COMMISSION IMPLEMENTING REGULATION (EU) 2015/1846

of 14 October 2015

imposing a definitive anti-dumping duty on imports of wire rod originating in the People's Republic of China following an expiry review pursuant to Article 11(2) of Council Regulation (EC) No 1225/2009

THE EUROPEAN COMMISSION,

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

Having regard to Council Regulation (EC) No 1225/2009 of 30 November 2009 on protection against dumped imports from countries not members of the European Community ([1]) ('the basic Regulation'), and in particular Article 11(2) thereof,

Whereas:

A. **PROCEDURE**

1. **Measures in force**

(1) By Regulation (EC) No 703/2009 ([2]) the Council imposed a definitive anti-dumping duty on imports of wire rod originating in the People's Republic of China ('China').

(2) The measures imposed took the form of an *ad valorem* duty with a residual rate set at 24 % while one group of companies (Valin Group) received an individual duty rate of 7,9 %.

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 these measures pursuant to Article 11(2) of the basic Regulation.

(4) The request was lodged on 29 April 2014 by the European Steel Association ('Eurofer' or 'the applicant') on behalf of producers representing more than 25 % of the total Union production of wire rod.

(5) The request was based on the grounds that the expiry of the measures would be likely to result in a continuation or recurrence of dumping and injury to the Union industry.

3. **Initiation of an expiry review**

(6) Having determined, after having consulted the Committee established by Article 15(1) of the basic Regulation, that sufficient evidence existed for the initiation of an expiry review, the Commission announced on 2 August 2014, by a notice published in the *Official Journal of the European Union* ([4]) ('Notice of Initiation'), the initiation of an expiry review pursuant to Article 11(2) of the basic Regulation.

4. **Investigation**

4.1. *Relevant periods covered by the expiry review investigation*

(7) The investigation of the likelihood of continuation or recurrence of dumping and injury covered the period from 1 July 2013 to 30 June 2014 (the 'review investigation period' or 'RIP'). The examination of the trends relevant for the assessment of the likelihood of continuation or recurrence of injury covered the period from 1 January 2011 to the end of the review investigation period (the 'period considered').

([1]) OJ L 343, 22.12.2009, p. 51.
([2]) Council Regulation (EC) No 703/2009 of 27 July 2009 imposing a definitive anti-dumping duty and collecting definitively the provisional duty imposed on imports of wire rod originating in the People's Republic of China and terminating the proceeding concerning imports of wire rod originating in the Republic of Moldova and Turkey (OJ L 203, 5.8.2009, p. 1).
([3]) OJ C 318, 1.11.2013, p. 6.
([4]) OJ C 252, 2.8.2014, p. 7.

4.2. *Parties concerned by the investigation and sampling*

(8) The Commission officially advised the applicant, exporting producers and importers known to be concerned and the representatives of the exporting country concerned of the initiation of the expiry review.

(9) Interested parties were given the opportunity to make their views known in writing and to request a hearing within the time limits set in the Notice of Initiation. One interested party requested a hearing with the Commission services which took place on 20 March 2015.

(10) In view of the apparent large number of Chinese exporting producers and unrelated importers in the Union, sampling was envisaged in the Notice of Initiation in accordance with Article 17 of the basic Regulation.

(11) In order to enable the Commission to decide whether sampling would be necessary and, if so, to select a representative sample, Chinese exporting producers and unrelated importers were requested to make themselves known within 15 days of the initiation of the review and to provide the Commission with the information requested in the Notice of Initiation.

(12) In total 45 known Chinese exporting producers were contacted but none of them came forward and replied to the sampling form. Therefore, sampling was not applied.

(13) In view of the lack of cooperation, the Commission informed the Chinese authorities that in accordance with Article 18 of the basic Regulation best facts available may be used. The Commission did not receive any comments or requests for an intervention of the Hearing Officer from the Chinese authorities.

(14) In total nine known unrelated importers were contacted. None came forward and replied to the sampling form.

(15) At the preliminary stage of investigation the Commission received cooperation from 28 Union producers/group of producers which represented around 70 % of the Union production of wire rod in the RIP. In view of the large number of cooperating producers the Commission applied sampling. The Commission selected the sample on the basis of the largest representative volume of production which could reasonably be investigated within the time available, considering also the geographical spread and sufficient coverage of different product types. The selected sample originally consisted of six companies and represented 44,2 % of the production intended for the free market.

4.3. *Questionnaires and verification*

(16) Questionnaires were sent to the six sampled Union producers and to two producers in potential analogue countries who agreed to cooperate.

(17) Questionnaire replies were received from the six sampled Union producers and the two potential analogue country producers.

(18) Verification visits were carried out at the premises of the following companies:

(a) Union producers:

— ArcelorMittal Hamburg GmbH, Germany

— Global Steel Wire SA, Spain

— Moravia Steel AS, Czech Republic

— RIVA Acier SA, France

— Saarstahl AG, Germany

— Tata Steel UK Ltd, United Kingdom.

(b) Analogue country producer:

— Ereğli Demir ve Çelik Fabrikalri T.A.S., Turkey.

B. PRODUCT CONCERNED AND LIKE PRODUCT

1. Product concerned

(19) The product subject to this review is the same as that covered by the original investigation, namely bars and rods, hot-rolled, in irregularly wound coils, of iron, non-alloy steel or alloy steel other than of stainless steel ('wire rod' or 'the product concerned') originating in China, currently falling within CN codes 7213 10 00, 7213 20 00, 7213 91 10, 7213 91 20, 7213 91 41, 7213 91 49, 7213 91 70, 7213 91 90, 7213 99 10, 7213 99 90, 7227 10 00, 7227 20 00, 7227 90 10, 7227 90 50 and 7227 90 95.

2. Like product

(20) The review investigation confirmed that, as in the original investigation, the product concerned and wire rod produced and sold on the Chinese domestic market, wire rod produced and sold by the Union industry on the Union market and wire rod produced and sold in the analogue country (Turkey) have the same basic physical, technical and chemical characteristics and the same basic uses. Therefore these products are considered to be like products within the meaning of Article 1(4) of the basic Regulation.

C. LIKELIHOOD OF CONTINUATION OR RECURRENCE OF DUMPING

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

1. Preliminary remarks

(22) As mentioned in recital 12 none of the Chinese exporting producers offered cooperation and therefore as provided for by Article 18 of the basic Regulation the findings had to be based on best facts available, in particular, information in the request for the expiry review and statistics, namely Eurostat and Chinese export database.

2. Dumping during the review investigation period

(a) *Analogue country*

(23) 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').

(24) In the original investigation, Turkey was used as the analogue country for the purposes of establishing the normal value with regard to China. Based on the information in the review request, in the Notice of Initiation the Commission informed interested parties that it envisaged using Brazil as analogue country and invited parties to comment. The Notice of Initiation also added that other countries, in particular Turkey, Switzerland, Norway and Japan will be examined as well as. No comments were received from interested parties.

(25) In addition to Brazil, the Commission contacted all known or potential wire rod producers in Turkey, Switzerland, Norway and Japan (countries with significant imports of wire rod into the Union suggesting significant production) and the USA (a country with a big domestic industry and market).

(26) Eventually two producers of wire rod agreed to cooperate in the investigation and provided a reply to the analogue country questionnaire, namely Ereğli Demir ve Çelik Fabrikalri T.A.S. from Turkey and ArcelorMittal Brasil from Brazil.

(27) A number of factors were taken into account when deciding on the most appropriate analogue country for the current investigation, in particular the size of the analogue country domestic market with satisfactory level of competition for the like product; representativeness of the domestic sales (quantity and profitability) of the cooperating producers; the size and product range offered by the cooperating producers and the comparability of their products and production method to that of China.

(28) Given the fact that Turkey and the Turkish cooperating exporting producer satisfied all major criteria for an appropriate analogue country/producer it was decided to use Turkey as analogue country.

(b) *Normal value*

(29) In accordance with Article 2(2) of the basic Regulation it was first examined whether the total volume of domestic sales during the RIP of the like product to independent customers made by the cooperating analogue country producer was representative in comparison with the total export volume to the Union, namely whether the total volume of such domestic sales represented at least 5 % of the total volume of export sales made by the cooperating analogue country producer of the like product to the Union.

(30) It was also examined whether the domestic sales of the like product could be regarded as being made in the ordinary course of trade pursuant to Article 2(4) of the basic Regulation. This was done by establishing the proportion of domestic sales to independent customers on the domestic market which were profitable during the RIP.

(31) As it was found that all domestic sales were made in sufficient quantities and in the ordinary course of trade, normal value was based on the actual domestic prices and was calculated as the weighted average of the prices of all domestic sales during the review investigation period.

(c) *Export price*

(32) In the absence of cooperation from the Chinese exporting producers, and thus the absence of specific information on Chinese prices, the export price was determined on the basis of facts available in accordance with Article 18 of the basic Regulation. Available statistical sources, namely Eurostat were used.

(33) According to Eurostat, only 696 tonnes of wire rod were imported from China into the Union during the RIP, corresponding to 0,04 % of total imports. This amount is negligible in the light of total Union consumption (17,8 million tonnes).

(d) *Comparison and adjustments*

(34) The Commission compared the normal value and the export price on an ex-works basis. 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. In order to express the export price at ex-works level, the Commission adjusted the Eurostat CIF price for freight and insurance based on the information from the complaint. The domestic prices were adjusted for freight, insurance, handling and credit costs based on the data obtained from the analogue country producer.

(e) *Dumping margin*

(35) In accordance with Article 2(11) of the basic Regulation, the dumping margin was established on the basis of a comparison of the weighted average normal value with the weighted average export price. The average Eurostat Chinese export price compared to the normal value of the analogue country did not show the existence of dumping.

(36) At the same time it is important to stress that as it is mentioned in recital 33 import volumes of the product concerned were very low during the RIP. It was also observed that for most CN codes the prices fluctuated heavily, in some cases with a ratio of up to 30 times throughout the period considered. Such fluctuations are difficult to explain by 'normal' market forces and most likely are the result of the low sales quantities.

(37) Furthermore, due to the non-cooperation of the Chinese exporters, there was no information available on the product mix of the Chinese exports and consequently the comparison with the analogue country normal value could only be made on an aggregated basis.

(38) Therefore, the finding of no dumping during the RIP is considered to be irrelevant due to the combined effect of low imported quantities; the irregular fluctuation of prices as well as the absence of information regarding the imported product mix.

3. **Evidence of likelihood of recurrence of dumping**

(39) In light of the considerations set out in recitals 35 to 38 above, the Commission further analysed whether there was a likelihood of recurrence of dumping should the measures lapse. When doing so, the following elements were analysed: the Chinese production capacity and spare capacity, the behaviour of Chinese exporters on other markets and the attractiveness of the Union market.

3.1. *Production and spare capacity in China*

(40) Based on the information provided by the Worldsteel Association ([1]) the total Chinese wire rod production showed a strongly increasing trend for the last 10 years and culminated in over 150 million ([2]) tonnes in 2013.

(41) In other words China is responsible for 77 % of the worldwide wire rod production meaning that this country can influence heavily market conditions by its sales decisions. It is important to highlight that its yearly production exceeds by more than seven times the total Union production. Furthermore, the overall increase in Chinese wire rod production since 2011 (26 million tonnes) in itself exceeds the total Union consumption estimated at 17 million tonnes.

(42) According to the review request spare capacity is estimated at some 50 million tonnes in China. Due to the Chinese non-cooperation it was difficult to obtain additional information in this respect. However, in the light of high production levels referred to in recitals 40 and 41 in comparison to the European and worldwide figures China could easily cause severe distortions on the markets by its sales decisions even without using its spare capacity.

3.2. *Chinese sales to third countries*

(43) According to the Chinese export database over 9 million tonnes of wire rod were exported worldwide by China during the RIP representing over 50 % of the total Union consumption in the same period. The table below summarises the figures for the six biggest countries in terms of Chinese export volume and Turkey, the analogue country, representing over 53 % of the total Chinese exports during the RIP.

Table 1

Chinese wire rod exports to the world (volume and prices, EUR)

Country	2012 volume	average price 2012	2013 volume	average price 2013	RIP volume	average price RIP
Thailand	756 919	484	1 009 662	423	1 152 561	394
South Korea	1 153 833	498	1 109 207	430	1 134 587	404
Vietnam	390 995	483	684 193	418	774 175	389
Indonesia	381 893	487	554 034	432	615 982	401
United states	301 523	458	628 111	408	588 047	391
Malaysia	333 185	488	447 220	433	469 895	405
Turkey	2 937	645	6 931	477	30 717	392
Total Chinese exports	5 539 649		7 943 297		9 073 220	

Source: Chinese export database

([1]) 2014 Steel statistical yearbook by Worldsteel Association, http://www.worldsteel.org/dms/internetDocumentList/statistics-archive/yearbook-archive/Steel-Statistical-Yearbook-2014/document/Steel-Statistical-Yearbook-2014.pdf

([2]) This figure includes both carbon and stainless steel wire rod (stainless steel is not the product concerned). Eurofer, a member of the International Stainless Steel Forum, estimated that throughout the period considered and including the RIP stainless steel wire rod production is less than 5 % of the total wire rod production in China.

(44) The average export price found during the RIP for each of the above countries was significantly below the normal value. Hence, the dumping margins established with regard to Chinese average sales prices (as shown in the table above) to third countries ranged from 14 % to 24 % [1].

(45) The figures also reveal that China's exports are showing an increasing trend in volumes combined with a decreasing trend in prices. In fact available statistics indicate that the prices continued to further decrease after the RIP. A number of the affected countries perceived these trends as a threat to their own industry and have introduced protective measures (inter alia Malaysia and Indonesia and more recently, following the RIP Turkey [2], US and Pakistan).

(46) Finally, recent press releases [3] suggest that the Chinese domestic market and in particular the construction sector [4] is slowing down. Hence, Chinese sales opportunities are diminishing: its main export markets are closing up and its main domestic sales are slowing down. Therefore, if measures in the Union were allowed to lapse there is a strong likelihood that China would immediately direct its low-priced (dumped) sales in large volumes toward the Union market.

3.3. *Attractiveness of the Union market*

(47) Due to the higher price levels on the Union market compared to the Chinese sales prices observed in other third countries as shown in Table 1, the Union market is considered to be attractive for the Chinese producers. The existence of protective measures in many export markets further increases the attractiveness of the Union market. Thus it can be reasonably expected that should measures be repealed, Chinese exports would resume in considerable volumes on the Union market. It is worth recalling that before the original measures were imposed, in 2008, Chinese sales volumes in the Union market amounted to 1,1 million tonnes as compared to 700 tonnes in the RIP.

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

(48) Taking into consideration the immense production level of wire rod in China and its dumping practices to third countries as well as the attractiveness of the Union market as described above, there is a strong likelihood that the repeal of the anti-dumping measures would result in immediate recurrence of dumping from China to the Union.

D. **DEFINITION OF THE UNION INDUSTRY**

(49) The like product was manufactured by 72 Union producers during the review investigation period who constitute the 'Union industry' within the meaning of Article 4(1) of the basic Regulation. None of them was opposed to the initiation.

(50) All figures related to sensitive data had to be indexed or given in a range for reasons of confidentiality.

E. **SITUATION ON THE UNION MARKET**

1. **Union consumption**

(51) The Commission established the Union consumption on the basis of the available import statistics, the actual sales of cooperating Union producers, excluding their export sales, and estimated sales of non-cooperating Union producers. The definition of consumption relates to free market sales, inclusive of captive sales but exclusive of captive use. Captive use, that is internal transfers of the like product within the integrated Union producers for further processing, has not been included in the Union consumption figure, because these internal transfers are not in competition with sales from independent suppliers in the free market. The captive sales, that is, the sales to related companies, were included in the Union consumption figure since according to the data collected during the investigation, the related companies of the Union producers were free to purchase wire rod also from other sources. In addition, the Union producers' average sales prices to related parties were found to be in line with the average sales prices to unrelated parties.

(1) For confidentiality reasons the concrete dumping margins established cannot be disclosed and therefore are presented in ranges.
(2) Turkey increased its regular duty rate up to 40 % on wire rod in November 2014, which is after the RIP and therefore did not distort the analogue country findings.
(3) South China Morning Post dated 20 January 2015, Le Figaro dated 26 March 2015, The Australian Financial review dated 20 April 2015, CNBC dated 7 May 2015.
(4) Wire rod is widely used in the construction sector.

(52) On this basis, Union consumption developed as follows:

Table 2

Union consumption

	2011	2012	2013	Review investigation period
Volume (tonnes)	18 522 439	16 024 244	17 134 056	17 826 678
Index (2011 = 100)	*100*	*87*	*93*	*96*

Source: Eurostat and questionnaire replies

(53) Union consumption decreased by 4 % from 18,5 million tonnes in 2011 to 17,8 million tonnes in the review investigation period. Consumption during the period considered was lower than the consumption of 23,6 million tonnes in the investigation period of the original investigation (April 2007 to March 2008). The decrease in consumption is a consequence of the negative impact of the economic crisis that caused a reduction in the overall consumption of wire rod, in particular in the automotive and construction industries.

2. **Imports from the country concerned**

(a) *Volume and market share of imports from the country concerned*

(54) The volume and market share of imports from China were established on the basis of Eurostat.

(55) The import volume into the Union from the country concerned and its market share developed as follows:

Table 3

Import volume and market share

Country		2011	2012	2013	Review investigation period
China	Volume (tonnes)	3 108	911	88	696
	Index (2011 = 100)	*100*	*29*	*3*	*22*
	Market share (%)	0,02	0,01	0,00	0,00
	Index (2011 = 100)	*100*	*34*	*3*	*23*

Source: Eurostat

(56) While Chinese imports accounted for 5 % market share and 1,1 million tonnes in the original investigation period, they have, based on information from Eurostat, virtually disappeared from the Union market. In fact, imports from China decreased from 3 108 to 696 tonnes over the period considered.

(57) The company with the 7,9 % duty rate is related to the ArcelorMittal group and according to the complainants does not produce significant quantities of wire rod any longer. However, the other Chinese exporting producers also ceased to sell into the Union. The wire rod market appears to be very price-sensitive and the 24 % price increase caused by the anti-dumping duty in force made Chinese exporters to lose interest in the Union market.

(b) *Prices of imports from the country concerned and price undercutting*

(58) Import prices were established on the basis of Eurostat. Due to the negligible import volumes from China to the EU, the lack of cooperation from Chinese producers and the lack of product type related price data on their negligible import quantities, it was not possible to perform a meaningful calculation of price undercutting. However, Chinese export prices to third countries as shown in Table 1 undercut the Union industry's sales prices by more than 25 % on average. Therefore, a similar significant level of undercutting on the Union market is expected should the measures be allowed to lapse.

3. **Imports from other third countries not subject to measures**

(59) Major exporting countries to the Union are Moldova, Norway, Russia, Ukraine and Switzerland. Total imports of the product concerned from third countries increased by 19,2 % (from 1,22 to 1,45 million tonnes) over the period considered, representing 7,5 % of the Union consumption. During the same period the average unit import price has been steadily decreasing from EUR 592 to EUR 506 per ton, a decrease of 14,6 %.

Table 4

Imports from third countries

Country		2011	2012	2013	Review investigation period
Moldova	Volume (tonnes)	47 084	99 126	86 083	185 982
	Index (2011 = 100)	*100*	*211*	*183*	*395*
	Market share (%)	0,25	0,62	0,50	1,04
	Average price (EUR/tonne)	528	483	445	438
	Index (2011 = 100)	*100*	*91*	*84*	*83*
Norway	Volume (tonnes)	130 614	128 439	125 267	134 313
	Index (2011 = 100)	*100*	*98*	*96*	*103*
	Market share (%)	0,71	0,80	0,73	0,75
	Average price (EUR/tonne)	552	538	495	486
	Index (2011 = 100)	*100*	*97*	*90*	*88*
Russia	Volume (tonnes)	47 185	89 236	91 037	112 748
	Index (2011 = 100)	*100*	*189*	*193*	*239*
	Market share (%)	0,25	0,56	0,53	0,63
	Average price (EUR/tonne)	494	486	436	425
	Index (2011 = 100)	*100*	*98*	*88*	*86*

Country		2011	2012	2013	Review investigation period
Ukraine	Volume (tonnes)	379 216	193 955	256 928	307 276
	Index (2011 = 100)	*100*	*51*	*68*	*81*
	Market share (%)	2,05	1,21	1,50	1,72
	Average price (EUR/tonne)	505	507	457	443
	Index (2011 = 100)	*100*	*100*	*90*	*88*
Switzerland	Volume (tonnes)	290 689	293 352	297 980	298 104
	Index (2011 = 100)	*100*	*101*	*103*	*103*
	Market share (%)	1,57	1,83	1,74	1,67
	Average price (EUR/tonne)	694	632	607	596
	Index (2011 = 100)	*100*	*91*	*87*	*86*
Total other third countries	Volume (tonnes)	1 220 464	1 086 787	1 250 867	1 454 411
	Index (2011 = 100)	*100*	*89*	*102*	*119*
	Market share (%)	6,59	6,78	7,30	8,16
	Average price (EUR/tonne)	591	564	522	506
	Index (2011 = 100)	*100*	*95*	*88*	*86*
Total third countries	Volume (tonnes)	1 223 572	1 087 698	1 250 955	1 455 107
	Index (2011 = 100)	*100*	*89*	*102*	*119*
	Market share (%)	6,61	6,79	7,30	8,16
	Average price (EUR/tonne)	592	564	522	506
	Index (2011 = 100)	*100*	*95*	*88*	*85*

Source: Eurostat

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

(60) 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.

(61) When doing so, the Commission distinguished between macroeconomic and microeconomic injury indicators. The macroeconomic indicators for the period considered were established, analysed and examined on the basis of the data provided for the Union industry. The microeconomic indicators were established on the basis of the data collected and verified at the level of the sampled Union producers.

(62) In the following sections, the macroeconomic indicators are: production, production capacity, capacity utilisation, stocks, sales volume, market share and growth, employment, productivity, magnitude of the actual dumping margin, recovery from past dumping. The microeconomic indicators are: average unit prices, cost of production, profitability, cash flow, investments, return on investment, ability to raise capital and labour costs.

(a) *Production, production capacity and capacity utilisation*

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

Table 5

Production, production capacity and capacity utilisation

	2011	2012	2013	Review investigation period
Production volume (tonnes)	21 502 127	18 565 812	19 742 360	20 236 339
Production volume *Index*	*100*	*86*	*92*	*94*
Production capacity (tonnes)	28 147 358	28 001 765	28 051 425	28 061 036
Production capacity *Index*	*100*	*99*	*100*	*100*
Capacity utilisation (%)	76	66	70	72

Source: Eurostat and questionnaire replies

(64) During the period considered the production decreased by 6 %, production capacity remained stable and capacity utilisation dropped from 76 % to 72 %.

(b) *Sales volume and market share*

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

Table 6

Sales volume and market share

	2011	2012	2013	Review investigation period
Sales volume in the Union (tones)	17 298 867	14 936 546	15 883 101	16 371 571
Sales volume in the Union *Index*	*100*	*86*	*92*	*95*

	2011	2012	2013	Review investigation period
Market share (%)	93,4	93,2	92,7	91,8
Source: Eurostat and questionnaire replies				

(66) The Union industry's sales in the Union market decreased by 5 % over the period considered.

(c) *Growth*

(67) While Union consumption decreased by 4 % over the period considered, the sales volume of the Union industry decreased by 5 %, which translated in a loss of market share of 1,6 percentage points.

(d) *Employment and productivity*

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

Table 7

Employment and productivity

	2011	2012	2013	Review investigation period
Number of employees	8 888	8 851	8 849	8 991
Number of employees *Index*	*100*	*100*	*100*	*101*
Productivity (unit/employee)	2 419	2 098	2 231	2 251
Productivity (unit/employee) *Index*	*100*	*87*	*92*	*93*
Source: questionnaire replies				

(69) Employment remained rather stable during the period considered. At the same time, productivity dropped by 7 % due to the decrease in production as shown in Table 7 in recital 68.

5. **Magnitude of the dumping margin and recovery from past dumping**

(70) The dumping margin established for China in the original investigation was well above the *de minimis* level, while the import volume from China remained at a negligible level throughout the period considered. However, should measures be repealed, the impact of the expected dumping on the Union industry would be significant based on the increasing volume and decreasing prices of exports from China to the third countries, as mentioned in recitals 45 and 46. The Union industry was still in a recovery process from the effects of past injurious dumping of imports of wire rods originating in China, as mentioned in recital 83.

(a) *Prices and factors affecting prices*

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

Table 8

Average sales prices

	2011	2012	2013	Review investigation period
Average unit selling price in the Union (EUR/tonne)	638	588	545	539
Average unit selling price in the Union *Index*	*100*	*92*	*85*	*85*
Unit cost of production (EUR/tonne)	606	581	533	514
Unit cost of production *Index*	*100*	*96*	*88*	*85*

Source: questionnaire replies

The Union industry's average unit selling price to unrelated customers in the Union and cost of production decreased both by 15 % over the period considered. Therefore, the sales price on average followed the evolution of the costs.

(b) *Labour costs*

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

Table 9

Average labour costs per employee

	2011	2012	2013	Review investigation period
Average labour costs per employee (EUR)	51 320	53 514	52 366	51 814
Average labour costs per employee *Index*	*100*	*104*	*102*	*101*

Source: questionnaire replies

(73) The average labour costs per employee remained stable over the period considered. This could be mainly explained by the increasing efforts of the Union industry to control the cost of production and retain in this way its competitiveness.

(c) *Inventories*

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

Table 10

Inventories

	2011	2012	2013	Review investigation period
Closing stocks (tonnes)	400 531	400 256	429 765	471 135
Closing stocks *Index*	*100*	*100*	*107*	*118*
Closing stocks as a percentage of production (%)	1,9	2,2	2,2	2,3

Source: questionnaire replies

(75) In the period considered the Union industry's stocks increased overall by 18 %. A significant part of the wire rods production consists of standard products and the Union industry therefore has to maintain a certain level of stock in order to be in a position to swiftly satisfy the demand of its customers. The closing stock as a percentage of the production remained relatively stable, following the evolution of the Union's industry production.

(d) *Profitability, cash flow, investments, return on investments and ability to raise capital*

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

Table 11

Profitability, cash flow, investments and return on investments

	2011	2012	2013	Review investigation period
Profitability of sales in the Union to unrelated customers (% of sales turnover)	5,1	1,2	2,3	4,7
Cash flow (EUR)	179 540 905	82 626 580	107 291 306	159 860 366
Investments (EUR)	103 206 819	81 357 885	62 499 682	42 831 235
Return on investments (%)	3,8	− 0,1	0,8	3,0

Source: questionnaire replies

(77) The Commission established the profitability of the Union industry 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. Profitability decreased from 5,1 % to 4,7 %. This is lower than the target profit of 9,9 % that was established in the original investigation.

(78) The net cash flow is the Union industry's ability to self-finance their activities and it was positive during the period considered. However, the indicator registered a significant decrease of 11 %. This raises concerns as to the ability of the Union industry to carry on the necessary self-financing of its activities.

(79) The investments significantly decreased by 58 % over the period considered. They mainly represented investments necessary for modernisation, maintenance and compliance with legal safety requirements. The fact that no investments were made for capacity expansion may indicate a possible long term negative market trend.

(80) The return on investments is the net profit as a percentage of the gross book value of investments. This indicator decreased from 3,8 % to 3 % over the period considered due to the reduction of the profits.

(81) Taking into account the decreasing profitability and decreasing cash flow, the company's ability to raise capital was also negatively affected.

(e) *Captive production of the Union industry*

(82) Based on the information collected during the investigation the proportion of captive production was found not to be significant as approximately only 11 % of the Union industry's production is used captively within the group. In general, a higher volume of production leads to economies of scale which are beneficial for the producer concerned. The Union industry is mostly vertically integrated and the captive production is used for further processing into value added products in the downstream industry. The investigation did not point to any production problem linked to these downstream products. Indeed, captive production remained stable over the period considered. Given the above considerations, the Commission considers that the captive production of the Union industry did not have any negative impact on its financial situation.

(f) *Conclusion on injury*

(83) During the period considered, all injury indicators pertaining to the Union industry showed a negative trend. More specifically, Union production decreased by 6 %, capacity utilisation dropped from 76 % to 72 %, market share was reduced by 1,6 percentage points from 93,4 % to 91,8 % and closing stocks increased by 18 %. Furthermore, other injury indicators such as sales volumes to unrelated parties in the Union (– 6 %) and exports to unrelated parties (– 22 %) also followed a negative trend. Unit sale prices to unrelated parties in the Union and the cost of production decreased both by 15 %. Profitability decreased from 5,1 % to 4,7 %, which is lower than the target profit of 9,9 % that was established in the original investigation. Investments significantly decreased by 58 % and cash flow was reduced by 11 %. Given that employment remained rather stable, productivity dropped by 7 %.

(84) However, these negative trends cannot be attributed to Chinese imports, given that they were limited in volume and market share. The analysis therefore turns to the impact that a resumption of Chinese imports would have on the Union industry that has not fully recovered from past Chinese dumping practices.

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

1. **Preliminary remark**

(85) Although the import volumes from China decreased significantly after the imposition of measures in 2009, it is considered that the remaining significant production capacity in China may be easily diverted to the Union market if measures are allowed to lapse.

2. **Impact of the projected volume of imports from China and price effects in case of repeal of measures**

(86) As established in recitals 40-42 above, total production capacity of wire rod is over 150 million tonnes while the estimated spare capacity is around 50 million tonnes. Both these amounts largely exceed the total Union consumption of wire rod. Moreover, as is evident from the Chinese statistics, China managed in the past years to redirect its excess production from the Union to other countries where less trade restraints were present. This has however changed as some of the third markets have recently introduced protective measures effectively closing or at least impairing access for Chinese imports. In any event, the Union market remains attractive due to the

relatively high sales prices for the product concerned compared to other third countries markets. Thus, it can be reasonably expected that, as a consequence to the attractiveness of the Union market with its size and price levels, should the measures be repealed, a substantial part of the current Chinese production would be re-directed to the Union. Taking into account the current injury picture and the dumping practices of the Chinese exporters, the investigation showed that the discontinuation of measures in all likelihood would result in a significant increase of exports from China at dumped prices, thus causing material injury to the Union industry.

3. **Conclusion**

(87) In the light of the foregoing, it is concluded that the repeal of measures on the imports from China would in all likelihood result in the recurrence of injury to the Union industry.

G. **UNION INTEREST**

(88) In accordance with Article 21 of the basic Regulation, the Commission examined whether maintaining the existing anti-dumping measures against China 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 and users.

(89) All interested parties were given the opportunity to make their views known pursuant to Article 21(2) of the basic Regulation.

(90) On this basis the Commission examined whether, despite the conclusions on the likelihood of recurrence of dumping and injury, compelling reasons existed which would lead to the conclusion that it was not in the Union interest to maintain the existing measures.

1. **Interest of the Union industry**

(91) The Union industry has consistently lost market share and has suffered material injury during the period considered. Should measures be repealed, the Union industry would in all likelihood be in an even worse situation.

(92) It was therefore concluded that maintaining the measures in force against China would be in the interest of the Union industry.

2. **Interest of importers/traders**

(93) None of the importers/traders came forward in this expiry review investigation. There are no indications that a continuation of measures would have any significant negative effect on their activities.

3. **Interest of users**

(94) None of the users came forward in this expiry review investigation. Concerning users, in the original investigation it was concluded that the overall possible impact of the imposition of measures on the activity of the users would be very limited. Firstly, the vast majority of users purchase their wire rod from non-Chinese sources which are abundant. Secondly, the possible impact from the imposition of measures should be seen in the light of the downstream products which enjoy a high added value. On this basis, it is concluded that the maintenance of the measures would not negatively impact the current situation of the users.

4. **Conclusion on Union interest**

(95) In view of the above, the Commission concluded that there are no compelling reasons of Union interest against the maintenance of the current anti-dumping measures against China.

H. **ANTI-DUMPING MEASURES**

(96) All parties were informed of the essential facts and considerations on the basis of which it was intended to recommend that the existing measures be maintained. They were also granted a period to submit comments subsequent to that disclosure. One interested party submitted comments supporting the Commission's conclusions.

(97) 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 wire rod originating in China, imposed by Regulation (EC) No 703/2009 should be maintained.

(98) In order to minimise the risk of circumvention due to the high difference in the duty rates, it is considered that special measures are needed in this case to ensure the proper application of the anti-dumping duties. These special measures, which only apply to company for which an individual duty rate is introduced, include the following: the presentation to the customs authorities of the Member States of a valid commercial invoice, which shall conform to the requirements set out in Article 1, paragraph 3 of this Regulation. Imports not accompanied by such an invoice shall be made subject to the residual anti-dumping duty applicable to all other producers.

(99) A company may request the application of these individual anti-dumping duty rates if it changes subsequently the name of its entity. The request must be addressed to the Commission ([1]). The request must contain all the relevant information enabling to demonstrate that the change does not affect the right of the company to benefit from the duty rate which applies to it. If the change of name of the company does not affect its right to benefit from the duty rate which applies to it, a notice informing about the change of name will be published in the *Official Journal of the European Union*.

(100) This Regulation is in accordance with the opinion of the Committee established by Article 15(1) of Regulation (EC) No 1225/2009,

HAS ADOPTED THIS REGULATION:

Article 1

1. A definitive anti-dumping duty is hereby imposed on imports of bars and rods, hot-rolled, in irregularly wound coils, of iron, non-alloy steel or alloy steel other than of stainless steel originating in the People's Republic of China, falling within CN codes 7213 10 00, 7213 20 00, 7213 91 10, 7213 91 20, 7213 91 41, 7213 91 49, 7213 91 70, 7213 91 90, 7213 99 10, 7213 99 90, 7227 10 00, 7227 20 00, 7227 90 10, 7227 90 50 and 7227 90 95.

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

Company	AD duty rate (%)	TARIC additional codes
Valin Group	7,9	A930
All other companies	24,0	A999

3. The application of the individual duty rate specified for the company mentioned in paragraph 2 shall be conditional upon presentation to the customs authorities of the Member States of a valid commercial invoice, on which shall appear a declaration dated and signed by an official of the entity issuing such invoice, identified by his/her name and function, drafted as follows: '*I, the undersigned, certify that the (volume) of wire rod sold for export to the European Union covered by this invoice was manufactured by (company name and address) (TARIC additional code) in the People's Republic of China. I declare that the information provided in this invoice is complete and correct.*' If no such invoice is presented, the duty rate applicable to 'all other companies' shall apply.

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

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

Article 2

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, 14 October 2015.

For the Commission

The President

Jean-Claude JUNCKER