COMMISSION IMPLEMENTING REGULATION (EU) 2024/770

of 4 March 2024

imposing a definitive anti-dumping duty on imports of certain cast iron articles 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 Regulation (EU) 2018/140 of 29 January 2018 [2], the European Commission imposed anti-dumping duties on imports of certain cast iron articles originating in the People's Republic of China ('the PRC', 'China' or 'the country concerned') ('the original measures').

(2) These measures were amended by Commission Implementing Regulation (EU) 2019/261 [3] on 14 February 2019. The anti-dumping duties currently in force are at rates ranging from 15,5 % to 38,1 %.

1.2. Request for an expiry review

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

(4) The request was submitted on 28 October 2022 by Eurofonte ('the applicant') on behalf of seven Union producers representing more than 70 % of the Union industry of certain cast iron articles 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 continuation of dumping and recurrence of injury to the Union industry.

1.3. Initiation of an expiry review

(5) 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 27 January 2023 the Commission initiated an expiry review with regard to imports into the Union of certain cast iron articles originating in the People's Republic of China 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* [5] ('the Notice of Initiation').

[1] OJ L 176, 30.6.2016, p. 21.
[2] Commission Implementing Regulation (EU) 2018/140 of 29 January 2018 imposing a definitive anti-dumping duty and collecting definitively the provisional duty imposed on imports of certain cast iron articles originating in the People's Republic of China and terminating the investigation on imports of certain cast iron articles originating in India (OJ L 25, 30.1.2018, p. 6).
[3] Commission Implementing Regulation (EU) 2019/261 of 14 February 2019 amending Implementing Regulation (EU) 2018/140 imposing a definitive anti-dumping duty and collecting definitively the provisional duty imposed on imports of certain cast iron articles originating in the People's Republic of China and terminating the investigation on imports of certain cast iron articles originating in India (OJ L 44, 15.2.2019, p. 4).
[4] OJ C 195, 13.5.2022, p. 23.
[5] OJ C 30, 27.1.2023, p. 11.

1.3.1. *Review investigation period and period considered*

(6) The investigation of continuation or recurrence of dumping covered the period from 1 January 2022 to 31 December 2022 ('review investigation period'). 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').

1.3.2. *Interested parties*

(7) In the Notice of Initiation, interested parties were invited to contact the Commission in order to participate in the investigation. The Commission specifically informed the applicant, all known Union producers, the known producers in the People's Republic of China and the authorities of the People's Republic of China as well as known importers, users and traders about the initiation of the expiry review and invited them to participate in the investigation.

(8) Among the interested parties that came forward was the China Chamber of Commerce for Import & Export of Machinery & Electronic Products ('CCCME'). Following the judgment of the Court in case C-478/21P ([6]), the Commission decided on 6 November 2023 to request CCCME to provide a Power of Attorney for one or more of the Chinese exporting producers it claimed to represent in order to confirm its status as a representative association of exporters of the dumped product. The CCCME did not provide such Power of Attorney, so the Commission rejected it as an interested party. CCCME did not comment on the rejection of its interested party status either.

(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.

1.3.3. *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.

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 volume of production and sales of the like product in the Union in 2022, as well as the sales geographical coverage. This sample consisted of three Union producers. The sampled Union producers accounted for 46 % of the total Union production of the like product. In accordance with Article 17(2) of the basic Regulation, the Commission invited interested parties to comment on the provisional sample, but no comments were received. The Commission thus confirmed the provisionally selected sample as the definitive sample.

Sampling of importers

(12) 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.

(13) Two unrelated importers provided the requested information and agreed to be included in the sample.

([6]) Judgment of 21 September 2023 in Case C-478/21 P, China Chamber of Commerce for Import and Export of Machinery and Electronic Products and Others v Commission (EU:C:2023:685), in particular paras. 73 – 74.

Sampling of exporting producers in the PRC

(14) To decide whether sampling was necessary and, if so, to select a sample, the Commission asked all known exporting producers in the PRC to provide the information specified in the Notice of Initiation. In addition, the Commission asked the Mission of the People's Republic of China to the European Union to identify and/or contact other exporting producers, if any, that could be interested in participating in the investigation.

(15) Nine exporting producers in the country concerned provided the requested information and agreed to be included in the sample. In accordance with Article 17(1) of the basic Regulation, the Commission selected a sample of two exporting producers on the basis of the largest representative volume of exports to the Union which could reasonably be investigated within the time available. In accordance with Article 17(2) of the basic Regulation, all known exporting producers concerned and the authorities of the country concerned, were consulted on the selection of the sample. No comments were made.

(16) However, following the request to complete the questionnaire for exporting producers one of the sampled companies informed the Commission of their intention not to cooperate. Accordingly, the Commission selected a new sample of exporting producers, but again one of the sampled companies informed the Commission that it would not cooperate. In this manner the Commission amended the sample three different times and invited a total of five exporting producers to complete the questionnaire. None of these companies provided a questionnaire reply.

1.3.4. *Replies to the questionnaire*

(17) 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').

(18) The Commission sent questionnaires to all sampled companies, to the European association Eurofonte a.s.b.l. and to five exporting producers. The same questionnaires had also been made available online ([7]) on the day of initiation.

(19) Questionnaire replies were received from the three sampled Union producers, from the European association Eurofonte a.s.b.l. and from two unrelated importers, Fundición Dúctil para Obras Publicas S.A. and Capa – Engenharia e Construções Metalomecânicas S.A. None of the users provided a questionnaire or came forward during the investigation.

(20) Because there was no cooperation from the Chinese exporting producers or the GOC, the findings with regard to the likelihood of dumping and injury were made on the basis of facts available pursuant to Article 18 of the basic Regulation. The Mission of the People's Republic of China to the European Union was informed accordingly. No comments were received.

1.3.5. *Verification*

(21) The Commission sought and verified the information made available by the cooperating parties for the determination of likelihood of continuation or recurrence of dumping and injury and of the Union interest.

(22) Verification visits pursuant to Article 16 of the basic Regulation were carried out at the premises of the following companies:

Union producers

— EJ Picardie SAS, France

— MeierGuss GmbH & Co. KG, Germany

— Fundiciones de Odena SA. Spain.

([7]) https://tron.trade.ec.europa.eu/investigations/case-view?caseId=2648

1.3.6. *Subsequent procedure*

(23) On 18 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.

(24) The comments made by interested parties were considered by the Commission and taken into account, where appropriate. Eurofonte was the only part filing comments that supported the Commission's findings. No hearings were requested.

2. PRODUCT UNDER REVIEW, PRODUCT CONCERNED AND LIKE PRODUCT

2.1. **Product under review**

(25) The product subject to this review is certain articles of lamellar graphite cast iron (grey iron) or spheroidal graphite cast iron (also known as ductile cast iron), and parts thereof. These articles are of a kind used to:

— cover ground or sub-surface systems, and/or openings to ground or sub-surface systems, and also

— give access to ground or sub-surface systems and/or provide view to ground or sub-surface systems.

(26) The articles may be machined, coated, painted and/or fitted with other materials such as but not limited to concrete, paving slabs, or tiles ('the product under review').

(27) The following product types are excluded from the definition of the product under review:

— channel gratings and cast tops subject to standard EN 1433, to be fitted as a component on channels in polymer, plastic, galvanised steel or concrete allowing surface water to flow into the channel,

— floor drains, roof drains, cleanouts and covers for cleanouts, subject to standard EN 1253,

— step irons, lifting keys, and fire hydrants.

2.2. **Product concerned**

(28) The product concerned by the expiry review investigation is the product under review originating in the PRC currently falling under CN codes ex 7325 10 00 and ex 7325 99 10 (TARIC codes 7325 10 00 31 and 7325 99 10 60).

2.3. **Like product**

(29) 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 under review produced and sold on the domestic market of the PRC;

— the product under review 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.

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

3. DUMPING

3.1. Preliminary remarks

(31) During the review investigation period, imports of certain cast iron articles from the PRC continued albeit at lower levels than in the investigation period of the original investigation (i.e. from 1 October 2015 to 30 September 2016). According to Eurostat, imports of cast iron products from the PRC accounted for about 4,7 % of the Union market in the review investigation period, compared to 27,3 % market share during the original investigation. In absolute terms the volume of imports from the PRC went down from 147 186 tonnes in the original investigation period to 22 146 tonnes during the review investigation period.

(32) As mentioned in recital 20, none of the exporters/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. The Commission did not receive any comments or requests for an intervention of the Hearing Officer in this regard.

(33) 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 submitted with the request for review and information obtained from cooperating parties in the course of the review investigation (namely, the applicant and the sampled Union producers).

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

(34) 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.

(35) 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*. 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. 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.

(36) 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 possible appropriate countries in accordance with the criteria set out in the first indent of Article 2(6a) of the Basic regulation.

(37) On 31 May 2023, the Commission informed interested parties by a note to the file of the relevant sources it intended to use for the determination of the normal value, with Türkiye as the representative country. In that note, the Commission provided a list of all factors of production such as raw materials, labour and energy used in the production of certain cast iron articles. In addition, the Commission informed interested parties that it would establish selling, general and administrative costs ('SG&A') and profits based on aggregated financial statements

from Company Accounts Statistics ([8]) for 892 profitable companies active in the Statistical Classification of Economic Activities, commonly referred to as NACE, category 24.5 'cast iron articles of metals', producers in the representative country, compiled by the Central Bank of Türkiye and the Turkish Statistical Institute. No comments were received.

3.3. **Normal value**

(38) 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'.

(39) 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').

(40) 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.

3.3.1. *Existence of significant distortions*

(41) 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.

(42) 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

([8]) Company Accounts Statistics, available at https://www3.tcmb.gov.tr/sektor/#/en

([9]) Commission Implementing Regulation (EU) 2023/1444 of 11 July 2023 imposing a provisional anti-dumping duty on imports of steel bulb flats originating in the People's Republic of China and Türkiye (OJ L 177, 12.7.2023, p. 63); Commission Implementing Regulation (EU) 2023/100 of 11 January 2023 imposing a provisional anti-dumping duty on imports of stainless steel refillable kegs originating in the People's Republic of China (OJ L 10, 12.1.2023, p. 36); 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).

([10]) See Implementing Regulation (EU) 2023/1444 recital 66; Implementing Regulation (EU) 2023/100 recital 58; Implementing Regulation (EU) 2022/2068 recital 80; Implementing Regulation (EU) 2022/191 recital 208, Implementing Regulation (EU) 2022/95 recital 59.

([11]) See Implementing Regulation (EU) 2023/1444 recital 45; Implementing Regulation (EU) 2023/100 recital 38; Implementing Regulation (EU) 2022/2068 recital 64; Implementing Regulation (EU) 2022/191 recital 192, Implementing Regulation (EU) 2022/95 recital 46.

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]).

(43) Like in previous investigations concerning the iron and 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 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.

(44) 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.

([12]) See Implementing Regulation (EU) 2023/1444 recital 58; Implementing Regulation (EU) 2023/100 recital 40; Implementing Regulation (EU) 2022/2068 recital 66; Implementing Regulation (EU) 2022/191 recitals 193-194, Implementing Regulation (EU) 2022/95 recital 47. 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) 2023/1444 recital 59; Implementing Regulation (EU) 2023/100 recital 43; Implementing Regulation (EU) 2022/2068 recital 68; Implementing Regulation (EU) 2022/191 recitals 195-201, Implementing Regulation (EU) 2022/95 recitals 48-52.

([14]) See Implementing Regulation (EU) 2023/1444 recital 62; Implementing Regulation (EU) 2023/100 recital 52; Implementing Regulation (EU) 2022/2068 recital 74; Implementing Regulation (EU) 2022/191 recital 202, Implementing Regulation (EU) 2022/95 recital 53.

([15]) See Implementing Regulation (EU) 2023/1444 recital 45; Implementing Regulation (EU) 2023/100 recital 33; Implementing Regulation (EU) 2022/2068 recital 75; Implementing Regulation (EU) 2022/191 recital 203, Implementing Regulation (EU) 2022/95 recital 54.

([16]) See Implementing Regulation (EU) 2023/1444 recital 64; Implementing Regulation (EU) 2023/100 recital 54; Implementing Regulation (EU) 2022/2068 recital 76; Implementing Regulation (EU) 2022/191 recital 204, Implementing Regulation (EU) 2022/95 recital 55.

([17]) Commission staff working document SWD(2017) 483 final/2, 20. 12. 2017, available at: https://ec.europa.eu/transparency/documents-register/detail?ref=SWD(2017)483&lang=en.

(45) 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. As a consequence, the request concluded that not only the domestic sales prices of cast iron 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 or labour, are also distorted because their price formation is affected by substantial government intervention.

(46) 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, referring to a number of publicly available information sources, such as the Report, previous Commission investigations in the steel sector, Chinese legislation, as well as to additional sources, the applicant submitted that:

— 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, land and energy. This control and policy supervision is particularly pressing in the steel sector 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.

— In view of the general applicability of the legislation on CCP presence in companies, it cannot be assumed that the ability of the GOC to interfere with prices and costs through State presence in firms would be different with relation to the product under review compared to the steel sector in general. The State is therefore 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 cast iron and the suppliers of their inputs.

— 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. For example, the 13th and 14th FYP put measures in place that enable the GOC to increase and control the supply, distribution and ownership of raw materials, namely through restrictions on export volumes and an export licencing regime alongside with investment restrictions that drive down the domestic prices and enable downstream industry access to cheaper raw materials, thus impeding market forces from operating normally. In particular, this has been found to be the case in the steelmaking raw materials market as well as with respect to iron ore, both key upstream inputs for the product under review. Moreover, China recently imposed export tariffs and put in place VAT rebates concerning, inter alia, steel scrap, pig iron, crude steel, recycled steel raw materials and ferro-chrome, which are all main raw materials for the product under review.

— 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 GOC – resulting in the presence of 'zombie companies' that aggravate capital misallocation -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.

— Workers and employers are impeded in their rights to collective organisation and mobility by the *hukou* 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.

— The GOC's energy policy over-incentivises the production of coal, which is used in the production of cast iron articles and thus distorts their price in China.

— In addition, the preferential allocation of resources to certain domestic producers is 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 – as laid down in the 13th FYP – when allocating land.

(47) 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.

(48) 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.

(49) Specifically in the sector of the product under review, i.e. the iron and 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. Both public and privately owned enterprises in the sector are subject to policy supervision and guidance. Examples entail the Baowu Steel Group – which is an SOE under the central SASAC ([18]) – and its subsidiaries Chongqing Iron & Steel Company Ltd. ([19]) and Maanshan Iron & Steel Company Limited ([20]); the Baotou Steel Group – an SOE held by the Inner Mongolian Government ([21]) -, the Angang Steel Group – an SOE under the central SASAC ([22]), as well as the Shougang Group – an SOE 100 % held by the Beijing State-Owned Asset Management Ltd. ([23]) 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, while specific information may not be available for the product under review, the sector represents a sub-sector of the iron and steel industry and the findings concerning the iron and steel sector are therefore deemed indicative also for the product under review.

(50) The latest Chinese policy documents concerning the iron and 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 ([24]), 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' ([25]), or by the 2023 Work Plan on the Stable Growth of the Steel Industry ([26]) which sets the following objectives: 'In 2023, […]the investment in fixed assets in the entire industry shall maintain a steady

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

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 %', 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.'

(51) 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.' ([27]) 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'.

(52) 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, specialization 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.' ([28])

(53) Further industrial policy objectives can also be seen in the planning documents of other provinces, such as Jiangsu ([29]), Shandong ([30]), Shanxi ([31]), Liaoning Dalian ([32]) or Zhejiang ([33]).

([27]) 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).

([28]) 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).

([29]) 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).

([30]) 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).

([31]) 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).

([32]) 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).

([33]) 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).

(54) 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 metal sector, information available with respect to steel producers is relevant also to the product under review.

(55) 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 ([34]). 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 ([35]). Likewise, a leading figure of the Hongguang Handan Company stated publicly that without the care and support not least through guarantees provided by the GOC and CCP, which is involved with more than 20 members in Hongguang Casting Co. Ltd., the undertaking would not have succeeded the way it did ([36]). A further example of CCP allegiance can be found in Article 3 of the China Foundry Association pursuant to which it accepts the business guidance, supervision and management by the respective party entities, e.g., the SASAC and Ministry of Civil Affairs, and provides the necessary conditions for its participation ([37]).

(56) 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 iron and steel sector, given that the product under review represents one of its subsectors.

(57) The iron and steel industry keeps being regarded as a key industry by the GOC ([38]). This is confirmed in the numerous plans, directives and other documents focused on the sector, which are issued at national, regional and municipal level. Under the 14th FYP, the GOC earmarked the iron and steel industry for transformation and upgrade, as well as optimization and structural adjustment ([39]). Similarly, the 14th FYP on Developing the Raw Materials Industry, applicable also to the iron and 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 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 ([40]). Moreover, the abovementioned (see recital 50) Work Plan on the Stable Growth of the Steel Industry demonstrates how the focus of the Chinese authorities on the 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' ([41]).

([34]) See: https://www.baoganggf.com/ggry (accessed on 13 September 2023).
([35]) See: https://www.shougang.com.cn/sgweb/html/gsld.html (accessed on 13 September 2023).
([36]) See: https://www.handannews.com.cn/news/content/2023-05/20/content_20113749.html (accessed on 9 October 2023).
([37]) See: https://foundry.org.cn/%e5%8d%8f%e4%bc%9a%e7%ab%a0%e7%a8%8b (accessed on 9 October 2023).
([38]) Report, Part III, Chapter 14, p. 346 ff.
([39]) 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 on 13 September 2023).
([40]) See in particular Sections I and II of the 14th FYP on Developing the Raw Materials Industry.
([41]) See: https://www.miit.gov.cn/zwgk/zcwj/wjfb/tz/art/2023/art_2a4233d696984ab59610e7498e333920.html (accessed on 13 September 2023).

(58) In addition, with respect to iron ore – a raw material used for the production of the product under review – according to the 14th Five-Year Plan ('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' ([42]) leading to the establishment of a system for the reserves of iron ore output and mineral lands that will 'become an important measure to stabilize the iron ore market price and ensure the safety of the industrial chain' ([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.

(59) 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 recitals 42 and 46. 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]).

(60) 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 recitals 42 and 46. The abovementioned (see recital 50) 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, 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.

(61) 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.

(62) 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.

([42]) See the 14th FYP on Developing the Raw Materials Industry, p. 22.
([43]) See: https://en.ndrc.gov.cn/news/mediarusources/202203/t20220325_1320408.html (accessed on 5 October 2023).
([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) 2023/1444 recital 63; Implementing Regulation (EU) 2023/100 recital 33.

(63) 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. 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 normal value in this case. 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 section.

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

3.3.2. *Representative country*

3.3.2.1. General remarks

(65) 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.

(66) As explained in recital 37, the Commission issued a note to the file on the sources for the determination of the normal value on 31 May 2023. This note described the facts and evidence underlying the relevant criteria, informed interested parties of its intention to consider Türkiye as an appropriate representative country in the present case if the existence of significant distortions pursuant to Article 2(6a) of the basic Regulation would be confirmed.

(67) In line with the criteria listed under Article 2(6a) of the basic Regulation, the Commission identified Türkiye as a country with a similar level of economic development as the PRC. Türkiye is classified by the World Bank as an 'upper-middle income' country on a gross national income basis. Furthermore, Türkiye was identified as a country where the product under review is produced and where relevant data was readily available.

(68) Finally, given the absence of cooperation and having established that Türkiye was 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.

3.3.2.2. Conclusion

(69) In the absence of cooperation, as proposed in the expiry review request and given that Türkiye met the criteria laid down in Article 2(6a)(a), first indent of the basic Regulation, the Commission selected Türkiye as the appropriate representative country.

([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.

3.3.3. *Sources used to establish undistorted costs*

(70) In the note on relevant sources to use for the determination of the normal value, the Commission listed the factors of production such as materials, energy and labour used in the production of the product under review by the Union producers, based on the information provided in the expiry review request duly updated where more accurate information was available. The Commission also stated that in order to construct the normal value in accordance with Article 2(6a)(a) of the basic Regulation, it would use Global Trade Atlas ('GTA') ([48]) to establish the undistorted cost of most of the factors of production, notably the raw materials. In addition, the Commission stated that it would use information from: the Turkish Statistical Institute ([49]) for establishing undistorted costs of electricity, gas and labour, the Türkiye Investment Office ([50]) for water and from Türkiye Petrolleri ([51]) for fuel.

After disclosing the note on relevant sources to use for the determination of the normal value, the Commission found that the increase in prices of electricity and natural gas in Türkiye outpaced the inflation rate in Türkiye. In addition, the information on prices of electricity and natural gas in the second half of 2022 were not published by the Turkish Statistical Institute. Therefore, the Commission decided to use the undistorted cost of electricity and natural gas in Malaysia, as set out in recital 81. Indeed, Malaysia is a country with a level of economic development similar to the PRC. In addition, it was also used as representative country in other similar investigations.

(71) The Commission also stated that to establish SG&A costs and profit, it would use the financial data from Company Account Statistics for 892 companies active in NACE category 24.5, as set out in recital 37.

(72) The Commission further informed the interested parties that a number of factors of production (such as packaging, other accessories and parts) all individually represented a small share, ranging from 1 to 10 %, of total raw material costs in the review investigation period. The Commission therefore intended to treat these other factors of production as 'consumables' and expressed these consumables as a percentage of the total cost of raw materials. These factors of production accounted for 16 % and 7 % of the total raw materials costs for ductile iron products and for grey iron products respectively.

(73) In addition, the Commission included 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 the direct costs of manufacturing, based on data of Union producers provided by the applicant, which provided specific information for that purpose.

3.4. **Undistorted costs and benchmarks**

3.4.1. *Factors of production*

(74) Considering all the information based on the request and subsequent information collected during the proceeding, 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 cast iron articles

Factor of Production	Commodity Code	Undistorted value (CNY)	Unit of measurement
Raw materials			
Scrap of Iron or Steel	72044910	3,31	KG

([48]) http://www.gtis.com/gta/secure/default.cfm
([49]) https://www.tuik.gov.tr/Home/Index
([50]) https://www.invest.gov.tr/en/investmentguide/pages/cost-of-doing-business.aspx
([51]) tppd.com.tr

Coke and semi-coke of coal	27040010	3,34	KG
Pig iron	720110	3,82	KG
Scrap of Cast Iron	72041000	2,20	KG
Ferro-alloy – FeMn	72021900	22,08	KG
Ferro-alloy – FeSi	72022100	15,24	KG
Ferro-alloy – FeSiMg	72029930	21,25	KG
Ferro-alloy – others	72029980	24,20	KG
Silicon Carbide Briquettes	28492000	11,4	KG
Steel frames	730890980018	34,90	KG
Paints	32081090	42,14	KG
Limestone	252100	7,49	KG
Energy			
Electricity	N/A	0,52 CNY/Kwh	Kwh
Natural Gas	N/A	0,20 CNY/Kwh	Kwh
Water	N/A	10,17 CNY/M3	M^3
Fuel	N/A	4,63 CNY/L	L
Labour			
Labour	N/A	36,56 CNY/hour	Hours

3.4.1.1. Raw materials

(75) The production processes of certain cast iron articles are globally similar, with no significant differences between the production processes in the PRC, the Union and other countries. The production process and factors of production differed slightly depending on whether the cast iron article was made of grey iron or made of ductile iron. Both of these types of cast iron articles were exported from the PRC to the Union.

(76) 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 GTA to which import duties 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 ([52]). The Commission decided to exclude imports from the PRC into the representative country as it concluded in recital 63that 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 into the representative country, the volume of imports from other third countries remained representative.

([52]) 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.

(77) For the factors of production limestone (commodity code 252100) and ferro-alloy (others) (commodity code 72029980), according to GTA statistics, there were no or insignificant import quantities into Türkiye during the review investigation period, meaning that the resulting final average import prices were not sufficiently representative. In light of the unavailability of other data, on the Commission had to base itself on the information provided in the review request. during the review investigation period, limestone represented 2 % of total raw material costs of ductile cast iron products and ferro-alloy (others) represented 1 % of total raw material costs of grey cast iron products. As the value used for these factors of production had no appreciable impact on the dumping margin calculations, regardless of the source used, the Commission decided to include those costs into consumables.

(78) In view of lack of cooperation and absence of other elements on file, based on the data provided by the applicant, and taking into account the inclusion of certain costs into consumables as explained in recitals 72 and 77, the Commission established the ratio of consumables to the total raw material costs at 25 % for ductile iron products and 16 % for grey iron products. These percentages were then applied to the undistorted value of the raw materials to obtain the undistorted value of other raw materials and consumables.

(79) Normally, domestic transport prices should also be added to these import prices. However, considering the absence of cooperation as well as the nature of this expiry review investigation, which is focused on finding whether dumping continued during the review investigation period or could reoccur, rather than finding its exact magnitude, the Commission decided that adjustments for domestic transport were unnecessary. Such adjustments would only result in increasing the normal value and hence the dumping margin.

3.4.1.2. Labour

(80) The Turkish Statistical Institute publishes detailed information on wages in different economic sectors in Türkiye ([53]). The Commission used the statistics for 2020, which were the latest available, for average labour cost for the economic activity 'Manufacture of basic metals' under NACE code 24 according to NACE Rev.2 classification. The hourly average labour costs thus obtained were further adjusted for inflation using the labour cost index ([54]) to reflect the costs for the review investigation period.

3.4.1.3. Energy

(81) The electricity prices in Malaysia were publicly available on the website of the electricity utility company TNB ([55]). The Commission used tariffs applicable to customers in the 'medium voltage' category. The natural gas prices in Malaysia were publicly available on the website of the energy commission ([56]). The Commission used natural gas tariffs applicable to industrial users in the fourth quarter of 2021 and selected a consumption band in line with the applicant's consumption of natural gas.

3.4.1.4. Fuel

(82) Türkiye Petrolleri (Turkish Petroleum) publishes the average prices for fuel oil in the different cities in Türkiye. In line with the review request, the Commission used the average fuel prices for Istanbul Anadolu for the period from January 2022 to December 2022 ([57]). Since fuel prices fluctuate only marginally between cities, Istanbul Anadolu was considered an appropriate proxy for the whole of Türkiye.

([53]) https://data.tuik.gov.tr/Bulten/DownloadIstatistikselTablo?p=FsjYWs9udep3a8vd2aOEDJTGI/j4OMXQ7hW06NadVvxfqfqjMxKjxtm2wtRf4Xel
([54]) https://data.tuik.gov.tr/Kategori/GetKategori?p=Istihdam%2c-Issizlik-ve-Ucret-108
([55]) https://www.tnb.com.my/commercial-industrial/pricing-tariffs1 (last viewed 20 November 2023).
([56]) https://www.st.gov.my/en/web/consumer/details/2/10 (last viewed 20 November 2023).
([57]) tppd.com.tr

3.4.1.5. Water

(83) For the price of water, the Commission used the average applicable prices in Türkiye for the cost of water for industrial use as presented by the Presidency of the Republic of Türkiye Investment Office ([58]).

3.4.1.6. Manufacturing overhead costs, SG&A and profits

(84) 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.

(85) To establish an undistorted value of the manufacturing overheads given the absence of cooperation from the exporting producers, the Commission used facts available in accordance with Article 18 of the basic Regulation. Based on the data provided by the applicant, the Commission established the ratio of manufacturing overheads to the total manufacturing and labour costs. This percentage was then applied to the undistorted value of the cost of manufacturing to obtain the undistorted value of manufacturing overheads.

(86) For establishing an undistorted and reasonable amount for SG&A and profit, the Commission relied on the most recent available financial data for 892 Turkish companies active in NACE category 24.5, as set out in recital 37.

3.4.2. *Calculation of the normal value*

(87) Based on the above, the Commission constructed the normal value per product type (cast iron articles of grey iron and cast iron articles of ductile iron) on an ex-works basis, in accordance with Article 2(6a)(a) of the basic Regulation.

(88) 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 usage of each factor (materials, energy and labour) for the production of certain cast iron articles. The Commission multiplied the usage of each factor by the undistorted costs per unit observed in the representative country Türkiye.

(89) Once the undistorted manufacturing cost was established, the Commission added the manufacturing overheads, SG&A and profit, as noted in section 3.4.1.6. Manufacturing overheads were determined based on data provided by the applicant. SG&A and profit were determined based on the average of the values reported for the 892 Turkish companies active in NACE category 24.5 for 2022 ([59]). The Commission added the following items to the undistorted costs of manufacturing:

— Manufacturing overheads, which accounted in total for [20-25] % of the direct cost of manufacturing for ductile iron products and [15-20] % for grey iron products ([60]),

— SG&A and other costs, which accounted for 10,07 % of the Costs of Goods Sold ('COGS'), and

— Profits, which amounted to 7,98 % of the COGS, were applied to the total undistorted costs of manufacturing.

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

([58]) https://www.invest.gov.tr/en/investmentguide/pages/cost-of-doing-business.aspx
([59]) Company Accounts Statistics, available at https://www3.tcmb.gov.tr/sektor/#/en
([60]) For confidentiality reasons, figures are provided in ranges as this information in the expiry review request is based on the information of two Union producers.

3.5. **Export price**

(91) In the absence of cooperation by exporting producers from the PRC, the export price was determined by using CIF prices extracted from Eurostat data, corrected to get to an ex-works level. Thus, the CIF price was reduced by the sea freight and insurance cost and domestic transport cost. Domestic Chinese and international transport costs were based on information provided by the applicant in the request for review.

3.6. **Comparison**

(92) The Commission compared, per product type, the normal value established in accordance with Article 2(6a)(a) of the basic Regulation and the export price on an ex-works basis as established above.

3.7. **Dumping margin**

(93) On this basis, the difference between the export price and the constructed normal value was found to be significant (over 60 %). It was therefore concluded that dumping continued during the review investigation period.

4. **LIKELIHOOD OF CONTINUATION OF DUMPING**

(94) Further to the finding of the existence of dumping during the review investigation period, the Commission investigated, in accordance with Article 11(2) of the basic Regulation, the likelihood of continuation of dumping, should the measures be repealed. The following additional elements were analysed: the production capacity and spare capacity in the PRC, the relation between export prices to third countries and the price level in the Union, and the attractiveness of the Union market. It is recalled that due to the non-cooperation from the Chinese exporting producers, as well as the GOC, the analysis was based on facts available in accordance with Article 18 of the basic Regulation, in particular the request for review, GTA statistics and other available information.

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

(95) In the absence of cooperation by the GOC and the Chinese exporting producers, the Commission based its findings regarding production capacity and spare capacity in the PRC on the information provided by the applicant in its request for review.

(96) The investigation has shown that there was a general overcapacity in the production of certain cast iron articles in China during the period considered. The production capacity ([61]) in China during this period was estimated to be 1 031 292 tonnes per year. According to the applicant's market intelligence, Chinese actual production and sales amounted to 408 654 tonnes per year, which indicated an estimated spare capacity of 622 638 tonnes during the review investigation period. This spare capacity, which was more than total Union consumption during the same period, could be diverted to the Union if the current measures would cease to apply.

(97) Based on the above, the Commission concluded that the Chinese exporting producers have significant spare capacities, which could be used for exports to the Union in large quantities at dumped prices if the measures were allowed to lapse.

4.2. **Attractiveness of the Union market**

(98) Based on the information provided in the expiry review request, the Union market for certain cast iron articles remained attractive to Chinese exporters. Since the original investigation, imports from the PRC have decreased both in absolute and in relative terms. The market share previously held by the PRC has in part been taken over by other third countries, such as India and Türkiye, which have increased their export volumes of the product under review to the Union since the previous investigation. At the same time, the PRC was still the third largest exporter of certain cast iron articles to the Union during the investigation period. This shows that the Union is an attractive market for exporters from China.

([61]) As reported in Annex C.05 of the Request for review.

(99) The Union market for certain cast iron articles is one of the largest in the world, with a consumption of 467 544 tonnes during the review investigation period. According to the expiry review request, Chinese foundries have established links with importers and distribution networks over many years of exporting to the Union. Evidence provided by the applicant in the expiry review request showed that Chinese producers were offering cast iron articles at low prices during the review investigation period. In addition, the US market, one of the biggest markets in terms of size, is protected by trade defence measures at a level of 25,52 % ([62]) against China, which reduces access of the Chinese producers to that market. These measures have been prolonged for another 5 years in March 2022. As a result, this would likely lead to a further increase of Chinese exports to the Union, should the current measures lapse.

(100) Even with the measures in place, Chinese exports to the Union continued and have non-negligible market share which showed that the Union market remains attractive to Chinese exporting producers.

(101) Therefore, based on the significant overcapacity in the PRC and the attractiveness of the Union market, the Commission concluded that, should the current measures lapse, it is likely that the Chinese exporting producers would redirect exports towards the Union in large quantities, at dumped prices.

4.3. **Conclusion**

(102) In view of its findings on the continuation of dumping during the review investigation period and on the likely development of exports should the measures lapse, the Commission concluded that there is a strong likelihood that the expiry of the anti-dumping measures on imports from the PRC would result in the continuation of dumping.

5. **INJURY**

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

(103) The like product was manufactured by 22 producers in the Union during the period considered. They constitute the 'Union industry' within the meaning of Article 4(1) of the basic Regulation.

(104) The total Union production during the review investigation period was established at around 467 544 tonnes. The Commission determined this figure on the basis of all the available information concerning the Union industry, such as verified questionnaire replies from producers in the Union and the macro questionnaire reply submitted by Eurofonte. As indicated in recital 11, three Union producers were selected in the sample representing 46 % of the total Union production of the like product.

5.2. **Union consumption**

(105) The Commission established the Union consumption on the basis of the sales volume of the Union industry on the Union market and import data from Eurostat.

(106) Union consumption developed as follows:

Table 2

Union consumption (tonnes)

	2019	2020	2021	Review Investigation period
Total Union consumption	451 373	432 522	484 501	467 544
Index	*100*	*96*	*107*	*104*

Source: Macroeconomic data questionnaire provided by the Union industry and Eurostat data.

([62]) Federal Register :: Certain Iron Construction Castings From Brazil, Canada and the People's Republic of China: Final Results of Expedited Fifth Sunset Review of Antidumping Duty Orders

(107) Overall, the Union consumption increased by 4 %. Actually, the market of cast iron articles fluctuates with the economic growth on the Union market and more specifically with the volume of infrastructure projects i.e. in the water and transport sector. In 2020, European Union's economy contracted due the pandemic and the subsequent lockdowns and so did consumption of cast iron articles that dropped by 4 %. The year 2021 was a year of economic rebound, leading to a peak in consumption of +12 %. In 2022, public works in the Union slowed down leading to a decrease in consumption of cast iron articles (– 3,5% in comparison to 2021).

5.3. **Imports from the country concerned**

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

(108) The Commission established the volume of imports on the basis of Eurostat data. The market share of the imports was established on the basis of the Union consumption as set out in recital 106. Imports into the Union from the country concerned developed as follows:

Table 3

Import volume (tonnes) and market share

	2019	2020	2021	Review Investigation period
Volume of imports from the country concerned (tonnes)	48 352	34 451	28 385	22 146
Index	*100*	*71*	*59*	*46*
Market share (%)	10,7	8,0	5,9	4,7
Index	*100*	*74*	*55*	*44*

Source: Macroeconomic data questionnaire provided by the Union industry and Eurostat data.

(109) Imports of the product under review from the PRC decreased steadily by 54 % over the period considered. They decreased first by 29 % between 2019 and 2020, then by 18 % between 2020 and 2021 and finally they decreased by 22 % between 2021 and the RIP. As a result, their market share more than halved, falling from 10,7 % in 2019 to 4,7 % in the RIP.

5.3.2. *Prices of the imports from the country concerned and price difference*

(110) The Commission established the prices of imports on the basis of Eurostat data.

(111) The weighted average price of imports into the Union from the country concerned developed as follows:

Table 4

Import prices (EUR/tonne)

	2019	2020	2021	Review Investigation period
China	1 000	951	1 123	1 436
Index	*100*	*95*	*112*	*144*

Source: Eurostat Comext.

(112) Overall, the average import price from China increased by 44 %. It first decreased by 5 % between 2019 and 2020 and subsequently increased by 18 % between 2020 and 2021 and 28 % between 2021 and the RIP.

(113) In view of the non-cooperation of the Chinese exporting producers, the Commission compared the weighted average sales price of the sampled Union producers charged to unrelated customers on the Union market, with the weighted average import price of the product under review from the PRC from Eurostat, established on a CIF basis, including the anti-dumping duty.

(114) This price comparison showed a difference between the average export sale price and the average Union industry sales price of 6 %. Without the anti-dumping duties, the difference amounted to 25 %.

5.4. **Imports from third countries other than the PRC**

(115) The aggregated volume of imports into the Union, as well as the market share and price trends for imports of cast iron articles from other third countries developed as follows:

Table 5

Imports from third countries

Country		2019	2020	2021	Review Investigation period
India	Volume (tonnes)	41 200	52 319	82 436	77 167
	Index	*100*	*127*	*200*	*187*
	Market share (%)	9,1	12,1	17,0	16,5
	Index	*100*	*133*	*186*	*181*
	Average price (EUR/tonne)	925	932	1 066	1 426
	Index	*100*	*100*	*115*	*154*
Türkiye	Volume (tonnes)	34 410	37 761	47 112	41 899
	Index	*100*	*110*	*137*	*122*
	Market share (%)	7,6	8,7	9,7	9,0
	Index	*100*	*114*	*127*	*117*
	Average price (EUR/tonne)	1 079	1 098	1 139	1 498
	Index	*100*	*102*	*106*	*139*
Iran	Volume (tonnes)	2 897	2 537	6 048	8 647
	Index	*100*	*87*	*208*	*298*
	Market share (%)	0,6	0,6	1,2	1,8
	Index	*100*	*91*	*194*	*288*

	Average price (EUR/tonne)	1 094	1 091	1 189	1 533
	Index	*100*	*100*	*109*	*140*
Other third countries	Volume (tonnes)	5 745	8 637	11 548	9 212
	Index	*100*	*150*	*201*	*160*
	Market share	1,3	2,0	2,4	2,0
	Index	*100*	*156*	*187*	*154*
	Average price (EUR/tonne)	1 156	1 108	1 293	1 752
	Index	*100*	*96*	*112*	*152*
Total of all third countries except China	Volume (tonnes)	84 253	101 253	147 144	136 925
	Index	*100*	*120*	*175*	*163*
	Market share	18,7	23,4	30,4	29,3
	Index	*100*	*125*	*163*	*157*
	Average price (EUR/tonne)	1 009	1 013	1 112	1 477
	Index	*100*	*100*	*110*	*146*

Source: Eurostat data.

(116) In the RIP, 136 925 tonnes of cast iron articles were imported from third countries excluding China. This volume represents 29 % of the Union market. In total, their market share increased from 19 % in 2019 to 29 % in the RIP. While China was still a major exporter of the product under review to the EU in 2019, following the imposition of the duties it gradually lost its market share to the benefit of India, and to a lower extent of Türkiye and Iran. Imports in volume from these three countries together increased by 63 % between 2019 and the RIP, reaching a market share of 27,3 % in the RIP.

(117) Import prices of India were below Chinese prices without measures. Import prices of cast iron articles from Türkiye and Iran were slightly above Chinese prices without duties (by 4 % and 7 % respectively in the RIP) but still much below Chinese prices with anti-dumping measures and Union industry's prices. In the RIP, these three importing countries were selling significantly below the Union producers' prices, by 27 % for India, by 23 % for Türkiye and by 22 % for Iran.

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

5.5.1. *General remarks*

(118) 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.

(119) As mentioned in recital 11, sampling was used for the assessment of the economic situation of the Union industry.

(120) 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 replies provided by Eurofonte, crosschecked with the data of 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. The data related to the sampled Union producers were verified. Both sets of data were found to be representative of the economic situation of the Union industry.

(121) 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.

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

5.5.2. *Macroeconomic indicators*

5.5.2.1. Production, production capacity and capacity utilisation

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

Table 6

Production, production capacity and capacity utilisation

	2019	2020	2021	Review Investigation period
Production volume (tonnes)	358 048	329 785	343 267	339 231
Index	*100*	*92*	*96*	*95*
Production capacity (tonnes)	652 029	650 590	651 077	645 386
Index	*100*	*100*	*100*	*99*
Capacity utilisation (%)	54,9	50,7	52,7	52,6
Index	*100*	*92*	*96*	*96*

Source: Macroeconomic data questionnaire provided by the Union industry.

(124) Overall, the production quantity of the Union industry decreased by 5 % during the period considered. Production followed closely the consumption fluctuation. As a consequence of the pandemic, production decreased by 8 % between 2019 and 2020. It then increased again between 2020 and2021 (+4 %) before decreasing again slightly between 2021 and the RIP (-1 %).

(125) Production capacity of the Union industry remained stable between 2019 and 2021 and then decreased slightly between 2021 and the RIP (-1 %).

(126) Capacity utilisation followed the same trend as production and decreased by 4 % during the period considered. This indicator decreased by 8 % in 2020 and then increased by 4 % in 2021 and stabilised during the RIP. Over the period considered, capacity utilisation decreased by 2,3 percentage points from ca 55 % in 2019 to 52,6 % during the RIP.

5.5.2.2. Sales volume and market share

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

Table 7

Sales volume and market share

	2019	2020	2021	Review Investigation period
Sales volume on the Union market (tonnes)	318 768	296 818	308 972	308 474
Index	*100*	*93*	*97*	*97*
Market share (%)	71	69	64	66
Index	*100*	*97*	*90*	*93*

Source: Macroeconomic data questionnaire provided by the Union industry and Eurostat data.

(128) Despite the increase in consumption, the sales volume of the Union industry developed negatively, with a decrease of 3 % over the period considered. It decreased first in 2020, by 7 % and then recovered in 2021 and 2022, but never reaching in absolute terms the level of sales at the beginning of the period considered.

(129) In the context of a slight growth in consumption, the market share of the Union industry decreased by more than 5 percentage points over the period considered. It first decreased by 2 percentage points in 2020, followed by a further decrease of 5 percentage points in 2021 and then a slight increase of 2 percentage points in the RIP.

(130) The market share lost by the Union producers was mainly taken up by Indian exporting producers, whose market share increased from 9,1 % in 2019 to 16,5 % in the RIP and by Türkiye, the second largest exporter to the Union, that increased its market share from 7,6 % in 2019 to 9 % in the RIP.

5.5.2.3. Growth

(131) Between 2019 and the RIP, the Union consumption increased by 4 %. The sales volume of the Union industry decreased by 3 %, which translated into a loss in market share of 5 percentage points over the period considered.

5.5.2.4. Employment and productivity

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

Table 8

Employment and productivity

	2019	2020	2021	Review Investigation period
Number of employees (FTE)	3 053	3 027	3 027	3 076
Index	*100*	*99*	*99*	*101*
Productivity (tonnes/FTE)	117	109	113	110
Index	*100*	*93*	*97*	*94*

Source: Macroeconomic data questionnaire provided by the Union industry.

(133) The Union industry managed to maintain and even increase (slightly) the number of employees expressed in full time equivalent ('FTE') engaged in the production and sales of the product under review, which increased by 1 % between 2019 and the RIP.

(134) The productivity of the Union industry's workforce, measured as output (tonnes) per FTE, followed a downward trend over the period considered (-6 %). This is the consequence of the reduction in the overall production volume over the period considered compared to the number of employees that remained stable and even marginally increased.

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

(135) As indicate in recital 93, the difference between the export price and the constructed normal value found were substantially above the de minimis level (above 60 %). The impact of these margins on the Union industry was still material and significant, since cast iron articles originating from China continued to enter the Union in large quantities.

(136) Moreover, even with measures, these imports were still at prices which are much below the Union producers' prices and therefore made it difficult for the Union industry to recover from the past dumping practices.

5.5.3. *Microeconomic indicators*

5.5.3.1. Prices and factors affecting prices

(137) 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 9

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

	2019	2020	2021	Review Investigation period
Average unit sales price in the Union on the total market	1 514	1 533	1 625	1 956
Index	*100*	*101*	*107*	*129*
Unit cost of production	1 451	1 470	1 662	1 917
Index	*100*	*101*	*115*	*132*

Source: Verified questionnaire replies of the sampled Union producers.

(138) During the period considered, the average sales price in the Union industry increased by 29 %. Major increases were registered between 2020 and 2021 (+ 6 %) and between 2021 and the RIP (+ 20 %). These increases are the consequence of the rise in the average cost of raw materials and energy. Costs increased by 15 % from 2019 to 2021 and then by another 15 % from 2021 onward. Overall, costs rose by 32 % over the period considered.

(139) The Union industry could not raise prices enough to cover the increase in costs as a consequence of the price pressure exerted by Chinese exporting producers and by imports from India, Türkiye, and Iran.

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

Table 10

Average labour costs per employee

	2019	2020	2021	Review Investigation period
Average labour costs per employee (EUR)	55 061	57 835	57 611	59 715
Index	*100*	*105*	*105*	*108*

Source: Verified questionnaire replies of the sampled Union producers.

(141) The average labour cost per employee increased continuously. It increased by 8 % over the period considered. It increased by 5 % in 2020, remained stable in 2021 and then increased again by ca. 4 % in the RIP. This is the consequence of sectoral agreements regarding salary increases and special premiums granted.

5.5.3.2. Inventories

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

Table 11

Inventories

	2019	2020	2021	Review Investigation period
Closing stocks (tonnes)	23 999	24 297	26 613	26 823
Index	*100*	*101*	*111*	*112*
Closing stocks as a percentage of production	14,5	15,7	16,7	17,3
Index	*100*	*109*	*115*	*120*

Source: Verified questionnaire replies of the sampled Union producers.

(143) The level of closing stocks of the three sampled Union producers increased by 12 % over the period considered. The increase took place mainly in 2021.

(144) As indicated above in recital 107, the market of cast iron articles is closely linked to the economic growth on the Union market. Year 2021 was forecasted as a good year, with a peak in consumption of +12 % compared to year 2020. Sampled Union producers thus slightly increased their production. However, the sampled Union producers could not benefit fully from the increase in consumption so that the level of stocks increased.

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

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

Table 12

Profitability, cash flow, investments and return on investments

	2019	2020	2021	Review Investigation period
Profitability of sales in the Union to unrelated customers (% of sales turnover)	5,6	5,8	0,1	3,4
Index	*100*	*103*	*1*	*60*
Cash flow (EUR)	16 939 091	17 495 491	6 742 515	15 285 813
Index	*100*	*103*	*40*	*90*
Investments (EUR)	11 085 740	8 677 592	11 531 261	14 484 710
Index	*100*	*78*	*104*	*131*
Return on investments (%)	6,5	6,2	0,1	4,5
Index	*100*	*96*	*1*	*70*

Source: Verified questionnaire replies of the sampled Union producers.

(146) 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.

(147) The profitability of the sampled Union producers decreased in the period considered, from 5,6 % in 2019 to 3,4 % in the RIP. In years 2019 and 2020, profitability was slightly above the target profit established in the original investigation (i.e. 5,3 %). Profitability deteriorated substantially in 2021 and dropped close to zero. This negative trend was caused by the inability of the Union industry to raise prices sufficiently to cover the increasing cost of production. In the RIP, profitability improved, reaching 3,4 % profits, even if it remained below the 5,3 % target.

(148) The net cash flow is the ability of the Union producers to self-finance their activities. The cash flow increased slightly in 2020 (+ 3 %). The situation deteriorated significantly in 2021, with a drop of this indicator by 61 % as a consequence of the loss in profitability. In the RIP, with the return to improved profits, this indicator increased again by 127 % in comparison to the year before, showing a healthier picture of the Union sampled producers.

(149) The return on investments is the profit in percentage of the net book value of investments. It followed a similar trend as the profitability. It was stable in 2019 and 2020, before dropping significantly in 2021 and increasing again in the RIP in line with the evolution of profitability.

5.6. **Conclusion on injury**

(150) Even though, imports of cast iron articles originating from China decreased over the period considered, both in absolute and relative terms, they were still significant in the RIP and accounted for a market share of 4,7 %. The magnitude of the dumping margin found in relation to those imports remained significant as well, at more than 60 %. Moreover these imports were still below the EU average sales prices by 6 % (duties included). Without the duties, the difference amounted to 25 %.

(151) The evolution of the micro and macro indicators shows that the financial situation of the Union industry deteriorated during the period considered. Despite an increase in consumption of 4 %, the trends of the main economic indicators worsened over the period considered. In particular, Union producers' sales and production decreased by 3 % and 5 % respectively, in the period considered. Consequently, Union producers' market share decreased from 71 % in 2019 to 66 % in the RIP. These shares were taken up by exporting producers in third countries; in particular, India, that gained 7 percentage points market shares to 16,5 % and Türkiye that also increased its market share from 7,6 % in 2019 to 9 % in the RIP.

(152) During the period considered, the average sales price of the Union producers increased by 29 %. Prices were raised in an attempt to cover the increase in cost of raw materials and energy by 32 % over the period considered. However, the Union industry could not raise prices enough to cover the increase in costs. Consequently, the profitability of the sampled Union producers decreased to 3,4 % in the RIP, below the target profit established in the original investigation (5,3 %).

(153) On the basis of the above, the Commission concluded that the Union industry suffered material injury within the meaning of Article 3(5) of the basic Regulation during the review investigation period.

6. **CAUSATION**

(154) In accordance with Article 3(6) of the basic Regulation, the Commission examined whether the dumped imports from the country concerned caused material injury to the Union industry. In accordance with Article 3(7) of the basic Regulation, the Commission also examined whether other known factors could at the same time have injured the Union industry. The Commission ensured that any possible injury caused by factors other than the dumped imports from the country concerned was not attributed to the impact of the dumped imports. These factors are imports from other third countries and export performance of the Union industry.

6.1. **Effects of the dumped imports**

(155) Imports of cast iron articles from the PRC decreased steadily by 54 % over the period considered, on average to reach a 4,7 % market share in the Union in the RIP. The average import price from China increased by 44 %. Despite this increase, it still below Union industry average sales prices by 6 %. Without the anti-dumping duties, the difference amounted to 25 % (see recital 114).

(156) On the basis of the above, the Commission concluded that the dumped imports from China were still significant and were exerting a downward pressure on the Union industry prices and sales volumes, thus contributing to the injury suffered by the Union industry.

6.2. **Effects of other factors**

6.2.1. *Imports from third countries*

(157) The volume of imports from other third countries increased significantly over the period considered, as shown in Section 5.4 above. These imports came mainly from India (16,5 % market share in the RIP), Türkiye (9 % market share in the RIP) and Iran (1,8 % market share in the RIP).

(158) These imports were made at prices that were significantly below the Union producers' prices.

(159) On the basis of the above, the Commission concluded that the increase in import volumes from third countries and their very low prices, much below the average prices of the Union industry, were exerting a downward pressure on the Union industry prices and sales volumes, thus contributing to the injury suffered by the Union industry.

6.2.2. *Export performance of the Union industry*

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

Table 13

Export performance of the sampled Union producers

	2019	2020	2021	Review Investigation period
Export volume (tonnes)	16 664	15 910	14 844	13 420
Index	*100*	*95*	*89*	*81*
Average price (EUR/tonne)	1 400	1 441	1 543	1 776
Index	*100*	*103*	*110*	*127*

Source: Verified questionnaire replies of the sampled Union producers.

(161) In volume, exports of the sampled Union producers to related and unrelated customers decreased by 19 % over the period considered. In the RIP, export sales accounted for ca 11 % of the total sales of the sampled Union producers. In view of the decreased sales volume leading to a decrease in production volume, it was concluded that the export performance had also contributed to the injury suffered.

6.3. **Conclusion on causation**

(162) On the basis of the above, the Commission concluded that the dumped imports originating in the PRC materially injured the Union industry.

(163) The other identified factors such as the imports from other third countries and the export sales performance of the Union producers, whether considered individually or collectively, also injured the Union industry but did not attenuate the causal link between the dumped imports and the material injury.

7. LIKELIHOOD OF CONTINUATION OF INJURY

(164) The Commission concluded in recital 153 that the Union industry suffered 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 continuation of injury caused by the dumped imports from China if the measures were allowed to lapse.

(165) In that respect, the Commission examined the spare capacity in the PRC, measures on third markets and the attractiveness of the Union market, should the measures be allowed to lapse.

7.1. **Spare capacity in the PRC**

(166) As indicated in recital 96 above, the PRC is among the largest producers of cast iron articles in the World. The Chinese spare capacity was estimated at 622 638 tonnes during the review investigation period; i.e. 133 % of the Union consumption during the same period. Therefore, the Chinese cast iron industry that depends greatly on foreign markets to sell its products, would be readily able to increase its exports in large amounts, at dumped prices to the Union, if the anti-dumping duties were allowed to expire. This would further deteriorate the already fragile economic situation of the Union industry.

7.2. **Attractiveness of the Union market**

(167) The Union market remains attractive for Chinese exporters, as is evidenced by the fact that they continued to export significantly to the Union despite the measures in force. China was the third largest exporter of certain cast iron articles to the Union in the review investigation period.

(168) The Union market for certain cast iron articles is one of the largest in the world, with a consumption of 467 544 tonnes during the review investigation period. The other major market in terms of size is the US market. It is currently protected by trade defence measures against China at the level of 25,52 % ([63]), reducing significantly Chinese imports. These measures were prolonged for 5 years in March 2022.

(169) The Union market is also attractive in terms of prices. Evidence provided in the review request by the applicant shows offers ([64]) to customers worldwide made by Chinese exporting producers at levels below the Chinese export price to the Union (on average 26 % lower) and significantly lower than the Union industry prices. Consequently, it is likely that, should the measures be allowed to lapse, the Union market would become even more attractive to Chinese exporters.

(170) In view of the above, the Commission concluded that the repeal of the measures would, in all likelihood, result in a significant increase of dumped imports from China at injurious price levels, and therefore further aggravate the injury suffered by the Union industry. Therefore, there is a strong likelihood of continuation of injury.

8. **LIKELIHOOD OF RECURRENCE OF INJURY**

(171) In addition, the Commission found that the repeal of the measures would in all likelihood result in recurrence of further injury should measures be repealed. Indeed, even if the continuous injury suffered by the Union industry could not be attributed to the subject imports, the Commission found that there is strong likelihood of recurrence of injury on the basis of the significant level of the spare capacity in the PRC, and the attractiveness of the Union market.

9. **UNION INTEREST**

(172) 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/traders and users/consumers.

9.1. **Interest of the Union industry**

(173) The imposed measures have been effective as they helped reducing the volume of Chinese imports on the Union market. However, the volumes of imports of the product concerned from China remained significant during the period considered (4,6 % market share in the RIP).

(174) It was established that the Union industry suffered material injury during the review investigation period and that its situation is fragile, as confirmed by the negative trends of several injury indicators.

([63]) Federal Register : Certain Iron Construction Castings From Brazil, Canada and the People's Republic of China: Final Results of Expedited Fifth Sunset Review of Antidumping Duty Orders available at https://www.federalregister.gov/documents/2022/03/16/2022-05550/certain-iron-construction-castings-from-brazil-canada-and-the-peoples-republic-of-china-final, consulted on 13 December 2023.

([64]) FOB prices for 9 representative types of the product concerned, 8 of them are advertised on a public website specialised in business-to-business prices, offered by producers in the PRC. Extracts from https://www.made-in-china.com/ in Annex B.10 of the review request.

(175) The repeal of the measures would, in all likelihood, result in a significant increase of dumped imports from China at injurious price levels and would further aggravate the injury suffered by the Union industry and threaten its viability.

(176) The Commission thus concluded that maintaining the anti-dumping measures against the PRC was in the interest of the Union industry.

9.2. **Interest of unrelated importers**

(177) Two unrelated importers submitted a questionnaire reply following the publication of the Notice of Initiation and cooperated fully with the investigation by submitting answers to the deficiency points raised during the investigation.

(178) Both were importing the product under review from various sources (multiple sources including China) during the RIP. The product under review represented more than 90 % of the total turnover for one of the importers, while for the other it was below 50 % of the total activity.

(179) Both were against the continuation of the measures considering that these measures distorted competition and were an extra burden for them. They also alleged that the Union industry does not need such protection.

(180) The Commission considered that anti-dumping measures are not a mere protectionist mechanism but a mechanism to level the playing field. The anti-dumping measures do not have the objective to close off the Union market from Chinese imports, but to restore fair trade by removing the effect of injurious dumping. As regards the claim that Union industry does not need protection, the investigation revealed exactly the opposite since the Union industry appeared to be injured during the review investigating period and it was established that Chinese imports contributed to the injury suffered by the Union producers.

(181) The investigation revealed as well that both traders were highly profitable, despite the measures in force. Therefore, we could consider that the burden imposed on them by the anti-dumping measures seems reasonable.

(182) The Commission concluded that there were no compelling reasons from the perspective of unrelated traders against the prolongation of the measures.

9.3. **Interest of users, consumers**

(183) The Commission contacted all known users/consumers. None of them replied to the Commission's questionnaire.

(184) The Commission did not receive any comments indicating that the maintenance of the measures would have a significant negative impact on the users, outweighing the positive impact of the measures on the Union industry. In any case, as indicated in the original investigation in recital 254, the Commission reconfirmed that end users cannot rely on dumped prices at the expense of the Union industry.

9.4. **Conclusion on Union interest**

(185) On the basis of the above, the Commission concluded that there were no compelling reasons of Union interest against maintaining the existing measures on imports of certain cast iron articles originating in China. The positive effects of the anti-dumping measures on the Union market, in particular on the Union industry, outweigh the potential negative effect on the other interest groups.

10. **ANTI-DUMPING MEASURES**

(186) On the basis of the conclusions reached by the Commission on continuation of dumping, continuation of injury and Union interest, the anti-dumping measures on certain cast iron articles from the PRC should be maintained.

(187) 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 companies'.

(188) 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.

(189) 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.

(190) The individual company anti-dumping duty rates specified in this Regulation are exclusively applicable to imports of the product under review originating in China 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 companies'. They should not be subject to any of the individual anti-dumping duty rates.

(191) A company, benefiting from an individual anti-dumping duty rate, may request the application of this rate if it changes subsequently the name of its entity. The request must be addressed to the Commission ([65]). 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*.

(192) 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.

([65]) European Commission, Directorate-General for Trade, Directorate G, Rue de la Loi 170, 1040 Brussels, Belgium.

(193) In view of Article 109 of Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council [66] 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 calculated on the basis of 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.

(194) The measures provided for in this Regulation are in accordance with the opinion of the Committee established by Article 15(1) Regulation (EU) 2016/1036,

HAS ADOPTED THIS REGULATION:

Article 1

1. A definitive anti-dumping duty is imposed on imports of certain articles of lamellar graphite cast iron (grey iron) or spheroidal graphite cast iron (also known as ductile cast iron), and parts thereof currently falling under CN codes ex 7325 10 00 (TARIC code 7325 10 00 31) and ex 7325 99 10 (TARIC code 7325 99 10 60) and originating in the People's Republic of China.

These articles are of a kind used to:

— cover ground or sub-surface systems, and/or openings to ground or sub-surface systems, and also

— give access to ground or sub-surface systems and/or provide view to ground or sub-surface systems.

The articles may be machined, coated, painted and/or fitted with other materials such as but not limited to concrete, paving slabs, or tiles.

The following product types are excluded from the definition of the product concerned:

— channel gratings and cast tops subject to standard EN 1433, to be fitted as a component on channels in polymer, plastic, galvanised steel or concrete allowing surface water to flow into the channel,

— floor drains, roof drains, cleanouts and covers for cleanouts, subject to standard EN 1253,

— step irons, lifting keys, and fire hydrants.

2. The rates 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 produced by the companies listed below shall be as follows:

Company	Anti-dumping duty	TARIC additional code
Botou City Wangwu Town Tianlong Casting Factory	15,5 %	C221
Botou Lisheng Casting Industry Co., Ltd	31,5 %	C222
Fengtai (Handan) Alloy Casting Co., Ltd	38,1 %	C223
Hong Guang Handan Cast Foundry Co., Ltd	21,3 %	C224

[66] 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).

Shijiazhuang Transun Metal Products Co., Ltd	25,0 %	C225
Other cooperating companies listed in Annex	25,4 %	See Annex
All other companies	38,1 %	C999

3. The application of the individual duty rates specified for the companies mentioned in paragraph 2 shall be conditional upon presentation to the Member States' customs authorities of a valid commercial invoice, on which shall appear a declaration dated and signed by an official of the entity issuing such invoice, identified by his/her name and function, drafted as follows: *'I, the undersigned, certify that the (volume) of (product under review) 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 duty applicable to all other companies shall apply.

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

Article 2

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

— it did not export to the Union the product described in Article 1(1) during the investigation period (1 October 2015 to 30 September 2016),

— it is not related to any of the exporters or producers in the People's Republic of China which are subject to the measures imposed by this Regulation,

— it has actually exported to the Union the product concerned after the investigation period on which the measures are based, or it has entered into an irrevocable contractual obligation to export a significant quantity to the Union,

The Annex to this Regulation shall be amended, after giving all interested parties the possibility to comment, by adding the new exporting producer to the cooperating companies not included in the sample and thus subject to the weighted average duty rate.

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, 4 March 2024.

For the Commission
The President
Ursula VON DER LEYEN

ANNEX

Chinese cooperating exporting producers not sampled:

Name	TARIC additional code
Baoding City Maikesaier Casting Ltd.	C226
Baoding GB Metal Products Co., Ltd.	C232
Baoding Hualong Casting Co., Ltd.	C233
Baoding Shuanghu Casting Co., Ltd.	C234
Bo Tou Chenfeng Casting Co., Ltd.	C235
Botou City Minghang Casting Co., Ltd.	C236
Botou City Qinghong Foundry Co., Ltd. and the related company Cangzhou Qinghong Foundry Co., Ltd.	C237
Botou City Simencun Town Bai Fo Tang Casting Factory	C238
Botou Dongli Foundry Co., Ltd.	C239
Botou GuangTai Precision Casting Factory	C240
Botou Mancheng Foundry Co., Ltd.	C241
Botou Okai Foundry Co., Ltd.	C242
Botou Sanjiang Casting Co., Ltd.	C243
Botou TongYang Casting Factory	C244
Botou Weili Precision Casting Co., Ltd.	C245
Botou Xinrong Foundry Co., Ltd.	C246
Botou Zhengxin Foundry Co., Ltd.	C247
Cangzhou Hongyuan Machinery & Foundry Co., Ltd.	C248
Cangzhou Yadite Casting Machinery Co., Ltd.	C249
Changsha Jinlong Foundry Industry Co., Ltd.	C250
Changyi City ChangZhan Casting Co., Ltd.	C251
China National Minerals Co., Ltd.	C252
Dingxiang Sitong Forging and Casting Industrial	C253
Dingzhou Dongyu Foundry Co., Ltd.	C254
Handan City Jinzhu Foundry Co., Ltd.	C255
Handan Haolin Casting Co., Ltd.	C256
Handan Qunshan Foundry Co., Ltd.	C257
Handan Yanyuan Machinery Foundry Co., Ltd.	C258
Handan Yuanyang Foundry Co.,Ltd	C259
Handan Zhangshui Pump Manufacturing Co., Ltd.	C260
Hebei Cheng'An Babel Casting Co., Ltd.	C261

Hebei Feixiang East Foundry Products Co., Ltd.	C262
Hebei Jinghua Casting Co., Ltd.	C263
Hebei Shunda Foundry Co., Ltd.	C264
Hebei Tengfeng Metal Products Co., Ltd.	C265
Hebei Zhonghe Foundry Co., Ltd.	C266
Hengtong Valve Co.,LTD	C267
Heping Cast Co., Ltd. Yi County	C268
Jiaocheng County Honglong Machinery Manufacturing Co., Ltd.	C269
Jiaocheng County Xinlei Machinery Manufacturing Co., Ltd.	C270
Jiaocheng County Xinxing Casting Co., Ltd.	C271
Jinan Laiwu Haitian Machinery Manufacturing Co., Ltd	C272
Laiwu Xinlong Weiye Foundry Co., Ltd.	C273
Lianyungang Ganyu Xingda Casting Foundry	C274
Lingchuan County Rainbow Casting Co., Ltd.	C275
Lingshou County Boyuan Foundry Co., Ltd.	C276
Pingyao County Master Casting Co., Ltd.	C277
Qingdao Jiatailong Industrial Co.,Ltd	C278
Qingdao Jinfengtaike Machinery Co., Ltd.	C279
Qingdao Qitao Casting Co., Ltd.	C280
Qingdao Shinshu Casting Co., Ltd.	C281
Qingyuanxian Yueda Fountry Co., Ltd.	C282
Rockhan Technology Co., Ltd.	C283
Shahe City Fangyuan Casting Co., Ltd.	C284
Shandong Heshengda Machinery Technology Co., Ltd.	C298
Shandong Hongma Engineering Machinery Co., Ltd.	C285
Shandong Lulong Group Co., Ltd.	C286
Shanxi Ascent Industrial Co., Ltd.	C310
Shanxi Associated Industrial Co., Ltd.	C287
Shanxi Jiaocheng Xinglong Casting Co., Ltd.	C288
Shanxi Solid Industrial Co., Ltd.	C289
Shanxi Yuansheng Casting and Forging Industrial Co., Ltd.	C290
Shaoshan Huanqiu Castings Foundry	C291
Tang County Kaihua Metal Products Co., Ltd.	C292
Tangxian Hongyue Machinery Accessory Foundry Co., Ltd.	C293

Tianjin Jinghai Chaoyue Industrial and Commercial Co., Ltd.	C294
Tianjin Yu Xing Da Casting Co., Ltd.	C295
Wangdu Junrong Foundry Co., Limited	C296
Weifang Nuolong Machinery Co., Ltd.	C297
Weifang Weikai Casting Co., Ltd.	C299
Wen Shui Hengli Nature of the Company	C300
Wuhan RedStar Agro-Livestock Machinery Co. Ltd	C301
Zibo Joy's Metal Co., Ltd.	C302