and the representatives of the PRC of the initiation of the proceeding. Interested parties were given the opportunity to make their views known in writing and to request a hearing within the time limit set in the notice of initiation.

(8) In view of the apparent high number of exporting producers, Union producers and unrelated importers, all known exporting producers and unrelated importers were asked to make themselves known to the Commission and to provide, as specified in the notice of initiation, basic information on their activities related to the product concerned during the period from 1 October 2010 to 30 September 2011. This information was requested under Article 27 of the basic Regulation in order to enable the Commission to decide whether sampling would be necessary and if so, to select samples. The authorities of the PRC were also consulted.

(9) Initially 19 Chinese exporting producers/groups of producers provided the requested information and agreed to be included in a sample. On the basis of the information received from the exporting producers and in accordance with Article 27 of the basic Regulation the Commission initially proposed a sample of 3 exporting producers/groups of exporting producers. However one of the exporting producers included in this sample withdrew its cooperation. Consequently it was replaced with the next exporting producer with the highest volume of exports sales to the Union. Following the notification also this exporting producer withdrew its cooperation.

(10) In order not to cause any further delay to the proceeding it was decided to limit the sample to two groups of exporting producers, which had the highest export volume to the Union, i.e. Zhangjiagang Panhua Steel Strip Co., Ltd and its related companies and Zhejiang Huadong Light Steel Building Material Co., Ltd and its related companies. The sample of these two groups of exporting producers serves as the basis to determine the level of subsidisation for those groups as well as the level of subsidisation for all cooperating exporting producers not included in the sample, as required by Articles 15.2 and 15.3 of the basic Regulation.

(11) As regards the Union producers, the Commission announced in the notice of initiation that it had provisionally selected a sample of Union producers. This sample consisted of six Union producers that were known to the Commission to produce the like product selected on the basis of sales, production volume, size and geographical location in the Union. The sampled Union producers accounted for 46 % of the Union production and 38 % of the Union sales. Interested parties were also invited in the notice of initiation to make their views known on the provisional sample. One of the Union producers stated that it did not wish to be included in the sample and was replaced in the sample by the next largest producer.

(12) Five unrelated importers provided the requested information and agreed to be included in the sample. In view of the limited number of cooperating importers, sampling was deemed to be no longer necessary.

(13) The Commission sent questionnaires to the representatives of the PRC, the two sampled exporting producers in the PRC, 14 other exporting producers in the PRC that requested so, the six sampled Union producers, the five cooperating importers in the Union and to the known users.

(14) Replies were received from the representatives of the PRC, nine exporting producers and related companies in the PRC, the six sampled Union producers, two unrelated importers and ten users.

(15) The Commission sought and verified all information deemed necessary for the determination of subsidisation, resulting injury and Union interest. Verification visits were carried out at the premises of the following State authority and companies:

(a) **Government of the People Republic of China**

— Chinese Ministry of Commerce, Beijing, China

(b) **Union producers**

— ArcelorMittal Belgium, Belgium and related sales company ArcelorMittal Flat Carbon Europe SA, Luxembourg

— ArcelorMittal Poland, Poland

— ThyssenKrupp Steel Europe AG, Germany

— voestalpine Stahl GmbH and voestalpine Stahl Service Center GmbH, Austria

— Tata Steel Maubeuge SA (formerly known as Myriad SA), France

**Changes to legislation:** *There are currently no known outstanding effects for the Council Implementing Regulation (EU) No 215/2013. (See end of Document for details)*

— Tata Steel UK Ltd, United Kingdom

(c) **Groups of Exporting producers (and related companies) in the PRC**

— Zhangjiagang Panhua Steel Strip Co., Ltd and its related companies: Chongqing Wanda Steel Strip Co., Ltd, Zhangjiagang Wanda Steel Strip Co., Ltd, Jiangsu Huasheng New Construction Materials Co. Ltd and Zhangjiagang Free Trade Zone Jiaxinda International Trade Co., Ltd;

— Zhejiang Huadong Light Steel Building Material Co. Ltd and its related company Hangzhou P.R.P.T. Metal Material Company Ltd;

(d) **Importers in the Union**

— ThyssenKrupp Mannex, Germany

— Macrometal, Hamburg, Germany

(16) Subsequently all parties were informed of the essential facts and considerations on the basis of which it was intended to recommend the imposition of definitive countervailing duties on imports of certain organic coated steel products originating in the PRC ('the final disclosure'). All parties were granted a period within which they could make comments on the final disclosure.

(17) The comments submitted by the interested parties were considered and taken into account where appropriate.

1.4. *INVESTIGATION PERIOD AND PERIOD CONSIDERED*

(18) The investigation of subsidisation and injury covered the period from 1 October 2010 to 30 September 2011 (the 'investigation period' or 'IP'). The examination of trends relevant for the assessment of injury covered the period from 1 January 2008 to the end of the IP ('the period considered').

## 2. PRODUCT CONCERNED AND LIKE PRODUCT

2.1. *PRODUCT CONCERNED*

(19) In the notice of initiation the product subject to the investigation was certain organic coated steel products ('OCS'), i.e. flat-rolled products of non-alloy and alloy steel (not including stainless steel) which are painted, varnished or coated with plastics on at least one side, excluding so-called 'sandwich panels' of a kind used for building applications and consisting of two outer metal sheets with a stabilising core of insulation material sandwiched between them, and excluding those products with a final coating of zinc-dust (a zinc-rich paint, containing by weight 70 % or more of zinc).

2.2. *PRODUCT EXCLUSION REQUESTS*

(20) The China Iron and Steel Association, two importers and two users, proposed the exclusion of five product types. These requests were received and have been analysed as follows:

2.2.1. OCS WITH METALLIC COATING OF CHROMIUM OR TIN

(21) A user of OCS submitted a request to exclude OCS with a substrate with a metallic coating of chromium or tin from the product scope. The investigation has established that the metallic coating of chromium or tin renders this product type physically and technically different to the OCS under investigation. Moreover, OCS with a substrate with a metallic coating of chromium or tin is almost exclusively used in the food packaging and cable industries. Finally, the Union industry explained that it did not intend for the above-mentioned product type to be included in this investigation. Given the above-mentioned reasons, OCS with a substrate with a metallic coating of chromium or tin is not included in the product scope.

2.2.2. HOT-ROLLED PLATES WITH PROTECTIVE PRIMER, WHETHER ORGANIC OR INORGANIC

(22) This request was rejected because these products do not fall under the CN codes under investigation. The painting or coating is only for rust protection and therefore fall under CN heading 7208 and not CN heading 7210. Hot-rolled plates with a protective primer, whether organic or inorganic, are not included in the product scope and as a result cannot be removed from it.

2.2.3. OCS WITH SUBSTRATE THICKNESS BETWEEN 0,6 AND 2,0 MM

(23) CISA and two importers requested the exclusion of OCS with substrate thickness between 0,6 and 2,0 mm, representing 5 – 10 % of imports from China, stating that there was only direct competition between Chinese exports and Union industry production for OCS with substrate thickness of between 0,25 and 0,6 mm.

(24) This request was rejected, given that both Chinese exporters and the Union industry manufacture and sell OCS with a substrate thickness of between 0,6 and 2,0 mm and that therefore these products are clearly in competition with each other. No evidence was provided to show that OCS with a substrate thickness of over 0,6 mm does not compete with OCS with a substrate thickness of less than 0,6 mm and that therefore this would constitute a different product type. OCS with substrate thickness of less than and above 0,6 mm have the same basic physical and technical characteristics and same end uses and therefore are the same product.

2.2.4. OCS WITH ALUMINIUM-ZINC ALLOY COATED SUBSTRATE

(25) The two importers alleged that only four Union producers have the licence to produce this product type and that only one company was in fact producing it. They also alleged that this product differs from zinc coated OCS in terms of product characteristics.

(26) This request was rejected as the two product types are interchangeable with overlapping uses and at least two cooperating Union producers manufactured this product type during the investigation period. It should be noted that only one cooperating Chinese exporting producer exported this product type to the Union during the investigation period.