

**COMMISSION IMPLEMENTING REGULATION (EU) 2019/59****of 14 January 2019****imposing a definitive anti-dumping duty on imports of aluminium radiators originating in the People's Republic of China following an expiry review under Article 11(2) of Regulation (EU) 2016/1036 of the European Parliament and 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 <sup>(1)</sup> ('the basic Regulation'), and in particular Article 11(2) thereof,

Whereas:

## 1. PROCEDURE

## 1.1. Measures in force

- (1) In November 2012, following an anti-dumping investigation ('the original investigation'), the Council imposed by Implementing Regulation (EU) No 1039/2012 <sup>(2)</sup> ('the definitive Regulation'), a definitive anti-dumping duty on imports of aluminium radiators currently falling within CN codes ex 7615 10 10, ex 7615 10 80, ex 7616 99 10 and ex 7616 99 90 (TARIC codes 7615 10 10 10, 7615 10 80 10, 7616 99 10 91, 7616 99 90 01 and 7616 99 90 91) and originating in the People's Republic of China ('the PRC').
- (2) The definitive Regulation imposed an anti-dumping duty at rates ranging between 12,6 % and 56,2 % on imports from the sampled exporting producers, 21,2 % on the non-sampled cooperating companies and a duty rate of 61,4 % on all other companies in the PRC.

## 1.2. Initiation of an expiry review

- (3) On 15 February 2017, the Commission published a notice of impending expiry of the anti-dumping measures on aluminium radiators originating in the PRC in the *Official Journal of the European Union* <sup>(3)</sup>.
- (4) On 30 June 2017, the International Association of Aluminium Radiator Manufacturers Limited Liability Consortium (AIRAL S.c.r.l.) ('the applicant'), representing more than 25 % of the total production of aluminium radiators in the European Union ('the Union'), lodged a request for review under Article 11(2) of the basic Regulation.
- (5) The applicant based their request 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.
- (6) Having determined that sufficient evidence existed for the initiation of an expiry review, on 9 November 2017 the Commission published a notice of initiation in the *Official Journal of the European Union* <sup>(4)</sup> ('the Notice of Initiation').

## 1.3. Interested parties

- (7) The Commission invited in the Notice of Initiation all interested parties to contact it in order to participate in the investigation. The Commission specifically informed the applicant; known Union producers and their associations; known importers of aluminium radiators in the Union; and known exporting producers in the PRC of the initiation of the expiry review and invited them to cooperate.
- (8) In the Notice of Initiation, the Commission stated that it envisaged using Russia as a market economy third country ('analogue country') within the meaning of Article 2(7) of the basic Regulation. The Commission also stated that according to the information available to it, other market economy producers may be located in Turkey, Taiwan, Malaysia, Iran, Argentina and Ukraine.

<sup>(1)</sup> OJ L 176, 30.6.2016, p. 21.

<sup>(2)</sup> OJ L 310, 9.11.2012, p. 1.

<sup>(3)</sup> OJ C 48, 15.2.2017, p. 10.

<sup>(4)</sup> OJ C 377, 9.11.2017, p. 11.

- (9) The Commission informed producers in Russia about the initiation and invited them to participate. The Commission also notified the authorities in Argentina, Bosnia and Herzegovina, the former Yugoslav Republic of Macedonia, Iran, Japan, Malaysia, Russia, Switzerland, Taiwan, the USA, Turkey and Ukraine of the initiation of the investigation and requested information on production and sales of aluminium radiators and contact details of any relevant producers in those countries.
- (10) All interested parties had the opportunity to comment on the initiation of the investigation and to request a hearing with the Commission and/or the Hearing Officer in trade proceedings. No interested party requested a hearing.

#### 1.3.1. *Sampling*

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

##### 1.3.1.1. *Sampling of Union producers*

- (12) The Commission stated in the Notice of Initiation that it had provisionally selected a sample of Union producers.
- (13) 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 that could be investigated in the time available.
- (14) The provisionally selected sample consisted of four Union producers accounting for around 80 % of the total sales of the Union industry. The Commission invited interested parties to comment on the provisional sample and no comments were received.

##### 1.3.1.2. *Sampling of importers*

- (15) The Commission invited in the Notice of Initiation importers and their representative associations to make themselves known and to provide specific information necessary to decide whether sampling was necessary and, if so, to select a sample. Two importers came forward. Due to this limited number of companies, sampling was not considered necessary.

##### 1.3.1.3. *Sampling of exporting producers*

- (16) To decide whether sampling was necessary and, if so, to select a sample, the Commission asked all exporting producers in the PRC to provide the information specified in the Notice of Initiation. In addition, the Commission requested the authorities of the PRC to identify and/or contact other exporting producers, if any, that could be interested in participating in the investigation.
- (17) No exporting producers from the PRC provided the information requested in Annex I to the Notice of Initiation for the purpose of sampling.

#### 1.3.2. *Users*

- (18) The Commission invited in the Notice of Initiation the users and their representative associations, and representative consumer organisations to make themselves known and cooperate. No users in the Union or their associations came forward.

#### 1.3.3. *Questionnaires and verification visits*

- (19) The Commission sent questionnaires to all parties listed below and to all other companies that made themselves known within the deadlines set out in the Notice of Initiation.
- (20) This included the four sampled Union producers, the applicant, the two cooperating importers and producers in Argentina, Iran, Japan, Malaysia, Russia, Switzerland, Taiwan, the former Yugoslav Republic of Macedonia, Turkey and Ukraine.
- (21) Questionnaire replies were received from the four sampled Union producers, one importer, the applicant and a producer in Ukraine.
- (22) The Commission sought and verified all the information it deemed necessary for the determination of the likelihood of continuation or recurrence of dumping and injury; and to determine whether maintaining the anti-dumping measures would not be against the Union interest.

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

(a) Union producers:

- Fondital, Brescia, Italy
- Global Radiatori, Brescia, Italy
- Radiatori 2000, Bergamo, Italy
- Armatura, Kraków, Poland

(b) Importers in the Union:

- Hydroland, Kraków, Poland

(c) Producer in an analogue country

- San Teh Raj, Odessa, Ukraine.

#### 1.4. Review investigation period and period considered

- (24) The investigation of the likelihood of continuation or recurrence of dumping and injury covered the period from 1 October 2016 to 30 September 2017 ('the review investigation period' or 'RIP').
- (25) The examination of trends relevant for the assessment of the likelihood of a continuation or recurrence of injury covered the period from 1 January 2014 to the end of the review investigation period ('the period considered').

## 2. PRODUCT CONCERNED AND THE LIKE PRODUCT

### 2.1. Product concerned

- (26) The product concerned by the expiry review is the same product as the one defined in the original investigation, that is aluminium radiators and elements or sections of which such radiator is composed, whether or not such elements are assembled in blocks, excluding radiators and elements and sections thereof of the electrical type, currently falling within CN codes ex 7615 10 10, ex 7615 10 80, ex 7616 99 10 and ex 7616 99 90 (TARIC codes 7615 10 10 10, 7615 10 80 10, 7616 99 10 91, 7616 99 90 01 and 7616 99 90 91) and originating in the PRC ('the product concerned').

### 2.2. Like product

- (27) The investigation showed that the following products have the same basic physical and technical characteristics as well as the same basic uses:
- the product concerned
  - the product produced and sold on the domestic market of Ukraine, which served as an analogue country
  - the product produced and sold in the Union by the Union industry.
- (28) The Commission concluded that these products are like products within the meaning of Article 1(4) of the basic Regulation.

## 3. LIKELIHOOD OF CONTINUATION OR RECURRENCE OF DUMPING

### 3.1. Likelihood of continuation or recurrence of dumping

- (29) In accordance with Article 11(2) of the basic Regulation, the Commission examined whether dumping was currently taking place and whether dumping was likely to continue or recur upon a possible expiry of the measures in force on imports from the PRC.

#### 3.1.1. Analogue country

- (30) In accordance with Article 2(7) of the basic Regulation, normal value shall be determined on the basis of the price or constructed value in a market economy third country. For this purpose a market economy third country had to be selected ('the analogue country').
- (31) In the Notice of Initiation, the Commission informed interested parties that it envisaged Russia as an appropriate analogue country and invited interested parties to comment. No comments were received.

- (32) The Commission asked 60 producers of the like product in Argentina, Iran, Japan, Malaysia, Russia, Switzerland, Taiwan, the former Yugoslav Republic of Macedonia, Turkey and Ukraine to provide information.
- (33) The Commission received only one reply, namely from one producer in Ukraine (San Teh Raj).
- (34) As no other reply was received, and since the Ukrainian market is considered to be an appropriate representative market for this purpose on the basis of its market size, it was decided that Ukraine is an appropriate analogue country under Article 2(7) of the basic Regulation.

#### 3.1.2. Normal Value

- (35) The information received from the cooperating producer in the analogue country was used as a basis for the determination of the normal value for the PRC, pursuant to Article 2(7) of the basic Regulation.
- (36) The Commission first examined whether the total volume of domestic sales of the analogue country producer was representative. The domestic sales are representative if the total domestic sales volume of the like product to independent customers on the domestic market represented at least 5 % of the total export sales volume of the product concerned to the Union during the review investigation period. On this basis, the total sales by the analogue country producer were representative.
- (37) According to information received from the applicant, there is no clear basis to determine the product type on the basis of the five TARIC codes covered by the investigation. Indeed, the product description of all five TARIC codes is identical, namely '*Aluminium radiators and elements or sections of which such radiator is composed, whether or not such elements are assembled in blocks*'. No further differentiation is made at the TARIC level. The difference between the five TARIC codes is caused by other criteria, such as the end-use and the production method. For example, if a radiator is for domestic use, it falls under tariff heading 7615. If the same radiator is used in a commercial or industrial building, it falls under tariff heading 7616. Performance-related criteria such as the power output, the dimensions and the weight of the element are not covered by the customs classification.
- (38) On this basis, the Commission decided that one weighted average normal value should be established.
- (39) For that, the Commission defined the proportion of profitable sales to independent customers on the domestic market during the review investigation period in order to decide whether to use actual domestic sales for the calculation of the normal value.
- (40) The normal value is based on the actual domestic price, irrespective of whether those sales are profitable or not, if
  - (a) the sales volume, sold at a net sales price equal to or above the calculated cost of production, represented more than 80 % of the total sales volume; and
  - (b) the weighted average sales price is equal to or higher than the unit cost of production.
- (41) The analysis of domestic sales showed that more than 80 % of all domestic sales were profitable and that the weighted average sales price was higher than the cost of production. Accordingly, the normal value was calculated as a weighted average of the prices of all domestic sales during the review investigation period.

#### 3.1.3. Export price

- (42) The Commission did not receive any questionnaire reply from exporting producers in the PRC. As a consequence of non-cooperation, pursuant to Article 18(1) of the basic Regulation, the Commission informed the exporting producers in the PRC and the authorities of the PRC that if sufficient cooperation on the part of exporting producers was not forthcoming, the Commission may base its findings on the facts available. The Commission also stressed that a finding based on facts available may be less advantageous to the parties concerned. No reaction was received. The Commission thus established the export price on the basis of Eurostat import statistics ('Comext').
- (43) As indicated in recital (37), there is no clear basis to determine which product types are classified in the five TARIC codes covered by the investigation. Therefore, one weighted average export price was established for all aluminium radiators imported from the PRC.

#### 3.1.4. Comparison

- (44) The Commission compared the normal value and the export price on an ex-works basis.

- (45) Where justified by the need to ensure a fair comparison, the Commission adjusted the normal value and the export price for differences affecting prices and price comparability, in accordance with Article 2(10) of the basic Regulation. An upwards adjustment in the range of 4 %-6 % was made to the normal value for non-refundable VAT costs, and a downwards adjustment of 4 %-6 % was made to the export price for insurance and freight costs.

#### 3.1.5. *Dumping margin*

- (46) The Commission compared the weighted average normal value of the like product with the weighted average price of all exports to the Union, in accordance with Articles 2(11) and (12) of the basic Regulation.
- (47) On this basis, the Commission found a dumping margin, expressed as a percentage of the CIF Union frontier price duty unpaid, at a level above 15 %.

### 3.2. **Development of imports should measures be repealed**

- (48) Further to the finding of dumping during the review investigation period, the Commission analysed whether there was a likelihood of continuation of dumping should measures be repealed. The following elements were analysed: spare capacity in the PRC and the attractiveness of the Union market.
- (49) As a consequence of non-cooperation of exporting producers from the PRC, the examination of the likelihood of continuation of dumping in order to assess the development of imports should measures be repealed was based on the information available to the Commission, that is, information supplied in the request for review and information from other independent available sources, such as official import statistics and information obtained from interested parties during the investigation. The information supplied in the request included a survey conducted by a Chinese business consultancy, and a Report <sup>(5)</sup> entitled 'Overcapacity in China' published by the European Union Chamber of Commerce in China. The information provided by the applicant in this regard was not contested by interested parties. The Commission found no evidence to contradict this information.

#### 3.2.1. *Spare capacity in the PRC*

- (50) The survey analysed the size of the Chinese spare capacity for aluminium radiators under two scenarios. Depending on which of two scenarios is adopted, the spare capacity amounts to 27,5 million elements or 112,5 million elements. Regardless which scenario is adopted, spare capacity for aluminium radiators is significant, representing either about 94 % or about 386 % of the total Union consumption (see recital (62)).
- (51) The Report published by the European Union Chamber of Commerce in China analysed the spare capacity of the Chinese aluminium industry in general. According to this report, the spare capacity doubled from almost 5 million tonnes to almost 10 million tonnes between 2008 and 2015. It is therefore clear that the Chinese producers of aluminium radiators would be able to source additional quantities of aluminium if they were to increase their production.
- (52) Neither the survey nor the investigation brought to light any elements that could indicate any significant increase of domestic demand in China in the near future. The same is true for Chinese exports to other third countries as there is no information available that would indicate any significant increase of demand for aluminium radiators worldwide.
- (53) Therefore, in the absence of any other information, it is considered that neither domestic demand nor worldwide demand will be able to absorb the significant spare capacity available in the PRC.

#### 3.2.2. *Attractiveness of the Union market*

- (54) In order to establish the possible development of imports in case measures are repealed, the Commission considered the attractiveness of the Union market with regard to prices.
- (55) The Commission analysed export data from the PRC to third countries at eight-digit level during the review investigation period. However, such export prices were not considered to accurately represent aluminium radiator prices as the classifications at that level included a wide range of products in addition to the product concerned, by far exceeding (at least 100 times) the volume of imports of aluminium radiators. Therefore, Chinese export statistics do not provide conclusive evidence concerning Chinese export prices on other markets.

<sup>(5)</sup> Overcapacity in China — An Impediment to the Party's Reform Agenda, Roland Berger, European Union Chamber of Commerce in China, 2016.

- (56) In the absence of conclusive data on the prices to third countries due to non-cooperation by the Chinese exporting producers, in accordance with Article 18(1) of the basic Regulation, the Commission based its findings on information in the request for review.
- (57) Given the substantial spare capacity of Chinese exporting producers and the saturation of certain existing markets, Chinese exporting producers would very likely direct their substantial spare capacity to the Union market, if the anti-dumping measures were repealed. Also, the report 'Overcapacity in China' further emphasised that Chinese government policy encourages exports by providing financial support and tax benefits, increasing the attractiveness of export markets such as the Union market.
- (58) The significant export volumes and market shares from the PRC during the original investigation period and the continuing export of aluminium radiators from the PRC to the Union market at reduced but still significant volumes, allow the Commission to conclude that the Union market is attractive for aluminium radiator producers in the PRC. Also, Chinese export prices continue to be dumped (see recital (47)) and significantly undercut the prices of the Union industry (see recital (76)). Given the huge spare capacities in the PRC and the low level of the Chinese prices, there is a high likelihood that imports will significantly increase should the anti-dumping measures be repealed.

### 3.2.3. Conclusion on the likelihood of continuation of dumping

- (59) Based on the above, in particular given the dumping margin established in the RIP, the significant spare capacity available in the PRC and the attractiveness of Union market, the Commission expects that a repeal of measures would likely result in a continuation of dumping, and that dumped exports will enter the Union market in significant quantities. It is therefore considered that there is a likelihood of continuation of dumping should the current anti-dumping measures be allowed to lapse.

## 4. LIKELIHOOD OF RECURRENCE OF INJURY

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

- (60) During the review investigation period, the like product was produced by 6 producers in the Union. They constitute the 'Union industry' within the meaning of Article 4(1) of the basic Regulation.

### 4.2. Preliminary remarks

- (61) Injury has been assessed on the basis of trends concerning production, production capacity, capacity utilisation, sales, market share, employment, productivity and growth collected at the level of the total Union industry and trends concerning prices, profitability, cash flow, ability to raise capital and investments, stocks, return on investment and wages collected at the level of the sampled Union producers.

### 4.3. Union consumption

- (62) The Commission established Union consumption by adding together:
- the verified sales in the Union of the four sampled Union producers;
  - the sales in the Union of non-sampled cooperating Union producers, obtained from the review request and data supplied by AIRAL; and
  - imports as reported by Eurostat.
- (63) Union consumption of aluminium radiators developed as follows:

Table 1

### Union consumption

	2014	2015	2016	RIP
Total Union consumption (elements)	24 042 569	25 768 567	27 283 660	27 960 430
<i>Index (2014 = 100)</i>	100	107	113	116

Source: Eurostat, AIRAL and questionnaire replies

- (64) Union consumption increased gradually by 16 % in the period considered. A year-by-year analysis shows this gradual rise throughout the period, faster between 2014 and 2015 and then levelling off between 2016 and the end of the RIP.

#### 4.4. Imports from the PRC

##### 4.4.1. Volume and market share of imports from the PRC

- (65) The Commission established the volume of imports of aluminium radiators from the PRC into the Union on the basis of Eurostat data and the market shares of the imports by comparing these import volumes with the Union consumption as shown in Table 1.

- (66) Imports of aluminium radiators from the PRC into the Union developed as follows:

Table 2

#### Import quantities and market shares

	2014	2015	2016	2017
Volume of imports from the PRC (elements)	1 652 979	456 581	983 268	746 354
Index (2014 = 100)	100	28	59	45
Market share of PRC imports (%)	7	2	4	3

Source: Eurostat

- (67) Imports from the PRC were at a peak in 2014, with a sharp fall in 2015 and then a recovery in 2016, falling back again in the RIP. Given the increase in Union consumption at the same time, the market share of the imports from the PRC fell from a peak of 7 % to a low point of 3 % at the end of the RIP.
- (68) It is however relevant for the analysis of injury to note that imports from the PRC continued to enter the Union, with duties paid, throughout the period considered.

##### 4.4.2. Prices of imports from the PRC

- (69) The Commission used the prices of imports from the PRC reported by Eurostat.
- (70) The average prices of imports from the PRC into the Union developed as follows:

Table 3

#### PRC import prices

	2014	2015	2016	RIP
PRC import prices (EUR per element)	2,47	3,29	3,28	3,37
Index (2014 = 100)	100	133	133	136

Source: Eurostat

- (71) Import prices from the PRC increased by 36 % over the period considered with the biggest increase occurring between 2014 and 2015.
- (72) Despite the increase in the unit price of imports from the PRC during the period considered, the average import price per unit from the PRC was significantly lower than both the average per unit sales price and the average unit cost of production of the Union industry as reported in Table 7. This resulted in strong price pressure on the Union sales prices.

#### 4.4.3. Price undercutting

- (73) The Commission determined the price undercutting during the review investigation period by comparing:
- (a) the weighted average sales prices of the sampled Union producers charged to unrelated customers in the Union market, adjusted to an ex-works level; and
  - (b) data from Eurostat for imports of aluminium radiators from the PRC at a CIF level, adjusted to a landed price, including an amount of anti-dumping duty
- (74) The result of the comparison was expressed as a percentage of the sampled Union producers' average price during the review investigation period.
- (75) The comparison showed for imports from the PRC an average undercutting margin of 19,3 % in the Union market during the review investigation period.

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

##### 4.5.1. General remarks

- (76) In accordance with Article 3(4) of the basic Regulation, the Commission examined the effect of the dumped imports on the Union industry by evaluating all the economic indicators that had a bearing on the state of the Union industry during the period considered.
- (77) As referred to in recital (12) sampling was used for the determination of possible injury suffered by the Union industry.
- (78) For the injury determination, the Commission distinguished between macroeconomic and microeconomic injury indicators.
- (79) The Commission evaluated the macroeconomic indicators on the basis of data in the review request, data submitted by AIRAL and the verified questionnaire replies of the sampled Union producers. The data related to all Union producers.
- (80) The Commission evaluated the microeconomic indicators on the basis of verified data in the questionnaire replies from the sampled Union producers.
- (81) Both sets of data were found to be representative of the economic situation of the Union industry.
- (82) The macroeconomic indicators are: production, production capacity, capacity utilisation, sales volume, market share, growth, employment and productivity.
- (83) The microeconomic indicators are: average unit prices, unit cost, labour costs, inventories, profitability, cash flow, investments, return on investments and ability to raise capital.

##### 4.5.2. Macroeconomic indicators

###### 4.5.2.1. Production, production capacity and capacity utilisation

- (84) The total Union industry's production, production capacity and capacity utilisation developed over the period considered as follows:

Table 4

#### Production, production capacity and capacity utilisation of Union producers

	2014	2015	2016	RIP
Production volume (elements)	46 693 417	42 280 155	41 857 954	41 449 917
<i>Index (2014 = 100)</i>	100	91	90	89

	2014	2015	2016	RIP
Production capacity (elements)	93 110 159	93 279 192	84 940 419	82 263 333
<i>Index (2014 = 100)</i>	100	100	91	88
Capacity utilisation (%)	50	45	49	50
<i>Index (2014 = 100)</i>	100	90	98	100

Source: Eurostat, AIRAL and questionnaire replies

- (85) The production volume of the Union industry decreased by 11 % over the period considered. A year-by-year analysis demonstrates that it first decreased by 9 % in 2015 and then remained rather stable between 2015 and the end of the RIP.
- (86) The production capacity of the Union industry decreased by 12 % over the period considered, showing that the Union industry was able to reduce capacity to deal with the reduction in production during the period.
- (87) Capacity utilisation remained low throughout the period considered, but after a drop in 2015 was able to return to 2014 levels by the end of the RIP.

#### 4.5.2.2. Sales volume and market share

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

Table 5

#### Sales volume and market share of Union producers

	2014	2015	2016	RIP
Sales volume in the Union (elements)	21 445 218	25 083 295	25 938 789	26 681 081
<i>Index (2014 = 100)</i>	100	117	121	124
Market share (%)	89	97	95	95
<i>Index (2014 = 100)</i>	100	109	107	107

Source: Eurostat, AIRAL and questionnaire replies

- (89) The sales volume of the Union industry in the Union market increased over the period considered by around 24 % or in excess of the growth in consumption on the Union market over the same period.
- (90) The Union industry's market share increased from 89 % to 95 % over the period considered, following the increase in Union consumption and the decline in imports after 2014.

#### 4.5.2.3. Growth

- (91) Union consumption increased over the period considered by 16 % while the sales volume of the Union industry increased by 24 % which increased the Union industry's market share, while still showing space on the market for imports from the PRC and elsewhere.

## 4.5.2.4. Employment and productivity

- (92) Employment and productivity of the Union industry developed over the period considered as follows:

Table 6

**Employment and productivity of Union producers**

	2014	2015	2016	RIP
Number of employees	1 387	1 306	1 313	1 323
<i>Index (2014 = 100)</i>	100	94	95	95
Productivity (elements/employee)	34 676	32 365	31 869	31 379
<i>Index (2014 = 100)</i>	100	93	92	90

Source: Eurostat, AIRAL and questionnaire replies

- (93) Due to reduced production, employment of the Union industry also reduced by 5 % during the period considered.
- (94) Due to the decrease in production however during the same period, the productivity of the Union industry declined during the period, in line with the decrease in production.

## 4.5.3. Microeconomic indicators

## 4.5.3.1. Prices and factors affecting prices

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

Table 7

**Average sales prices in the Union and unit cost**

	2014	2015	2016	RIP
Average unit selling price in the Union (EUR/element)	5,7	5,7	5,7	5,7
<i>Index (2014 = 100)</i>	100	100	100	100
Unit cost of production (EUR/element)	5,2	5,5	5,4	5,2
<i>Index (2014 = 100)</i>	100	106	103	101

Source: Questionnaire replies

- (96) The Union industry's average unit sales price to unrelated customers in the Union remained stable during the period considered, at EUR 5,7 per element.
- (97) The average cost of production of the Union industry slightly increased by 1 % during the period considered, rising in 2015 by 6 %, before dropping by 5 % between 2015 and the end of the RIP.

## 4.5.3.2. Labour costs

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

Table 8

**Average labour costs per employee**

	2014	2015	2016	RIP
Average labour costs per employee (EUR/employee)	32 242	32 604	32 880	32 086
<i>Index (2014 = 100)</i>	100	101	102	100

Source: Questionnaire replies

- (99) The average labour costs per employee of the Union industry increased slightly over the period considered.

## 4.5.3.3. Stocks

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

Table 9

**Stocks**

	2014	2015	2016	RIP
Closing stock (elements)	4 379 462	3 735 054	4 234 495	3 613 428
<i>Index (2014 = 100)</i>	100	85	97	83
Closing stock as a percentage of production (%)	12,6	12,2	14,2	12,1
<i>Index (2014 = 100)</i>	100	98	113	96

Source: Questionnaire replies

- (101) The level of closing stocks of the Union industry decreased by 17 % during the period considered. In the period considered, the level of stocks represented between 12 and 14 % of their production.

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

- (102) 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.
- (103) Profitability, cash flow, investments and return on investments of the sampled Union producers developed over the period considered as follows:

Table 10

**Profitability, cash flow, investments and return on investments**

	2014	2015	2016	RIP
Profitability of EU sales to unrelated customers (% of sales turnover)	5,4	3,1	4,4	6,8
<i>Index (2014 = 100)</i>	100	58	81	125

	2014	2015	2016	RIP
Cash flow (million EUR)	10	14	12	24
<i>Index (2014 = 100)</i>	100	140	120	240
Investment (million EUR)	14	16	25	8
<i>Index (2014 = 100)</i>	100	114	179	57
Return on investments (%)	49	5	12	32
<i>Index (2014 = 100)</i>	100	11	24	65

Source: Questionnaire replies

- (104) The profitability of the Union industry declined between 2014 and 2016, but then recovered in the RIP.
- (105) The net cash flow is the Union industry's ability to self-finance its activities. The net cash flow increased by 143 % between 2014 and the end of the RIP.
- (106) During the period considered the annual investments in the like product made by the Union industry decreased by 43 %, because of the reduction in production.
- (107) The return on investments is the profit as a percentage of the net book value of investments. The Union's industry's return on investment decreased over the period considered from 49 % to 32 % without a consistent trend year-on-year.

#### 4.5.4. Conclusion on the situation of the Union industry

- (108) The investigation showed that most of the injury indicators developed positively and the economic and financial situation of the Union industry improved during the period considered.
- (109) The Union industry was able to increase its market share with measures in place and was able to recover cash flow and return on investments.
- (110) The profitability of the Union industry increased during the period considered to be just 0,6 % below the target profit in the original investigation. It should be noted that the target profit was set in a year when Chinese market share was 13 %, and it is now 3 %.
- (111) However, the Union industry reduced production, employment and investments and continued operating at low capacity utilisation.
- (112) Despite this trend, the Commission concluded that, upon an overall assessment of the injury factors, the Union industry has largely improved its financial situation and has mostly recovered from the material injury that the Commission confirmed in the original investigation.

#### 4.6. Likelihood of recurrence of injury

- (113) In accordance with Article 11(2) of the basic Regulation, the Commission examined whether material injury from Chinese imports would recur should measures against the PRC be allowed to lapse. The investigation has shown that the imports from the PRC were made at dumped price levels during the RIP (recital (46)) and that there was a likelihood of continuation of dumping should measures be allowed to lapse (recital (60)).
- (114) To establish the likelihood of recurrence of injury if the measures against the PRC were repealed the Commission analysed (i) the spare capacity in the PRC, (ii) the attractiveness of the Union market, and (iii) the impact of Chinese imports on the situation of the Union industry should measures be allowed to lapse.

#### *Spare capacity in the PRC*

- (115) As explained in recitals (52) to (57) above, the Union is still an attractive market for the PRC, and there is spare capacity available which largely exceeds the total Union consumption during the RIP. In addition, as stated in recital (52) there were no elements found that could indicate any significant increase of domestic demand in the PRC or in any other third country market in the near future. The Commission therefore concluded that domestic demand in China or in other third country markets could not absorb the available spare capacity which is likely to be used for supplying the Union market should the measures lapse.

***Attractiveness of the Union market***

- (116) Given the amount of imports from the PRC to the Union throughout the period considered, despite the measures in force, the Union market is considered attractive to Chinese imports. The market share of Chinese imports was 24 % during the original investigation period (2010-2011), showing the possible level of imports from the PRC should the measures lapse.
- (117) Imports from the PRC excluding the anti-dumping duty would have undercut the Union sales prices by 28,3 % in the RIP. This is an indication of the likely price level of imports from the PRC should the measures be repealed. On this basis, it is likely that the price pressure on the Union market would increase should the measure be repealed, thus leading the Union industry to suffer material injury again.
- (118) On this basis, in the absence of measures, Chinese exporting producers will likely increase their presence in the Union market, in terms of both volume and market shares, and at dumped prices which would significantly undercut the Union industry's sales prices.

***Impact on the Union industry***

- (119) If the measures are repealed, the Union industry would not be able to maintain their sales volume and market share against the low priced imports from China. It is highly likely that the Chinese market share would increase rapidly if the measures are allowed to lapse. Losing sales volume would lead to an even lower utilisation rate and an increase in the average cost of production. This would lead to a deterioration of the financial situation of the Union industry and in particular decrease of profitability.
- (120) The expiry of the measures is likely to have a negative effect on the Union industry, especially for employment. During the period considered the Union industry already reduced product-related employment. Expiry of the measures might cause the shutdown of whole producing units.
- (121) Therefore, it can be concluded that there is a strong likelihood that the expiry of the existing measures would lead to a recurrence of injury from Chinese imports and that the already fragile situation of the Union industry will be likely to deteriorate.

***Conclusion***

- (122) The repeal of the measures would in all likelihood result in a significant increase of Chinese dumped imports at prices undercutting the Union industry prices. The Commission therefore concluded that there is a strong likelihood of recurrence of injury should the measures be repealed.

**5. UNION INTEREST**

- (123) In accordance with Article 21 of the basic Regulation, the Commission examined whether maintaining the existing anti-dumping measures against the PRC would be against the interest of the Union as a whole.
- (124) The Commission based the determination of the Union interest on an appreciation of all the various interests involved, including those of the Union industry, importers and users. All interested parties were given the opportunity to make their views known under Article 21(2) of the basic Regulation.
- (125) On this basis, the Commission examined whether, despite the conclusions on the likelihood of a continuation of dumping and continuation of injury, compelling reasons existed which would lead to the conclusion that it was not in the Union interest to maintain the existing measures.

**5.1. Interest of the Union industry**

- (126) The measures in force have allowed the Union industry to start to recover from past dumping, but they are still unable to increase capacity utilisation and reach their target profit margins.
- (127) At the same time, the Commission also concludes that the Union industry would be likely to experience a deterioration of its situation if the measures against the PRC were allowed to lapse.
- (128) Therefore, the Commission concluded that the continuation of the measures against the PRC would benefit the Union industry.

### 5.2. Interest of importers

- (129) The Commission sent questionnaires to the two cooperating importers. As referred to above one importer replied to the questionnaire and was inspected. No other importers made themselves known.
- (130) Following the imposition of the duties, the cooperating importer was able to find a competitive source of the like product elsewhere. Whilst these radiators are slightly more expensive, they are produced closer to the Union market and thus are more readily available. This reduces the importer's stocking costs and the lead-time, which in turn is appreciated by the importer's clients.
- (131) The Commission concluded that there are no indications that the maintenance of the measures would have a negative impact on the importers outweighing the positive impact of the measures to the Union industry.

### 5.3. Interest of users

- (132) As referred to above no users in the Union came forward after the initiation or otherwise cooperated in this investigation.
- (133) Aluminium radiators are a consumer product, made by either extrusion or die-casting. The users of radiators are distributors and large retail organisations who then sell the radiators on to be fitted.
- (134) These users are in a position to pass on all or almost all of the increase in prices resulting from the duty to the final users, bearing in mind that for the latter, the impact of such measures is not significant.
- (135) These findings were confirmed in the current review as the investigation did not reveal any indication that would in firm this original finding for the period after the imposition of the measures in force.
- (136) In addition, despite that the measures are in force since 2012, the users in the Union continued to source their supply from the PRC and elsewhere. No users cooperated with the review investigation.
- (137) On this basis, and in line with the conclusions drawn in the original investigation, the Commission concluded that the continuation of measures will not have a significant negative impact on users.

### 5.4. Conclusion on Union interest

- (138) In view of the above, the Commission concluded that there are no compelling reasons to conclude that it is not in the Union interest to extend the existing anti-dumping measures on imports of aluminium radiators originating in the PRC.

## 6. ANTI-DUMPING MEASURES

- (139) All interested parties were informed of the essential facts and considerations on the basis of which it was intended to maintain the anti-dumping measures in force. They were also granted a period within which they could submit comments subsequent to this disclosure and to request a hearing with the Commission and/or the Hearing Officer in trade proceedings. No comments or submissions, or requests for hearings, were received.
- (140) It follows from the above considerations that the anti-dumping measures applicable to imports of aluminium radiators originating in the PRC imposed by the definitive Regulation, as amended by the amending Regulation, should be maintained.
- (141) The individual company anti-dumping duty rates specified in this Regulation are solely applicable to imports of the product concerned produced by these companies and thus by the specific legal entities mentioned. Imports of the product concerned manufactured by any other company not specifically mentioned in the operative part of this Regulation with its name and address, including entities related to those specifically mentioned, cannot benefit from these rates and shall be subject to the duty rate applicable to 'all other companies'.

(142) Any claim requesting the application of these individual anti-dumping duty rates (e.g. following a change in the name of the entity or following the setting up of new production or sales entities) should be addressed to the Commission <sup>(6)</sup> immediately with all relevant information, in particular any modification in the company's activities linked to production, domestic and export sales associated with, for instance, that name change or that change in the production and sales entities. If appropriate, the Regulation will then be amended accordingly by updating the list of companies benefiting from individual duty rates.

(143) 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 radiators and elements or sections of which such radiator is composed, whether or not such elements are assembled in blocks, excluding radiators and elements and sections thereof of the electrical type, currently falling within CN codes ex 7615 10 10, ex 7615 10 80, ex 7616 99 10 and ex 7616 99 90 (TARIC codes 7615 10 10 10, 7615 10 80 10, 7616 99 10 91, 7616 99 90 01 and 7616 99 90 91) 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, for the product described in paragraph 1 and produced by the companies listed below shall be as follows:

Company	Duty (%)	TARIC additional code
Zhejiang Flyhigh Metal Products Co., Ltd	12,6	B272
Metal Group Co. Ltd	56,2	B273
Sira (Tianjin) Aluminium Products Co. Ltd	14,9	B279
Sira Group (Tianjin) Heating Radiators Co. Ltd	14,9	B280
Companies listed in Annex I	21,2	
All other companies	61,4	B999

3. The application of the individual duty rates specified for the companies mentioned in paragraph 2 shall be conditional upon presentation to the customs authorities of the Member States of a valid commercial invoice, which shall conform to the requirements set out in Annex II. If no such invoice is presented, the duty applicable to all other companies shall apply.

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

#### Article 2

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

- it did not export to the Union the product described in paragraph 1 in the period between 1 July 2010 and 30 June 2011;
- it is not related to any exporter or producer in the People's Republic of China which is subject to the anti-dumping measures imposed by this Regulation;
- it has actually exported to the Union the product concerned or it has entered into an irrevocable contractual obligation to export a significant quantity to the Union after the end of the original investigation period;

the Commission may amend Annex I by adding the new exporting producer to the cooperating companies not included in the sample of the original investigation and thus subject to the weighted average duty of 21,2 %.

#### Article 3

This Regulation shall enter into force on the day following that of its publication in the *Official Journal of the European Union*.

<sup>(6)</sup> European Commission, Directorate-General for Trade, Directorate H, B-1049 Brussels, Belgium.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 14 January 2019.

*For the Commission*  
*The President*  
Jean-Claude JUNCKER

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## ANNEX I

Company Name	TARIC additional code
Jinyun Shengda Industry Co., Ltd	B274
Ningbo Ephraim Radiator Equipment Co., Ltd	B275
Ningbo Everfamily Radiator Co., Ltd	B276
Ningbo Ningshing Kinhil Industrial Co., Ltd	B277
Ningbo Ninhshing Kinhil International Co., Ltd	B278
Yongkang Jinbiao Machine Electric Co., Ltd	B281
Yongkang Sanghe Radiator Co., Ltd	B282
Zhejiang Aishuibao Piping Systems Co., Ltd	B283
Zhejiang Botai Tools Co., Ltd	B284
Zhejiang East Industry Co., Ltd	B285
Zhejiang Guangying Machinery Co., Ltd	B286
Zhejiang Kangfa Industry & Trading Co., Ltd	B287
Zhejiang Liwang Industrial and Trading Co., Ltd	B288
Zhejiang Ningshuai Industry Co., Ltd	B289
Zhejiang Rongrong Industrial Co., Ltd	B290
Zhejiang Yuanda Machinery & Electrical Manufacturing Co., Ltd	B291

## ANNEX II

A declaration signed by an official of the entity issuing the commercial invoice, in the following format, must appear on the valid commercial invoice referred to in Article 1(3):

- (1) the name and function of the official of the entity issuing the commercial invoice;
- (2) the following declaration:

'I, the undersigned, certify that the (volume) of aluminium radiators and elements or sections of which such radiator is composed, sold for export to the European Union covered by this invoice, was manufactured by (company name and registered seat) (TARIC additional code) in the People's Republic of China. I declare that the information provided in this invoice is complete and correct.

Date and signature'.

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