II

(Non-legislative acts)

REGULATIONS

COMMISSION IMPLEMENTING REGULATION (EU) 2017/109

of 23 January 2017

imposing a definitive anti-dumping duty on imports of certain aluminium road wheels 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:

A. **PROCEDURE**

1. **Measures in force**

(1) Following an anti-dumping investigation ('the original investigation'), the Council imposed, by means of Implementing Regulation (EU) No 964/2010 (2) a definitive anti-dumping duty on imports of certain aluminium wheels originating in the People's Republic of China ('the PRC' or 'China' or 'country concerned').

(2) The measures took the form of an *ad valorem* duty established at 22,3 % on imports from the PRC.

2. **Request for an expiry review**

(3) Following the publication of a notice of impending expiry (3) of the anti-dumping measures in force, the Commission received a request for the initiation of an expiry review of the measures against the PRC pursuant to Article 11(2) of the Council Regulation (EC) No 1225/2009 (4).

(4) The request was lodged by the Association of European Wheels Manufacturers (EUWA) ('the applicant') on behalf of producers representing more than 25 % of the total Union production of certain aluminium wheels.

(5) The request 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) OJ L 176, 30.6.2016, p. 21.
(2) Council Implementing Regulation (EU) No 964/2010 of 25 October 2010 imposing a definitive anti-dumping duty and collecting definitively the provisional duty imposed on imports of certain aluminium road wheels originating in the People's Republic of China (OJ L 282, 28.10.2010, p. 1).
(3) Notice of the impending expiry of certain anti-dumping measures (OJ C 47, 10.2.2015, p. 4).
(4) Council Regulation (EC) No 1225/2009 of 30 November 2009 on protection against dumped imports from countries not members of the European Community (OJ L 343, 22.12.2009, p. 51). This Regulation was repealed by the basic Regulation.

3. **Initiation of an expiry review**

(6) Having determined that sufficient evidence existed for the initiation of an expiry review, the Commission announced on 27 October 2015, by a notice published in the *Official Journal of the European Union* [1] ('Notice of Initiation'), the initiation of an expiry review pursuant to Article 11(2) of Regulation (EC) No 1225/2009.

4. **Investigation**

Review investigation period and period considered

(7) The investigation of the likelihood of continuation or recurrence of dumping and injury covered the period from 1 October 2014 to 30 September 2015 (the 'review investigation period' or 'RIP'). The examination of the trends relevant for the assessment of the likelihood of a continuation or recurrence of injury covered the period from 1 January 2012 to the end of the review investigation period (the 'period considered').

Parties concerned by the investigation

(8) The Commission officially advised the applicants, the other known Union producers, the exporting producers in the PRC, the known importers, the users and traders known to be concerned, known associations representing Union producers and users and the representatives of the exporting countries, of the initiation of the expiry review.

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

(10) The European Automobile Manufacturers Association ('ACEA') requested a hearing with the Hearing Officer in trade proceedings ('Hearing Officer'). The hearing took place on 5 December 2016.

(11) The applicants and the cooperating Turkish producers in the analogue country requested that their names be kept confidential for fear that they could face retaliation by customers or competitors. The Commission took the view that there was indeed a significant possibility of retaliation and accepted that the names of the applicants and the cooperating Turkish producers should not be disclosed. In order to effectively grant anonymity, the names of the other Union producers were also kept confidential, as to avoid that by deduction the names of the applicants could be identified.

Sampling

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

Sampling of exporting producers in the PRC

(13) In order 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 PRC to the Union to identify and/or contact other exporting producers, if any, that could be interested in participating in the investigation.

(14) Twenty-one 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 four groups of exporting producers on the basis of the largest declared production and sales volume which could reasonably be investigated within the time available. On this basis, the four sampled groups of

(1) Notice of initiation of an expiry review of the anti-dumping measures applicable to imports of certain aluminium wheels originating in the People's Republic of China (OJ C 355, 27.10.2015, p. 8).

Chinese exporting producers have an annual production of 80 million wheels representing about 70 % of the overall declared production and sales of all cooperating companies/groups of companies. The four sampled groups cover around 40 % of the total Chinese exports to the Union according to Eurostat in the review investigation period.

(15) 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. Two exporting producers commented and requested to be included in the sample. They claimed that the proposed sample is not representative enough as they export bigger quantities to the Union than two of the groups selected and that differences between aluminium wheels for the Original Equipment Manufacturers ('OEM') (mainly car manufacturers) and after-market ('AM') (for example distributors, retailers, repair shops and similar) (see recital 28) were not taken into account during the selection.

(16) The Commission considered the selected sample representative for the reasons stated in recital 14 above. AM versus OEM sales were not part of the selection criteria, but in any event, three out of the four groups sell both AM and OEM wheels to the Union. Based on the above, the proposed sample was maintained and the requests of the two Chinese exporting producers were rejected. No further comments were received.

Sampling of Union producers

(17) In the Notice of Initiation, the Commission stated that it had provisionally selected a sample of Union producers. In accordance with Article 17(1) of the basic Regulation, the Commission selected the sample on the basis of the largest representative volume of sales and production, taking also into account the geographical spread. The sample consisted of seven Union producers that were also applicants. The sampled Union producers accounted for over 30 % of total Union production and covered both producers in the OEM and the AM market. The Commission invited interested parties to comment on the provisional sample. No comments were received within the deadline and the provisional sample was thus confirmed. The sample is considered representative of the Union industry.

(18) One party claimed that the anonymity of the Union producers would prevent it of its procedural right to effectively provide comments on the provisional sample. As mentioned in recital 11, due to the risk of retaliation by customers or competitors the request for anonymity of the Union producers was considered justified. This party did not bring forward any arguments or information which would have contradicted the information available and this claim was therefore rejected.

(19) On 27 January 2016 one of the sampled Union producers informed the Commission that it was no longer in a position to reply to the questionnaire. The final sample of Union producers consisted therefore of six Union producers. They still accounted for over 30 % of the total Union production. The final sample was therefore considered as representative of the Union industry.

Sampling of unrelated importers, questionnaires and cooperation

(20) To decide whether sampling is necessary and, if so, to select a sample, the Commission asked all unrelated importers to provide the information specified in the Notice of Initiation.

(21) Eighty known importers/users were contacted at the initiation stage and were invited to explain their activity and to fill in the sampling form attached to the Notice of Initiation, if applicable.

(22) Eleven companies replied to the sampling form. Six of them indicated that they are importing aluminium wheels from the PRC and reselling them in the Union. They were therefore initially considered as unrelated importers. Due to this limited number of companies, sampling was not considered warranted.

Questionnaires and verification visits

(23) The Commission sought and verified all the information deemed necessary for the purpose of determining the likelihood of continuation or recurrence of dumping, the likelihood of continuation or recurrence of injury and Union interest.

(24) The Commission sent questionnaires to the four sampled Chinese exporting producers/groups of exporting producers, the two producers in the analogue country, the seven sampled Union producers, the six unrelated importers that came forward in the sampling exercise, the around 70 users in the Union and the 28 suppliers of raw materials/equipment to the Union industry in the Union.

(25) Questionnaires replies were received from the four sampled exporting producers/groups of exporting producers, two analogue country producers, six sampled Union producers, four unrelated importers, six users and two suppliers in the Union.

(26) The Commission carried out verifications at the premises of the following companies:

(a) Union producers:

— Verifications visits were carried out at the premises of the six sampled Union producers [1]

(b) Importers/users:

— Inter Tyre Holland B.V., Moerdijk, the Netherlands

— Bayerische Motoren Werke AG, Munich, Germany

— FCA ITALY S.p.A, Turin, Italy

— Opel Group GmbH, Ruesselsheim, Germany

(c) Exporting producers in the country concerned:

— Baoding Lizhong ('Baoding') group including:

— Baoding Lizhong Wheel Manufacturing Co., Ltd, Baoding, Hebei province, the PRC,

— Tianjin Dicastal Wheel Manufacturing Co., Ltd, Tianjin, the PRC,

— Dicastal ('Dicastal') group including:

— CITIC Dicastal Co., Ltd, Qinhuangdao, Hebei province, the PRC,

— Dicastal Xinglong Wheel Co., Ltd, Qinhuangdao, Hebei province, the PRC,

— Wuxi Dicastal Wheel Manufacturing Co. Ltd, Wuxi, Jiangsu province, the PRC,

— Kunshan Lioho Liufeng ('Lioho') group including:

— Kunshan Liufeng Machinery Industry Co., Ltd, Kunshan, Jiangsu province, the PRC,

— Liufeng Precision Machinery Co., Ltd, Kunshan, Jiangsu province, the PRC,

— Zhejiang Wanfeng ('Wanfeng') group including:

— Zhejiang Wanfeng Auto Wheel Co. Ltd, Xinchang, Zhejiang province, the PRC,

— Ultra Wheel Ningbo Co. Ltd, Ningbo, Zhejiang province, in the PRC.

(d) Producers in the market economy country

— Verifications visits were carried out at the premises of the two cooperating analogue country producers in Turkey.

B. **PRODUCT CONCERNED AND LIKE PRODUCT**

1. **Product concerned**

(27) The product concerned is aluminium road wheels of the motor vehicles of CN headings 8701 to 8705, whether or not with their accessories and whether or not fitted with tyres and originating in the PRC ('the product concerned' or 'aluminium wheels' or 'ARW'), currently falling within CN code(s) ex 8708 70 10 and ex 8708 70 50 (TARIC codes 8708 70 10 10 and 8708 70 50 10).

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[1] As explained in recital 11 the names of the Union producers are not disclosed for confidentiality reasons.

(28) The product concerned is sold in the Union via two distribution channels: to the OEM segment and to the AM segment. In the OEM segment, car manufacturers organise tender procedures for ARWs and are often involved in the process of developing a new wheel which is associated with their brand. Both Union producers and Chinese exporters can compete in the same tenders. In the AM sector, ARWs are usually designed, developed and branded by ARW producers to be then sold to wholesalers, retailers, tuning companies, car repair shops, etc.

(29) As in the original investigation, it was established that although OEM and AM aluminium wheels have different distribution channels they share the same physical and technical characteristics and are interchangeable. They are therefore considered to form one single product.

2. **Like product**

(30) The product concerned and aluminium wheels produced and sold on the domestic market of the PRC, and on the domestic market of Turkey, which served as an analogue country, as well as the aluminium wheels produced and sold in the Union by the Union industry were found to have the same basic physical, chemical and technical characteristics and uses.

(31) The Commission therefore concluded that these products are alike within the meaning of Article 1(4) of the basic Regulation.

C. LIKELIHOOD OF CONTINUATION OR RECURRENCE OF DUMPING

(32) In accordance with Article 11(2) of the basic Regulation, the Commission first examined whether the expiry of the existing measures would be likely to lead to a continuation or recurrence of dumping from the PRC.

1. **Cooperation from the PRC**

(33) Twenty-one companies/groups of companies provided the reply to the sampling form. The declared export volume of aluminium wheels to the Union by the cooperating companies was 1 601 591 units (17 473 tonnes) [1] in the review investigation period corresponding to 72 % of the total import volumes of the product concerned from China recorded in Eurostat for the same period. The total declared production capacity of the cooperating companies/groups of companies amounted to 91,8 million units (1 001 538 tonnes), which is roughly 43 % of the total estimated Chinese production capacity (212 million units). Further details on the production capacity in the PRC can be found in section 3.1 below.

2. **Dumping during the review investigation period**

(a) Analogue country

(34) According to Article 2(7)(a) of the basic Regulation, normal value had to be determined on the basis of the prices paid or payable on the domestic market or constructed value in an appropriate market economy third country (the 'analogue country').

(35) In the original investigation Turkey was used as analogue country for the purposes of establishing the normal value with regard to the PRC. In the Notice of Initiation the Commission informed interested parties that it envisaged using Turkey as analogue country and invited parties to comment. The Notice of Initiation also added that other countries in particular Thailand and Indonesia will be examined as well.

(36) One interested party raised concerns regarding Turkey as analogue country, due to the assumption that Turkey has bilateral agreements with certain Middle-East countries from which it can therefore import aluminium without duties, while European companies have to pay a 7 % duty on imports of aluminium.

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[1] Company records of both the Union and Chinese producers are kept in pieces. Import statistics however are only available in kg. For the four verified groups the average weight per wheel of the EU sales was 10,91 kg. This conversion ratio is used throughout the regulation.

(37) The normal value, which is established on the basis of domestic prices and/or costs of the analogue country producers, has to be compared with the export prices of Chinese producers and not with the costs of the Union industry. Therefore the potential difference between duties on raw materials applicable in the analogue country and the European Union is not relevant. In any case, the Commission found that there is no significant difference in terms of import duties on aluminium between Turkey and the PRC. Consequently this claim had to be rejected.

(38) In order to investigate all possibilities for selecting an appropriate analogue country, the Commission notified the official representations of Turkey, Thailand, Indonesia, Taiwan, Korea and Malaysia ([1]) about the initiation of the expiry review and requested them to inform the Commission of known aluminium wheel producers in their countries. Requests for cooperation were sent to all known producers in these countries. Except for two Turkish exporting producers, however, none offered cooperation.

(39) Based on available information Turkey has the second largest production volume of aluminium wheels among the potential analogue countries and has a satisfactory level of competition on its domestic market ([2]). The two Turkish cooperating producers had a similar production method as the exporting producers in the PRC. In addition, their product range on the Turkish domestic market was comparable with the product range of sales to the Union made by the Chinese exporting producers.

(40) In view of the above and in the absence of any further comments, the Commission concluded that Turkey is an appropriate analogue country under Article 2(7)(a) of the basic Regulation.

(b) Normal value

(41) The information received from the two cooperating producers in the analogue country was used as a basis for the determination of the normal value.

(42) In accordance with Article 2(2) of the basic Regulation the Commission first examined whether the total volume of domestic sales of the like product to independent customers made by the cooperating analogue country producers during the review investigation period was representative. To this end, their total sales volumes were compared to the total volume of the product concerned exported by each of the sampled Chinese exporting producers to the Union. On that basis, the Commission found that the like product was sold in representative quantities on the Turkish domestic market.

(43) Second, the Commission identified the product types sold domestically by the analogue country producers that were identical or directly comparable with the types sold for export to the Union by the sampled Chinese exporting producers. It compared on a product type basis the sales volume on the Turkish market with the export volumes to the Union by each sampled Chinese exporting producer. This comparison showed that the overwhelming majority of product types were sold in representative quantities in Turkey ([3]).

(44) The Commission subsequently examined for the analogue country producers whether each type of the like product sold domestically could be considered as being sold in the ordinary course of trade pursuant to Article 2(4) of the basic Regulation. The normal value is based on the actual domestic price per product type, irrespective of whether those sales are profitable or not, if the volume sold at a net sales price which is equal to or is above the calculated cost of production, represents more than 80 % of the total sales volume of that type, and where the weighted average sales price of that product type is equal to or higher than the unit cost of production. The test showed that practically all sales were profitable with the exception of six product types representing less than 0,01 % of the total Turkish sales volume.

([1]) These countries together with China represented over 97 % of total imports of aluminium wheels during the investigation period. Bosnia Herzegovina (with 3 %) of imports is among this 97 % however was disregarded as suitable analogue country due to its small size and low number of producers.

([2]) Turkey has at least eight known aluminium wheel producers competing on its domestic market. In addition, Turkey has a low (4,5 %) customs duty rate on imports of aluminium wheels from third countries which facilitates imports. During the RIP, only the PRC exported around 843 926 units to Turkey which is around half of the Chinese import volumes to the Union for the same period.

([3]) With regard to Baoding group all product types sold on the Turkish market were found to be representative. With regard to the three other groups in total 6 product types corresponding to less than 0,12 % of the total Turkish sales were found to be not representative.

(45) Finally, the Commission identified the product types exported from the PRC to the Union and not sold on the Turkish domestic market and constructed normal value based on Article 2(3) and (6) of the basic Regulation. To construct the normal value for these types, the Commission took the average cost of production of the closest product type produced by the analogue country producer and added a reasonable amount for selling, general and administrative ('SG&A') expenses and profit corresponding to the weighted average amounts realised by the analogue country producers on domestic sales of the like product, in the ordinary course of trade during the review investigation period.

(c) Export price

(46) The four sampled groups of exporting producers exported to the Union either directly to independent customers or through related companies acting as traders.

(47) If the exporting producers [1] exported the product concerned directly to independent customers in the Union, the export price was the price actually paid or payable for the product concerned when sold for export to the Union in accordance with Article 2(8) of the basic Regulation.

(48) In case when the exporting producers exported the product concerned to the Union through related companies [2], the export price was constructed on the basis of the price at which the imported products are first resold to an independent buyer in accordance with Article 2(9) of the basic Regulation. Consequently, adjustments to the price were made by deducting SG&A expenses of the related trader and a reasonable profit margin.

(d) Comparison

(49) The Commission compared the normal value and the export price of the sampled exporting producers on an ex-works basis. Where justified by the need to ensure a fair comparison, the Commission adjusted the normal value and/or the export price for differences affecting prices and price comparability in accordance with Article 2(10) of the basic Regulation.

(50) Concerning domestic prices of the analogue country producers adjustments were made for domestic transportation costs, credit costs, handling costs, packing costs and commissions. As regards export prices of the sampled exporting producers, adjustments were made for transport, insurance, handling, credit costs, bank charges, packing costs, import charges, customs duties and commissions.

(e) Dumping margin

(51) The Commission compared the weighted average normal value of each type of the like product in the analogue country with the weighted average export price of the corresponding type of the product concerned of each sampled cooperating group in accordance with Article 2(11) and (12) of the basic Regulation.

(52) On this basis, the weighted average dumping margins expressed as a percentage of the CIF Union frontier price, duty unpaid, are as follows:

Company	Dumping margin (%)
Baoding group	21,1
Dicastal group	8,9
Lioho group	25,9
Wanfeng group	23,2

(1) All sales of Baoding and Dicastal groups and majority of sales of the Wanfeng group.
(2) Sales of UK Wanfeng and Lioho group.

(f) Conclusion on dumping in the review investigation period

(53) The Commission found that Chinese exporting producers (though in lower volume than in the original investigation) continued to export aluminium wheels to the Union at dumped prices during the review investigation period.

3. **Evidence of likelihood of continuation of dumping**

(54) The Commission further analysed whether there was a likelihood of continuation of dumping should the measures lapse. When doing so, it looked into the Chinese production capacity and spare capacity, the behaviour of Chinese exporters on other markets, the situation on the domestic market of China and the attractiveness of the Union market.

3.1. *Production and spare capacity in the PRC*

(55) The Global China Automotive Wheel Industry Report 2012/2013 estimated the total aluminium wheel capacity available in China at 180 million units with sales of only 120 million units, giving spare capacity of 60 million wheels ([1]) at the end of 2012.

(56) The total declared production capacity of the 21 cooperating Chinese exporting producers amounts to 91 804 845 units and their average declared capacity utilisation rate is 87 % meaning roughly 12 million units of spare capacity.

(57) These figures however only represent part of the total production and spare capacity of the PRC. In addition to the 21 cooperating companies the investigation identified at least 67 ([2]) — but according to some sources most likely a few hundred ([3]) — additional aluminium wheel producers who are operational in China. For 28 out of these companies the Commission found some publicly available information concerning their production capacity ([4]). For the remaining 39 companies there is no publicly available information but the findings of the investigation suggest that their capacity ranges from 300 000 to 6 million units/year ([5]).

(58) The average production capacity of the 21 cooperating companies is annually over 4,3 million units. The average production capacity of the additional 28 companies with publicly available information is 1,8 million units/year. Using this average 1,8 million for the remaining 39 companies the Commission obtained 121 million units additional production capacity. Given that these companies did not cooperate in the investigation their spare capacities are not known. Using best facts available and taking the 70 % capacity utilisation rate given in the Global and China Automotive Wheel Industry Report 2012/2013 ([6]) the Commission obtained an additional 36 million spare capacity. Adding 12 million and 36 million units, the Commission found that the PRC has an annual spare capacity of aluminium wheel production of at least 48 million units.

(59) An interested party claimed that Chinese production capacities are fully utilised. In their submission, the parties referred to the questionnaire responses of three sampled groups of exporting producers as well as a presentation made by CCCME. According to the interested parties, these demonstrate that there are no free capacities in the PRC.

([1]) 'At the end of 2012, China's aluminium wheel capacity approached 180 million pcs, while the sales volume surpassed 120 million pcs, with the capacity utilisation above 70 %'. Excerpt from Global and China Automotive Wheel Industry Report 2012/2013 available on http://www.prnewswire.com/news-releases/global-and-china-automotive-wheel-industry-report-2012-2013-204706201.html

([2]) List of companies available in the open file.

([3]) Publicly available excerpt from the Global and China Automotive Wheel Industry Report 2013-2014 mentions at least 110 SME wheel producers that are export-oriented meaning that there are additional ones who supply the domestic market only. http://www.reportsnreports.com/reports/287067-global-and-china-automotive-wheel-industry-report-2013-2014.html

([4]) Information on production capacity was available on the company's own websites or on commercial, sales sites such as http://www.made-in-china.com/ or www.tradeee.com

([5]) 300 000 units/year is the smallest declared annual capacity among the 21 cooperating producers. Also according to the findings of the investigation, a production facility of at least 300 000 units annually is needed to be economically viable. Six million units/year corresponds to the biggest production sites found during the investigation.

([6]) http://www.prnewswire.com/news-releases/global-and-china-automotive-wheel-industry-report-2012-2013-204706201.html This 70 % utilisation rate can be considered as a conservative estimate. It is an average estimate for the whole of China including the cooperating companies with confirmed higher utilisation rates (87 %) suggesting that the capacity utilisation rate of the non-cooperating companies is likely even lower.

(60) In response to this claim it is noted that the data in the questionnaire replies (as amended after verification) were duly taken into account at establishing the available spare capacities. The data of the sampled groups however, as it is already explained in recital 57 above, represent only part of the country-wide production capacities. The total capacity and capacity utilisation rates for the whole of the PRC were therefore established on the basis of the facts available as described in recital 57 above. The figures in the CCCME presentation are unsubstantiated by citing as source only 'China Association of Automobile Manufacturers' without any specific reference to publicly available information. Therefore, this claim was rejected.

(61) Following the disclosure this interested party claimed that the Commission strongly overstated the Chinese aluminium wheels capacity, while underestimating the utilisation rates. In particular, the interested party argued that given the high cooperation from the Chinese industry and the sampling applied on the cooperating exporting producers the Commission should have relied exclusively on the data provided by the cooperating exporting producers and CCCME when establishing the production volumes and spare capacities in the PRC. Moreover the Commission should have extrapolated the findings related to the sampled companies and thus used 99 % capacity utilisation rate for the OEM segment and 90 % capacity utilisation rate for the Chinese aluminium wheels industry overall. In addition, another interested party requested the Commission to clarify how it assessed spare capacity in the OEM segment specifically.

(62) Furthermore one interested party claimed that for establishing the countrywide aluminium wheel production in China the Commission should have relied on the information provided by the CCCME (175 million units) which is in line with the 180 million units estimated in the industry report referred to in recital 55. The interested party further argued that the Commission has never invited CCCME to provide further clarifications on the information it provided concerning production capacity and its utilisation rates.

(63) The same interested party further claimed that the publicly available information on the capacity for part of the non-cooperating companies identified by the Commission was not reliable. In addition, the interested party also contested the rationale for assuming 1,8 million unit capacity for those non-cooperating companies for which there was no information available. And finally, the interested party also claimed that the 70 % capacity utilisation rate used to estimate their free capacity is unfounded and too broad to be of relevance to the Union market.

(64) In response to these claims the Commission noted that it relied on the verified data of the sampled exporting producers as well as on the declared data of the cooperating companies. As it is stated in recital 56 above, the Commission calculated the spare capacity of the cooperating companies based on the data provided by them and arrived at 12 million units of spare capacity and 87 % capacity utilisation rate ([1]). Similarly, the declared production volume of the cooperating companies was used as well, i.e. 91 804 845 units.

(65) At the same time, it has also been stated in recital 57 that these figures represent only part of the total production and spare capacity of the PRC. The aggregated production volume of the four sampled groups represents only 33 % of the total estimated production volume in the PRC ([2]). For this reason and in order to have a comprehensive picture the Commission had to look into available information concerning the whole of the PRC. In this respect, it is noted that contrary to the claim of the interested party, the CCCME was informed that its data concerning Chinese production capacity and capacity utilisation rate could not be taken into consideration due to the fact that it was not substantiated by any evidence. CCCME was granted the possibility to provide supporting evidence which however it failed to do. Therefore, the conclusion that the data provided by the CCCME on Chinese production capacity and capacity utilisation rates cannot be used is maintained.

(66) The claim to use the capacity utilisation rates found at the four sampled groups for the numerous non-cooperating companies cannot be accepted either. Firstly, it is reasonable to assume that the bigger producer groups (of which the sample is composed) operate with considerably higher capacity utilisation rates than the

([1]) The capacity utilisation rate found at the four sampled companies was 89 % and not 99 % as claimed by the interested party.

([2]) The percentage refers to the revised production capacity estimate for the PRC following the comments on the publicly available capacity information of some of the non-cooperating companies, as explained in recitals 68 and 69 below. The declared production volume of the 21 cooperating companies represents 48 % of the total estimated production capacity of the PRC.

smaller producers which take up the majority of the non-cooperating companies [1]. Secondly, the capacity utilisation rates found at the four sampled groups in 2012 (89 %) exceeded markedly the country-wide estimation given by the Global and China Automotive Wheel Industry Report 2012/2013 for the same period (i.e. 70 %). The discrepancy between the two figures shows that the data of the four sampled groups — although accepted and used for their company level conclusions — cannot be considered representative for the rest of the PRC.

(67) In response to the claim in recital 61 it is clarified that production capacity and capacity utilisation rates cannot be established separately for the OEM and the AM segment. OEM and AM wheels are often produced by the same producers and can be produced on the same machinery making the separation of the relevant figures impossible. This has also been confirmed in the original investigation where both production capacity and capacity utilisation was established without separating to two segments [2].

(68) The Commission carefully analysed the claims and the supporting evidence provided with regard to the publicly available information on the capacity of the identified non-cooperating companies. As a result, the claim of the interested party was accepted for 11 companies [3]. Consequently, the average annual production capacity of the now 31 companies with publicly available information is 1,67 million units. Extrapolating this average to the remaining 28 companies the estimated total capacity of the identified non-cooperating companies reached 98,4 million units. Adding this to the production capacity of the cooperating companies (91,8 million) the annual Chinese production is at least 190 million units. The results are summarised in the table below:

Table 1

Type of company	No of companies concerned	Production capacity (units)	Spare capacity (units)
All cooperating	21	91 804 845	12 355 052
(Out of which sampled)	4	*62 589 289*	
Identified non-cooperating with publicly available information on capacity	31	51 700 000	15 510 000
Identified non-cooperating with no publicly available information on capacity	28	46 696 776	14 009 033
Total		190 201 621	41 874 085

(69) It is however important to note that the list of identified non cooperating companies cannot be considered as exhaustive. As mentioned in recital 57 according to public sources there are some 110 SME wheel producers that are export-oriented meaning that there are additional ones who supply the domestic market only. Some of them are admittedly small-sized, low scale producers which are difficult to identify. But even so, it is clear that the 190,2 million units is only the lowest estimate of the annual production capacity currently to be found in the PRC.

(70) With regard to the second claim stated in recital 63 the Commission notes that by modifying the average production level based on the information provided by the interested party, the comment regarding the reliability of the source previously used by the Commission is pre-empted. In addition, it is important to point out that the Commission adopted a conservative approach by applying the average capacity level found at 31 companies to estimate the likely production capacities of those without publicly available information as opposed to extrapolating the average production capacity of the 21 cooperating companies (4,3 million) or the average capacity of the four sampled groups (over 15 million).

[1] It is not uncommon in China that big, well-established producers outsource part of their production orders to unrelated suppliers. This enables them to adapt quickly to increase (or decrease) in demand and to engage un-related suppliers only once they managed to achieve optimal capacity utilisation rates for their own subsidiaries. This practice was found in the biggest group of the sampled producer groups.

[2] Commission Regulation (EU) No 404/2010 of 10 May 2010 imposing a provisional anti-dumping duty on imports of certain aluminium wheels originating in the People's Republic of China (OJ L 117, 11.5.2010, p. 64).

[3] Details of the analysis and the capacities revised can be found in the list in the open file.

(71) Finally, the comment of the interested party on the reliability of the 70 % capacity utilisation estimate for the non-cooperating companies has already been addressed in recitals 66 and 67 above. In addition, as far as the Global and China Automotive Industry Report 2012/2013, the source of the 70 % utilisation rate, is concerned, it is noted that while the Commission does not have access to the full report, its executive summary containing the necessary information is publicly available. The report was published by a research organisation called 'Research in China' ([1]). The claim of the party is rejected.

(72) Therefore following the methodology as described in recital 58 above the spare capacity available in China is estimated at around 42 million units annually.

(73) With another approach an even higher estimate on spare capacity is obtained. Deducting from the total estimated Chinese production (190 million ([2])) in the review investigation period the estimated volume of domestic sales for 2015 (around 57 million units ([3])) and the global exports of the PRC (estimated at 73,5 million units ([4])) in the review investigation period we are left with approximately 60 million units of combined spare capacity and stocks ([5]).

(74) In absence of further comments the Commission concluded that the PRC has an annual spare capacity somewhere between 42 to 60 million units. Even the lower estimate corresponds to 84 % of the entire Union production (50,5 million units during the review investigation period) and represents 60 % of the Union consumption (70 million in the review investigation period), which is considered significant.

3.2. *Chinese sales to third countries and attractiveness of the Union market*

(75) The PRC exports significant quantities of aluminium wheels to third countries other than the Union, in particular to the US, Japan, Mexico, Canada and India ([6]). The same applies to the four cooperating groups. Their export volumes to these markets cover almost 89 % of their total export sales to third countries during the review investigation period.

(76) The Commission compared the average price of the four cooperating groups to third country markets during the review investigation period with the export prices in the same period to the Union market per product type while deducting anti-dumping duties otherwise payable. The comparison showed a mixed picture depending on the market at hand.

(77) The situation on the US market (covering almost 51 % of the total third country export sales of the four sampled groups during the review investigation period) shows that about half of the product types, representing roughly 25 % of their US sales, were more expensive on the US market and the other half on the Union market ([7]). This shows that a re-orientation to the Union of certain export volumes currently destined to the US ([8]) (those for which prices are lower than the prices to the Union market) is likely should the measures be allowed to lapse.

([1]) http://www.researchinchina.com/Htmls/AboutUs/Index.html

([2]) 91,8 million units from the 21 cooperating companies and the 98,4 million estimated capacity of the 59 non-cooperating companies.

([3]) The Global and China Automotive Wheel Industry Report 2012/2013 puts Chinese domestic market at 45 million units by the end of 2012. A study by McKinsey: Bigger, better, broader: a perspective on China's auto market in 2020 at http://www.mckinseychina.com/bigger-better-broader-a-perspective-on-chinas-auto-market-in-2020/ estimates that China's automotive industry will grow with an annual rate of 8 % between 2011 and 2020. Presuming a similar growth rate for the wheel industry, the size of the domestic market is around 57 million units in 2015.

([4]) Chinese Export Database with average conversion rate of 10,91 kg/wheel.

([5]) The level of stocks is difficult to estimate. In case of AM wheels some stocks are common while in case of OEM wheels stock levels are usually negligible. In any case, for the purpose of estimating available capacities for exportation there is no significant difference between stocks and spare capacity.

([6]) Chinese Export Database. The total volume of exports from the PRC (excluding the European Union) amounted to 772 720 tonnes (around 71 million units) during the RIP out of which 81 % (629 854 tonnes, i.e. around 58 million units) were destined to the five top destinations mentioned above.

([7]) Out of the 65 matching product types 29 were more expensive on the Union market, 32 on the US market and 4 were with similar prices.

([8]) Union market was more expensive for 29 product types out of the matching 65 in case of the US. The sales quantity by the four sampled groups of these 29 product types represents some 3,1 million units, i.e. around 25 % of their total sales to the US. According to the Chinese Export Database, the PRC exported 394 693 tonnes (over 36 million units) of aluminium wheels to the US during the review investigation period. The above 25 % correspond to 8,9 million units that is 12,7 % of Union consumption.

(78) In the case of export prices from the PRC to Canada, India, Japan and Mexico (together covering roughly 40 % of the total export of the four Chinese sampled groups during the review investigation period) the average sales prices were lower for product types representing around 22 % of the total quantity exported to these countries than their sales prices to the Union [1]. This also points to a likely re-orientation of Chinese exports to the Union if measures were to expire. Re-orientation from India is particularly likely since this country has introduced definitive anti-dumping measures in May 2015, i.e. in the middle of the review investigation period.

(79) An interested party claimed that the Union market's limited attractiveness does not support a likelihood of Chinese imports being redirected if measures are repealed. The interested party provided a comparison between average prices of export sales to the Union and average export prices to the rest of the world for two of the sampled groups demonstrating that the prices are higher in the rest of the world. In addition, for one of the sampled groups the interested party provided a price comparison between EU export and rest of the world export prices for 15 product types.

(80) In response to this claim it is important to note that comparison of average price levels does not take into account price differences among product types. The PRC is admittedly exporting larger wheels to its biggest export destination, the US. In addition, merging rest of the world sales together is also flawed as it mixes the results of different export destinations. This also applies for the comparison on specific product types carried out for one out of the sampled four groups of exporting producers.

(81) On the other hand, the comparison made by the Commission is based on the verified data of all four sampled groups of exporting producers. The comparison is made on product type level and separately for the different market destinations. For these reasons, the methodology applied by the Commission as explained in recitals 76 to 78 is considered more reliable and precise. Consequently the claim of the interested parties is rejected.

(82) Following the disclosure an interested party argued that the Commission unreasonably emphasised the attractiveness of the Union market compared to other export destinations. In particular the interested party claimed that the type-per-type comparison carried out by the Commission conceals that actually only around 25 % of the sampled groups' sales to the US are cheaper than the sales price to the Union for the same product types. The interested party argued that export sales to the US (or any other country for that matter) shall be analysed as a whole, i.e. grouping all product types together. This is due to the fact that Chinese producers offer a variety of types of aluminium wheels to ensure customers' fidelity. Following the reasoning of the interested party this would mean that the fact that a given type of aluminium wheel is shipped from China to the US for a cheaper price than to the Union does not mean that it would be re-directed, to the extent that Chinese suppliers have to provide a '*complete portfolio of products to all their export destinations*' and therefore such re-direction would disrupt reliable supply chains.

(83) Further, the interested party provided price comparisons by grouping all sales per destination, showing negative amounts (i.e. prices to other third country markets were higher than those to the Union market) for all markets with the exception of Japan. Finally, the interested party claimed that for the analysis of the Canadian, Indian, Japanese and Mexican markets the Commission adopted a different approach by merging the sales volumes for the four destinations without explanation. As a result the interested party claimed that the disclosure of the facts and considerations on the basis of which the Commission intended to impose the anti-dumping measures did not allow interested parties to understand the rationale of the Commission with regard to the comparison between its export prices to the Union and to other third country markets, thus breaching Article 20 of the Basic Regulation.

(84) In reply to these claims the Commission notes that the type-by-type comparison applied did not conceal the volumes of the effected transactions. Moreover, the percentage of the US sales volumes concerned was disclosed to the parties and was used to quantify the likely volume of re-direction from the total Chinese exports to the US. The claim of the interested party therefore that type-by-type comparison conceals and/or does not take into account the volume effect of the sales is rejected. The further claim of the interested party, namely that it is the overall profit of all transactions to an export market that is decisive as opposed to the price comparison per

[1] Union market was more expensive for 7 product types out of the matching 20 in case of Canada, for 7 product types out of the matching 15 in case of India, for 40 product types out of the matching 54 in case of Japan and for 6 product types out of matching 12 in case of Mexico. These sales by the sampled Chinese exporting producers represent 2,3 million units, i.e. around 22 % of their total sales to these countries. According to the Chinese Export Database, the PRC exported 235 161 tonnes (around 21,5 million units) of aluminium wheels to these countries during the review investigation period. The above 22,3 % correspond to 4,8 million units, which is 6,8 % of Union consumption.

product types is neither substantiated nor it is confirmed by the findings of the investigation. During the investigation the Commission found for both the Chinese exporting producers and the Union producers that as a rule, tenders are drawn and contracts are concluded per specific product types and not for group of products. Based on the above, the Commission maintains that the type-by-type comparison of Chinese sales prices to third export markets vis-à-vis Chinese sales to the Union market is a reliable indication of attractiveness of the Union market.

(85) Contrary to the claim of the interested party, the analysis of the four export destinations, namely Canada, India, Japan and Mexico was not merged by the Commission. All export destinations were analysed separately and it is only the likely volume available for re-direction from each country was summed. ([1]) Therefore the claim of the interested party is rejected.

(86) One interested party claimed that OEM wheels are significantly more expensive than AM wheels and therefore the Commission erred when it relied on AM prices to show that Chinese exporting producers would re-direct aluminium wheels to the Union market.

(87) It is clarified that contrary to the claim of the party, the Commission did not rely only on AM sales for the price comparison, but on all reported sales out of which the AM segment represented only around 20 %. Therefore this claim is rejected.

(88) In absence of any further comments the conclusions on the analysis of third country exports of the four sampled groups as explained in recitals 75 to 78 are maintained. As a result, the likely re-orientation of part of Chinese exports currently destined to US, Canada, Mexico, Japan and India towards the Union market (estimated at 13,7 million units) ([2]) is confirmed.

3.3. *Sales on the domestic market of China and attractiveness of the Union market*

(89) Given the significant domestic sales quantities the situation on the Chinese domestic market was analysed as well. Available information indicates that the Chinese automotive market has been growing and is forecast to grow until 2020 with an average 8 % annual rate ([3]). Given the close link between the automotive and the auto-wheel markets the same growth rate can be presumed for the latter as well. This growth increases the absorption capacity of the Chinese domestic market. However this increase in demand is not likely to absorb the available spare capacities. In the last years, the PRC has been investing heavily in the wheel production. The four sampled groups alone have increased their overall capacity by around 16 million units during the period considered, which is in line with the increase in demand.

(90) The average price level of the four sampled groups on the Chinese domestic market (around EUR 35) is considerably lower than the average sales price to the Union (EUR 46,2). Even though some of the price difference can be explained by different product types and requirements, this significant gap in the prices implies that the Union market would become even more attractive in comparison to the Chinese domestic market if measures were repealed. Also important to note that the main exporters have already established business relations in the Union, which means that export quantities can be quickly increased should the current duty levels change.

(91) The conclusion of the analysis of the domestic sales and market conditions in the PRC is therefore that first, the domestic market cannot absorb the spare capacities and second, due to significant price differences re-orientation of domestic sales towards the Union is likely.

([1]) The separate, country-specific figures are as follows: the Union market was more expensive for 7 product types out of the matching 20 in case of Canada, for 7 product types out of the matching 15 in case of India, for 40 product types out of the matching 54 in case of Japan and for 6 product types out of matching 12 in case of Mexico. The volumes of these product types represent 1 263 052 wheels in case of Japan and 721 220 wheels in India and 107 740 and 224 364 in Mexico and Canada respectively. The total of these four is 2 316 376. The total sales quantity of the four sampled groups to these four destinations is 10 384 797 units out of which the likely redirection (2,3 million) represents 22,3 %. When estimating the likely re-direction from the PRC this 22,3 % was applied to the total Chinese exports to these four destinations as reported in the Chinese Export Database, i.e. 2 350 161 tonnes (around 21,5 million units) giving the likely redirection of 4,8 million units.

([2]) 8,9 million from the US and 4,8 million from the four other destinations.

([3]) McKinsey: Bigger, better, broader: a perspective on China's auto market in 2020 at http://www.mckinseychina.com/bigger-better-broader-a-perspective-on-chinas-auto-market-in-2020/ estimates that China's automotive industry will grow with an annual rate of 8 % between 2011 and 2020.

(92) Based on all of the above, the Commission concluded that should measures be allowed to lapse, the risk of re-orientation of significant volumes of export and domestic sales towards the Union at dumped prices is real.

(93) Following the disclosure an interested party argued that since the estimated production capacity and utilisation rates are flawed, the finding that the estimated growth in the Chinese domestic aluminium wheel demand is not likely to absorb the available spare capacities is not correct. The interested party also contested the reliability of the average price comparison, given that the Commission itself found that a comparison of average prices does not take into account price differences among product types.

(94) The comments regarding production capacity and capacity utilisation rates were addressed under section 3.1 and 3.2 above. The figures, as confirmed after the analysis of the comments, were not altered to an extent as to alter the conclusion reached in recital 89 above.

(95) The fact that the comparison of average prices is less reliable than the comparison on product type level does not alter the conclusion that the gap between the price levels is still significant. This, together with the significant size of the domestic market, indeed indicates a likelihood that some sales will be re-oriented towards the Union market should measures be allowed to lapse even if based on the information available, these cannot be precisely quantified. As a result, the comments provided, do not contradict the conclusions reached, which are therefore confirmed.

4. **Conclusion on dumping and likelihood of continuation of dumping**

(96) All four sampled Chinese exporting producers were found to be dumping during the review investigation period. Moreover, given the significant spare capacities found in the PRC as well as the attractiveness of the Union market compared to some of the third markets and the domestic market it is considered likely that Chinese exporting producers would (re)enter the Union market with significant quantities of aluminium wheels at dumped prices in case the measures would be allowed to lapse.

D. DEFINITION OF THE UNION INDUSTRY

(97) The Union industry did not undergo major structural changes since the original investigation. The like product was manufactured by around 50 known Union producers during the review investigation period. They constitute the 'Union industry' within the meaning of Article 4(1) of the basic Regulation.

(98) The total Union production during the review investigation period was estimated at 50,5 million units. The companies that supported the review request represented more than 85 % of the total Union production in the RIP. As indicated in recital 17, the Union producers selected in the sample represented over 30 % of the total Union production of the like product.

E. SITUATION ON THE UNION MARKET

1. **Preliminary remarks**

(99) The total Union production has been established on the basis of all available information, including information provided in the review request, data collected from all known Union producers before and after the initiation of the investigation and information obtained from the sampled producers. This information allowed confirming the existence and the level of production also of those producers which did not cooperate in the investigation.

(100) As in the original investigation, and as mentioned in recital 28, the product was sold via two distribution channels that is to the OEM segment and to the AM segment.

(101) Some interested parties reiterated the claims made in the original investigation that the analysis of injury should distinguish between aluminium wheels for the OEM segment on the one hand and aluminium wheels for the AM segment on the other hand. These claims were based on the fact that at the time of the original investigation, Chinese imports were mainly to the AM segment, while the Union industry was mainly predominant in the OEM segment.

(102) The investigation established that, as explained in recitals 113 and 114, Chinese exporting producers appear to have shifted from AM segment to the OEM segment since the original investigation. Therefore, a separate analysis of the impact of the Chinese imports on the Union industry situation per segment was not required anymore.

(103) However, in line with the original investigation, and in order to have the most comprehensive picture possible of the situation of the Union industry during the RIP, some injury indicators were also analysed separately on the basis of the information available; the different segments were also taken into consideration in the analysis of the likelihood of recurrence of injury.

(104) With reference to the claim referred to in recital 101 one interested party added that there should be a differentiation between the segments on the basis of the type of customers, claiming that customers in the OEM segment are buying a different type of product, i.e. so called 'car branded wheels', than those in the AM segment, where customers would buy so-called 'wheel branded wheels'. According to this party the fact whether the wheels are used for assembly in new vehicles (OEM) or sold separately to replace the original wheels (AM) is of less importance.

(105) The request of this party was based on an inaccurate assumption that the Commission would classify 'car branded wheels' sold through the distribution channels of the car manufacturers or their authorised dealers as a sales in the AM segment. However, the Commission considered all 'car branded wheels' regardless whether they were used for assembly in new vehicles or sold separately as sales to the OEM segment which was in line with the party's claim.

2. **Union consumption**

(106) During the period considered the Union consumption developed as follows:

Table 2

Union consumption

	2012	2013	2014	RIP
Total consumption (units in 000)	59 361	60 528	66 457	70 047
Index (2012 = 100)	*100*	*102*	*112*	*118*

*Source:*Review request, Eurostat, verified questionnaire replies.

(107) Union consumption has been established by adding imports from China and other third countries based on Eurostat to the sales from Union producers on the Union market. Sales of the Union industry on the Union market were obtained from the review request and adjusted on the basis of data provided in the replies of the sampled Union producers for the RIP.

(108) Union consumption continuously increased over the period considered and overall by 18 %, i.e. from 59,3 million units in 2012 to 70,0 million units in the RIP. This increase in consumption reflects the increase of car production in the Union and the increased penetration rate of aluminium wheels in new cars. The increasing trend in consumption represents a significant change as compared to the trend observed in the original investigation, when consumption decreased by 16 % from 2006 and the investigation period ('IP') of the original investigation, i.e. from 58,6 million units to 49,5 million units.

(109) Union consumption was also analysed with a split between OEM and AM segments. The volumes and market shares were estimated on the basis of information provided by the sampled exporting producers, the cooperating analogue country producers, the sampled Union producers and the request. The table below shows the evolution of the consumption per segment in the RIP in comparison to the IP of the original investigation.

Table 3

Consumption by AM and OEM segment

Units (in 000)	IP original investigation	RIP
Consumption OEM	34 915	65 168
Index (IP = 100)	*100*	*188*
Share OEM in total consumption (%)	71	93
Consumption AM	14 592	4 879
Index (IP = 100)	*100*	*33*
Share AM in total consumption (%)	29	7
Total consumption	49 508	70 047
Index (IP = 100)	*100*	*141*

Source: Request, Eurostat, verified questionnaire replies, Implementing Regulation (EU) No 964/2010.

(110) Since the IP of the original investigation, consumption in the OEM segment increased by 88 %, i.e. from around 35 million units to around 65 million units, while consumption in the AM segment decreased by almost 70 %, from around 15 million units to around 5 million units in the RIP. This shows that the overall increase in consumption since the IP of the original investigation has been entirely due to the increase in consumption in the OEM segment while consumption in the AM segment decreased significantly since the IP of the original investigation. Thus, while the OEM segment was already predominant during the IP of the original investigation, it further gained importance and represented 93 % of total consumption during the RIP, while the AM segment represented 7 % of total consumption in comparison to 29 % in the IP of the original investigation.

(111) It is noted that the OEM segment is generally more competitive as sales are made in a larger market with more players and a higher number of suppliers competing with each other. The presence in this segment is also of a more lasting nature. The investigation has shown that operators who have been able to move into the OEM segment tend to remain in that segment and do not switch to the AM segment easily. This is due to the precise and strict requirements by customers in the OEM segment, not only as to quality and design of the aluminium wheels but also the quality of processes and qualifications to be able to operate as reliable suppliers. Products are generally only purchased after a testing and process auditing phase and then the contractual relationship between the buyer and seller can last for several years. At the same time it should be noted that usually each OEM user has several suppliers that it has approved and it can therefore switch between them relatively easily if one of them becomes more competitive in its pricing.

3. **Volume, prices and market share of imports from the PRC**

3.1. *Volume and market share of imports from the PRC*

Table 4

Volume and market shares of imports from the PRC

	2012	2013	2014	RIP
Volume of imports (units in 000)	3 371	2 436	2 439	2 237
Index (2012 = 100)	*100*	*72*	*72*	*66*
Market share (%)	5,7	4,1	3,7	3,2

Source: Eurostat.

(112) Import volumes from the PRC decreased, from 3,3 million units in 2012 to 2,2 million units in the RIP, i.e. by 34 %, with a corresponding decrease in market share from 5,7 % to 3,2 %, namely a decrease of 2,5 percentage points during the period considered. While import volumes and market share from China decreased the Chinese exporting producers nevertheless managed to maintain a non-negligible market share despite the measures in force. The Commission notes that part of the Chinese imports (varying between 21 % and 28 % under the period considered), took advantage of the inward processing regime and were not subject to anti-dumping duties.

(113) In addition, the evolution of import volume and market share of China was estimated with a split between OEM and AM segment for the RIP in comparison to the IP of the original investigation, as shown in the table below:

Table 5

Imports from China and market shares by OEM and AM segment

	IP original investigation	RIP
OEM segment		
Total imports from China OEM (units in 000)	1 183	1 606
Index (IP = 100)	*100*	*136*
Share in total imports (%)	19	72
Market share in consumption OEM (%)	3,4	2,5
Market share in total consumption (%)	2,3	2,3
AM segment		
Total imports from China AM (units in 000)	4 954	631
Index (IP = 100)	*100*	*13*
Share in total imports (%)	81	28
Market share in consumption AM (%)	33,9	12,9
Market share in total consumption (%)	10,0	0,9

Source: Request, Eurostat, verified questionnaire replies, Implementing Regulation (EU) No 964/2010.

(114) The development of import volumes from China split by segment followed the general trend towards a significantly increased consumption in the OEM segment shown in recitals 109 to 111. Despite the overall decrease in imports of aluminium wheels from China (see Table 3) the Chinese exporting producers have increased their import volumes in the OEM segment. In specific, the import volume in the OEM segment increased from 1,183 million units in the IP of the original investigation to 1,606 million units in the RIP, i.e. the Chinese exporting producers managed to increase their import by 0,4 million units which corresponds to an increase of 63 % when compared to the IP of the original investigation.

(115) Overall, imports from China to the OEM segment represented 72 % of all imports during the RIP, while during the IP of the original investigation the situation was reversed and Chinese imports into the OEM segment represented only 19 % of total imports into the Union.

(116) Despite the increase in sales volume in the OEM segment, market share in this segment decreased by 0,9 percentage points, which is due to the higher increase in consumption in this segment. The market share of Chinese imports in total consumption remained stable which is also due to the higher increase in overall consumption.

(117) It follows from the above that the overall decrease of Chinese import volumes is exclusively due to a decrease of imports to the AM segment. Indeed, in this segment, Chinese imports decreased significantly, that is by almost 90 %, which translated in a decrease of market share in the AM consumption from 34 % in the IP of the original investigation to 13 % in the RIP of the current review. Overall, the share of imports to the AM segment in the total consumption decreased from 10,0 % in the IP of the original investigation to 0,9 % in the RIP of the current review.

(118) This shift of the Chinese exporting producers from the AM to the OEM segment already started during the last two years of the original investigation (that is in 2008 and IP, see recital 89 of Implementing Regulation (EU) No 964/2010). Despite the decrease of the market shares, the Chinese exporting producers have maintained their sales volumes and customer base in the OEM segment since the original investigation.

3.2. *Price of imports and price undercutting*

Table 6

Average price of imports from the PRC

	2012	2013	2014	RIP
Average price EUR/unit	40,68	36,16	39,74	46,24
Index (2012 = 100)	*100*	*89*	*98*	*114*

Source: Eurostat.

(119) The average prices of imports from the PRC first decreased from 40,68 EUR/unit in 2012 to 36,16 EUR/unit in 2013, but reversed back to 39,74 EUR/unit in 2014. It increased further in the RIP where it reached a level of 46,24 EUR/unit. Overall, the increase between 2012 and the RIP was 14 %. This overall price increase is in line with global price trends and a general trend towards bigger and more sophisticated wheels.

(120) A comparison of sales prices on the Union market was made between the prices of the sampled Union industry and prices of imports from the country concerned made by the sampled exporting producers. The relevant sales prices of the sampled Union industry were those to independent customers, adjusted where necessary to an ex-works level, i.e. excluding freight costs in the Union and after deduction of discounts and rebates.

(121) These prices were compared with prices charged by the sampled Chinese exporting producers net of discounts and adjusted where necessary to CIF Union frontier with an appropriate adjustment for the post-importation costs.

(122) When adding the applicable customs and anti-dumping duties to the CIF prices of imports, prices of the sampled exporting producers were found on average to be higher than the Union industry's sales prices on the Union market. The same result was applicable to the imports of the non-sampled exporting producers.

(123) When import prices of the sampled Chinese exporting producers are considered without anti-dumping duties they would undercut the Union industry's sales prices on average by 8,0 %. The result is even more pronounced when analysing the OEM and AM segments separately, where the undercutting margins found for the sampled exporting producers were 8,7 % in the OEM segment and 12,4 % in the AM segment. Concerning the non-sampled exporting producers, based on Eurostat data, the result would be on average an undercutting margin of 7,5 %; this comparison is done on an average basis as Eurostat does not differentiate between product types.

(124) Finally, a price comparison was made in relation to the Chinese imports made under the inward processing regime which represented 20,6 % of all Chinese imports during the RIP. This price comparison was made between the average Chinese import prices under inward processing (based on Eurostat data as the sampled exporting producers did not report any sales to the Union under inward processing) with the average sales prices of the sampled Union producers in the RIP. The result was an average undercutting margin of 7,6 %. This comparison was done on an average basis as Eurostat data does not differentiate between product types, as mentioned in recital 123. In addition, the total import volume under inward processing was very low representing only 0,6 % of the total Union consumption in the RIP.

(125) One interested party claimed that prices for aluminium wheels sold to the AM segment were generally significantly lower than those charged for aluminium wheels sold to the OEM segment. In addition, this party claimed that a proper price comparison in the OEM segment can be done only at the 'tender level', for which it claimed there is generally no undercutting even after deduction of the anti-dumping duty.

(126) A selection of data from individual tenders cannot substitute the analysis made by the Commission based on the complete data, i.e. transaction sales listing and price comparisons on a per type basis. Such comparison reflects the largest possible amount of data of actual transactions that have taken place. As explained in recital 123 the analysis on the basis of the complete data from the sampled exporting producers and the Union producers showed an undercutting of 8,7 % in the OEM segment and 12,4 % in the AM segment confirming the undercutting in both segments when prices are considered without anti-dumping duties. Therefore this argument is rejected.

(127) After the disclosure, the same party also requested the Commission to clarify how it ensured that prices of Chinese domestic sales, exports to the Union, and exports to third countries were comparable. This methodology is explained in recitals 123 and 126 above.

4. **Import from other third countries**

Table 7

Imports from other third countries

	2012	2013	2014	RIP
Turkey	6 189	6 879	8 316	9 218
Index (2012 = 100)	*100*	*111*	*134*	*149*
Market share (%)	10,4	11,4	12,5	13,2
Average price EUR/unit	45,57	45,32	43,89	48,50
Index (2012 = 100)	*100*	*99*	*96*	*106*

	2012	2013	2014	RIP
Other third countries (Turkey excluded)	7 104	6 778	8 177	8 696
Index (2012 = 100)	*100*	*95*	*115*	*122*
Market share (%)	12,0	11,2	12,3	12,4
Average price EUR/unit	51,27	51,23	52,66	58,88
Index (2012 = 100)	*100*	*100*	*103*	*115*
Total other third countries	13 294	13 657	16 493	17 914
Index (2012 = 100)	*100*	*103*	*124*	*135*
Market share (%)	22,4	22,6	24,8	25,6
Average price EUR/unit	48,62	48,25	48,24	53,54
Index (2012 = 100)	*100*	*99*	*99*	*110*

Source: Eurostat.

(128) During the period considered, imports from other third countries into the Union continuously increased from around 13,2 million units in 2012 to around 17,9 million units in the RIP, i.e. by 35 %. Since the Union consumption only increased by 18 % during the same period (see recital 107, Table 1) the corresponding market share of the other third countries increased to a lesser extent, i.e. from 22,4 % in 2012 to 25,6 % in the RIP or by 3,2 percentage points.

(129) On average, the import prices from third countries other than China were above the Chinese import prices and increased by 10 % during the period considered.

(130) Turkey is the largest importer in the Union after the PRC. Import volume of Turkey increased from around 6,1 million units in 2012 to around 9,2 million in the RIP, i.e. by 49 %. This increase translated in an increase of its market share from 10,4 % in 2012 to 13,2 % in the RIP, i.e. by 2,8 percentage points. Average import prices from Turkey were above the average import prices from China throughout the whole period considered. They increased from 45,57 EUR/unit in 2012 to 48,50 EUR/unit in the RIP, which corresponded to an increase of 6 %.

(131) The market share of imports from third countries excluding Turkey increased only slightly, from 12,0 % in 2012 to 12,4 % in the RIP. The prices of imports from third countries were higher than the prices of imports from the PRC during the entire period considered.

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

5.1. *General remarks*

(132) In accordance with Article 3(5) of the basic Regulation, the Commission examined all economic factors and indices having a bearing on the state of the Union industry.

(133) As mentioned in recital 17, sampling was used for the determination of possible injury suffered by the Union industry.

(134) For the injury determination the Commission distinguished between macroeconomic and microeconomic injury indicators. The Commission evaluated macroeconomic indicators relating to the whole Union industry on the basis of information provided by the applicant in the review request and the data of the sampled Union producers that was adjusted on the basis of data provided in the replies of the sampled Union producers for the RIP. The Commission evaluated microeconomic indicators relating only to the sampled companies on the basis of data contained in the questionnaire replies of the sampled Union producers. Both sets of data were found representative of the economic situation of the Union industry.

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

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

5.2. *Macroeconomic indicators*

5.2.1. Production, production capacity and capacity utilisation

Table 8

Production, production capacity and capacity utilisation

	2012	2013	2014	RIP
Production volume (units in 000)	44 124	45 516	49 638	50 571
Index (2012 = 100)	*100*	*103*	*112*	*115*
Production capacity (units in 000)	49 808	51 644	53 510	55 178
Index (2012 = 100)	*100*	*104*	*107*	*111*
Capacity utilisation (%)	89	88	93	92
Index (2012 = 100)	*100*	*99*	*105*	*103*

Source: Review request, verified questionnaire replies.

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

(138) Production increased during the period considered. Overall, the production volume increased from 44,1 million units in 2012 to 50,5 million units in the RIP, i.e. by 15 % during the period considered. This increase reflects the increase of car production in the Union and the increased use of aluminium wheels in new cars.

(139) The production capacity increased from around 49,8 million units in 2012 to roughly 55,1 million units in the RIP, i.e. by 11 % during the period considered.

(140) As a result of the slightly higher increase in production volume than in production capacity, the capacity utilisation increased from 89 % in 2012 to 92 % in the RIP, i.e. by 3 percentage points over the period considered.

5.2.2. Sales volume and market share

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

Table 9

Sales volume and market share

	2012	2013	2014	RIP
Sales volume (units in 000)	42 697	44 435	47 525	49 895
Index (2012 = 100)	*100*	*104*	*111*	*117*
Market share (%)	71,9	73,4	71,5	71,2

Source: Review request, Eurostat, verified questionnaire replies.

(142) Sales volume increased over the period considered from 42,6 million units in 2012 to around 49,8 million units in the RIP, i.e. by 17 % falling slightly short of the 18 % increase of consumption described in recital 107. Therefore the increase in sales volumes, taking also into account the parallel increase of imports from other third countries described in recital 128 led, however, to a slight decrease in market share of the Union industry from 71,9 % in 2012 to 71,2 % in the review investigation period, i.e. a decrease of 0,7 percentage points during the period considered.

(143) In addition, the evolution of sales volumes and market shares were estimated with a split between OEM and AM segments for the RIP in comparison to the IP of the original investigation, as shown in the table below:

Table 10

Sales volumes and market shares by OEM and AM segment

Units (in 000)	IP original investigation	RIP
OEM segment		
Sales volume OEM	28 719	46 627
Index	*100*	*162*
Market share OEM (EU producers' share of total OEM consumption) (%)	82,3	71,6
Market share OEM in total consumption (%)	58,0	66,6
AM segment		
Sales volume AM	7 075	3 268
Index	*100*	*46*
Market share AM (EU producers' share of total AM consumption) (%)	48,5	67,0
Market share AM in total consumption (%)	14,3	4,7

Source: Request, Eurostat, verified questionnaire replies, Implementing Regulation (EU) No 964/2010.

(144) Sales volumes to the OEM segment increased by 62 % in the RIP compared to the IP of the original investigation, while the sales to the AM segment more than halved as compared to the IP of the original investigation. Market share of the Union producers had decreased in the OEM segment by 10,9 percentage points from 82,3 % to 71,6 % due to the higher increase in consumption in this segment. In the AM segment the market share had increased from 48,5 % to 67,0 %, due to the shrinking market in this segment. Overall, in the AM segment market share of the Union industry in total consumption dropped from 14,3 % during the IP of the original investigation to 4,7 % during the RIP of the current review, while market share of the Union industry of the OEM segment in total consumption increased from 58,0 % to 66,6 % during the same period. The evolution in the two segments corresponds to the general trend in the Union market reflecting the increase of car production in the Union and the increased penetration rate of aluminium wheels in new cars, as mentioned in recital 108.

5.2.3. Growth

(145) While Union consumption increased by 18 % during the period considered, the sales volume of the Union industry increased to a slightly lower degree, i.e. by 17 %, which translated in a slight loss of market share of 0,7 percentage points.

5.2.4. Employment and productivity

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

Table 11

Employment and productivity

	2012	2013	2014	RIP
Number of employees	12 227	12 673	13 689	14 265
Index (2012 = 100)	*100*	*104*	*112*	*117*
Productivity (units in 000/employee)	3 609	3 592	3 626	3 545
Index (2012 = 100)	*100*	*100*	*100*	*98*

Source: Review request.

(147) Employment of the Union industry overall increased by 17 % during the period considered. This is in line with the increase of the production volume of 15 % during the period considered.

(148) During the period considered, the productivity measured by number of units produced/employee remained stable, with only a very slight decrease of 2 % in the RIP.

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

(149) During the review investigation period, the individual dumping margins found for the sampled cooperating groups of companies were still substantial and ranged between 8,9 % and 25,9 % (see recital 52). Nonetheless, import volumes from China were decreasing by 44 % which translated also in a decrease in Chinese market share reaching 3,2 % during the RIP. As established in recital 122, Chinese import prices did not undercut the Union industry sales prices on the Union market during the RIP and the price pressure from the Chinese imports was therefore limited. The anti-dumping measures in force were therefore showing a positive effect on the situation of the Union industry.

5.3. *Microeconomic indicators*

5.3.1. Prices and factors affecting prices

(150) The average sales prices of the Union industry to unrelated customers in the Union developed over the period considered as follows:

Table 12

Average sales prices and unit costs

	2012	2013	2014	RIP
Average unit selling price in the Union (EUR/unit)	46,24	46,40	47,16	51,91
Index (2012 = 100)	*100*	*100*	*102*	*112*
Unit cost of production (EUR/unit)	43,10	43,13	42,82	46,76
Index (2012 = 100)	*100*	*100*	*99*	*109*

Source: Verified questionnaire replies.

(151) The Union industry's average unit sales price to unrelated customers in the Union increased by 12 % over the period considered. This increase reflected the trend towards bigger and more sophisticated wheels as described further in recital 153.

(152) Over the period considered the unit cost of production increased by 9 %.

(153) The investigation has shown that the increase in cost was mainly due to the technical development of aluminium wheels with an increasing tendency to produce large wheels and so called 'bright wheels' which require additional production steps. The investigation has further shown that whilst the price variations in the main raw material (aluminium) can have an impact on the unit costs, their impact on the profitability is mitigated as prices of aluminium were mostly indexed in the contracts with the OEM customers.

5.3.2. Labour costs

(154) The average labour costs of the Union industry developed over the period considered as follows:

Table 13

Labour costs

	2012	2013	2014	RIP
Average labour costs per employee (EUR)	31 285	31 624	31 021	32 096
Index (2012 = 100)	*100*	*101*	*99*	*103*

Source: Verified questionnaire replies.

(155) Between 2012 and the RIP, the average labour costs per employee of the sampled Union producers increased slightly by 3 %.

5.3.3. Inventories

(156) Stock levels of the Union industry developed over the period considered as follows:

Table 14

Inventories

	2012	2013	2014	RIP
Closing stocks (units in 000)	851	842	986	866
Index (2012 = 100)	*100*	*99*	*116*	*102*
Closing stocks as percentage of production (%)	4,5	4,2	4,6	3,9
Index (2012 = 100)	*100*	*92*	*101*	*87*

Source: Verified questionnaire replies.

(157) Inventories cannot be considered as a relevant injury indicator as production of aluminium wheels takes place to a large extent to order; stock at a determined point in time is mostly the result of goods sold but not yet delivered. Therefore, the trends on inventories are given for information only.

(158) Overall closing stocks increased by 2 % over the period considered. Closing stocks as a percentage of production decreased slightly from 4,5 % in 2012 to 3,9 % during the RIP, i.e. by 0,6 %.

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

Table 15

Profitability, cash flow, investments and return on investment

	2012	2013	2014	RIP
Profitability of sales in the Union to unrelated customers (% of sales turnover)	6,8	7,0	9,2	9,9
Index (2012 = 100)	*100*	*103*	*135*	*146*
Cash flow (EUR 000)	102 147	111 918	129 833	155 044
Index (2012 = 100)	*100*	*110*	*127*	*152*
Investments (EUR 000)	64 110	38 643	65 749	71 338
Index (2012 = 100)	*100*	*60*	*103*	*111*
Return on investments (%)	18,6	20,1	27,4	31,6
Index (2012 = 100)	*100*	*108*	*147*	*170*

Source: Verified questionnaire replies.

(159) 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. During the period considered, the Union industry profitability increased steadily reflecting the bigger increase in prices than the cost of production as shown in Table 12, recital 150. Thus, it increased from 6,8 % in 2012 to 9,9 % during the RIP, i.e. by 3,1 percentage points during the period considered.

(160) In addition, the profitability was analysed with a split between OEM and AM segments. On this basis the profitability for sales in the AM segment was estimated with 13,6 % and the profitability for sales in the OEM segment was estimated with 9,6 %. It is to be noted that the sales volume in the AM segment was very low compared to the sales volume in the OEM segment during the RIP, and therefore only had a minor impact on the overall profitability.

(161) The net cash flow is the Union industry's ability to self-finance their activities. The cash flow increased during the entire period considered. Overall net cash flow increased by 52 % over the period considered, in line with the increased profits.

(162) The investments increased by 11 % over the period considered. There was a dip in total investments from 2012 to 2013, linked to a completion of certain investments made in 2012. After that the total investments increased by 43 % from 2013 to 2014, and further by 8 % from 2014 to RIP. In some cases the investments were partly replacements of obsolete machinery. However, there were also significant investments in new capacity in line with the increased demand and projected increase in demand in the coming years. Finally, investments were also made in order to respond to the increase in demand of the technically more sophisticated 'bright wheels', requiring additional machining and painting capacity.

(163) The return on investments is the profit in percentage of the net book value of fixed assets. As the other financial indicators, the return on investment from the production and sale of the like product was positive reflecting the trend in profitability. Overall, return on investments increased by 13 percentage points over the period considered.

(164) As far as the ability to raise capital is concerned, the recovery from past dumping was improving the ability to generate cash for the like product of the sampled Union producers and strengthening their financial situation by increasing the internally generated funds. The investigation found that, overall, the ability to raise capital improved over the period considered. This, in turn, has enabled the companies to make the replacement investments and investment in increase of the production capacity as explained in recital 162.

6. **Conclusion on injury**

(165) In a context of an increasing consumption, the Union industry was able to recover from the past dumping thanks to the anti-dumping measures in place and showed a healthy economic situation during the RIP. It is recalled that in the original investigation the Union industry suffered material injury in the form of a decrease in production and sales volumes, caused by the price pressure from the Chinese imports, which was reflected most notably in a decreasing profitability.

(166) In the period considered of the present investigation almost all injury indicators showed a positive trend. The Union industry increased its sales volumes and production volumes. It also increased its sales prices, in line with the general price increase in the Union market and to a greater extent than the increase in cost. The positive development of both volumes (of sales and production) and prices had a positive impact on the Union industry profitability. This occurred in the presence of almost stable market shares, due to the fact that imports from other third countries also benefitted of the increased consumption, mostly Turkey, but at prices higher than the Chinese import prices. In addition, the Union industry increased its investments, including those in new capacity and those to respond to the increased demand in 'bright wheels'.

(167) In particular, profitability increased from 6,8 % in 2012 to 9,9 % during the RIP. Sales prices increased by 12 % during the period considered while unit cost increased to a lower extent, i.e. by 9 %, and it remained below the average sales price during the whole period considered. Production volume increased by 15 %, production capacity by 11 % and sales volume by 17 %. As the increase in consumption was higher, namely 18 % during the period considered, the Union industry's market share however decreased slightly by 0,7 percentage points during the period considered. Market share developed from 71,9 % in 2012 to 71,2 % in the RIP. Investments increased by 11 % during the period considered and return on investments from 18,6 % in 2012 to 31,6 % in the RIP. While productivity remained constant, employment increased in line with production and sales volumes, namely by 17 %, during the period considered.

(168) Some injury indicators have been analysed separately for the OEM and AM segments. The examination showed that the Union industry, in line with the general development of the Union market, increased significantly the sales in the OEM segment and decreased those in the AM segment. Profitability was estimated to be positive in both the OEM and AM segments, despite the decrease of sales volume in the latter segment.

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

F. **LIKELIHOOD OF RECURRENCE OR CONTINUATION OF INJURY**

(170) The investigation has shown that the Chinese imports were made at dumped price levels during the review investigation period and that there was a likelihood of continuation of dumping should the measures be allowed to lapse.

(171) Since the Union industry did not suffer material injury, it was assessed whether there would be a likelihood of recurrence of injury should measures against China be allowed to lapse in accordance with Article 11(2) of the basic Regulation.

(172) To establish the likelihood of recurrence of injury the following elements were analysed: the production capacity and spare capacities in China, the attractiveness of the Union market, the export behaviour of Chinese exporting producers in other third countries, including the existence of anti-dumping or countervailing measures on aluminium wheels in other third countries, sales on the Chinese domestic market, the Chinese import volumes and prices in the Union market, including those under inward processing regime. The analysis took also into account the increase in consumption in the Union and the profitable situation of the Union industry during the period considered.

Production capacities and spare capacities in China

(173) The analysis made in recitals 55 to 74 showed that available spare capacities in China were significant. Spare capacities were estimated to be between 42 and 60 million units. Already the lower range of such spare capacity covers over 80 % of Union production which amounted to 50,5 million units during the RIP. It furthermore represents around 60 % of the entire Union consumption during the RIP, which was 70 million units.

Attractiveness of the Union market

(174) As demonstrated in recitals 77 to 78 significant volumes were also exported from China to, inter alia, US, Canada, India, Japan and Mexico. The price levels of the cooperating exporting producers on the major export markets were in part lower than price levels of the same exporting producers to the Union. Therefore, in comparison the Union market is attractive because of the opportunity for the Chinese exporting producers to yield higher profits. On this basis, the incentive to re-direct these exports to the Union market should measures be repealed was high. The quantities involved corresponded to estimated 14 million units during the RIP ([1]), or 20 % of the Union consumption and around 28 % of the Union industry's production and sales volumes.

([1]) Please see footnotes 31 to 34 where the quantities involved for the major export markets were calculated.

(175) In addition, as described in recitals 89 to 92 concerning the sales on the Chinese domestic market, it was found that firstly the Chinese domestic market cannot absorb the spare capacities available in China and second, due to the significant price differences established, re-orientation of domestic sales towards the Union is likely.

(176) The Union car industry was already sourcing from Chinese exporting producers during the RIP and had established close business relations. Indeed, as mentioned in recital 111, Chinese suppliers need to produce to specific technical standards required by the customers in the Union. The four sampled Chinese exporting producers were exporting almost exclusively to the OEM segment and were therefore already well present in this segment as fully certified suppliers.

(177) As shown in recital 113 total imports from Chinese exporting producers in the OEM segment were around 1,6 million units during the RIP. Considering that, as established in recital 14, the sampled Chinese exporting producers represented around 40 % of total Chinese imports during the RIP (i.e. around 880 000 units) as well as the fact that these exporters were OEM certified, it can be concluded that only around half of the total imports in the OEM sector were made by the sampled exporting producers, while the other half was made by non-sampled or non-cooperating exporting producers. Thus a large part of other Chinese exporting producers for which no information was available are certified producers that are currently exporting to the OEM segment in the Union.

(178) On this basis it can be reasonably concluded that at least some of the Chinese spare capacity will be available for exports to the Union already in a short term.

Price behaviour in other third country markets

(179) The price level of the Chinese exports to other third country markets was also analysed to have an indication of the likely price levels in the Union market should the measures be repealed. The price behaviour to other third country markets was considered to be a reasonable indicator for future price behaviour into the Union given the large and representative quantities exported to these markets where access was unlimited during the period considered of this review. In addition, data per product type were available from the cooperating exporting producers. The export prices of the sampled exporting producers to other third country markets were compared to the sales prices of Union industry for the matching product types. This detailed price comparison revealed that during the RIP for 7,4 million units the Chinese prices to the other third country markets were on average around 30 % lower than the Union industry prices in the Union market. This significant price differential in combination with the high available spare capacities in China represents a strong incentive for the Chinese exporting producers to rapidly (re-)direct exports to the Union market should the measures be repealed.

(180) Trade defence measures against Chinese aluminium wheel imports had already been imposed in other important markets, namely Australia (anti-dumping and countervailing measures) and recently also in India (anti-dumping measures) which also means that the access to these markets for Chinese exporting producers is restricted. In addition, in the current investigation it was established that dumping continued during the RIP at significant levels. Considering similar price behaviour in other third country markets there is therefore no reason to believe that Chinese pricing practices will change should measures in the Union be repealed.

(181) According to the information provided in the review request, the likely development of the market situation in the Union should measures be repealed can also be demonstrated by the development of the situation in the US where no anti-dumping measures are in place. In the US, the Chinese exporting producers gained over 50 % of the market share which resulted of closures of over 20 domestic producers. It is noted that the main car producers have production plants and purchase organisations in the US and in the Union, i.e. the same company groups are operating in both markets and it is likely that they will apply the same strategies when confronted to high volumes of low prices imports from China.

(182) One interested party claimed that available spare capacities in China only concern aluminium wheels for the AM segment, and that there would be no spare capacities available for OEM wheels, where the demand has been increasing. The volume of the Chinese OEM wheels would therefore be limited and it is not likely that large volumes could be sold on Union market which is predominantly for the OEM segment. This party also questioned how the Chinese spare capacity in the OEM segment has been established and which Chinese producers were considered to be certified.

(183) As explained in recital 177 around 50 % of the Chinese exports to the OEM segment in the Union were made by the non-sampled or non-cooperating exporting producers in China. Thus a large part of Chinese exporting producers for which no information was available are certified producers that are currently exporting to the OEM segment in the Union. On this basis it was concluded that at least some of the Chinese spare capacity will be available for exports to the Union's OEM segment already in a short term.

(184) Several Chinese exporting producers claimed that the fact that certain product types are lower priced in other export markets could not be seen as an incentive for the Chinese exporting producers to (re-)direct these exports to the Union market should the measures be repealed. They argued that in the analysis of the Chinese price behaviour the Commission wrongly disregarded product types for which prices of the Chinese exporters to other third country markets were higher than those of the same type sold by the Union industry in the Union market which resulted in a significant overstatement of the potential undercutting which would in reality only amount to 0,45 %. Further, these parties claimed that the other export markets would yield higher profits than exports to the Union market and that Chinese exporters need to maintain their business relationships in the Chinese domestic market and on the other third country export markets. They also claimed that the Chinese exporters must be able to supply a complete portfolio of products to their customers in those markets and would therefore not have an incentive to re-direct exports of certain product types to the Union merely on the basis that prices are higher in the Union market. Consequently they claimed that there would be no risk of a significant increase in imports from China, should measures be allowed to lapse.

(185) First, the objective of the Commission's analysis described in recital 179 was to establish the differences between prices charged to the Union market on the one hand and those charged to other third country markets on the other hand for matching product types to have an indication of the likely price levels of the Chinese imports in the Union market should the measures be repealed, and not to establish undercutting margins. This price differential also shows that Chinese exporting producers can enter the Union market at prices significantly lower than the Union industry's prices while being still at a higher level than those to other third country markets. This constitutes a strong incentive for the Chinese exporting producers to export to the Union market, also taking into consideration, inter alia, the large spare capacity in China. Second, the claim that exporting producers need to supply a complete portfolio of products to customers in other markets was not substantiated. The investigation showed, to the contrary, that usually the tendering procedure takes place for each product type separately and that customers are sourcing from several suppliers the same product types which does not support the allegations made that a large portfolio of product types must be offered to the same customer. Therefore these claims are rejected.

(186) The same parties also claimed that the existence of trade defence measures against imports of Chinese ARW in Australia and India is irrelevant and that the existence of trade defence measures in specific markets does not allow concluding on pricing practices into other markets that could only be established following an investigation by the relevant investigating authorities. These parties further claimed that trade defence measures are imposed on the basis of data referring to an investigation period in the past, whereas an expiry review should be based on a forward-looking analysis. Finally, according to these parties India and Australia would only be minor export markets for the Chinese exporting producers and despite the imposition of measures exports to these destinations would have remained stable due to the lack of sufficient capacity of the respective domestic industries. Therefore these parties claimed that the imposition of anti-dumping measures in these countries would not indicate any potential re-direction of exports from those markets to the Union.

(187) Contrary to the claim, the Commission has not used the Australian or Indian investigations to demonstrate the likelihood of continuation of dumping on the Union market. However the existence of trade defence measures on these markets shows that the access to these markets is limited. As regards the potential exports to be redirected to the Union, Australia has not been included in the estimated volumes. As regards India, due to the fact that the anti-dumping measures were imposed only in 2015 it was too early to conclude about a precise impact. However, as mentioned above, it is likely that at least some of these quantities are re-directed to the Union market. Furthermore, India was one of the biggest export markets for the Chinese exporting producers during the RIP, which is at the same level as the total Chinese exports to the Union during the same time and are therefore not insignificant. Therefore this claim is rejected.

(188) The same parties claimed in addition that the absence of anti-dumping measure in place in the US would show that there are no unfair trade practises by the Chinese exporting producers in this market. Further, these parties

claimed that the increase of Chinese imports, as well as imports from other third countries, in the US was merely linked to a shortage of supply by the domestic industry in the US market. These parties claimed that the bankruptcy of certain large US producers in 2009 was due to the global financial crisis rather than to the Chinese imports. Finally, these parties claimed that despite the fact that main car producers in the US have production plants and purchase organisations in the US and in the Union, i.e. the same company groups are operating in both markets, it would not be likely that they would apply the same strategies in both markets with regard to Chinese imports.

(189) First, the Commission's intention was not to establish whether there were unfairly priced imports from Chinese exporting producers in the US. However, the situation in the US shows that, if confronted with Chinese low priced imports, users switched suppliers and the domestic industry was largely disappearing from that market. The investigation established that the expected price level of Chinese imports in the Union should measures be allowed to lapse would be between 8 to 30 % lower than the current Union industry's price level. The export prices to the Union market were furthermore found to be likely made at significant dumped levels. The claims that the closure of the domestic producers in the US and loss of market share of the US industry was unrelated to the surge of the Chinese imports but rather linked to the financial crisis was unsubstantiated and is therefore rejected. Indeed, even in a situation of an economic down-turn the Chinese exporting producers managed to increase their market shares in the US. Therefore, even if the financial and economic crisis may have had an impact on the situation of the US domestic producers, the increase in Chinese low-priced imports accentuated this situation significantly. Also the claim that the same car manufacturers would apply different sourcing strategies in the Union than in the US was not substantiated and is therefore rejected. As explained in recital 181 the main car producers operate and buy wheels for their production plants in both the US and the Union and there are no objective reasons why they would employ different strategies with regard to imports from China in case the duties are repealed and the prices to the users are on the same level on both markets. It is therefore maintained that the development in the US market demonstrates the likely development of the market situation in the Union should measures be repealed.

Chinese prices in the Union market

(190) As mentioned in recital 123 the import prices of the sampled Chinese exporting producers in the Union market, anti-dumping measures deducted, would have undercut the Union industry sales price by 8,0 %. When analysing the AM and OEM segment separately, the results were more pronounced, i.e. 12,4 % for the AM segment and 8,7 % for the OEM segment. Concerning the non-sampled exporting producers based on Eurostat data, the undercutting margin would be 7,5 %. Regarding imports under the inward processing regime, as mentioned in recital 124, the average undercutting margin was found to be at the same range (7,6 %). However, it is recalled that as also mentioned in recital 124 the latter is based on average prices, not distinguishing between different product types and correspond only to a very low quantity, namely 0,6 % of the Union consumption during the RIP. By contrast and as mentioned in recital 179 the price difference between the Chinese prices to US, Japan and India with the Union industry prices were based on information provided by the cooperating Chinese exporting producers and the calculations have taken into consideration the different product types. Therefore, these calculations were more precise and considered as a better indication of possible future prevailing price levels of Chinese exporting producers should measures lapse, than the calculations of prices for the imports under the inward processing regime that were based on mere averages.

Effect on the Union industry situation

(191) Based on the above facts, it can be concluded that if measures are repealed it is likely that imports from China will resume in significant volumes and at dumped prices likely to significantly undercut the Union industry prices (between a range of 8 % to around 30 %) thus exerting a downward price pressure in the market. A strategy of the Chinese exporting producers to sell in the Union market at a price which is between 8-30 % lower than the Union industry sales price is likely because that would allow them to gain market share in the Union which is an attractive market, at the same time still allowing them to sell at higher prices than in the US (and other third country markets).

(192) As a consequence, the Union industry is likely to lose production and sales volume as well as market shares in the Union market. This development is likely to have injurious effects on the situation of the Union industry as in this type of industry, which has an inelastic cost structure and high fixed costs, a decrease in production and sales volumes, combined with a reduction in sales prices, will clearly have a negative impact on the profitability.

This occurred in the original investigation when Chinese price levels dropped by 8 % which led to an increase in volumes of Chinese imports from 3,7 million to 6,1 million units (corresponding to an increase in market share from 6,3 % to 12,4 %) and caused material injury to the Union industry. At the time the Union industry reacted with a decrease in production (– 24 %), in sales (– 21 %) and in prices (– 6 %) which had an impact on profitability that dropped from 3,2 % to – 5,4 %. The Chinese price decrease in the original investigation corresponds to the undercutting margin found during the RIP for imports made by the cooperating Chinese exporting producers when deducting the anti-dumping duties found. Given the significant lower price levels to the US market (and other third country markets), it is likely that the price decrease of the Chinese imports, should measures be repealed will, however, likely be at a higher level. Under the conservative scenario that price levels of Chinese imports will drop by 15 %, the impact on the Union industry profitability will likely be significantly higher than what was observed in the original investigation and potentially mean a drop of some 16 percentage points.

(193) Some interested parties claimed that the reference made to the Union industry situation during the original investigation would be irrelevant given the considerable changed market circumstances and the current need for imports to satisfy the Union demand. It was argued that the demand in the Union will continue to increase and increasingly exceed the capacity of the Union industry. Therefore, the possible effects of an increase of imports would not be the same than during the period considered of the original investigation.

(194) The investigation indeed showed that the situation on the Union market has changed since the original investigation, in particular consumption showed an increasing trend in the period considered of the current investigation, while during the original investigation consumption decreased. On the other hand, the investigation also showed that the Union industry increased and will further increase its production capacity to cope with this increasing trend in consumption, thus preventing an increase in the gap between Union consumption and its capacity. In addition, despite claims of certain interested parties that the aluminium wheels market is driven by customers' requirements for specific technical qualifications, the investigation has shown that there is also strong price competition amongst the suppliers on the market. This is also confirmed by the fact that the Union industry, was not able to fully benefit from the growth in consumption and was only able to keep its market shares relatively stable with a slight decrease during the period considered. This shows that even with an increasing consumption, it is wrong to assume that the Union industry would automatically fully benefit from it and would be able to produce at full capacity. In the original investigation low priced dumped imports entered the Union market and were taking over market shares of the Union industry. Considering the likely undercutting margins found (between 8 and 30 %) and considering the high spare capacities in China, it can be expected that low priced imports are very likely to take over the Union industry's customers and market share, despite the increase in consumption. Therefore, the reference to the original investigation constitutes a valid benchmark and the parties' arguments in this respect were rejected.

(195) As a consequence, in the likely scenario that significant Chinese imports at low dumped prices will enter the Union market if duties are repealed, it is reasonable to expect that the Union industry will react in a way similar to the one observed in the original investigation, i.e. with effects on volumes as well as on prices. On the basis of the facts of this investigation, it can indeed be concluded that the likely decrease in prices (somewhere between 8 to 30 %), the increase in cost of production (due to the reduction of production volumes) and the reduction of sales volumes (as the Chinese will regain market shares) will bring profitability to break even or negative level, and in any event below the target profit of the original investigation (3,2 %).

(196) An additional consideration was based on the calculation of a non-injurious price of the Union industry on the basis of its average cost of production during the RIP and the above target profit of the original investigation, under the conservative scenario that it is still a reasonable profit level. In this respect however the Union industry claimed that a profit level of 3,2 % would not guarantee a long term survival of the industry, and rather claimed that a reasonable profit level would be 10 % in this capital intensive industry. Based on a 3,2 % target profit the non-injurious price calculated was on average 48,26 EUR/unit. It is recalled there is a likelihood that the Chinese exporting producers will be able to sell to the Union at prices at least 8 % lower than the Union industry prices in the absence of duties, if not up to 30 % lower. Even if Chinese import prices were to decrease by only 8 %, the Union industry would have to decrease its sales prices to a level lower than the non-injurious price as established above to match that import price competition, thereby confirming the injurious level of likely import prices. The situation would be even more dramatic should import prices go down even more which as shown by the analysis above regarding the Chinese prices to third markets is indeed likely.

(197) As a consequence, the investments of the Union industry will likely drop, affecting not only the production capacity but also deterring the technological development of the Union industry. As a consequence, this could lead to closures of plants and job losses in the Union. It should be noted that this situation is likely to be accentuated by the fact that as mentioned in recital 162, the Union industry invested in capacity increases already during the period considered. Any loss of sales and production volume by increased installed capacity will have an even more detrimental effect on the economic situation of the Union industry.

(198) Interested parties claimed that as the Union market would not be sufficiently attractive for the Chinese exporting producers to re-direct their export sales to other third countries to the Union market should measures be repealed, the Union industry will even in the absence of measures keep its sales volumes and market shares. On this basis these parties contested the described effect of the increase of Chinese imports on the Union industry's situation in particular with regard to investments and job losses. They argued that the Union industry will maintain its sales volumes and profit levels considering its alleged capacity constraints.

(199) This claim was based on the allegation that Chinese exporting producers would yield higher profits on other third country markets and would have an economic interest to keep their customers in these third country markets. These allegations were not substantiated by any evidence or confirmed by the investigation. On the contrary to what was claimed, the findings of the investigation clearly demonstrated that in the absence of measures the imports from China will likely resume, as described more in detail in recitals 75 to 96. These imports are likely to be made at prices significantly lower than the Union industry's prices and are likely to take over significant sales volumes of the Union industry as further elaborated below in recitals 200 to 242. On the basis of these facts the allegations of the interested parties concerned made in this regard are rejected.

(200) When analysing the likelihood of recurrence of injury in relation to OEM and AM segments separately, given the increasing shift of Chinese exporting producers to the OEM segment, the picture would not differ significantly. It is expected that the market trend towards the OEM segment will continue in future. Therefore, it can also be expected, that the increasing trend of the Chinese imports in the OEM segment will continue and therefore the main price pressure from the Chinese imports will also take place in this segment. This will likely have a significant impact on the Union industry profitability and its situation as a whole as described in recitals 191 to 197.

(201) Several interested parties claimed that there is no risk of redirection of Chinese aluminium wheel exports to the Union due to the foreseen increase in demand for aluminium wheels, both in China and globally. These parties claimed that the Chinese demand on the domestic market would increase by an estimated 14 million units between 2016 and 2020 and the global demand by 23 million units. On this basis it was alleged that these markets could absorb the Chinese spare capacity.

(202) These claims were based on an assumption that the global and Chinese capacity would remain constant. However, there are indications that operators in China and other third markets had been increasing their production capacities in order to meet increasing demands. Also as explained in recital 89 the four sampled groups alone have increased their overall capacity by around 16 million units during the period considered. Furthermore, as laid out in recitals 75 to 82, the investigation has revealed that the Union market is attractive to Chinese exports as compared to other main Chinese export markets in terms of price levels. This is also true for the Chinese domestic market where price levels are on average significantly lower than in the Union. On this basis, Chinese exporters will have a high incentive to (re-)direct their exports to the Union rather than other export markets or their own domestic market. In addition, as mentioned in recital 78, India, one of the Chinese main export markets imposed anti-dumping duties in May 2015 and therefore the re-orientation of exports to the Union is very likely should measures be allowed to lapse. Also, anti-dumping and countervailing duties are in force against China in Australia.

(203) In any event the current significant spare capacities in China as established in recital 74 would by large go beyond the estimated increase in worldwide demand. On this basis, these claims were rejected.

(204) The same parties also claimed that the Chinese imports were not undercutting the Union industry prices. They also claimed that the Chinese prices of aluminium wheels to other export markets were higher than prices to the Union and the Union market is therefore not attractive for the Chinese exports.

(205) As established in recital 123 when import prices of the sampled Chinese exporting producers were considered without anti-dumping duties the undercutting margins found were on average 8,0 %. The average undercutting margin found for the non-sampled Chinese exporting producers based on Eurostat was 7,5 %. Also as explained in recitals 75 to 92 and 202 the investigation established that the Union market is attractive for Chinese exports. Therefore this claim was rejected.

(206) Several parties claimed that the Chinese imports of the product concerned were only made in limited quantities during the RIP and had only a limited presence on the Union market. On that basis these parties questioned the Commission's finding that the Chinese exporting producers had maintained their customer base in the OEM segment since the original investigation. They finally highlighted that in the AM segment and overall the Chinese exporting producers lost sales volumes and market share.

(207) The above claims are not as such contradictory to the Commission's findings about market volumes. It is noted that these interested parties did not deny as established by the investigation that there was an increase in sales to the OEM segment since the IP of the original investigation. Based on this trend, these interested parties have not provided any reasonable explanation or evidence supporting their claim that the Chinese exporting producers lost their OEM customer base since the IP of the original investigation. The situation of the Union industry during the RIP has been described in recitals 132 to 169. Since it has been concluded that the Union industry did not suffer any material injury during the RIP, the claim that Chinese imports did not put any pressure on the Union market is obsolete. The likely development of Chinese imports to the Union should measures be allowed to lapse was analysed in recitals 54 to 96 and the likely impact of these imports in recitals 191 to 200. The parties concerned did not provide any specifics concerning their general claim and in particular which part(s) of the Commission analysis it would disagree with. Therefore these claims are rejected. Finally, as to the claim that the forecasted demand of the ARW is exceeding the capacity of the Union industry it is noted that the objective of the measures is not to guarantee the Union industry 100 % market share or in any other way prevent imports. Therefore this claim is also rejected.

(208) The same parties claimed that due to the gap between the Union industry's production capacity and the demand on the Union market, any increase in Chinese imports will enter into competition mainly with other sources of imports in particular Turkey, especially as Union producers have started to shift increasingly towards technologically advanced products, allegedly not produced in China or in the other third countries.

(209) This claim was not substantiated. On the contrary, the investigation has shown that the Chinese producers as well as the third country producers are also producing the technologically advanced products. Moreover, as shown in recitals 130 and 150 the average price of imports from Turkey was below the Union industry's prices and therefore the customers of the Union industry will have a much higher incentive to revert to Chinese suppliers than the customers of the Turkish suppliers. Therefore this claim is rejected.

(210) The same parties also claimed that Chinese import prices to Germany (which was claimed to be the largest market for AWR in the Union) were higher than the import prices from Turkey and Chinese prices were also higher than sales prices of a number of Union Member States based on Eurostat data. Price information was provided for the RIP, for 2015 and for the first quarter of 2016. On this basis the parties claimed that Chinese imports did not put any price pressure on the Union industry. The parties claimed further that the undercutting margins of the Chinese imports would show a decreasing trend and that on this basis it can be concluded that there would be no undercutting or underselling in 2016 even if anti-dumping duties would be deducted from the sales prices.

(211) First, in accordance with Articles 3 and 4(1) of the basic Regulation, the analysis of Union industry sales prices, the injury picture and the likelihood of recurrence of injury is based on the assessment of the Union market as a whole and the Union industry as a whole. Sales prices in certain regions of the Union can therefore not be taken into consideration separately. The parties concerned have not claimed or shown that the conditions in Article 4(1)(b) of the basic Regulation had been met.

(212) Second, this claim was based in any event on a comparison of average prices/kg without taking into consideration the differences between product types. Indeed as explained in recital 123 the analysis on the basis of the complete and verified data from the sampled exporting producers and the Union producers showed an average undercutting margin of 8,0 %.

(213) Third, the claim that the undercutting and underselling margins would become negative in 2016 was based on mere assumptions not supported by any evidence. Therefore these claims are rejected.

(214) The same parties also claimed that removing the anti-dumping measures will not result in detrimental price pressure on the basis that any lack of profitability of the Union industry would be based on its high levels of costs, uncorrelated with the costs of raw materials. They further argued that by rationalising its cost of production the Union industry would be able to maintain a profit margin above the target profit. These parties claimed also that the increases of prices and cost of production cannot be linked to the technical development of aluminium wheels and in particular the production of larger wheels and so-called 'bright wheels'.

(215) First, as mentioned in recitals 151 and 153 the investigation showed that the increase in sales price and cost of production of the Union industry was mainly linked to the substantial increase of the share of the larger wheels and the so-called 'bright' wheels. This conclusion was based on verified information of the sampled Union producers. The parties in question did not provide any evidence that contradicted or would have put in question these verified figures. The claims in this regard are therefore rejected. Second, the claim that by rationalising its cost of production the Union industry would be able to maintain a profit margin above the target profit was a mere assumption not substantiated by any evidence. The investigation revealed that the Union industry was efficient as shown by the fact that despite increased size and complexity of the aluminium wheels the Union industry's nominal productivity remained stable over the period considered as shown in Table 10. Therefore these claims are rejected.

(216) The same parties also claimed that in the market of larger wheels and 'bright wheels' the Chinese ARW producers would be less competitive than the Union industry due to fact that they would still need to invest in dedicated machineries and equipment to produce these types of wheels in large quantities. Therefore these parties claimed that the removal of the anti-dumping measures would not affect the profitability of Union producers on these specific, more technologically advanced products.

(217) First, the investigation has shown that the Chinese exporting producers were producing the larger wheels and the so-called 'bright' wheels already during the RIP. Second, the investigation has shown that despite the increase in sales of such wheels overall they represent only a minority of the production volumes of the Union industry. Finally, the likely impact of Chinese imports on the situation of the Union industry cannot be done on a product type basis because such analysis would not accurately reflect the situation of the Union industry in relation to the like product. Indeed the injury does not need to be shown for each and every product type. Therefore these claims are rejected.

(218) The same parties further claimed that even in the absence of anti-dumping measures Chinese exporting producers would set their export prices by reference to the prices that can be absorbed by the market. These parties claimed that therefore it would be likely that such prices would only have a limited, if any, impact on the profitability of the Union industry.

(219) This claim was not substantiated by any evidence and did not take into considerations the findings of the Commission on possible price developments of the Chinese exporting producers should measures be allowed to lapse as outlined above in recitals 190 and 191. The investigation showed that the likely price levels should the anti-dumping measures be repealed would be between 8 to 30 % lower than the Union industry's sales prices. The claims made in this regard are therefore rejected.

(220) The same parties claimed that the anti-dumping measures would provide an unfair competitive advantage to the Union industry that had allegedly outsourced its production of lower range products to overseas facilities, which would not be in line with the objectives of the anti-dumping measures.

(221) As explained in recital 258 the investigation revealed that the Union producers had imported only negligible volumes of aluminium wheels and not all of these imports were necessarily from the related facilities. On this basis it could not be demonstrated that the Union industry had any unfair competitive advantage in relation to the overseas facilities and therefore this claim is rejected.

(222) The same parties also claimed that it would be unlikely that the repeal of the measures would lead to a recurrence of injury on the basis that the increase of market share and the lower price level of Turkish imports as compared to Union producers sales price had also not had such effect on the Union industry.

(223) It is noted that the average price of the imports from Turkey, as shown in Table 6, was EUR 48,50 during the RIP, which is above the non-injurious price of EUR 48,25 mentioned in recital 196. Furthermore as explained in the same recital, there is a likelihood that the Chinese exporting producers will be able to sell to the Union at prices at least 8 % lower than the Union industry prices in the absence of duties, if not up to 30 % lower, i.e. at injurious price levels considerable lower than the current import price levels from Turkey. Therefore, any effect of Turkish imports on the Union industry's situation cannot be considered as a meaningful indicator for the likely effect of Chinese imports should measures be allowed to lapse and this claim is therefore rejected.

(224) The same parties claimed that based on the average Chinese import prices during the RIP (anti-dumping duties excluded and post importation cost added) there has not been any price underselling from imports from China which indicates that likewise, should measures be removed, Chinese import prices would not be made at injurious price levels.

(225) This claim was based on an incorrect analysis. First these parties did not substantiate the level of post importation cost used in their calculation (5,7 %) and did not submit any evidence in this regard. Second, the claim is based on a comparison of average prices without taking into consideration the different product types. As explained in recital 123 import prices compared on product type level of the sampled Chinese exporting producers considered without anti-dumping duties would undercut the Union industry's sales prices on average by 8,0 %. Therefore this claim is rejected.

(226) Another interested party claimed that the repeal of the anti-dumping duty would not likely lead to a recurrence of injury based on the presumption that on the Union market the sales are mainly to the OEM segment where demand would be driven by the suppliers' ability to meet the car manufacturers' strict requirements rather than by price. In this regard this party claimed that there would be no excess capacity of Chinese exporting producers in this segment. They argued that the EU car manufacturers have strict requirements regarding technical qualifications, quality, consistency, reliability and proximity when selecting suppliers. Therefore, it was claimed that the excess capacities on the Chinese market cannot simply be shipped to the Union at low prices should measures be allowed to lapse.

(227) Other parties made similar claims arguing that the Union industry would be able to maintain a substantial share of the market as it is perceived as a quality supplier of technologically advanced products, such as 'bright wheels'. They claimed that the Union industry would continue to be preferred over third-country imports, in particular in the higher end OEM segment.

(228) The investigation showed that a number of Chinese exporters are already producing also the large and 'bright wheels' and they are up to similar standards as the Union producers as regards the qualifications, quality, consistency and reliability and have been certified by the their OEM customers in the Union. Indeed, the Chinese exporting producers, including the non-sampled or non-cooperating ones, are already suppliers of the car manufacturers both for their plants in the Union and in China. Therefore the proximity is not any hindrance also from the certification, tendering or technical point of view. On the other hand, the issue of proximity as regards delivery times could be easily addressed by logistic solutions such as warehousing and is therefore not a decisive factor that would prevent the Chinese imports to increase resulting in recurrence of injury. This argument is therefore rejected.

(229) The same party also claimed that there would not be available capacities in the OEM segment in China, and that the spare capacities in China only referred to aluminium wheels destined for the AM segment. This claim was, however, not substantiated. On the contrary, the investigation showed that producers of aluminium wheels produced for both the OEM and AM segments using the same production facilities and could therefore use their free capacity on both segments equally. Indeed, this is also shown by the fact that, as explained in recital 113, the Chinese exporting producers have shifted from the AM segment towards OEM segment between IP of the original investigation and the RIP. Therefore this argument is rejected.

(230) One Chinese exporting producer claimed that the technical characteristics of aluminium wheels produced by the Union industry differ from those produced and sold by Chinese exporters. This would secure the Union industry large contracts with customers in the Union regardless whether the measures are repealed or not. Furthermore, this party claimed that the long term contracts of the Union producers with OEM users would have as a consequence that the Union industry is unlikely to lose sales volume and market shares in the near future to imports of China and that there would thus be no surge of Chinese imports should measures be allowed to lapse.

(231) The investigation revealed that there are no, or only little, substantive differences between aluminium wheels from different sources including China and that aluminium wheels from all sources are basically interchangeable. It is not uncommon that aluminium wheels are purchased from various sources and the investigation has shown that the same customers source from both, the Union industry and the Chinese exporting producers.

(232) As regards the claim that the long term contracts of the Union industry would prevent a surge of Chinese imports, the investigation showed that, generally the contracts between the Union producers and the relevant users do not include binding commitments of quantities on a long term. Therefore the existing contracts are not, as such, a guarantee to maintain sales volumes as claimed.

(233) The claims of this party in this regard were therefore rejected.

(234) Another party claimed that the shift in demand to the OEM segment has put the Union industry in a leading position and that capacity constraints of the Union industry would now result in a significant supply shortage on the Union market. According to this claim, this situation is forecasted to continue well into the next decennium. It was further claimed by this party as well as by other parties that the Union industry itself would have admitted that its order books are already full until 2019-2022 by stating that the contracts for the coming five years would have been already closed and therefore full capacity utilisation and profitable prices would be ensured at least until 2022. According to these parties, the shift to the OEM segment has also allowed the Union industry to go from 5 % losses in 2009 to 10 % profits during the RIP. On this basis these parties claimed that the expiry of the anti-dumping duty will not likely lead to a recurrence of injury.

(235) The above claim was based on inaccurate reading of the Union industry's submission explaining that the order book would cover deliveries for 2019-2022. This is however not stating that these order books were full nor that contracts for the coming five years had already been closed, but only that the order book covers deliveries for 2019 up to 2022. Thus, as explained in recital 232, the contracts between the Union producers and the relevant customers do not include binding commitments of quantities on a long term. Also, the prices even in the ongoing contracts are subject to periodical revisions. Therefore the claim that there is full capacity utilisation and that profitable prices are ensured at least until 2022 are unwarranted and rejected. Finally, also the claim that the increase of Union industry's profitability was due to the shift in OEM segment was incorrect. As explained in recital 143, the OEM segment was the Union industry's main segment already during the IP of the original investigation where, as mentioned in recital 106 of Implementing Regulation (EU) No 964/2010, the Union realised significant losses also in the OEM segment. Therefore this claim is rejected.

(236) An interested party also claimed that the Chinese exporting producers belonging to the OEM segment have almost fully utilised production capacities and are thus unlikely to significantly increase their sales into the Union should the anti-dumping measure be allowed to lapse. This party further argued that in general, as a result of the increasing consumption in the Union, even an increase of imports from China would not cause any material injury to the Union industry, in particular given that the production capacity of the Union industry would not be able to meet the demand in the Union.

(237) The estimates of Chinese capacities submitted by this party in order to support its claims did not, however, correspond to the findings of the current investigation as outlined in recitals 55 to 74. Therefore the claims that there was no considerable spare capacity in China and that the evolution of Union consumption would mitigate the injury should the measure be lifted, are rejected.

(238) The same party also claimed that the Chinese production of cars is expected to increase between 2015 and 2020, in accordance with the Thirteenth Five Year Plan, from 24,5 million units to 30 million units during this period.

This party argued that this increase in car production would lead to a correlated increase in the Chinese demand for aluminium wheels and Chinese producers would therefore increase their domestic sales rather than re-direct their exports to the Union, should the anti-dumping measures be allowed to lapse.

(239) As outlined in recitals 89 to 91, and although there is indeed a close link between the automotive and the aluminium wheel markets the increase in demand of aluminium wheels in the Chinese domestic market is not likely to absorb the available spare capacities in China, also taking into consideration the significant price differences in the Chinese domestic market as compared to the Union market. This claim was therefore rejected.

(240) Several parties claimed that there is no likelihood of recurrence of injury because the Union industry would benefit from the growth of the consumption of ARW globally and in the Union, regardless of an increase in Chinese imports to the Union. In addition, it was claimed that the forecasted increase in consumption would allow Chinese exporting producers to increase their exports to the Union market without exerting any price pressure.

(241) The investigation showed that significant volumes of Chinese exports are likely to be re-directed to the Union given its attractiveness (recitals 75 to 88). In addition there are high spare capacities in China that could also be directed to the Union market. Therefore the Chinese exporting producers will be able to take over not only the increased consumption but also sales volumes of the Union producers. Consequently even under the scenario of increased consumption there is a high likelihood that the Chinese exports would take over sales volumes and market share to the detriment of the Union industry. Moreover, concerning prices, these are likely to be at a level lower than Union industry's prices between 8 to 30 % as described in recital 191 and with the effects described in recital 192 that is resulting in a likely recurrence of material injury for the Union industry. This claim is therefore rejected.

(242) On the basis of the above, the Commission concluded that the repeal of the measures would in all likelihood result in a recurrence of injury to the Union industry.

G. **UNION INTEREST**

1. **Preliminary remarks**

(243) In accordance with Article 21 of the basic Regulation, the Commission examined whether maintaining the existing measures against the PRC would be against the interest of the Union as a 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, users and suppliers to the Union industry (upstream industry).

2. **Interest of the Union industry**

(244) The investigation found that during the RIP the Union industry had recovered from the injury caused by the dumped imports from China. Should measures against China be repealed it is, however, likely that the injury would recur as the Union industry would be exposed to dumped imports from China potentially in significant volumes and exerting significant price pressure. As a consequence the economic situation of the Union industry would likely deteriorate significantly for the reasons described above. On the contrary, maintaining the measures would bring certainty in the market, allowing the Union industry to maintain its positive economic situation and continue its investments plans to increase its production capacities to meet the growing demand as well as the evolving technical requirements of aluminium wheels.

(245) On this basis it was concluded that the continuation of the anti-dumping measures in force would be in the interest of the Union industry.

3. **Interest of importers**

(246) Eighty known importers/users were contacted at the initiation stage. Eleven companies replied to the sampling form, out of which six were importing aluminium wheels from China.

(247) The investigation showed that three out of these six companies were in fact car manufacturers using aluminium wheels in the manufacture of cars and were therefore considered as users whose situation is analysed in recitals 250 to 268. The imports of the remaining three unrelated importers accounted for less than 2 % of the total volume of imports from China during the RIP.

(248) Only one of the replies to the questionnaire received from the above three unrelated importers was sufficiently complete to be used in the analysis. This importer sourced aluminium wheels also from suppliers from other third country markets and the share of turnover of the product concerned in its total activity was only a part of it. On this basis, it can be considered that the duties did not have a significant impact on the overall activity of this importer linked to aluminium wheels. Indeed, the activity linked to aluminium wheels was profitable.

(249) On this basis, there were no indications that the maintenance of the measures would have a significant negative impact on the importers outweighing the positive impact of the measures on the Union industry.

4. **Interest of users**

(250) Questionnaires were sent to around 70 known users. Seven car manufacturers came forward by providing a questionnaire reply. One association representing users and importers of aluminium wheels sold in the OEM also cooperated. No other users cooperated with the investigation.

(251) The imports of cooperating users accounted for 50,4 % of total imports from the PRC into the Union.

(252) The investigation showed that overall, car manufacturers only rely on Chinese supplies to a limited extent and that most of the aluminium wheels used were purchased from the Union industry. Some of the cooperating users did not import from China at all, some imported less than 5 % of their needs from China, while others import up to 10 % of their needs from China. The investigation also revealed that certain users benefitted from the inward processing regime on imports from China, albeit to a limited extend, as they resold the final product on export markets.

(253) All cooperating users opposed the measures arguing that they would have an interest in diverse sources of supply. These users claimed that measures would make them dependent on a limited number of Union producers. However, the investigation showed the existence of imports from other third countries, in particular Turkey which increased during the period considered. Overall import volumes from other third countries into the Union increased by 35 % during the period considered which is faster than the progression of the Union consumption.

(254) In the light of these findings the argument of a lack of diversity of supply is rejected.

(255) The European car manufacturers claimed that the continuation of the measures would be against the Union interest since the anti-dumping measures adversely affected the competitiveness of car manufacturers in the Union. They also claimed that the Union industry would not have sufficient available production capacity to meet the demand in the Union.

(256) One interested party alleged in addition that the Union industry would import aluminium wheels from China and other third countries to satisfy the increasing demand of their customers that cannot be fulfilled by the Union industry's production capacity.

(257) As shown in Table 7 in recital 137 the capacity utilisation rate of the Union industry was between 88 % and 93 % during the period considered. However, the investigation has also shown that the Union industry has been investing in an increase of the capacity to meet the increased demand in the Union and which is expected to mitigate the possible claimed shortages. These investments are planned to continue in the future.

(258) Finally as concerns the alleged imports of the Union industry from China and other third countries the investigation showed that the sampled Union producers had imported only negligible volumes of aluminium wheels and imports were made from Switzerland and Turkey but not from China. This is also true for the remaining Union producers which, according to the information available in the request, imported aluminium wheels in very small quantities, i.e. less than 500 000 units, corresponding to less than 1 % of the Union production during the RIP.

(259) It is moreover noted that imports from other third countries increased during the period considered and that therefore anti-dumping measures should not prevent the users from importing aluminium wheels from the PRC but merely eliminate the distortions and ensure the level playing field between the Chinese and the Union industry. The claims made in this regard were therefore rejected.

(260) As regards the competitiveness of the car manufacturer industry the investigation has shown that due to the inward processing regime the car manufacturers were able to avoid paying anti-dumping duties on aluminium wheels installed in vehicles which are sold to export markets. During the period considered Chinese imports under the inward processing regime varied between 21 % to 28 % of the total Chinese imports.

(261) The same parties further claimed that the cumulative effect of several anti-dumping duties in force on several inputs of the car manufacturers such as fasteners, stainless steel, wire rod, organic coated steel, high tenacity yarn and molybdenum wires in addition to aluminium wheels would have a negative impact on their situation.

(262) The investigation found that cost impact of measures on aluminium wheel is limited, with a maximum cost impact of 0,2 %. This conclusion stems from the finding of the current investigation that aluminium wheels represent only about 1 % of the cost of a car. Therefore the argument of a significant negative cost impact is not considered material and is rejected.

(263) Regarding the cumulative effect of other anti-dumping measures in force on several other inputs, these parties have not provided any specific evidence in this regard. The investigation could therefore not verify the allegations made and the claim had to be rejected.

(264) After the disclosure one interested party claimed that the lack of available capacity in the OEM segment from the Union industry and third country suppliers had a significant impact on the car manufacturers in the Union. They claimed to have no choice but to import Chinese aluminium wheels and that the current anti-dumping duty has a direct cost impact on these imports. Moreover, it was claimed that the Union industry's lack of capacity had a negative impact on the productivity and the competitiveness of the car manufacturers and that the Commission has failed to consider the indirect cost impact of the anti-dumping duty on the car manufacturers' situation.

(265) The investigation found that the Union industry has been investing in an increase of the capacity to meet the increased demand in the Union to mitigate the possible shortages. Therefore the argument concerning the lack of capacity is rejected. As regards the cost impact, as explained in recital 262, the investigation found that the measures on aluminium wheel had only a very limited impact on the overall cost of the car manufacturers and therefore this argument is rejected. Finally, as the objective and the effect of the anti-dumping measures is not to prevent the users from importing aluminium wheels from the PRC as such, the indirect cost claimed by this party are also not directly linked to the duties. Therefore this claim is rejected.

(266) The same party also claimed that the planned capacity expansions will not suffice to meet growing demand through 2020 and also claimed that the Union industry has not substantiated its claim that it is increasing capacity. In this context this party also questioned how the Commission has verified that Union industry will be able to meet Union demand.

(267) As explained in recital 257 the investigation showed that the Union industry has been investing in an increase of the capacity to meet the increased demand in the Union. More precisely, the planned capacity increases submitted by the Union producers were compared to the forecasts of the car production in the Union. Also, the forecasted

and ongoing investment plans were substantiated by the sampled Union producers. This analysis showed that the foreseen capacity increases were higher than the expected increase in demand in the Union for the period 2015-2018. For the reason of confidentiality and anonymity the individual investment plans cannot be disclosed to the interested parties. For this reason the claims that the capacity expansions will not suffice to meet growing demand and that the Union industry has not substantiated its statement that it is increasing capacity are rejected.

(268) On these grounds, it is concluded that the maintenance of measures would not have any significant negative impact on the situation of users.

5. **Interest of upstream industries**

(269) Questionnaires were sent to associations and known suppliers of raw material/equipment to the Union industry as well as to 28 known individual suppliers in the Union. One association representing the European aluminium industry submitted comments.

(270) The association representing the European aluminium industry observed that there is a high risk that the overcapacity in China and the recurrent dumping practises of Chinese exporting producers would significantly negatively affect the Union industry should the anti-dumping measures be removed. This would in turn negatively impact the production and employment in the upstream aluminium value chain. Therefore, this association supported the renewal of the current anti-dumping measures.

(271) It is therefore concluded that the maintenance of measures would be in the interests of the upstream industries.

(272) One interested party claimed that the Commission would have had unduly ignored supported and material evidence provided by the car manufacturers and instead based conclusions on unsubstantiated statements advanced by the Union industry. The Commission clarified during the hearing with the Hearing Officer mentioned in recital 10 that all information that was provided was duly taken into consideration. The information provided by the Union industry was verified. This claim was therefore rejected.

6. **Conclusion on Union interest**

(273) On the basis of the above, the Commission concluded that there were no compelling reasons that it was not in the Union interest to maintain measures on imports of aluminium wheels originating in the PRC.

H. **CONCLUSION AND DISCLOSURE**

(274) All parties were informed of the essential facts and considerations on the basis of which it was intended to maintain the existing measures against the PRC. They were also granted a period to submit comments subsequent to that disclosure. The submissions and comments were duly taken into consideration where warranted

(275) It follows from the above that, as provided for by Article 11(2) of the basic Regulation, the anti-dumping measures applicable to imports of certain aluminium wheels originating in the PRC, imposed by Implementing Regulation (EU) No 964/2010 should be maintained.

(276) The Committee established by Article 15(1) of Regulation (EU) 2016/1036 did not deliver an opinion,

HAS ADOPTED THIS REGULATION:

Article 1

1. A definitive anti-dumping duty is hereby imposed on imports of aluminium road wheels of the motor vehicles of CN headings 8701 to 8705, whether or not with their accessories and whether or not fitted with tyres, currently falling within CN codes ex 8708 70 10 and ex 8708 70 50 (TARIC codes 8708 70 10 10 and 8708 70 50 10) and originating in the People's Republic of China.

2. The rate of the definitive anti-dumping duty applicable to the net, free-at-Union-frontier price before duty, of the product described in paragraph 1 shall be 22,3 %.

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

Article 2

Where a declaration for release for free circulation is presented in respect of imports of aluminium road wheels of vehicles of CN heading 8716, whether or not with their accessories and whether or not fitted with tyres, and currently falling within CN code ex 8716 90 90, TARIC code 8716 90 90 10 shall be entered in the relevant field of that declaration.

Member States shall, on a monthly basis, inform the Commission of the number of units imported under this code, and of their origin.

Article 3

Where a declaration for release for free circulation is presented in respect of the products mentioned under Articles 1 and 2, the number of units of the products imported shall be entered in the relevant field of that declaration.

Article 4

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, 23 January 2017.

For the Commission

The President

Jean-Claude JUNCKER