COMMISSION IMPLEMENTING REGULATION (EU) 2024/819

of 8 March 2024

imposing a definitive anti-dumping duty on imports of certain corrosion resistant steels originating in the People's Republic of China following an expiry review pursuant to Article 11(2) of Regulation (EU) 2016/1036 of the European Parliament and of the Council

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 11(2) thereof,

Whereas:

1. PROCEDURE

1.1. Previous investigations and measures in force

(1) By Implementing Regulation (EU) 2018/186 ([2]), the European Commission imposed anti-dumping duties on imports of certain corrosion resistant steels, originating in the People's Republic of China ('the original measures'). The investigation that led to the imposition of the original measures will hereinafter be referred to as 'the original investigation'.

(2) The anti-dumping duties were extended to imports of slightly modified certain corrosion resistant steels consigned from the People's Republic of China ('China', 'the PRC' or 'the country concerned') by Commission Implementing Regulation (EU) 2020/1156 ([3]), as last amended by Commission Implementing Regulation (EU) 2020/1994 ([4]). The extension does not apply to imports of certain corrosion resistant steels produced by the Chinese exporting producers Beijing Shougang Cold Rolling Co., Ltd and Shougang Jingtang United Iron and Steel Co., Ltd.

(3) The anti-dumping duties currently in force are at rates ranging between 17,2 % and 27,9 % on imports from the sampled exporting producers, 26,1 % on imports from the non-sampled cooperating companies and a duty rate of 27,9 % on imports from all other companies in the PRC.

1.2. Request for an expiry review

(4) Following the publication of a notice of impending expiry ([5]), the European Commission ('the Commission') received a request for a review pursuant to Article 11(2) of the basic Regulation.

([1]) OJ L 176, 30.6.2016, p. 21.

([2]) Commission Implementing Regulation (EU) 2018/186 of 7 February 2018 imposing a definitive anti-dumping duty and collecting definitively the provisional duty imposed on imports of certain corrosion resistant steels originating in the People's Republic of China (OJ L 34, 8.2.2018, p. 16).

([3]) Commission Implementing Regulation (EU) 2020/1156 of 4 August 2020 extending the definitive anti-dumping duty imposed by Implementing Regulation (EU) 2018/186 on imports of certain corrosion resistant steels originating in the People's Republic of China to imports of slightly modified certain corrosion resistant steels (OJ L 255, 5.8.2020, p. 36).

([4]) Commission Implementing Regulation (EU) 2020/1994 of 4 December 2020 correcting Implementing Regulation (EU) 2020/1156 extending the definitive anti-dumping duty imposed by Implementing Regulation (EU) 2018/186 on imports of certain corrosion resistant steels originating in the People's Republic of China to imports of slightly modified certain corrosion resistant steels (OJ L 410, 7.12.2020, p. 67).

([5]) OJ C 197, 16.5.2022, p. 4.

(5) The request for review was submitted on 8 November 2022 by the European Steel Association Eurofer ('the applicant') on behalf of the Union industry of certain corrosion resistant steels in the sense of Article 5(4) of the basic Regulation. The request for review was based on the grounds that the expiry of the measures would be likely to result in recurrence of dumping and recurrence of injury to the Union industry.

1.3. **Initiation of an expiry review**

(6) Having determined, after consulting the Committee established by Article 15(1) of the basic Regulation, that sufficient evidence existed for the initiation of an expiry review, on 8 February 2023 the Commission initiated an expiry review with regard to imports into the Union of certain corrosion resistant steels originating in the PRC on the basis of Article 11(2) of the basic Regulation. It published a Notice of Initiation in the *Official Journal of the European Union* ([6]) ('the Notice of Initiation').

1.4. **Review investigation period and period considered**

(7) The investigation of continuation or recurrence of dumping covered the period from 1 January 2022 to 31 December 2022 ('review investigation period' or 'RIP'). The examination of trends relevant for the assessment of the likelihood of a continuation or recurrence of injury covered the period from 1 January 2019 to the end of the review investigation period ('the period considered').

1.5. **Interested parties**

(8) In the Notice of Initiation, interested parties were invited to contact the Commission in order to participate in the investigation. In addition, the Commission specifically informed the applicant, other known Union producers, the known producers in the PRC, the PRC authorities, known importers and users, as well as associations known to be concerned about the initiation of the expiry and invited them to participate.

(9) Interested parties had an opportunity to comment on the initiation of the expiry review and to request a hearing with the Commission and/or the Hearing Officer in trade proceedings. None of the interested parties requested a hearing.

1.6. **Sampling**

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

1.7. **Sampling of Union producers**

(11) In the 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 production and Union sales volumes reported by the Union producers in the context of the pre-initiation standing assessment analysis, taking also into account their geographical location. This provisional sample consisted of three Union producers, located in three different Member States. The sample accounted for almost 32 % of the estimated total volume of production of the like product in the Union and more than 37 % of the estimated total volume of sales of the like product on the free market in the Union ([7]). In accordance with Article 17(2) of the basic Regulation, the Commission invited interested parties to comment on the provisional sample. No parties made any comments within the given deadline.

(12) By note to the file of 3 April 2023, the Commission informed interested parties about its decision not to alter the composition of the definitive sample of Union producers even though a preliminary examination of the questionnaire replies by the three sampled Union producers had suggested that the definitive sample accounted rather for around 29 % of the estimated total volume of production of the like product in the Union and 26 % of the estimated total volume of sales of the like product in the Union. The Commission invited interested parties to comment on the update. No parties made any comments within the given deadline.

([6]) Notice of initiation of an expiry review of the anti-dumping measures applicable to imports of certain corrosion resistant steels originating in People's Republic of China (OJ C 48, 8.2.2023, p. 32).

([7]) Note to the file t23.000939 of 17 February 2023.

(13) The verification at ArcelorMittal Bremen GmbH's premises revealed a misconception of the product under review at ArcelorMittal group's level. For ArcelorMittal Bremen GmbH, the misreporting entailed that the actual quantities produced and sold were lower than those reported in the questionnaire reply, to the extent that the entity did not qualify to be part of the sample anymore. The Commission decided to replace the company concerned by another producer from the same group. The final sample thus established consisted of three Union producers, located in three different Member States, which eventually accounted for 29 % of the total volume of production of the like product in the Union and 33 % of the total volume of sales of the like product in the free market in the Union. The Commission invited interested parties to comment on the final sample. No parties made any comments within the given deadline.

1.7.1. *Sampling of importers*

(14) 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.

(15) No unrelated importers provided the requested information. The Commission decided that sampling was not necessary. No comments were received to this decision.

1.7.2. *Sampling of exporting producers in the PRC*

(16) 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 identify and/or contact other exporting producers, if any, that could be interested in participating in the investigation.

(17) No exporting producers from the PRC provided the requested information within the deadline and/or agreed to be included in the sample. Therefore, as explained in recital 31 below, the Commission informed the authorities of the PRC and interested parties that due to the absence of sufficient cooperation, the Commission might apply Article 18 of the basic Regulation concerning the findings with regard to the PRC.

1.8. **Replies to the questionnaire**

(18) The Commission sent a questionnaire concerning the existence of significant distortions in the PRC within the meaning of Article 2(6a)(b) of the basic Regulation to the Government of the People's Republic of China ('GOC').

(19) The Commission sent a questionnaire to the applicant and requested sampled Union producers to fill in a questionnaire available online. The questionnaires for Union producers, for unrelated importers and for Chinese exporting producers were made available on DG Trade's website ([8]) on the day of initiation.

(20) Questionnaire replies were received from the sampled Union producers and the applicant.

1.9. **Verification**

(21) The Commission sought and verified all the information deemed necessary for the determination of likelihood of continuation or recurrence of dumping and injury and of the Union interest. Verification visits pursuant to Article 16 of the basic Regulation were carried out at the premises of the following parties:

— Union producers

  — ArcelorMittal Bremen GmbH, Bremen, Germany

  — ArcelorMittal France S.A., site: Dunkerque, France

  — Marcegaglia Carbon Steel S.p.A, Gazoldo degli Ippoliti and Ravenna, Italy

  — Voestalpine Stahl GmbH, Linz, Austria

([8]) Questionnaires for Union producers, exporting producers, importers and users were available at https://tron.trade.ec.europa.eu/investigations/case-view?caseId=2653.

— Union producers' association:

— Eurofer, Brussels, Belgium

1.10. **Subsequent procedure**

(22) On 14 December 2023, the Commission disclosed the essential facts and considerations on the basis of which it intended to maintain the anti-dumping duties in force. All parties were granted a period within which they could make comments on the disclosure and request a hearing.

(23) The applicant welcomed the findings and the conclusion disclosed by the Commission. No other party made any comments.

2. **PRODUCT UNDER REVIEW, PRODUCT CONCERNED AND LIKE PRODUCT**

2.1. **Product under review**

(24) The product under review is the same as in the original investigation, namely flat-rolled products of iron or alloy steel or non-alloy steel; aluminium killed; plated or coated by hot dip galvanisation with zinc and/or with aluminium, and no other metal; chemically passivated; containing by weight: 0,015 % or more but not more than 0,170 % of carbon, 0,015 % or more but not more than 0,100 % of aluminium, not more than 0,045 % of niobium, not more than 0,010 % of titanium and not more than 0,010 % of vanadium; presented in coils, cut-to-length sheets and narrow strips.

(25) The following products are excluded:

— of stainless steel, of silicon-electrical steel, and of high-speed steel,

— not further worked than hot-rolled or cold-rolled (cold-reduced).

(26) The product under review is currently falling under CN codes ex 7210 41 00, ex 7210 49 00, ex 7210 61 00, ex 7210 69 00, ex 7212 30 00, ex 7212 50 61, ex 7212 50 69, ex 7225 92 00, ex 7225 99 00, ex 7226 99 30 and ex 7226 99 70 (TARIC codes 7210 41 00 20, 7210 49 00 20, 7210 61 00 20, 7210 69 00 20, 7212 30 00 20, 7212 50 61 20, 7212 50 69 20, 7225 92 00 20, 7225 99 00 22, 7225 99 00 92, 7226 99 30 10, 7226 99 70 94).

2.2. **Product concerned**

(27) The product concerned by this investigation is the product under review originating in the People's Republic of China.

2.3. **Like product**

(28) As established in the original investigation, this expiry review investigation confirmed that the following products have the same basic physical, chemical and technical characteristics as well as the same basic uses:

— the product concerned when exported to the Union;

— the product concerned produced and sold on the domestic market of the PRC;

— the product concerned produced and sold by the exporting producers to the rest of the world; and the product under review produced and sold in the Union by the Union industry.

(29) These products are therefore considered to be like products within the meaning of Article 1(4) of the basic Regulation.

3. LIKELIHOOD OF CONTINUATION OR RECURRENCE OF DUMPING

3.1. Preliminary remarks

(30) During the review investigation period, imports of certain corrosion resistant steels (CRS) from the PRC virtually disappeared from the Union market. According to Eurostat, imports of CRS from the PRC amounted to 953 tonnes in the review investigation period compared to 1 857 490 tonnes in the original investigation. There was an increase in imports in 2021 but this can be attributed to market turmoil due to the effects of the COVID pandemic.

(31) As mentioned in recital 17, no exporting producers from the PRC cooperated in the investigation. Therefore, the Commission informed the authorities of the PRC that, due to the absence of cooperation, the Commission might apply Article 18 of the basic Regulation concerning the findings with regard to the PRC. No reply was received and therefore the Commission decided to apply Article 18.

(32) Consequently, in accordance with Article 18 of the basic Regulation, the findings in relation to the likelihood of continuation or recurrence of dumping were based on facts available, in particular information provided in the request for review, publicly available data from Mexican CRS producers, Global Trade Atlas, Energy Regulatory Commission, information published by the Government of Mexico, Global Petrol Prices and International Labour Organization.

3.2. Procedure for the determination of the normal value under Article 2(6a) of the basic Regulation for the imports of CRS originating in the PRC

(33) Given the sufficient evidence available at the initiation of the investigation tending to show, with regard to the PRC, the existence of significant distortions within the meaning of point (b) of Article 2(6a) of the basic Regulation, the Commission initiated the investigation on the basis of Article 2(6a) of the basic Regulation.

(34) In order to obtain information it deemed necessary for its investigation with regard to the alleged significant distortions, the Commission sent a questionnaire to the GOC. In addition, in point 5.3.2 of the Notice of Initiation, the Commission invited all interested parties to make their views known, submit information and provide supporting evidence regarding the application of Article 2(6a) of the basic Regulation within 37 days of the date of publication of the Notice of Initiation in the *Official Journal of the European Union*.

(35) No questionnaire reply was received from the GOC and no submission on the application of Article 2(6a) of the basic Regulation was received within the deadline.

(36) 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. No comments were raised by the GOC in this regard.

(37) In point 5.3.2 of 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. The Commission further stated that it would examine other possibly appropriate countries in accordance with the criteria set out in first indent of Article 2(6a) of the basic Regulation.

(38) On 27 June 2023, the Commission issued a Note for the file on the sources for the determination of the normal value ('Note on sources'). The Note on sources was updated on 6 July 2023 and interested parties were given adequate time to comment.

(39) By the Note on sources, the Commission also informed interested parties that it intended to use Mexico as representative country and on the relevant sources it intended to use for the determination of the normal value.

(40) In the Note on sources, the Commission informed interested parties that, given the absence of cooperation it would base other direct costs and manufacturing overheads on the information regarding the Union industry provided in the expiry review request and additional information received from the applicant and express them as percentages.

(41) It also informed interested parties that it would establish selling, general and administrative costs ('SG&A') and profits based on publicly available information for one Mexican producer, Ternium S.A.

(42) Finally, by the Note on sources, the Commission invited interested parties to comment on the sources and the appropriateness of Mexico as a representative country and to suggest other countries, provided they submitted sufficient information on the relevant criteria. No comments were received.

(43) According to Article 2(1) of the basic Regulation, 'the normal value shall normally be based on the prices paid or payable, in the ordinary course of trade, by independent customers in the exporting country'.

(44) However, according to Article 2(6a)(a) of the basic Regulation, 'in case it is determined […] that it is not appropriate to use domestic prices and costs in the exporting country due to the existence in that country of significant distortions within the meaning of point (b), the normal value shall be constructed exclusively on the basis of costs of production and sale reflecting undistorted prices or benchmarks', and 'shall include an undistorted and reasonable amount of administrative, selling and general costs and for profits' ('administrative, selling and general costs' is refereed hereinafter as 'SG&A').

(45) As further explained below, the Commission concluded in the present investigation that, based on the evidence available, and in view of the lack of cooperation of the GOC and the exporting producers, the application of Article 2(6a) of the basic Regulation was appropriate.

3.3. **Existence of significant distortions**

(46) In recent investigations concerning the steel sector in the PRC ([9]), the Commission found that significant distortions in the sense of Article 2(6a)(b) of the basic Regulation were present.

(47) In those investigations, the Commission found that there is substantial government intervention in the PRC resulting in a distortion of the effective allocation of resources in line with market principles ([10]). In particular, the Commission concluded that in the steel sector, which is the main raw material to produce the product under review, not only does a substantial degree of ownership by the GOC persist in the sense of Article 2(6a)(b), first indent of the basic Regulation ([11]), but the GOC is also in a position to interfere with prices and costs through State presence in

([9]) Commission Implementing Regulation (EU) 2022/2068 of 26 October 2022 imposing a definitive anti-dumping duty on imports of certain cold-rolled flat steel products originating in the People's Republic of China and the Russian Federation following an expiry review pursuant to Article 11(2) of Regulation (EU) 2016/1036 of the European Parliament and of the Council (OJ L 277, 27.10.2022, p. 149); Commission Implementing Regulation (EU) 2022/191 of 16 February 2022 imposing a definitive anti-dumping duty on imports of certain iron or steel fasteners originating in the People's Republic of China (OJ L 36, 17.2.2022, p. 1); Commission Implementing Regulation (EU) 2022/95 of 24 January 2022 imposing a definitive anti-dumping duty on imports of certain tube and pipe fittings, of iron or steel, originating in the People's Republic of China, as extended to imports of certain tube and pipe fittings, of iron or steel consigned from Taiwan, Indonesia, Sri Lanka and the Philippines, whether declared as originating in these countries or not, following an expiry review pursuant to Article 11(2) of Regulation (EU) 2016/1036 of the European Parliament and of the Council (OJ L 16, 25.1.2022, p. 36); Commission Implementing Regulation (EU) 2021/2239 of 15 December 2021 imposing a definitive anti-dumping duty on imports of certain utility scale steel wind towers originating in the People's Republic of China (OJ L 450, 16.12.2021, p. 59); Commission Implementing Regulation (EU) 2021/635 of 16 April 2021 imposing a definitive anti-dumping duty on imports of certain welded pipes and tubes of iron or non-alloyed steel originating in Belarus, the People's Republic of China and Russia following an expiry review pursuant to Article 11(2) of Regulation (EU) 2016/1036 of the European Parliament and of the Council (OJ L 132, 19.4.2021, p. 145).

([10]) See Implementing Regulation (EU) 2022/2068 recital 80; Implementing Regulation (EU) 2022/191 recital 208, Implementing Regulation (EU) 2022/95 recital 59, Implementing Regulation (EU) 2021/2239 recitals 67-74, Implementing Regulation (EU) 2021/635 recitals 149-150.

([11]) See Implementing Regulation (EU) 2022/2068 recital 64; Implementing Regulation (EU) 2022/191 recital 192, Implementing Regulation (EU) 2022/95 recital 46, Implementing Regulation (EU) 2021/2239 recitals 67-74, Implementing Regulation (EU) 2021/635 recitals 115-118.

firms in the sense of Article 2(6a)(b), second indent of the basic Regulation ([12]). The Commission further found that the State's presence and intervention in the financial markets, as well as in the provision of raw materials and inputs have an additional distorting effect on the market. Indeed, overall, the system of planning in the PRC results in resources being concentrated in sectors designated as strategic or otherwise politically important by the GOC, rather than being allocated in line with market forces ([13]). Moreover, the Commission concluded that the Chinese bankruptcy and property laws do not work properly in the sense of Article 2(6a)(b), fourth indent of the basic Regulation, thus generating distortions in particular when maintaining insolvent firms afloat and when allocating land use rights in the PRC ([14]). In the same vein, the Commission found distortions of wage costs in the steel sector in the sense of Article 2(6a)(b), fifth indent of the basic Regulation ([15]), as well as distortions in the financial markets in the sense of Article 2(6a)(b), sixth indent of the basic Regulation, in particular concerning access to capital for corporate actors in the PRC ([16]).

(48) Like in previous investigations concerning the steel sector in the PRC, the Commission examined in the present investigation whether it was appropriate or not to use domestic prices and costs in the PRC, due to the existence of significant distortions within the meaning of point (b) of Article 2(6a) of the basic Regulation. The Commission did so on the basis of the evidence available on the file, including the evidence contained in the request, as well as the evidence contained in the Commission Staff Working Document on Significant Distortions in the Economy of the People's Republic of China for the Purposes of Trade Defence Investigations ([17]) ('Report'), which relies on publicly available sources. That analysis covered the examination of the substantial government interventions in the PRC's economy in general, but also the specific market situation in the relevant sector including the product under review. The Commission further supplemented these evidentiary elements with its own research on the various criteria relevant to confirm the existence of significant distortions in the PRC as also found by its previous investigations in this respect.

(49) The request alleged that the Chinese economy as a whole is widely influenced and affected by substantial governmental interventions, in view of which domestic prices and costs of the Chinese steel industry cannot be used in the present investigation. To support its position, the request referred to the Report, to Chinese legislation, to further reports, as well as to additional anecdotal evidence of distortions implemented during the review investigation period.

([12]) See Implementing Regulation (EU) 2022/2068 recital 66; Implementing Regulation (EU) 2022/191 recitals 193-4, Implementing Regulation (EU) 2022/95 recital 47, Implementing Regulation (EU) 2021/2239 recitals 67-74, Implementing Regulation (EU) 2021/635 recitals 119-122. While the right to appoint and to remove key management personnel in SOEs by the relevant State authorities, as provided for in the Chinese legislation, can be considered to reflect the corresponding ownership rights, CCP cells in enterprises, state owned and private alike, represent another important channel through which the State can interfere with business decisions. According to the PRC's company law, a CCP organisation is to be established in every company (with at least three CCP members as specified in the CCP Constitution) and the company shall provide the necessary conditions for the activities of the party organisation. In the past, this requirement appears not to have always been followed or strictly enforced. However, since at least 2016 the CCP has reinforced its claims to control business decisions in SOEs as a matter of political principle. The CCP is also reported to exercise pressure on private companies to put 'patriotism' first and to follow party discipline. In 2017, it was reported that party cells existed in 70 % of some 1,86 million privately owned companies, with growing pressure for the CCP organisations to have a final say over the business decisions within their respective companies. These rules are of general application throughout the Chinese economy, across all sectors, including to the producers of the product under review and the suppliers of their inputs.

([13]) See Implementing Regulation (EU) 2022/2068 recital 68; Implementing Regulation (EU) 2022/191 recitals 195-201, Implementing Regulation (EU) 2022/95 recitals 48-52, Implementing Regulation (EU) 2021/2239 recitals 67-74, Implementing Regulation (EU) 2021/635 recitals 123-129.

([14]) See Implementing Regulation (EU) 2022/2068 recital 74; Implementing Regulation (EU) 2022/191 recital 202, Implementing Regulation (EU) 2022/95 recital 53, Implementing Regulation (EU) 2021/2239 recitals 67-74, Implementing Regulation (EU) 2021/635 recitals 130-133.

([15]) See Implementing Regulation (EU) 2022/2068 recital 75; Implementing Regulation (EU) 2022/191 recital 203, Implementing Regulation (EU) 2022/95 recital 54, Implementing Regulation (EU) 2021/2239 recitals 67-74, Implementing Regulation (EU) 2021/635 recitals 134-135.

([16]) See Implementing Regulation (EU) 2022/2068 recital 76; Implementing Regulation (EU) 2022/191 recital 204, Implementing Regulation (EU) 2022/95 recital 55, Implementing Regulation (EU) 2021/2239 recitals 67-74, Implementing Regulation (EU) 2021/635 recitals 136-145.

([17]) Commission staff working document SWD(2017) 483 final/2, 20. 12. 2017, available at: https://trade.ec.europa.eu/doclib/docs/2017/december/tradoc_156474.pdf

(50) More specifically, the request pointed out that against the background of the 'socialist market economy' doctrine enshrined in the PRC Constitution, the omnipresence of the Chinese Communist Party ('CCP') and the government influence over the economy by means of strategic planning initiatives, the GOC's interventionism takes various forms, namely administrative, financial and regulatory.

(51) The request provided examples of elements pointing to existence of distortions, as listed in the first to sixth dash of Article 2(6a)(b) of the basic Regulation. In particular, the applicant submitted that:

(52) The Chinese State does not only actively formulate and oversee the implementation of general economic policies by individual State-owned enterprises ('SOEs'), but it also claims its rights to participate in operational decision-making in SOEs. This is typically done through the rotation of cadres between government authorities and SOEs, through presence of party members in SOEs executive bodies and of party cells in companies, as well as by shaping the corporate structure of the SOE sector. In exchange, SOEs enjoy a particular status within the Chinese economy. This status entails a number of economic benefits, in particular the shielding from competition and the preferential access to relevant inputs, including financing. Higher leverage and labour productivity conduct to a surge in SOE debt, triggered by falling interest costs. This illustrates how easy monetary conditions can lead to a rapid SOE debt accumulation ([18]). This control and policy supervision is particularly pressing in the steel sector – hot-rolled flat steel being by far the biggest input in the production of CRS – where a substantial degree of ownership by the Chinese Government persists and where the GOC aims to consolidate 60 % of the iron and steel production to around ten large-scale enterprises by 2025.

(53) The State is in the position to interfere with prices and costs through State presence in firms, in particular through the CCP cells in enterprises, state-owned and private alike, including with respect to the producers of CRS and the suppliers of their inputs. The public documents of the State-owned producers sometimes stress the connection with the Chinese State, such as a 2021 press release of China Baowu, which stated that it had conscientiously studied and implemented the spirit of the two sessions of the National People's Congress, based on the new development stage and deeply promoted the tasks of China Baowu's 14th five-year strategic planning. Finally, the State's presence and intervention in financial markets as well as in the provision of raw materials and inputs have an additional distorting effect on the market.

(54) The GOC has measures in place to induce operators to comply with the public policy objectives of supporting particular industries, including the production of CRS and the sourcing of raw materials used for producing it. Such measures impede market forces from operating normally. Examples of such measures entail numerous plans, directives and other documents focusing on steel, which are issued at national, regional and municipal level. For example, in March 2022 the Ministry of Industry and Information Technology ('MIIT'), the National Development and Reform Commission ('NDRC') and the Ministry of Ecology and Environment issued a guideline on promoting the high-quality development of the iron and steel industry, calling, inter alia, for stable supply of resources, advanced technical equipment, high quality products and outstanding brands, high level of intelligentization and strong global competitiveness by 2025. Other examples are the national 13th and 14th FYPs; the 2021 development plan released by the Ministry of Industry and Information Technology that calls for reducing energy consumption in the steel industry; or the 2020 Catalogue for Guiding Industry Restructuring (2019 version) released by the NDRC. Further, the Chinese hot-rolled flat products benefit from a number of subsidy programs and the GOC further guides the development of the sector in accordance with a broad range of policy tools and directives related, inter alia, to market composition and restructuring, raw materials, investment, capacity elimination, product range, relocation, upgrading, VAT refunds, etc.

(55) The Chinese bankruptcy system appears to be inadequate to deliver on its own main objectives such as to settle claims and debts fairly and to safeguard the lawful rights and interests of creditors and debtors. Moreover, the State plays a strong and active role in the insolvency proceedings, often having direct influence on their outcome. In addition, the shortcomings of the system of property rights are particularly obvious in relation to ownership of land and land-use rights in China, with all land owned by the State, its allocation remaining solely dependent on the State and authorities often pursuing political goals including the implementation of the economic plans when allocating land.

([18]) OECD, State-owned Firms behind China's Corporate Debt, Economics Department Working Papers No 1536, February 2019. https://www.oecdilibrary.org/docserver/7c66570een.pdf?expires=1634897777&id=id&accname=guest&checksum=3095BC87BC68666578D757C403B87307

(56) Workers and employers are impeded in their rights to collective organisation and mobility being restricted by the household registration system, which limits access to the full range of social security and other benefits. This leads to wage costs being distorted since they do not result from normal market forces or negotiation between companies and the work force.

(57) On the level of allocation of financial resources, the financial system in the PRC is dominated by the State-owned commercial banks. Those banks, when setting up and implementing their lending policy need to align themselves with the government's industrial policy objectives rather than primarily assessing the economic merits of a given project. Furthermore, bond and credit ratings are often distorted for a variety of reasons, including the fact that the risk assessment is influenced by the firm's strategic importance to the GOC and the strength of any implicit guarantee by the government. Moreover, borrowing costs have been kept artificially low to stimulate investment growth, which has led to the excessive use of capital investment with ever-lower returns on investment and no signs of credit tightening.

(58) The request further emphasized the systematic nature of the distortions. As a consequence, not only can the domestic sales prices of CRS not be used, but all the input costs (including hot-rolled flat products ('HRFS') and the underlying raw materials such as: iron ore which constitutes about 30 % of the direct cost for CRS; coal which constitutes about 14 % of the direct cost for CRS; scrap, ferroalloys and zinc which together constitute about 34 % of the direct cost for CRS; energy which constitutes about 13 % of the direct cost for CRS; land, financing, labour, etc.) are also tainted because their price formation is affected by substantial government intervention.

(59) With respect to HRFS as a CRS input, the request referred to a wide range of subsidies which the Chinese HRFS producers keep receiving. While some of those were countervailed by the Commission ([19]), the GOC has continued to award subsidies to the HRFS industry in several forms, such as cash grants, control of raw material prices, preferential loans, land use subsidies, lax enforcement of environmental regulation, government mandated mergers and acquisitions, and equity infusions and conversions. The request provided specific examples concerning the producers Chongqing Iron & Steel Company Ltd., Maanshan Iron & Steel Company Limited, as well as Angang Steel Company.

(60) With respect to iron ore, coke and other upstream CRS inputs, the request pointed out that besides more evident subsidization methods such as cash grants, another strategy of the GOC to indirectly subsidize HRFS producers is by controlling raw materials prices, not least through restrictions on export volumes and an export licencing regime for coal. With respect to iron ore, the request refers to various forms of export restrictions in place in China, warning at the same time that available official sources are likely lacking comprehensiveness in relation to the Chinese measures. The request recalls in this respect that the GOC employs significant efforts to control the prices of HRFS raw materials: in June 2021, the pricing department of the NDRC and the State Administrator for Market Regulation launched a probe into spot iron ore trading and an investigation into coal prices has also been launched with teams sent to various Chinese provinces and cities to investigate commodity prices and supplies. The GOC has been very much involved in trying to control prices of commodities, from coal to copper. As prices have risen significantly, regulators aim to intervene to ensure supply and stability of prices. Moreover, in July 2022, the Chinese authorities established a new State-owned and centrally administered iron ore conglomerate, the China Mineral Resources Group with the explicit aim to act as a centralized purchasing platform for some State-owned steelmakers and traders to unify negotiations with suppliers, as well as to increase the State's control over upstream raw material supplies and to strengthen the domestic steel industry's bargaining power in the international iron ore market.

(61) In conclusion, the request took the position that prices or costs, including the costs of raw materials, energy and labour, are not the result of free market forces because they are affected by substantial government intervention within the meaning of Article 2(6a)(b) of the basic Regulation. On that basis, according to the request, it is not appropriate to use domestic prices and costs to establish normal value in this case.

([19]) Commission Implementing Regulation (EU) 2017/969 of 8 June 2017 imposing definitive countervailing duties on imports of certain hot-rolled flat products of iron, non-alloy or other alloy steel originating in the People's Republic of China and amending Commission Implementing Regulation (EU) 2017/649 imposing a definitive anti-dumping duty on imports of certain hot-rolled flat products of iron, non-alloy or other alloy steel originating in the People's Republic of China (OJ L 146, 9.6.2017, p. 17).

(62) The GOC did not comment or provide evidence supporting or rebutting the existing evidence on the case file, including the Report and the additional evidence provided by the applicant, on the existence of significant distortions and/or appropriateness of the application of Article 2(6a) of the basic Regulation in the case at hand.

(63) Specifically in the sector of the product under review, i.e. the steel sector, a substantial degree of ownership by the GOC persists in the sense of Article 2(6a)(b), first indent of the basic Regulation. Since there was no cooperation from Chinese exporters of the product under review, the exact ratio of the private and state-owned producers could not be determined. However, the investigation confirmed that several producers of the product under review are directly controlled by the State. Examples entail the Baowu Steel Group – which is an SOE under the central SASAC ([20]) – and its subsidiaries Chongqing Iron & Steel Company Ltd. ([21]) and Maanshan Iron & Steel Company Limited ([22]); the Baotou Steel Group – an SOE held by the Inner Mongolian Government ([23]), the Angang Steel Group – an SOE under the central SASAC ([24]), as well as the Shougang Group – an SOE 100 % held by the Beijing State-Owned Asset Management Ltd. ([25]).

(64) Both public and privately owned enterprises in the steel sector are subject to policy supervision and guidance. The latest Chinese policy documents concerning the steel sector confirm the continued importance which the GOC attributes to the sector, including the intention to intervene in the sector in order to shape it in line with the government policies. This is exemplified by the MIIT Guiding Opinion on Fostering a High Quality Development of Steel Industry which calls for further consolidation of the industrial foundation and significant improvement in the modernization level of the industrial chain ([26]), by the 14th FYP on Developing the Raw Material Industry according to which the sector will 'adhere to the combination of market leadership and government promotion' and will 'cultivate a group of leading companies with ecological leadership and core competitiveness' ([27]), by the 14th FYP on Developing Scrap Steel Industry whose key objectives is to 'continuously increase the application ratio of scrap steel, and by the end of the 14th FYP, the comprehensive scrap ratio of national steel making will reach 30 %' ([28]), or by the 2023 Work Plan on the Stable Growth of the Steel Industry ([29]) which sets the following objectives: 'In 2023, […]the investment in fixed assets in the entire industry shall maintain a steady growth, and the economic benefits shall be significantly improved; the industry's R & D investment shall eventually reach 1,5 %; the industry's added value growth shall reach about 3,5 %; in 2024, the industry development environment and industry structure shall be further optimized, the move towards high-end, intelligent, and green products shall continue, and the industry added value growth shall exceed 4 %', which calls for collaboration to 'to guide China's steel products, equipment, technology, services, etc. to "go global" in a coordinated manner, promote green and low-carbon cooperation in the global steel industry, and improve the resilience and safety level of global industrial and supply chains [and to] implement supply capacity improvement actions to ensure the stable and efficient operation of the industry' and which foresees government mandated corporate consolidation of the steel sector: '[e]ncourage industry-leading enterprises to implement mergers and acquisitions, build world-class super-large iron and steel enterprise groups, and foster the optimal layout of national iron and steel production capacity, support specialized enterprises with leading power in particular steel market segments to further integrate resources and create a steel industry ecosystem, encourage iron and steel enterprises to carry out cross-regional […] mergers and reorganizations […], consider giving greater policy support for capacity replacement to iron and steel enterprises that have completed substantive mergers and reorganizations'.

([20]) See: http://wap.sasac.gov.cn/n2588045/n27271785/n27271792/c14159097/content.html (accessed on 13 September 2023).
([21]) See: www.cqgt.cn (accessed on 13 September 2023).
([22]) See: https://www.magang.com.cn/ (accessed on 13 September 2023).
([23]) See: https://www.qixin.com/company/ab02483a-5ed7-49fe-b6e6-8ea39dc4dc80 (accessed on 13 September 2023).
([24]) See: http://www.ansteel.cn/about/company_profile/ (accessed on 13 September 2023).
([25]) See: https://www.qcc.com/firm/d620835aaae14e62fdc965fd41a51d8d.html (accessed on 13 September 2023).
([26]) See: https://www.gov.cn/zhengce/zhengceku/2022-02/08/content_5672513.htm (accessed on 13 September 2023).
([27]) See Section IV, Subsection 3 of the 14th FYP on Developing the Raw Materials Industry.
([28]) See Section II, Subsection 1 of the 14th FYP on Developing Scrap Steel Industry.
([29]) See: https://www.miit.gov.cn/zwgk/zcwj/wjfb/tz/art/2023/art_2a4233d696984ab59610e7498e333920.html (accessed on 13 September 2023).

(65) Similar examples of the intention by the Chinese authorities to supervise and guide the developments of the sector can be seen at the provincial level, such as in Hebei which plans to 'steadily implement the group development of organizations, accelerate the reform of mixed ownership of state-owned enterprises, focus on promoting the cross-regional merger and reorganization of private iron and steel enterprises, and strive to establish 1-2 world-class large groups, 3-5 large groups with domestic influence as the support' and to 'further expand the recycling and circulation channels of scrap steel, strengthen the screening and classification of scrap steel.' ([30]). Moreover, Hebei's plan in the steel sector states: 'Adhere to structural adjustment and highlight product diversification. Unswervingly promote the structural adjustment and layout optimization of the iron and steel industry, promote the consolidation, reorganization, transformation and upgrading of enterprises, and comprehensively promote the development of the iron and steel industry in the direction of large-scale enterprises, modernization of technical equipment, diversification of production processes, and diversification of downstream products'.

(66) Similarly, the Henan Implementation Plan for the Transformation and Upgrade of the Steel Industry during the 14th FYP foresees the 'construction of characteristic steel production bases […], build 6 characteristic steel production bases in Anyang, Jiyuan, Pingdingshan, Xinyang, Shangqiu, Zhouou, etc., and improve the scale, intensification and specialization of the industry. Among them, by 2025, the production capacity of pig iron in Anyang will be controlled within 14 million tons, and the production capacity of crude steel will be controlled within 15 million tons.' ([31]).

(67) Further industrial policy objectives can also be seen in the planning documents of other provinces, such as Jiangsu ([32]), Shandong ([33]), Shanxi ([34]), Liaoning Dalian ([35]) or Zhejiang ([36]).

(68) As to the GOC being in a position to interfere with prices and costs through State presence in firms in the sense of Article 2(6a)(b), second indent of the basic Regulation, due to the lack of cooperation from the side of the exporting producers, it was impossible to systematically establish existence of personal connections between producers of the product under review and the CCP. However, there are some specific examples available concerning the product under review. Moreover, given that the product under review represents a subsector of the steel sector, information available with respect to steel producers is relevant also to the product under review.

(69) For instance, the chairman of the Board of Directors of the Baotou Steel Union, belonging to the Baotou Steel Group serves also as the company's Party secretary, with the chairman of the company's trade union being the deputy Party secretary. ([37]) In the same vein, within the Shougang Group, the chairman of the Board of Directors serves as the Party Committee secretary while the Deputy Executive Manager is a member of the Party Committee ([38]).

([30]) See the Hebei Province's Three Year Action Plan on Cluster Development in the Steel Industry Chain, Chapter I, Section 3; available at: https://huanbao.bjx.com.cn/news/20200717/1089773.shtml (accessed on 13 September 2023).

([31]) See the Henan Implementation Plan for the Transformation and Upgrade of the Steel Industry during the 14th FYP, Chapter II, Section 3; available at: https://huanbao.bjx.com.cn/news/20211210/1192881.shtml (accessed on 13 September 2023).

([32]) Jiangsu Province's Work Plan Steel Sector Transformation and Upgrade and Layout Optimisation 2019-2025; available at: http://www.jiangsu.gov.cn/art/2019/5/5/art_46144_8322422.html (accessed on 13 September 2023).

([33]) Shandong Province's 14 FYP on the Steel Industry Development; available at: http://gxt.shandong.gov.cn/art/2021/11/18/art_15681_10296246.html (accessed on 13 September 2023).

([34]) Shanxi Province's 2020 Steel Industry Transformation and Upgrade Action Plan; available at: http://gxt.shanxi.gov.cn/zfxxgk/zfxxgkml/cl/202110/t20211018_2708031.shtml (accessed on 13 September 2023).

([35]) Liaoning Dalian Municipality's 14 FYP on Developing Manufacturing Industry: 'By 2025, the industrial ouput value of new materials will reach 15 million yuan, and the level of equipment and key materials guarantee ability is obviously improved'; available at: https://www.dl.gov.cn/art/2021/12/20/art_854_1995411.html (accessed on 5 December 2022).

([36]) Zhejiang Province's Action Plan to Foster a High Quality Development of the Steel Industry: 'Foster enterprise mergers and reorganisation, accelerate the concentration process, reduce the number of steel smelting enterprises to approximately 10 enterprises'; available at: https://www.dl.gov.cn/art/2021/12/20/art_854_1995411.html (accessed on 5 December 2022).

([37]) See: https://www.baoganggf.com/ggry (accessed on 13 September 2023).

([38]) See: https://www.shougang.com.cn/sgweb/html/gsld.html (accessed on 13 September 2023).

(70) Further, policies discriminating in favour of domestic producers or otherwise influencing the market in the sense of Article 2(6a)(b), third indent of the basic Regulation are in place in the sector of the product under review. The investigation identified further documents showing that the industry benefits from governmental guidance and intervention into the steel sector, given that the product under review represents one of its subsectors.

(71) The steel industry keeps being regarded as a key industry by the GOC ([39]). This is confirmed in the numerous plans, directives and other documents focused on steel, which are issued at national, regional and municipal level. Under the 14th FYP, the GOC earmarked the steel industry for transformation and upgrade, as well as optimization and structural adjustment ([40]). Similarly, the 14th FYP on Developing the Raw Materials Industry, applicable also to the steel industry, lists the sector as the 'bedrock of the real economy' and 'a key field that shapes China's international competitive edge' and sets a number of objectives and working methods which would drive the development of the steel sector in the time period 2021-2025, such a technological upgrade, improving the structure of the sector (not least by means of further corporate concentrations) or digital transformation ([41]). Moreover, the abovementioned (see recital 64 Work Plan on the Stable Growth of the Steel Industry demonstrates how the focus of the Chinese authorities on the steel sector is put into the wider context of the GOC steering the Chinese economy: '[s]upport steel companies to closely follow the needs of new infrastructure, new urbanization, rural revitalization, and emerging industries, dock with major engineering projects related to the "14th Five-Year Plan" in various regions, and make every effort to ensure steel supply. Establish and deepen upstream and downstream cooperation mechanisms between steel and key steel-using sectors such as shipbuilding, transportation, construction, energy, automobiles, home appliances, agricultural machinery, and heavy equipment, carry out production-demand docking activities, and actively expand steel application fields' ([42]).

(72) In addition, with respect to iron ore – an important raw material used for the production of the product under review – according to the 14th FYP on Developing the Raw Materials Industry, the State plans to 'rationally develop domestic mineral resources. Strengthen the exploration of iron ore […], implement preferential tax policies, encourage the adoption of advanced technology and equipment to reduce the generation of mining solid waste' ([43]). In provinces, such as Hebei, the authorities foresee the following for the sector: 'new project investment discount subsidy; explore and guide financial institutions to provide low-interest loans for iron and steel enterprises to switch to new industries, and at the same time, the government will provide discount subsidies' ([44]). In sum, the GOC has measures in place to induce operators to comply with the public policy objectives of supporting encouraged industries, including the production of the main raw materials used in the manufacturing of the product under review. Such measures impede market forces from operating freely.

(73) The product under review is also affected by the distortions of wage costs in the sense of Article 2(6a)(b), fifth indent of the basic Regulation, as also referred to above in recital 47. Those distortions affect the sector both directly (when producing the product under review or the main inputs), as well as indirectly (when having access to inputs from companies subject to the same labour system in the PRC) ([45]).

(74) Moreover, no evidence was submitted in the present investigation demonstrating that the sector of the product under review is not affected by the government intervention in the financial system in the sense of Article 2(6a)(b), sixth indent of the basic Regulation, as also referred to above in recital 47. The abovementioned (see recital 64) Work Plan on the Stable Growth exemplifies also this type of government intervention very well: 'Encourage financial institutions to actively provide financial services to steel companies that implement mergers and reorganizations,

([39]) Report, Part III, Chapter 14, p. 346 ff.

([40]) See People's Republic of China 14th Five-Year Plan for National Economic and Social Development and Long-Range Objectives for 2035, Part III, Article VIII, available at: https://cset.georgetown.edu/publication/china-14th-five-year-plan/ (accessed 13 September 2023).

([41]) See in particular Sections I and II of the 14th FYP on Developing the Raw Materials Industry.

([42]) See: https://www.miit.gov.cn/zwgk/zcwj/wjfb/tz/art/2023/art_2a4233d696984ab59610e7498e333920.html (accessed on 13 September 2023).

([43]) See the 14th FYP on Developing the Raw Materials Industry, p. 22.

([44]) See the Hebei Tangshan Municipality Iron and Steel 1 + 3 Action Plan 2022, Chapter 4, Section 2; available at: http://www.chinaisa.org.cn/gxportal/xfgl/portal/content.html?articleId=e2bb5519aa49b566863081d57aea9dfdd59e1a4f482bb7acd243e3ae7657c70b&columnId=3683d857cc4577e4cb75f76522b7b82cda039ef70be46ee37f9385ed3198f68a (accessed at 13 September 2023)

([45]) See Implementing Regulation (EU) 2021/635, recitals 134-135 and Commission Implementing Regulation (EU) 2020/508 of 7 April 2020 imposing a provisional anti-dumping duty on imports of certain hot rolled stainless steel sheets and coils originating in Indonesia, the People's Republic of China and Taiwan (OJ L 110, 8.4.2020, p. 3), recitals 143-144.

layout adjustments, transformation and upgrading, in accordance with the principles of risk control and business sustainability.'. Therefore, the substantial government intervention in the financial system leads to the market conditions being severely affected at all levels.

(75) Finally, the Commission recalls that, in order to produce the product under review, a number of inputs is needed. When the producers of the product under review purchase/contract these inputs, the prices they pay (and which are recorded as their costs) are clearly exposed to the same systemic distortions mentioned before. For instance, suppliers of inputs employ labour that is subject to the distortions. They may borrow money that is subject to the distortions on the financial sector/capital allocation. In addition, they are subject to the planning system that applies across all levels of government and sectors.

(76) As a consequence, not only the domestic sales prices of the product under review are not appropriate for use within the meaning of Article 2(6a)(a) of the basic Regulation, but all the input costs (including raw materials, energy, land, financing, labour, etc.) are also affected because their price formation is affected by substantial government intervention, as described in Parts I and II of the Report. Indeed, the government interventions described in relation to the allocation of capital, land, labour, energy and raw materials are present throughout the PRC. This means, for instance, that an input that in itself was produced in the PRC by combining a range of factors of production is exposed to significant distortions. The same applies for the input to the input and so forth.

(77) In sum, the evidence available showed that prices or costs of the product under review, including the costs of raw materials, energy and labour, are not the result of free market forces because they are affected by substantial government intervention within the meaning of Article 2(6a)(b) of the basic Regulation, as shown by the actual or potential impact of one or more of the relevant elements listed therein.

(78) On that basis, and in the absence of any cooperation from the GOC, the Commission concluded that it is not appropriate to use domestic prices and costs to establish the normal value in this case.

(79) Consequently, the Commission proceeded to construct the normal value exclusively on the basis of costs of production and sale reflecting undistorted prices or benchmarks, that is, in this case, on the basis of corresponding costs of production and sale in an appropriate representative country, in accordance with Article 2(6a)(a) of the basic Regulation, as described in the following sections.

(80) No evidence or argument to the contrary has been adduced by the GOC in the present investigation.

3.4. **Representative country**

(81) The choice of the representative country was based on the following criteria pursuant to Article 2(6a) of the basic Regulation:

— A level of economic development similar to the PRC. For this purpose, the Commission used countries with a gross national income per capita similar to the PRC on the basis of the database of the World Bank ([46]);

— Production of the product under review in that country ([47]);

— Availability of relevant public data in the representative country;

— Where there is more than one possible representative country, preference should be given, where appropriate, to the country with an adequate level of social and environmental protection.

([46]) World Bank Open Data – Upper Middle Income, https://data.worldbank.org/income-level/upper-middle-income.

([47]) If there is no production of the product under review in any country with a similar level of development, production of a product in the same general category and/or sector of the product under review may be considered.

(82) As explained in recital 36, the Commission issued a Note on sources that described the facts and evidence underlying the relevant criteria, and informed interested parties of its intention to use Mexico as an appropriate representative country in the present case if the existence of significant distortions pursuant to Article 2(6a) of the basic Regulation was confirmed.

(83) In the Note on sources, the Commission explained that, due to the absence of cooperation, it would need to rely on facts available according to Article 18 of the basic Regulation. The choice of representative country was based on the information contained in the expiry review request, combined with other sources of information deemed appropriate according to the relevant criteria laid down in Article 2(6a) of the basic Regulation in accordance with Article 18(5) of the basic Regulation, including the World Bank 'Doing Business' ([48]), Global Trade Atlas ('GTA') ([49]), Energy Regulatory Commission of the Government of Mexico ([50]), Global Petrol Prices ([51]) and International Labour Organization ([52]).

(84) Regarding the level of economic development, in the expiry review request, the applicant examined Mexico as a potential representative country that had a similar level of economic development to the PRC ([53]).

(85) Regarding production of the product under review, according to the expiry review request ([54]) there are several CRS producers in Mexico. The applicant identified 8 companies that produced CRS with a production capacity of approximately 4 million tonnes. The Commission also identified Türkiye, India and Viet Nam as producers of the product under review. However, India and Viet Nam do not fulfill the criteria of having a level of economic development similar to that of the PRC.

(86) Regarding the availability of relevant public data in the representative country, according to the request, data on important factors of production, import statistics and energy prices was readily available with regard to Mexico.

(87) As explained in the Note on sources, the Commission found one company in Mexico, 'Ternium' which had publicly available financial data for the period concerned and were profitable in that period ([55]).

(88) Having established Mexico as an appropriate representative country based on all of the above elements, there was no need to carry out an assessment of the level of social and environmental protection in accordance with the last sentence of Article 2(6a)(a) first indent of the basic Regulation.

(89) In the Note on sources, interested parties were invited to comment on the appropriateness of Mexico as a representative country and also suggest other countries, provided they submitted sufficient information on the relevant criteria. No comments were received.

(90) In view of the above analysis, Mexico met the criteria laid down in Article 2(6a)(a), first indent of the basic Regulation in order to be considered as an appropriate representative country.

3.5. **Sources used to establish undistorted costs**

(91) In the Note on sources, the Commission listed the factors of production such as materials, energy and labour used in the production of the product under review by the exporting producers.

([48]) https://www.doingbusiness.org/content/dam/doingBusiness/country/m/mexico/MEX.pdf
([49]) Available at https://connect.ihsmarkit.com/gta/home
([50]) https://www.cre.gob.mx/IPGN/ (last viewed: 24 May 2023).
([51]) https://www.globalpetrolprices.com/Mexico/electricity_prices/
([52]) https://ilostat.ilo.org/topics/wages/
([53]) Request for expiry review section 4.2.2.1 p. 31.
([54]) Request for expiry review section 4.2.2.1 p. 32.
([55]) https://investors.ternium.com/English/ternium/financial-information/default.aspx

(92) The Commission also stated in the Note on sources that, in order to construct the normal value in accordance with Article 2(6a)(a) of the basic Regulation, it would use GTA to establish the undistorted cost of the factors of production, notably the raw materials.

(93) In addition, the Commission stated that it would use the data from the Energy Regulatory Commission of the Government of Mexico, data from Global Petrol Prices and the International Labour Organisation for establishing undistorted costs of gas, electricity and labour, respectively.

(94) The Commission informed interested parties that, due to the non-cooperation of the Chinese exporters, it would include a value for manufacturing overhead costs in order to cover costs not included in the factors of production referred to above. The Commission established the ratio of manufacturing overheads to manufacturing costs based on the information provided in the request for review ([56]).

(95) Finally, the Commission stated that to establish SG&A and profit, it would use the financial data from the Mexican producer of the product under review as set out in recital 79 above.

(96) The Commission did not receive any comments from interested parties concerning the list of factors of production in the Note on sources.

3.6. **Undistorted costs and benchmarks**

3.6.1. *Factors of production*

(97) Considering all the information in the expiry review request and subsequent information submitted by the applicant and in the absence of cooperation by Chinese exporting producers or comments on the Note on sources, the following factors of production and their sources have been identified in order to determine the normal value in accordance with Article 2(6a)(a) of the basic Regulation:

Table 1

Factors of production of certain corrosion resistant steels

Factors of Production	Commodity codes of Mexico	Source of data	Unit of measurement	Applicable unit cost in CNY
Raw Materials				
Zinc – not alloyed & waste scrap	7901 11 01 7902 00 01	GTA ([57])	Tonnes	27 184,16
Iron Ore, Non-agglomerated	2601 11 01	GTA	Tonnes	924,29
Bituminous coal, whether or not pulverised	2701 12 01	GTA	Tonnes	1 772,34
Steel Scrap	7204 41 01	GTA	Tonnes	3 686,86
Coke and semi-coke of coal, of lignite or of peat, whether or not agglomerated	2704 00 01	GTA	Tonnes	3 804,46
Ferro-silicon, ferro-chromium, ferro-titanium	7202 21 01 7202 41 01 7202 91 01	GTA	Tonnes	21 393,32

([56]) Request for review, section 4.2.2.2, p. 33, Annex 8.
([57]) https://connect.ihsmarkit.com/gta/data-extracts/

By-product/waste				
Turnings, shavings, chips, milling waste, sawdust, filings, trimmings and stampings of iron or steel, whether or not in bundles (excl. those of cast iron, alloy steel or tinned iron or steel)	7204 41	GTA	Tonnes	3 686,86
Energy/Utilities				
Natural Gas	n/a	Energy Regulatory Commission, Gov. of Mexico ([58])	Gigajoule (GJ)	40,85
Energy – Electricity	n/a	Global Petrol Prices ([59])	kWh	1,19
All other raw materials, packaging, consumables	n/a		Fixed amount	% of direct costs
Labour				
Direct labour	n/a	ILO	Hours	15,87

3.6.2. *Raw materials*

(98) In order to establish the undistorted price of raw materials as delivered at the gate of a representative country producer, the Commission used as a basis the weighted average import price to the representative country as reported in the GTA to which import duties and transport costs were added. An import price in the representative country was determined as a weighted average of unit prices of imports from all third countries excluding the PRC and countries which are not members of the WTO, listed in Annex 1 of Regulation (EU) 2015/755 of the European Parliament and the Council ([60]).

(99) The Commission decided to exclude imports from the PRC into the representative country as it concluded in section 3.3 that it is not appropriate to use domestic prices and costs in the PRC due to the existence of significant distortions in accordance with Article 2(6a)(b) of the basic Regulation. Given that there is no evidence showing that the same distortions do not equally affect products intended for export, the Commission considered that the same distortions affected export prices. After excluding imports from the PRC and non-WTO countries into the representative country, the volume of imports from other third countries remained representative.

(100) In order to establish the undistorted price of raw materials, delivered at the gate of the producers factory, the Commission applied the import duty of the representative country, at the respective levels, depending on the country of origin of the imported volume. The Commission added domestic transport cost in Mexico on the basis of the World Bank Doing Business Report ([61]).

([58]) https://www.cre.gob.mx/IPGN/
([59]) https://www.globalpetrolprices.com/Mexico/electricity_prices/
([60]) Regulation (EU) 2015/755 of the European Parliament and of the Council of 29 April 2015 on common rules for imports from certain third countries (OJ L 123, 19.5.2015, p. 33). Article 2(7) of the basic Regulation considers that domestic prices in those countries cannot be used for the purpose of determining normal value.
([61]) https://www.doingbusiness.org/content/dam/doingBusiness/country/m/mexico/MEX.pdf

3.6.3. *By-products*

(101) According to the information in the request for review ([62]), only one by-product, steel scrap, is obtained in the production of CRS. To establish its undistorted price, the Commission also added internal transport costs to the average import price into Mexico, following the methodology as for raw materials.

3.6.4. *Labour*

(102) To calculate the value for labour, the Commission used ILO ([63]) statistics applicable to Mexico. The Commission used ILO data on the mean nominal monthly earnings and mean weekly hours worked by employees in the manufacturing sector in Mexico for 2022.

3.6.5. *Electricity*

(103) The Commission used data available on industrial electricity prices applicable in Mexico as published by Global Petrol Prices ([64]). At the time of calculation, the relevant data related to September 2022. The price includes all components of the electricity bill such as the cost of power, distribution and taxes.

3.6.6. *Natural gas*

(104) The price of natural gas for companies (industrial users) in Mexico is published by the Energy Regulatory Commission of the Government of Mexico ([65]). The Commission used the data applicable for 2022 which covered the review investigation period.

3.6.7. *Other direct costs*

(105) Other direct costs were based on the information regarding the Union industry provided in the expiry review request see recital 39.

3.6.8. *Manufacturing overhead costs, SG&A, and profits*

(106) According to Article 2(6a)(a) of the basic Regulation, 'the constructed normal value shall include an undistorted and reasonable amount for administrative, selling and general costs and for profits'. In addition, a value for manufacturing overhead costs needs to be established to cover costs not included in the factors of production referred to above.

(107) In order to establish an undistorted value of the manufacturing overheads and given the absence of cooperation from the exporting producers, the Commission used facts available in accordance with Article 18 of the basic Regulation. Therefore, the Commission established the ratio of manufacturing overheads to the total manufacturing and labour costs based on the data provided by the applicant in the expiry review request.

(108) For SG&A costs and profit, the Commission used the publicly available financial data, for the review investigation period of the Mexican producer mentioned in recital 76 ([66]).

3.7. **Calculation of the normal value**

(109) On the basis of the above, the Commission constructed the normal value per product type on an ex-works basis in accordance with Article 2(6a)(a) of the basic Regulation.

(110) First, the Commission established the undistorted manufacturing costs. In the absence of cooperation by the exporting producers, the Commission relied on the information provided by the applicant in the review request on the consumption of each factor (raw materials, gas, electricity and labour) for the production of CRS.

([62]) Ibid.
([63]) https://ilostat.ilo.org/resources/concepts-and-definitions/description-wages-and-working-time-statistics/
([64]) https://www.globalpetrolprices.com/Mexico/electricity_prices/ (last viewed: 24.5.2023).
([65]) https://www.cre.gob.mx/IPGN/ (last viewed: 24.5.2023).
([66]) https://s2.q4cdn.com/156255844/files/doc_news/archive/AGSM/2023/Annual-Report-2022.pdf – p. 46.

(111) The Commission multiplied the consumption volumes by the undistorted costs per unit observed in Mexico, as described in Section 3.6. A number of factors of production that represented a negligible share of total raw material costs in the review investigation period were expressed as a percentage of the main raw materials as explained in recital 84. The Commission applied that percentage to the undistorted cost of the main raw materials to arrive at an undistorted value.

(112) Once the undistorted manufacturing cost was established, the Commission added the manufacturing overheads, SG&A and profit as noted in recitals 98 to 100 to the undistorted cost of manufacturing:

— Manufacturing overheads, which accounted in total for 34,5 % of the direct costs of manufacturing,

— SG&A and other costs, which accounted for 9,2 % of the Costs of Goods Sold ('COGS'), and

— Profits, which amounted to 21,4 % of the COGS, were applied to the total undistorted costs of manufacturing.

(113) On that basis, the Commission constructed the normal value per product type on an ex-works basis in accordance with Article 2(6a)(a) of the basic Regulation.

3.8. **Export price**

(114) In the absence of cooperation by Chinese exporting producers, the export price was determined based on Eurostat import data, at a cost, insurance and freight ('CIF') level. This CIF price was reduced by sea freight and insurance costs and domestic transport in China to arrive at the export price at ex-works level. Available data in relation to domestic transport costs in China including that in the country report of China in Doing Business ([67]) and the average sea freight and insurance costs from China based on the data from the OECD ([68]), was examined. However, the Commission decided to use the relevant data on transport costs provided in the expiry review request ([69]), as this was more up to date compared to the other reports.

3.9. **Comparison and dumping margins**

(115) The Commission compared the normal values established in accordance with Article 2(6a)(a) of the basic Regulation for CRS, with the export price on an ex-works basis as established above.

(116) On this basis, the dumping margin for imports from China, expressed as a percentage of the CIF Union frontier price, duty unpaid, resulted in an average 51,1 %.

(117) However, the volume of imports into the Union in the review investigation period was negligible, corresponding to less than 0,01 % market share in the Union market and thus this quantity was considered unrepresentative. For this reason, the Commission concluded that these low volumes do not provide a sufficient basis for a continuation of dumping analysis. Therefore, the Commission also investigated the likelihood of recurrence of dumping.

3.10. **Likelihood of recurrence of dumping**

(118) The Commission investigated, in accordance with Article 11(2) of the basic Regulation, the likelihood of recurrence of dumping, should the measures be allowed to lapse. The following additional elements were analysed:

— the production capacity and spare capacity in the PRC;

— the relationship between prices prevailing on the Union market and export prices from the PRC to third countries;

— the level of prices of PRC exports to third countries; and

— the attractiveness of the Union market.

([67]) https://www.doingbusiness.org/content/dam/doingBusiness/country/c/china/CHN.pdf
([68]) https://stats.oecd.org/OECDStat_Metadata/ShowMetadata.ashx?Dataset=CIF_FOB_ITIC&ShowOnWeb=true&Lang=en
([69]) Request for review, section 4.1.3, p. 14.

3.10.1. *Production capacity and spare capacity in the PRC.*

(119) In the absence of cooperation, the Commission established production capacity and spare capacity in the PRC on the basis of information provided in the request for review ([70]) and information from CEIC Data ([71]).

(120) According to information in the request for review, China's current steel production capacity is estimated at 1,2 billion tonnes per year, while consumption is estimated at 1 billion tonnes ([72]). This allows for a spare capacity of 0,2 billion tonnes a year. Indeed, Chinese overcapacity in steel production is well established ([73]). Moreover, the PRC would contribute to a quarter of the total increase of steelmaking capacity in 2023 ([74]).

(121) The applicant explained in the request for review that they encountered difficulties in obtaining specific data showing production capacity for CRS alone. Therefore, they used available data on production and capacity for hot-dip galvanised ('HDG') and electro-galvanised ('EG') products, as HDG and EG products include CRS within their range ([75]). Therefore, the applicant was of the opinion that using data concerning HDG was the most accurate way to assess CRS capacity ([76]).

(122) Exporting producers of CRS in the country concerned have not only a significant and increasing spare capacity, but also the capability to swiftly further increase capacity if required. The reason for this is that CRS and other HDG products can be produced interchangeably on the same production lines and HDG producers can shift from one product to the other ([77]).

(123) On that basis, the applicant established an increase in production capacity of HDG steel from 50,4 million tonnes in 2018 to 51,2 million in 2022. They also noted a decrease in capacity utilisation in 2022 due to lack of demand for steel products on the domestic market ([78]) – a development also observed for the Chinese steel industry as a whole by the World Steel Association, which forecasts an uncertain outlook for China and its domestic consumption for 2024 ([79]). This decline in capacity utilisation is forecasted to fall to 86,2 % in 2023 and a further fall to 85,7 % by 2026 ([80]). The estimated Chinese combined HDG and EG spare capacity of 6,4 million tonnes would represent over 80 % of the free consumption of CRS in the Union market during the review investigation period ([81]).

(124) Based on the above, the Commission concluded that Chinese exporting producers have significant spare capacity to produce CRS for export to the Union, making an increase of exports at dumped prices likely if the measures were allowed to lapse.

3.10.2. *Export prices to third countries from the PRC*

(125) As noted above in recital 30, imports of CRS from the PRC virtually disappeared during the review investigation period. Consequently, the import price of the product concerned to the Union was not representative due to the very small volume concerned.

([70]) Request for review, section 5.3.1, p. 38.
([71]) CEIC Date is a market intelligence company information found here: https://www.ceicdata.com/en/china/steel-production
([72]) Ibid. p. 39: https://asia.nikkei.com/Spotlight/Caixin/China-s-steel-industry-at-a-crossroads-as-long-winter-looms
([73]) See, for instance, box 2 in the GFSEC Progress report prepared by the OECD facilitator dated 20.12.2022 available at https://www.steelforum.org/gfsec-2022-progress-report.pdf.
([74]) Presentation 'Latest developments in steelmaking capacity' from the 94th session of the OECD Steel Committee, Paris, 25.9.2023, available at https://www.oecd.org/industry/ind/94th_Steel_Committee_Global_Steelmaking_Capacity.pdf.
([75]) Request for review, recital 149, p. 40.
([76]) Request for review, p. 40.
([77]) Request for review, recital 149, p. 40.
([78]) Request for review, recital 148, p. 39.
([79]) Press release 'worldsteel Short Range Outlook October 2023', dated 17.10.2023 and available at https://worldsteel.org/wp-content/uploads/worldsteel-Short-Range-Outlook-October-2023.pdf.
([80]) Request for review, recital 153, p. 41.
([81]) Request for review, recital 154, p. 42.

(126) Based on GTA import statistics ([82]), the Commission identified the ten largest importers of CRS from the PRC during the review investigation period. These were, Thailand, South Korea, Brazil, Indonesia, Viet Nam, Israel, Chile, Peru, Japan and Philippines. Exports to these countries together represented 54,9 % of all Chinese exports during the review investigation period. However, in the request for review the applicant noted that the export price to the Philippines was excessively high during the review investigation period. Whereas in 2019 and 2020 export prices from China to Philippines were similar to prices to other destinations, in 2021 the export price to the Philippines rose by around 120 % in 2021 and by further 50 % in 2022 (aggregated 220 % increase between 2020 and 2022) while export prices from China to all other destinations marked an average increase of 50 % over the same period. In the request the applicant explained that such development of export prices to the Philippines was mainly due to the fact that the Philippines relied heavily on steel imports and due to supply chain disruption from Russia, they were purchasing expensive steel products from China ([83]), including CRS. Thus, in the light of above and given the lack of cooperation of exporting producers from China, the Commission considered that the export prices to the Philippines cannot be deemed as a reliable indicator of export price level and decided not to take into account the export prices to the Philippines in its analysis.

(127) The Commission adjusted the reported prices for the remaining nine countries to calculate the export price at ex-works level by deducting sea freight and insurance costs ([84]) and domestic transport costs in China ([85]). The price of the product exported to the nine export destinations analysed remains lower than the prevailing price level in the Union as explained in recital 130 below.

(128) The Commission then compared the normal value established in accordance with Article 2(6a)(a) of the basic Regulation and the export prices to the nine main export destinations. The comparison showed that export prices to the nine countries were significantly lower than the normal value as follows:

Table 2

Price difference between the normal value and export price

Country	% of total 'world' exports of CRS from the PRC	The price difference between the normal value and export prices per country (%)
Thailand	10,4	115,7
South Korea	10,4	128,9
Brazil	6,3	110,3
Indonesia	4,6	92,3
Viet Nam	3,1	76,8
Israel	2,8	120,5
Chile	2,7	97,1
Peru	2,6	107,4
Japan	2,4	106,5

(129) Based on the above, the Commission concluded that if the measures were to expire and the prices at which the Chinese exporting producers would export the product concerned to the Union were in line with the export price to third countries observed during the review, the level of dumping would be significant.

([82]) https://connect.ihsmarkit.com/gta/data-extracts/
([83]) Request for review, section 4.1.2, p. 12.
([84]) https://stats.oecd.org/OECDStat_Metadata/ShowMetadata.ashx?Dataset=CIF_FOB_ITIC&ShowOnWeb=true&Lang=en
([85]) https://www.doingbusiness.org/content/dam/doingBusiness/country/c/china/CHN.pdf

3.10.3. *Attractiveness of the Union market*

(130) According to the data from GTA, Chinese exporting producers exported to the nine main destinations mentioned in recital 126 at an average price of 15 % lower than the price prevailing on the Union market during the review investigation period. The applicant also stated in the request for review, that shipping costs from China to Europe decreased significantly during the investigation period ([86]). Taking the price level and the decrease in shipping costs into account, the Union market is far more attractive to Chinese exporters than all other countries excluding Philippines. Thus, in the absence of measures, potentially higher export prices and volumes to the Union, would yield higher profits than exports to other third countries, which demonstrates the attractiveness of the Union market.

(131) Although Chinese export volumes to the Union shrank after the imposition of the original measures, Chinese producers manufacture significant volumes of the product under review and, in accordance with GTA statistics, exported close to 10 million of it worldwide during the review investigation period.

(132) During the review investigation period, the volumes of CRS exported to countries outside the Union were equivalent to the total Union consumption and around 30 % more than Union production, during the same period. Because of the attractiveness of the Union market in terms of pricing, openness and increased consumption, it is considered that if the measures are terminated, Chinese exporters are likely to re-direct significant volumes of CRS at dumped prices to the more lucrative Union market.

(133) In addition, trade defence measures have been introduced or extended on imports of Chinese CRS in many markets globally. These include India (anti-dumping measures on HS codes 7225 99 and 7226 99), South Africa and Namibia (anti-dumping measures on HS code 7210 49 and 7210 61), Viet Nam (anti-dumping measures on HS code 7225 99), Canada (anti-dumping measures on HS codes 7210 49 and 7226 99), Eurasian Economic Union (anti-dumping measures on HS codes 7210 49 and 7210 61), Malaysia (anti-dumping measures on HS codes 7210 61 and 7226 99) and Thailand (anti-dumping measures on HS code 7210 49) ([87]). Ukraine also has anti-dumping measures on all HS codes related to the product concerned. There are also Section 232 measures in place in the US and safeguard measures in place in the UK. These measures constitute export limitations for Chinese CRS producers to other significant export markets and further increase the likelihood of redirection of Chinese exports to the Union market in the absence of measures.

(134) Finally, the PRC remained interested in the Union market even after the imposition of the original measures, as proved by the anti-circumvention investigation of the anti-dumping measures of imports originating in the PRC which extended the measures in question to slightly modified certain corrosion resistant steels ([88]). The fact that the Union adopted safeguards on certain steel products, including the product under review, does not alter this conclusion. The import volumes under the residual tariff rate quota are set at level which may allow China to export significant amounts of corrosion resistant steels.

(135) Therefore, if measures are allowed to expire in the EU the Chinese producers are likely to restart exporting to the Union market dumped CRS in significant volumes.

3.10.4. *Conclusion on the likelihood of recurrence of dumping*

(136) In view of the above, the Commission concluded that, regardless of whether there was dumping during the review investigation period, there is a strong likelihood that dumping would recur if the current measures were allowed to lapse.

(137) In particular, the level of the normal value established for the PRC as compared to the level of Chinese export prices to third country markets and the Union, the attractiveness of the Union market in terms of price level and size and the availability of significant production capacity in the PRC all point to a strong likelihood of recurrence of dumping if the current measures would be allowed to lapse.

([86]) Request for review, p. 5.
([87]) https://www.globaltradealert.org/data_extraction 13 December 2023. File number: t23.006663.
([88]) Implementing Regulation (EU) 2020/1156.

4. **INJURY**

4.1. **Definition of the Union industry and Union production**

(138) The like product was manufactured by 21 producers in the Union during the period considered. They constitute the 'Union industry' within the meaning of Article 4(1) of the basic Regulation.

(139) The total Union production during the review investigation period was established at around 7 743 498 tonnes, including production for the captive market. The Commission established the production on the basis of the questionnaire replies received from the applicant and the sampled Union producers. As indicated in recital 13, the three Union producers selected in the sample represented 29 % of the total Union production of the like product.

4.2. **Union consumption**

(140) The Commission established the Union consumption on the basis of: (a) applicant's data concerning Union industry's sales and captive use (including captive sales) of the like product, cross-checked with the sales and captive use volumes reported by sampled Union producers; and (b) imports of the product under review into the Union from all third countries as reported in Eurostat.

(141) Union consumption developed as follows:

Table 3

Union consumption (tonnes)

	2019	2020	2021	RIP
Total Union consumption	9 011 034	9 184 071	11 063 151	9 547 573
Index (2019 = 100)	*100*	*102*	*123*	*106*
Captive market consumption	1 864 394	1 764 931	2 091 845	1 916 305
Index 2019 = 100)	*100*	*95*	*112*	*103*
Free market consumption	7 146 640	7 419 141	8 971 306	7 631 268
Index (2019 = 100)	*100*	*104*	*126*	*107*

Source: Eurostat, applicant and sampled Union producers.

(142) During the period considered, the Union consumption in the free market increased by 7 %. The increase in consumption was most marked in 2021, due to a recovery following the COVID-19 crisis. In the same period, demand in the captive market fluctuated and overall increased by 3 %. The fluctuations in the captive market were partly due to variations in the level of the use of the lines used to manufacture the product under review for the purpose of manufacturing products falling outside the scope of the review.

4.3. **Imports from the country concerned**

4.3.1. *Volume and market share of the imports from the country concerned*

(143) The Commission established the volume of imports on the basis of Eurostat. The market share of the imports was established by comparing those imports with the Union consumption.

(144) Imports into the Union from the country concerned developed as follows:

Table 4

Import volume and market share

	2019	2020	2021	RIP
Volume of imports from the PRC (tonnes)	196	232	10 926	953
Market share of imports from the PRC	0,0 %	0,0 %	0,1 %	0,0 %

Source: Eurostat.

(145) Imports from China of the product under review into the Union were at very low levels throughout the period considered. Consequently, the market share of China was negligible.

4.3.2. *Prices of the imports from the country concerned and price undercutting*

Table 5

Prices of imports from the country concerned

	2019	2020	2021	RIP
Average price	998	1 037	972	1 395
Index (2019 = 100)	*100*	*104*	*97*	*140*

Source: Eurostat.

(146) Prices from the country concerned increased by 40 % during the period considered, however they applied all the time to minimal volumes of imports. Those minimal volumes of imports from PRC do not allow any meaningful price undercutting calculations.

4.4. **Imports from third countries other than PRC**

(147) The volume of imports into the Union as well as the market share and price trends for imports of certain corrosion resistant steels from other third countries developed as follows:

Table 6

Imports from third countries

Country		2019	2020	2021	RIP
Viet Nam	Volume (tonnes)	28 972	51 241	744 010	709 484
	Index (2019 = 100)	*100*	*177*	*2 568*	*2 449*
	Market share	0,4 %	0,7 %	8,3 %	9,3 %
	Index (2019 = 100)	*100*	*170*	*2 046*	*2 293*
	Average price (EUR/tonne)	664	608	1 007	1 132
	Index (2019 = 100)	*100*	*92*	*152*	*170*

Türkiye	Volume (tonnes)	472 298	704 823	1 029 743	581 706
	Index (2019 = 100)	*100*	*149*	*218*	*123*
	Market share	6,6 %	9,5 %	11,5 %	7,6 %
	Index (2019 = 100)	*100*	*144*	*174*	*115*
	Average price (EUR/tonne)	615	562	934	1 138
	Index (2019 = 100)	*100*	*91*	*152*	*185*
Taiwan	Volume (tonnes)	137 310	164 223	281 377	362 660
	Index (2019 = 100)	*100*	*120*	*205*	*264*
	Market share	1,9 %	2,2 %	3,1 %	4,8 %
	Index (2019 = 100)	*100*	*115*	*163*	*247*
	Average price (EUR/tonne)	655	627	880	1 225
	Index (2019 = 100)	*100*	*96*	*134*	*187*
India	Volume (tonnes)	195 469	159 695	479 238	197 750
	Index (2019 = 100)	*100*	*82*	*245*	*101*
	Market share	2,7 %	2,2 %	5,3 %	2,6 %
	Index (2019 = 100)	*100*	*79*	*195*	*95*
	Average price (EUR/tonne)	637	576	1 023	1 091
	Index (2019 = 100)	*100*	*90*	*161*	*171*
South Korea	Volume (tonnes)	221 329	241 201	144 540	164 311
	Index (2019 = 100)	*100*	*109*	*65*	*74*
	Market share	3,1 %	3,3 %	1,6 %	2,2 %
	Index (2019 = 100)	*100*	*105*	*52*	*70*
	Average price (EUR/tonne)	683	622	862	1 213
	Index (2019 = 100)	*100*	*91*	*126*	*178*
Russia	Volume (tonnes)	182 292	276 474	278 278	117 971
	Index (2019 = 100)	*100*	*152*	*153*	*65*

	Market share	2,6 %	3,7 %	3,1 %	1,5 %
	Index (2019 = 100)	*100*	*146*	*122*	*61*
	Average price (EUR/tonne)	606	547	988	1 148
	Index (2019 = 100)	*100*	*90*	*163*	*189*
South Africa	Volume (tonnes)	–	–	76 165	107 412
	Index (2021 = 100)	–	–	*100*	*141*
	Market share	–	–	0,8 %	1,4 %
	Index (2021 = 100)	–	–	*100*	*166*
	Average price (EUR/tonne)	–	–	1 187	1 230
	Index (2021 = 100)	–	–	*100*	*104*
Other third countries	Volume (tonnes)	133 941	140 573	242 601	229 747
	Index (2019 = 100)	*100*	*105*	*181*	*172*
	Market share	1,9 %	1,9 %	2,7 %	3,0 %
	Index (2019 = 100)	*100*	*101*	*144*	*161*
	Average price (EUR/tonne)	622	564	960	1 125
	Index (2019 = 100)	*100*	*91*	*154*	*181*
Total of all third countries except PRC	Volume (tonnes)	1 371 611	1 738 230	3 275 952	2 471 041
	Index (2019 = 100)	*100*	*127*	*239*	*180*
	Market share	19,2 %	23,4 %	36,5 %	32,4 %
	Index (2019 = 100)	*100*	*122*	*190*	*169*
	Average price (EUR/tonne)	634	577	968	1 153
	Index (2019 = 100)	*100*	*91*	*153*	*182*

Source: Eurostat.

(148) The imports of the product under review from third countries other than the PRC increased overall by 80 %, with a particular peak in 2021 following the recovery from the COVID-19 crisis. Those imports originated predominantly in Türkiye and Viet Nam.

(149) Imports from Türkiye were significant throughout the period considered, although volumes varied. The initiation on 24 June 2021 ([89]) of an anti-dumping investigation with regard to imports of a similar product originating in Russia and Türkiye ([90]) may have had a chilling effect on imports of the product under review from those two countries in 2021 and the review investigation period.

(150) Imports from Viet Nam were limited in 2019 and 2020 but then increased exponentially by more than 2 000 % to become the main import source. The two major reasons for this increase were the entry into force of a free trade agreement between the EU and Viet Nam ([91]) and the exclusion of Viet Namese corrosion resistant steel from the steel safeguard until June 2022 ([92]).

(151) The market share of third countries other than the PRC increased from 19,2 % in 2019 to 32,4 % in the review investigation period.

(152) In the abstract, since 2020 the prices of imports from third countries were lower than those of the Union industry, with the gap becoming narrower over the time. However, it is to be noted that there can be different product mixes and that, specifically with regard to Türkiye, the prices in the table above exclude applicable anti-dumping duties in the last part of 2022.

4.5. **Economic situation of the Union industry**

4.5.1. *General remarks*

(153) The assessment of the economic situation of the Union industry included an evaluation of all economic indicators having a bearing on the state of the Union industry during the period considered.

(154) As mentioned in section 1.6.1, sampling was used for the assessment of the economic situation of the Union industry.

(155) For the injury determination, the Commission distinguished between macroeconomic and microeconomic injury indicators. The Commission evaluated the macroeconomic indicators on the basis of data contained in the questionnaire reply of Eurofer relating to all Union producers, cross-checked where necessary with the questionnaire replies from the sampled Union producers. The Commission evaluated the microeconomic indicators on the basis of data contained in the questionnaire replies from the sampled Union producers. Both sets of data were verified and found to be representative of the economic situation of the Union industry.

(156) The macroeconomic indicators are: production, production capacity, capacity utilisation, sales volume, market share, growth, employment, productivity, magnitude of the dumping margin, and recovery from past dumping.

(157) The microeconomic indicators are: average unit prices, unit cost, labour costs, inventories, profitability, cash flow, investments, return on investments, and ability to raise capital.

([89]) Notice of initiation of an anti-dumping proceeding concerning imports of certain corrosion resistant steels originating in Russia and Turkey (OJ C 245, 24.6.2021, p. 21).

([90]) Anti-dumping duties range 10,3–37,4 % for Russia and 2,4 -11 % for Türkiye according to the Commission Implementing Regulation (EU) 2022/1395 of 11 August 2022 imposing a definitive anti-dumping duty on imports of certain corrosion resistant steels originating in Russia and Turkey (OJ L 211, 12.8.2022, p. 127).

([91]) See the 2020 press releases 'EU-Vietnam trade agreement enters into force' available at https://ec.europa.eu/commission/presscorner/detail/en/IP_20_1412 and 'EU trade agreement to benefit Vietnam steel industry' available at https://eurometal.net/eu-trade-agreement-to-benefit-vietnam-steel-industry/#:~:text=EU%20trade%20agreement%20to%20benefit%20Vietnam%20steel%20industry.,tariffs%20on%20Vietnam%E2%80%99s%20industrial%20products%20over%20seven%20years.

([92]) See the press release 'EU extends quotas for another year, includes Vietnam in HDG quota' dated 1.6.2022 available at https://www.steelorbis.com/steel-news/latest-news/eu-extends-quotas-for-another-year-includes-vietnam-in-hdg-quota-1246393.htm

4.5.2. *Macroeconomic indicators*

4.5.2.1. Production, production capacity and capacity utilisation

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

Table 7

Production, production capacity and capacity utilisation

	2019	2020	2021	RIP
Production volume (tonnes)	9 209 033	8 901 268	8 995 570	7 743 498
Index (2019 = 100)	*100*	*97*	*98*	*84*
Production capacity (tonnes)	11 569 564	12 587 213	11 159 969	11 244 662
Index (2019 = 100)	*100*	*109*	*96*	*97*
Capacity utilisation	79,6 %	70,7 %	80,6 %	68,9 %
Index (2019 = 100)	*100*	*89*	*101*	*87*

Source: Eurofer and sampled Union producers.

(159) The Union industry's production volume fluctuated and overall dropped by 16 % over the period considered. The fall in 2020 was partly due to the pressure exerted by Turkish and Russian imports ([93]). Over the period considered, the production capacity of the Union industry varied. Overall, it fell by 3 %. The drop in production volume in the last part of the period considered is for most part, and the drop of production capacity entirely, caused by non-representative financial and consequent operational difficulties experienced by one non-sampled Union producer ([94]). The capacity utilization rate dropped by 13 %, which is namely the result of the drop in Union production.

(160) However, as established in the original investigation, the above trends are partly theoretical as Union producers use hot dipped galvanising lines to produce the product under review but also other products that are not subject to this review. Over the period considered, the share of the production lines that were allocated to the product under review changed for certain producers.

4.5.2.2. Free market sales volumes, captively used volumes and market share

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

Table 8

Free market sales volume and market share

	2019	2020	2021	RIP
Free market sales (tonnes)	5 774 832	5 680 681	5 684 429	5 159 274
Index (2019 = 100)	*100*	*98*	*98*	*89*
Market share of free market sales (%)	80,8 %	76,6 %	63,4 %	67,6 %
Index (2019 = 100)	*100*	*95*	*78*	*84*

Source: Eurofer and sampled Union producers.

([93]) For details, see Implementing Regulation (EU) 2022/1395.
([94]) In 2021, Liberty Liège-Dudelange collapsed and was up for liquidation due to outstanding debts. A take-over offer is being considered.

(162) The Union industry sales volume on the Union market decreased by 11 % during the period considered. The fall occurred mainly between 2021 and the review investigation period and is explained by the shrinkage of consumption in that period and the collapse of a large non-sampled Union producer in 2021, as explained in recital 159.

(163) Over the period considered, the Union industry's market share in the free market decreased by 16 % as, at the same time, imports increased exponentially, i.e. in absolute terms their increase was twice as high as the increase of consumption.

Table 9

Captive volumes and market share

	2019	2020	2021	RIP
Captive market (tonnes)	1 864 394	1 764 931	2 091 845	1 916 305
Index (2019 = 100)	*100*	*95*	*112*	*103*
Share of captive market over the total Union production (%)	20,2 %	19,8 %	23,3 %	24,7 %
Index (2019 = 100)	*100*	*98*	*115*	*122*

Source: Eurofer and sampled Union producers.

(164) The Union industry's captive volume was relatively stable and experienced an overall increase by 3 %.

(165) The drop in Union production entailed an increase of the share of the captive market over the total Union production.

4.5.2.3. Growth

(166) The Union industry managed to partly benefit from periods of growth on the Union market even if its capacity utilisation was lower than during the original investigation and some restructuring was on-going. The Union industry kept significant market shares during the whole period considered.

4.5.2.4. Employment and productivity

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

Table 10

Employment and productivity

	2019	2020	2021	RIP
Number of employees	11 117	12 048	10 385	9 593
Index (2019 = 100)	*100*	*108*	*93*	*86*
Productivity (tonnes/employee)	828	739	866	807
Index (2019 = 100)	*100*	*89*	*105*	*97*

Source: Eurofer and sampled Union producers.

(168) Over the period considered, the level of Union industry employment related to the production of the product under review fluctuated and fell by 14 %. The drop in the last part of the period considered is to be attributed to the developments at one large producer as mentioned in recital 159 above. Also, some fluctuations are theoretical as they are the result of different production models and of different allocation methodologies of resources which starting point was a product family broader than the product under review (namely all hot dipped galvanised products).

(169) The productivity of the Union industry decreased by 3 % over the period concerned. The fluctuations are linked to the drop in production volumes in the Union in 2020 and the review investigation period.

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

(170) The level of imports during the review investigation period was very limited, representing a negligible share of Union consumption. Therefore, the impact of the magnitude of actual margins of dumping on the Union industry could not be meaningfully established. The review focused on the likelihood of a recurrence of dumping should the anti-dumping measures be repealed. However, as mentioned in recital 128, the difference between the normal value and the export price to third countries was at a significant level.

(171) Corrosion resistant steels have already been subject to anti-dumping investigations. In the original investigation, the Commission found that, during the period 1 October 2015 to 30 September 2016, the situation of the Union industry was significantly affected by dumped imports of the product under review originating in the PRC. In August 2020, an anti-circumvention investigation of the anti-dumping measures of imports originating in the PRC extended the measures in question to slightly modified certain corrosion resistant steels ([95]). In an investigation concerning, inter alia, the product under review, the Commission found that, during the period 1 January 2020 to 30 December 2020, the situation of the Union industry was negatively affected by dumped imports originating in Russia and Türkiye ([96]).

(172) The recovery of the Union industry from past dumping practices was thus ongoing when the present investigation started. However, the measures in place had undeniably a positive impact on the Union industry.

4.5.3. *Microeconomic indicators*

4.5.3.1. Prices and factors affecting prices

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

Table 11

Sales prices and cost of production in the Union (EUR/tonne)

	2019	2020	2021	RIP
Average unit sales price on the free market	628	587	1 039	1 162
Index (2019 = 100)	*100*	*93*	*165*	*185*
Unit cost of production	601	588	789	986
Index (2019 = 100)	*100*	*98*	*131*	*164*

Source: Sampled Union producers.

([95]) Implementing Regulation (EU) 2020/1156.
([96]) Implementing Regulation (EU) 2022/1395.

(174) The Union producers could increase their sales prices in the Union following relevant trade defence measures put in place.

(175) The unit cost of production increased overall by 64 % over the period considered. The prices of some main raw materials and energy increased significantly in the second half of the period considered.

4.5.3.2. Labour costs

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

Table 12

Average labour costs per employee

	2019	2020	2021	RIP
Average labour costs per employee (EUR)	72 692	68 225	77 162	81 837
Index (2019 = 100)	*100*	*94*	*106*	*113*

Source: Sampled Union producers.

(177) The average labour costs per employee of the sampled Union producers increased by 13 % during the period considered. They dropped temporarily in 2020 due to COVID-19-related public support measures.

4.5.3.3. Inventories

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

Table 13

Inventories

	2019	2020	2021	RIP
Closing stocks (tonnes)	154 680	111 817	171 244	160 558
Index (2019 = 100)	*100*	*72*	*111*	*104*
Closing stocks as a percentage of production	7,6 %	5,3 %	7,2 %	7,6 %
Index (2019 = 100)	*100*	*70*	*96*	*100*

Source: Sampled Union producers.

(179) Union producers usually keep a low level of stock themselves. Therefore, stocks are not considered to be an important injury indicator for this industry. This is also confirmed by analysing the evolution of the closing stocks as a percentage of production.

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

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

Table 14

Profitability, cash flow, investments and return on investments

	2019	2020	2021	RIP
Profitability of sales in the Union to unrelated customers (% of sales turnover)	– 3,7 %	– 1,7 %	16,1 %	7,9 %
Index (2019 = 100)	*- 100*	*- 46*	*435*	*214*
Cash flow (EUR)	- 26 986 371	43 439 334	269 485 933	189 860 405
Index (2019 = 100)	*- 100*	*161*	*999*	*704*
Investments (EUR)	27 483 583	30 820 545	25 152 956	35 339 227
Index (2019 = 100)	*100*	*112*	*92*	*129*
Return on investments	- 6 %	- 3 %	33 %	22 %
Index (2019 = 100)	*- 100*	*- 50*	*550*	*367*

Source: Sampled Union producers.

(181) The Commission established the profitability of the 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. Dumped imports from several countries contributed to the Union industry making losses in 2019 and 2020. The trade defence measures put in place thereafter helped Union producers to increase their sale prices to a higher extent than the increase of its cost of production and obtain sustainable profit levels. In the review investigation period profits dropped significantly as compared to 2021 as sales prices could not anymore incorporate the further strong increase in cost of production. The profitability achieved both in 2021 and 2022 was, however, above the target profit established in earlier investigations covering the same and a slightly broader product range ([97]).

(182) The net cash flow is the ability of the Union producers to self-finance their activities. The trend in net cash flow followed the positive developments in terms of profitability.

(183) Investments are the net book value of assets. The net investments overall increased over the period considered. In general, the investments aimed at retaining the existing capacities, at improving quality, at reducing costs and at saving energy.

(184) The return on investments is the profit in percentage of the net book value of investments. It developed very positively in a context of significant profits but limited investments.

(185) The ability to raise capital was not directly affected by imports from the PRC.

4.6. **Conclusion on injury**

(186) The evolution of the micro and macro indicators during the period considered showed that the financial situation for the Union industry was good in 2021 and the review investigation period, with profitability in both years exceeding target profits for the industry previously established.

([97]) For details, see section 6.1 of Implementing Regulation (EU) 2022/1395.

(187) Certain volume-based indicators as well as employment deteriorated, but that could for a good part or completely be attributed to particular difficulties encountered by one large Union producer that virtually stopped production during 2021. All other Union producers together would show a picture of a Union industry that is hardly, if at all, affected by the significant drop in consumption in the review investigation period and strong increase of imports over the period considered.

(188) On the basis of the above, the Commission concluded that the Union industry did not suffer material injury within the meaning of Article 3(5) of the basic Regulation during the review investigation period.

5. **LIKELIHOOD OF RECURRENCE OF INJURY**

(189) The Commission concluded in the above section that the Union industry did not suffer material injury during the review investigation period. Therefore, the Commission assessed, in accordance with Article 11(2) of the basic Regulation, whether there would be a likelihood of recurrence of injury originally caused by the dumped imports from the PRC if the measures were allowed to lapse.

(190) In this regard, the Commission relied on the information made available by the cooperating parties and any other information available on file. It examined the production capacity and spare capacity in the PRC; the relationship between prices in the Union, the PRC and Chinese export prices to third countries; the likely price and volume levels of imports from the PRC in the absence of anti-dumping measures; and the impact on the Union industry should the measures be allowed to lapse.

(191) As concluded in recital 123, the estimated Chinese CRS spare capacity represents over 80 % of the free consumption of CRS in the Union market during the review investigation period, but that percentage could increase in light of the utilisation rate of Chinese corrosion resistant plants which is forecasted to be 86,2 % in 2023 ([98]). Moreover, as concluded in recital 127, prices in the Union are higher than to nine of the ten largest current export destinations of Chinese CRS.

(192) Based on that, the expiry of the anti-dumping measures is very likely to result in an increase of Chinese exports to the Union. In view of the decreasing domestic demand in China, the fact that producers of CRS can easily switch from the production of other HDG products to CRS and the higher prices on the Union market (see recitals 123 and 122), such increase could be even larger than the current Chinese spare capacity which would already represent 80 % of Union consumption.

(193) Furthermore, as explained in recital 127, the Commission compared the prices of imports with Union industry prices on the basis of current export prices of Chinese exporting producers to third countries. The prices to the main export destinations with representative sales mentioned in recital 126 were adjusted by first deducting the cost or transport from the PRC to the third countries and thereafter adding the costs for transport from the PRC to the Union, using cost data of ocean freight from the review request. Using those calculated CIF prices and comparing them with the weighted average sales prices of the three sampled Union producers charged to unrelated customers in the Union market, adjusted to an ex-works level, prices of Chinese exports to third countries undercut Union industry's average sales prices, properly adjusted to ex-works level, by 6,8 %. The request also contained information showing that China exported increasing volumes to countries outside the Union at low prices ([99]).

(194) Moreover, as important as export markets are for Chinese industry, the PRC faces more and more difficulties accessing them due to a wide range measures imposed by other third countries against imports of certain corrosion resistant steels from China, as described in section 3 above.

([98]) Request for a review, point 3 (p. 5).
([99]) Request for a review, graph 7 and point 169 (p. 47).

(195) The market for the product under review is very price competitive. Therefore, the likely arrival into the Union of imports from the country concerned at low prices would force the Union industry to reduce its production and lower its prices. Union producers would be confronted with insufficient time to recover from the past injurious situation, further invest and fulfil their commitments, including social and environmental ones.

(196) Profit levels are likely to become unsustainable for such a capital-intensive industry. Heavy losses within the Union industry will undermine its ability to raise capital, endanger its viability and possibly trigger the closure of production facilities and dismissals and also disruptions in supply chains.

(197) There are steel safeguard measures in place that Union producers benefit from already. However, the current anti-dumping investigation addresses a distinct issue not covered by any existing measure.

(198) On this basis, it is concluded that the absence of measures would in all likelihood result in a significant increase of dumped imports from the PRC at injurious prices and material injury would be likely to recur.

6. **UNION INTEREST**

(199) In accordance with Article 21 of the basic Regulation, the Commission examined whether maintaining the existing anti-dumping measures would be against the interest of the Union as whole. 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 the Union industry**

(200) The majority of the 21 Union producers supported the request whereas no producer opposed the initiation of the investigation. As concluded in section 4 above, the Union industry is no longer suffering from material injury. However, as concluded in section 5, a repeal of the measures would result of a renewed influx of dumped imports from China which would quickly result in a recurrence of injury. The continuation of the measures, therefore, is in the interest of the Union industry.

6.2. **Interest of unrelated importers**

(201) No importers cooperated with the investigation.

(202) The lack of cooperation of importers did not allow the Commission to analyse whether importers were performing badly or unable to pass on price increases, if any.

(203) The Commission notes that, apart from the abundant Union production, importers and supply chains can avail themselves from imports from numerous suppliers and countries. The extension of the measures is not intended to exclude Chinese imports from the market, but only to ensure that those imports are not sold at dumped prices, thereby causing injury.

6.3. **Interest of users**

(204) Users did not cooperate with the investigation. Therefore, the Commission was not in a position to analyse the impact of existing measures on the situation of users.

(205) The Commission notes that, in the course of its original investigation, the Commission concluded that the measures currently in place do not have significant negative effects on users and consumers. Indeed, certain corrosion resistant steels generally represent a relatively low proportion of the cost of a construction project (only approximately one percent for a brick house and two percent for an office building), as noted in an example provided in Annex 13 to the request.

6.4. **Conclusion on Union interest**

(206) On the basis of the above, the Commission concluded that there were no compelling reasons of the Union interest against the maintenance of the existing measures on imports of certain corrosion resistant steels originating in the PRC.

7. **ANTI-DUMPING MEASURES**

(207) On the basis of the conclusions reached by the Commission on likelihood of recurrence of dumping, likelihood of recurrence of injury and Union interest, the anti-dumping measures on certain corrosion resistant steels from the PRC should be maintained.

(208) The individual company anti-dumping duty rates specified in this Regulation are exclusively applicable to imports of the product under review originating in the country concerned and produced by the named legal entities. Imports of the product under review 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 imports originating in the People's Republic of China'. They should not be subject to any of the individual anti-dumping duty rates.

(209) 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 ([100]). 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 regulation about the change of name will be published in the *Official Journal of the European Union*.

(210) To minimize the risks of circumvention due to the difference in duty rates, special measures are needed to ensure the application of the individual anti-dumping duties. The companies with individual anti-dumping duties must present a valid commercial invoice to the customs authorities of the Member States. The invoice must conform to the requirements set out in Article 1(3) of this regulation. Imports not accompanied by that invoice should be subject to the anti-dumping duty applicable to 'All other imports originating in the People's Republic of China'.

(211) While presentation of this invoice is necessary for the customs authorities of the Member States to apply the individual rates of anti-dumping duty to imports, it is not the only element to be taken into account by the customs authorities. Indeed, even if presented with an invoice meeting all the requirements set out in Article 1(3) of this regulation, the customs authorities of Member States must carry out their usual checks and may, like in all other cases, require additional documents (shipping documents, etc.) for the purpose of verifying the accuracy of the particulars contained in the declaration and ensure that the subsequent application of the lower rate of duty is justified, in compliance with customs law.

(212) Should the exports by one of the companies benefiting from lower individual duty rates increase significantly in volume after the imposition of the measures concerned, such an increase in volume could be considered as constituting in itself a change in the pattern of trade due to the imposition of measures within the meaning of Article 13(1) of the basic Regulation. In such circumstances and provided the conditions are met an anti-circumvention investigation may be initiated. This investigation may, inter alia, examine the need for the removal of individual duty rate(s) and the consequent imposition of a country-wide duty.

(213) An exporter or producer that did not export the product concerned to the Union during the period that was used to set the level of the duty currently applicable to its exports may request the Commission to be made subject to the anti-dumping duty rate for cooperating companies not included in the sample. The Commission should grant such request, provided that three conditions are met. The new exporting producer would have to demonstrate that: (i) it did not export the product concerned to the Union during the period that was used to set the level of the duty applicable to its exports; (ii) it is not related to a company that did so and thus is subject to the anti-dumping duties; and (iii) has exported the product concerned thereafter or has entered into an irrevocable contractual obligation to do so in substantial quantities.

([100]) European Commission, Directorate-General for Trade, Directorate G, Rue de la Loi 170/Wetstraat 170, 1040 Bruxelles/Brussel, BELGIQUE/BELGIË.

(214) All interested parties were informed of the essential facts and considerations on the basis of which it was intended to recommend that the existing measures be maintained. They were also granted a period to make representations subsequent to this disclosure. No comments were received.

(215) In view of Article 109 of Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council ([101]) when an amount is to be reimbursed following a judgment of the Court of Justice of the European Union, the interest to be paid should be the rate applied by the European Central Bank to its principal refinancing operations, as published in the C series of the *Official Journal of the European Union* on the first calendar day of each month.

(216) By Commission Implementing Regulation (EU) 2019/159 ([102]), the Commission imposed a safeguard measure with respect to certain steel products for a period of three years. By Commission Implementing Regulation (EU) 2021/1029 ([103]), the safeguard measure was prolonged until 30 June 2024. The product concerned is one of the product categories covered by the safeguard measure. Consequently, once the tariff quotas established under the safeguard measure are exceeded, both the above-quota tariff duty and the anti-dumping duty would become payable on the same imports. As such cumulation of anti-dumping measures with safeguard measures may lead to an effect on trade greater than desirable, the Commission decided to prevent the concurrent application of the anti-dumping duty with the above-quota tariff duty for the product concerned for the duration of the imposition of the safeguard duty.

(217) This means that where the above-quota tariff duty referred to in Article 1(6) of Regulation (EU) 2019/159 becomes applicable to the product concerned and exceeds the level of the anti-dumping duties pursuant to this Regulation, only the above-quota tariff duty referred to in Article 1(6) of Regulation (EU) 2019/159 shall be collected. During the period of concurrent application of the safeguard and anti-dumping duties, the collection of the duties imposed pursuant to this Regulation shall be suspended. Where the above-quota tariff duty referred to in Article 1(6) of Regulation (EU) 2019/159 becomes applicable to the product concerned and is set at a level lower than the level of the anti-dumping duties in this Regulation, the above-quota tariff duty referred to in Article 1(6) of Regulation (EU) 2019/159 shall be collected in addition to the difference between that duty and the higher anti-dumping duties imposed pursuant to this Regulation. The part of the amount of anti-dumping duties not collected shall be suspended.

(218) The measures provided for in this regulation are in accordance with the opinion of the Committee established by Article 15(1) of the basic Regulation,

HAS ADOPTED THIS REGULATION:

Article 1

1. A definitive anti-dumping duty is imposed on imports of flat-rolled products of iron or alloy steel or non-alloy steel; aluminium killed; plated or coated by hot dip galvanisation with zinc and/or with aluminium, and no other metal; chemically passivated; containing by weight: 0,015 % or more but not more than 0,170 % of carbon, 0,015 % or more but not more than 0,100 % of aluminium, not more than 0,045 % of niobium, not more than 0,010 % of titanium and not more than 0,010 % of vanadium; presented in coils, cut-to-length sheets and narrow strips.

([101]) Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012 (OJ L 193, 30.7.2018, p. 1).

([102]) Commission Implementing Regulation (EU) 2019/159 of 31 January 2019 imposing definitive safeguard measures against imports of certain steel products (OJ L 31, 1.2.2019, p. 27).

([103]) Commission Implementing Regulation (EU) 2021/1029 of 24 June 2021 amending Commission Implementing Regulation (EU) 2019/159 to prolong the safeguard measure on imports of certain steel products (OJ L 225 I, 25.6.2021, p. 1).

The following products are excluded:

— of stainless steel, of silicon-electrical steel, and of high-speed steel,

— not further worked than hot-rolled or cold-rolled (cold-reduced).

The product concerned is currently falling under CN codes ex 7210 41 00, ex 7210 49 00, ex 7210 61 00, ex 7210 69 00, ex 7212 30 00, ex 7212 50 61, ex 7212 50 69, ex 7225 92 00, ex 7225 99 00, ex 7226 99 30 and ex 7226 99 70 (TARIC codes: 7210 41 00 20, 7210 49 00 20, 7210 61 00 20, 7210 69 00 20, 7212 30 00 20, 7212 50 61 20, 7212 50 69 20, 7225 92 00 20, 7225 99 00 22, 7225 99 00 92, 7226 99 30 10, 7226 99 70 94) and originating in the People's Republic of China.

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

Company	Definitive duty rate (%)	TARIC Additional Code
Hesteel Co., Ltd Handan Branch	27,8	C227
Handan Iron & Steel Group Han-Bao Co., Ltd	27,8	C158
Hesteel Co., Ltd Tangshan Branch	27,8	C159
Tangshan Iron & Steel Group High Strength Automotive Strip Co., Ltd	27,8	C228
Beijing Shougang Cold Rolling Co., Ltd	17,2	C229
Shougang Jingtang United Iron and Steel Co., Ltd	17,2	C164
Zhangjiagang Shagang Dongshin Galvanized Steel Sheet Co., Ltd	27,9	C230
Zhangjiagang Yangtze River Cold Rolled Sheet Co., Ltd	27,9	C112
Other cooperating companies listed in the Annex	26,1	See Annex
All other imports originating in the People's Republic of China	27,9	C999

3. The definitive anti-dumping duty applicable to imports originating in the People's Republic of China, as set out in paragraph 2, is hereby extended to imports of flat-rolled products of iron or alloy steel or non-alloy steel; plated or coated by hot dip galvanisation with zinc and/or aluminium and/or magnesium, whether or not alloyed with silicon; chemically passivated; with or without any additional surface treatment such as oiling or sealing; containing by weight: not more than 0,5 % of carbon, not more than 1,1 % of aluminium, not more than 0,12 % of niobium, not more than 0,17 % of titanium and not more than 0,15 % of vanadium; presented in coils, cut-to-length sheets and narrow strips.

The following products are excluded:

— of stainless steel, of silicon-electrical steel, and of high-speed steel,

— not further worked than hot-rolled or cold-rolled (cold-reduced),

— the product concerned as defined in the beginning of this article,

currently falling under CN codes ex 7210 41 00, ex 7210 49 00, ex 7210 61 00, ex 7210 69 00, ex 7210 90 80, ex 7212 30 00, ex 7212 50 61, ex 7212 50 69, ex 7212 50 90, ex 7225 92 00, ex 7225 99 00, ex 7226 99 30, ex 7226 99 70 (TARIC codes: 7210 41 00 30, 7210 49 00 30, 7210 61 00 30, 7210 69 00 30, 7210 90 80 92, 7212 30 00 30, 7212 50 61 30, 7212 50 69 30, 7212 50 90 14, 7212 50 90 92, 7225 92 00 30, 7225 99 00 23, 7225 99 00 41, 7225 99 00 93, 7226 99 30 30, 7226 99 70 13, 7226 99 70 93), originating in the People's Republic of China.

4. This extension does not apply to imports referred to in paragraph 1 of this Article produced by the companies listed below:

Company name	TARIC additional code
Beijing Shougang Cold Rolling Co., Ltd	C229
Shougang Jingtang United Iron and Steel Co., Ltd	C164

5. The application of exemptions granted to the companies specifically mentioned in paragraph 4 of this Article shall be conditional upon presentation to the customs authorities of the Member States of a valid commercial invoice issued by the producer 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. This declaration shall be drafted as follows: 'I, the undersigned, certify that the (volume) of certain corrosion resistant steels sold for export to the European Union covered by this invoice was manufactured by (company name and address) (TARIC additional code) in (country concerned). I declare that the information provided in this invoice is complete and correct.' If no such invoice is presented, the anti-dumping duty as imposed by paragraph 3 of this Article shall apply.

6. The application of the individual anti-dumping duty rates specified for the companies mentioned in paragraph 2 shall be conditional upon presentation to the customs authorities of the Member States 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 (volume) of corrosion resistant steels 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 rate applicable to 'all other imports originating in the People's Republic of China' shall apply.

7. Where any new exporting producer in the People's Republic of China provides sufficient evidence to the Commission that:

(a) it did not export to the Union the product described in paragraph 1 in the period between 1 October 2015 and 30 September 2016 (investigation period of the original investigation); (b) it is not related to any exporter or producer in the People's Republic of China which is subject to the anti-dumping measures imposed by this Regulation; (c) it has actually exported to the Union the product concerned or it has entered into an irrevocable contractual obligation to export a significant quantity to the Union after the end of the original investigation period, the Commission may amend the Annex by adding the new exporting producer to the cooperating companies not included in the sample and thus subject to the weighted average duty of not exceeding 26,1 %.

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

Article 2

1. Where the above-quota tariff duty referred to in Article 1(6) of Regulation (EU) 2019/159 becomes applicable to flat-rolled products of iron or alloy steel or non-alloy steel; plated or coated by hot dip galvanisation with zinc and/or aluminium and/or magnesium, whether or not alloyed with silicon; chemically passivated; with or without any additional surface treatment such as oiling or sealing; containing by weight: not more than 0,5 % of carbon, not more than 1,1 % of aluminium, not more than 0,12 % of niobium, not more than 0,17 % of titanium and not more than 0,15 % of vanadium; presented in coils, cut-to-length sheets and narrow strips, referred to in Article 1(3), and exceeds the level of the anti-dumping duty set out in Article 1(2), only the above-quota tariff duty referred to in Article 1(6) of Regulation (EU) 2019/159 shall be collected.

2. During the period of application of paragraph 1, the collection of the duties imposed pursuant to this Regulation shall be suspended.

3. Where the above-quota tariff duty referred to in Article 1(6) of Regulation (EU) 2019/159 becomes applicable to flat-rolled products of iron or alloy steel or non-alloy steel; plated or coated by hot dip galvanisation with zinc and/or aluminium and/or magnesium, whether or not alloyed with silicon; chemically passivated; with or without any additional surface treatment such as oiling or sealing; containing by weight: not more than 0,5 % of carbon, not more than 1,1 % of aluminium, not more than 0,12 % of niobium, not more than 0,17 % of titanium and not more than 0,15 % of vanadium; presented in coils, cut-to-length sheets and narrow strips, referred to in Article 1(3), and is set at a level lower than the anti-dumping duty set out in Article 1(2), the above-quota tariff duty referred to in Article 1(6) of Regulation (EU) 2019/159 shall be collected in addition to the difference between that duty and the higher anti-dumping duty set out in Article 1(2).

4. The part of the amount of anti-dumping duty not collected pursuant to paragraph 3 shall be suspended.

5. The suspensions referred to in paragraphs 2 and 4 shall be limited in time to the period of application of the above quota tariff duty referred to in Article 1(6) of Regulation (EU) 2019/159.

Article 3

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, 8 March 2024.

For the Commission
The President
Ursula VON DER LEYEN

ANNEX

COOPERATING EXPORTING PRODUCERS NOT INCLUDED IN THE SAMPLE

Maanshan Iron & Steel Co., Ltd	Maanshan, Anhui	C312
Angang Steel Company Limited	Anshan, Liaoning	C313
TKAS Auto Steel Company Ltd	Dalian, Liaoning	C314
JiangYin ZongCheng Steel CO., Ltd	Jiangyin, Jiangsu	C315
Bengang Steel Plates Co., Ltd	Benxi, Liaoning	C316
BX STEEL POSCO Cold Rolled Sheet Co., Ltd	Benxi, Liaoning	C317
Wuhan Iron & Steel Co., Ltd	Wuhan, Hubei	C318
Shandong Kerui Steel Plate Co., Ltd	Binzhou, Shandong	C319
Inner Mongolia Baotou Steel Union Co. Ltd	Baotou, Inner Mongolia	C320
Hunan Valin Liangang Steel Sheet Co., Ltd	Loudi, Hunan	C321
Shandong Huifu Color Steel Co., Ltd	Linyi, Shadong	C322
Fujian Kaijing Greentech Material Co., Ltd	Longhai, Fujian	C323
Baoshan Iron & Steel Co., Ltd	Shanghai	C324
Baosteel Zhanjiang Iron & Steel Co., Ltd	Zhanjiang, Guandong	C325
Yieh Phui (China) Technomaterial Co.	Changshu, Jiangsu	C326
Rizhao Baohua New Materials Co., Ltd	Rizhao, Shandong	C327
Jiangsu Gangzheng Steel Sheet Science and Technology Co., Ltd	Nantong, Jiangsu	C328