

**COMMISSION IMPLEMENTING REGULATION (EU) 2023/112****of 18 January 2023****imposing a definitive anti-dumping duty on imports of certain aluminium road wheels originating in the People's Republic of China following an expiry review pursuant to Article 11(2) of Regulation (EU) 2016/1036 of the European Parliament and of the Council**

THE EUROPEAN COMMISSION,

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

Having regard to Regulation (EU) 2016/1036 of the European Parliament and of the Council of 8 June 2016 on protection against dumped imports from countries not members of the European Union ('the basic Regulation')<sup>(1)</sup>, and in particular Article 11(2) thereof,

Whereas:

**1. PROCEDURE****1.1. Previous investigations and measures in force**

- (1) By Implementing Regulation (EU) No 964/2010<sup>(2)</sup>, the Council imposed anti-dumping duties on imports of certain aluminium wheels originating in People's Republic of China ('the PRC' or 'China' or 'country concerned') ('the original measures'). The investigation that led to the imposition of the original measures will hereinafter be referred to as 'the original investigation'.
- (2) Following an expiry review investigation pursuant to Article 11(2) of the basic Regulation, the European Commission ('the Commission') prolonged the original measures for another five years as from 25 January 2017 by Implementing Regulation (EU) 2017/109<sup>(3)</sup> ('previous expiry review investigation').
- (3) The measures in place are in the form of an ad valorem duty established at 22,3 % on imports from the PRC.

**1.2. Request for an expiry review**

- (4) Following the publication of a notice of impending expiry<sup>(4)</sup> the Commission received a request for a review pursuant to Article 11(2) of the basic Regulation.
- (5) The request for review was submitted on 21 October 2021 by the Association of European Wheels Manufacturers (EUWA) ('the applicant') on behalf of the Union industry of certain aluminium wheels in the sense of Article 5(4) of the basic Regulation. The request for review was based on the grounds that the expiry of the measures would likely result in continuation of dumping and continuation or recurrence of injury to the Union industry.
- (6) The complainants requested that their names be kept confidential for fear that they could face retaliation by customers. The Commission took the view that there was indeed a serious risk of retaliation and accepted that the names of the complainants should not be disclosed. In order to effectively grant anonymity, the names of the other Union producers were also kept confidential, as to avoid that by deduction the names of the complainants could be identified.

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

<sup>(2)</sup> Council Implementing Regulation (EU) No 964/2010 of 25 October 2010 imposing a definitive anti-dumping duty and collecting definitively the provisional duty imposed on imports of certain aluminium road wheels originating in the People's Republic of China (OJ L 282, 28.10.2010, p. 1).

<sup>(3)</sup> Commission Implementing Regulation (EU) 2017/109 of 23 January 2017 imposing a definitive anti-dumping duty on imports of certain aluminium road wheels originating in the People's Republic of China following an expiry review pursuant to Article 11(2) of Regulation (EU) 2016/1036 of the European Parliament and of the Council (OJ L 18, 24.1.2017, p. 1).

<sup>(4)</sup> Notice of the impending expiry of certain anti-dumping measures (OJ C 47, 10.2.2015, p. 4).

### 1.3. Initiation of an expiry review

- (7) Having determined, after consulting the Committee established by Article 15(1) of the basic Regulation, that sufficient evidence existed for the initiation of an expiry review, the Commission initiated, on 20 January 2022, by a Notice published in the *Official Journal of the European Union* <sup>(5)</sup> ('the Notice of Initiation'), an expiry review with regard to imports into the Union of certain aluminium wheels originating in China on the basis of Article 11(2) of the basic Regulation.

### 1.4. Review investigation period and period considered

- (8) The investigation of continuation of dumping covered the period from 1 October 2020 to 30 September 2021 ('the review investigation period'). The examination of trends relevant for the assessment of the likelihood of a continuation or recurrence of injury covered the period from 1 January 2018 to the end of the review investigation period ('the period considered').

### 1.5. Interested parties and request for anonymity

- (9) In the Notice of Initiation, interested parties were invited to contact the Commission in order to participate in the investigation. In addition, the Commission specifically informed the applicants, other known Union producers, the known producers in the PRC and the authorities of the People's Republic of China, known importers, users, traders, as well as associations known to be concerned about the initiation of the expiry review investigation and invited them to participate.
- (10) Interested parties had an opportunity to comment on the initiation of the expiry review and to request a hearing with the Commission and/or the Hearing Officer in trade proceedings. No comments were made and no requests for a hearing were received.

### **Sampling**

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

#### *Sampling of Union producers*

- (12) In the Notice of Initiation, the Commission stated that it had provisionally selected a sample of Union producers. Pursuant to Article 17 of the basic Regulation, the criterion used for the selection of the sample was the largest representative quantities of production of the like product in the Union during the investigation period, i.e. 1 October 2020 – 30 September 2021. This provisional sample consisted of three Union producers, located in three different Member States. The sample accounted for almost 20 % of the total production quantity of the known Union producers of the like product, and it ensures a good geographical spread. The Commission invited interested parties to comment on the provisional sample but no comments were received. The Commission thus confirmed the provisionally selected sample as the definitive sample.

#### *Sampling of unrelated importers*

- (13) To decide whether sampling was necessary and, if so, to select a sample, the Commission asked unrelated importers to provide the information specified in the Notice of Initiation. No unrelated importers, however, came forward.

#### *Sampling of exporting producers in the PRC*

- (14) To decide whether sampling was necessary and, if so, to select a sample, the Commission asked all known exporting producers in China to provide the information specified in the Notice of Initiation. In addition, the Commission asked the Mission of the People's Republic of China to the European Union to identify and/or contact other exporting producers, if any, that could be interested in participating in the investigation.
- (15) One exporting producer in the country concerned provided the requested information and agreed to be included in the sample. In view of the low number, the Commission decided that sampling was not necessary.

### 1.6. Questionnaire replies to the questionnaire and verification visits

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

<sup>(5)</sup> Notice of the impending expiry of certain anti-dumping measures (OJ C 29, 20.1.2022, p. 34).

- (17) The Commission sent questionnaires to three Union producers, the complainant and one exporting producer. At the initiation the same questionnaires were made online on the day of initiation on DG Trade's website <sup>(6)</sup>.
- (18) Questionnaire replies were received from the three sampled Union producers. The exporting producer that came forward during the sampling did not provide a questionnaire reply. No reply was received from any of the unrelated importers. None of the users provided a questionnaire or came forward during the investigation. The GOC did also not provide a questionnaire reply.
- (19) Because there was no cooperation from the Chinese exporting producers or the GOC, the findings with regard to dumping and injury were made on the basis of facts available pursuant to Article 18 of the basic Regulation. The Mission of the People's Republic of China to the European Union was informed accordingly. No comments were received.
- (20) The Commission sought all the information deemed necessary for the investigation. In accordance with the Notice on the consequences of the COVID-19 outbreak on anti-dumping and anti-subsidy investigations, one sampled Union producer was verified through remote crosschecking <sup>(7)</sup>.
- (21) The Commission carried out verification visits pursuant to Article 16 of the basic Regulation in the premises of two sampled Union producers.

### 1.7. Subsequent procedure

- (22) On 18 November 2022, the Commission disclosed the essential facts and considerations on the basis of which it intended to maintain the anti-dumping duties in force. All parties were granted a period within which they could make comments on the disclosure.
- (23) The comments made by interested parties were considered by the Commission and taken into account, where appropriate. The parties who so requested were granted a hearing.

## 2. PRODUCT UNDER REVIEW AND LIKE PRODUCT

### 2.1. Product under review

- (24) The product under review is aluminium road wheels of the motor vehicles of CN headings 8701 to 8705, whether or not with their accessories and whether or not fitted with tyres and originating in the PRC ('the product concerned' or 'aluminium wheels' or 'ARW'), currently falling under CN code(s) ex 8708 70 10 and ex 8708 70 50 (TARIC codes 8708 70 10 15, 8708 70 10 50, 8708 70 50 15 and 8708 70 50 50).
- (25) The product concerned is sold in the Union via two distribution channels: to the original equipment manufacturers ('OEM') segment and to the aftermarket (AM) segment. In the OEM segment, car manufacturers organise tender procedures for ARWs and are often involved in the process of developing a new wheel which is associated with their brand. Both Union producers and Chinese exporters can compete in the same tenders. In the AM sector, ARWs are usually designed, developed and branded by ARW producers to be then sold to wholesalers, retailers, tuning companies, car repair shops, etc.
- (26) As in the original investigation, it was established that although OEM and AM aluminium wheels have different distribution channels they share the same physical and technical characteristics and are interchangeable. They are therefore considered to form one single product.

### 2.2. Like product

- (27) As established in the previous expiry review, this expiry review investigation confirmed that the following products have the same basic physical, chemical and technical characteristics as well as the same basic uses:
- the product concerned;
  - the product produced and sold on the domestic market of PRC; and
  - the product produced and sold in the Union by the Union industry.

<sup>(6)</sup> <https://tron.trade.ec.europa.eu/investigations/case-view?caseId=2575>

<sup>(7)</sup> OJ C 86, 16.3.2020, p. 6.

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

### 2.3. Claims regarding product scope

- (29) The Commission did not receive any claim regarding the product scope.

## 3. DUMPING

- (30) In accordance with Article 11(2) of the basic Regulation, the Commission examined whether the expiry of the measure in force would be likely to lead to a continuation or recurrence of dumping from the PRC.

### 3.1. Preliminary remarks

- (31) As mentioned in recital 19, no exporter/producer from China cooperated in the investigation. Therefore, the Commission informed the authorities of the PRC that due to the absence of cooperation, the Commission might apply Article 18 of the basic Regulation concerning the findings with regard to the PRC. No reply was received, and therefore the Commission decided to apply Article 18.
- (32) Consequently, in accordance with Article 18 of the basic Regulation, the findings in relation to the likelihood of continuation or recurrence of dumping were based on facts available, in particular information in the request for review, and information obtained from cooperating parties in the course of the review investigation (namely, the applicant and the sampled Union producers).
- (33) During the review investigation period, imports of certain aluminium wheels from China continued albeit at lower levels than in the investigation period of the original investigation. According to Eurostat imports of certain aluminium wheels from China accounted for about 3,4 % of the Union market in the review investigation period compared to 12,4 % market share during the original investigation, and 3,2 % during the previous expiry review.

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

- (34) Given the sufficient evidence available at the initiation of the investigation tending to show, with regard to the PRC, the existence of significant distortions within the meaning of point (b) of Article 2(6a) of the basic Regulation, the Commission initiated the investigation on the basis of Article 2(6a) of the basic Regulation.
- (35) In order to obtain information it deemed necessary for its investigation with regard to the alleged significant distortions, the Commission sent a questionnaire to the GOC. In addition, in the Notice of Initiation, the Commission invited all interested parties to make their views known, submit information and provide supporting evidence regarding the application of Article 2(6a) of the basic Regulation within 37 days of the date of publication of the Notice of Initiation in the *Official Journal of the European Union*. No questionnaire reply was received from the GOC and no submission on the application of Article 2(6a) of the basic Regulation was received within the deadline.
- (36) In the Notice of Initiation, the Commission also specified that, in view of the evidence available, it may need to select an appropriate representative country pursuant to Article 2(6a)(a) of the basic Regulation for the purpose of determining the normal value based on undistorted prices or benchmarks. The Commission further stated that it would examine other possibly appropriate countries in accordance with the criteria set out in first indent of Article 2(6a) of the Basic regulation.
- (37) On 12 May 2022, the Commission informed interested parties by a Note the relevant sources it intended to use for the determination of the normal value, with Brazil as the representative country. It also informed interested parties that it would establish selling, general and administrative costs ('SG&A') and profits based on available information for the companies Iochpe Maxion S.A. and Neo Rodas S.A, producers in the representative country. No comments were received.

### 3.3. Normal value

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

- (39) However, according to Article 2(6a)(a) of the basic Regulation, ‘in case it is determined [...] that it is not appropriate to use domestic prices and costs in the exporting country due to the existence in that country of significant distortions within the meaning of point (b), the normal value shall be constructed exclusively on the basis of costs of production and sale reflecting undistorted prices or benchmarks’, and ‘shall include an undistorted and reasonable amount of administrative, selling and general costs and for profits’ (‘administrative, selling and general costs’ is referred hereinafter as ‘SG&A’).
- (40) As further explained below, the Commission concluded in the present investigation that, based on the evidence available, and in view of the lack of cooperation of the GOC and the exporting producers, the application of Article 2(6a) of the basic Regulation was appropriate.

### 3.3.1. Existence of significant distortions

- (41) In recent investigations concerning the aluminium sector in the PRC<sup>(8)</sup>, the Commission found that significant distortions in the sense of Article 2(6a)(b) of the basic Regulation were present.
- (42) In those investigations, the Commission found that there is substantial government intervention in the PRC resulting in a distortion of the effective allocation of resources in line with market principles<sup>(9)</sup>. In particular, the Commission concluded that in the aluminium sector not only does a substantial degree of ownership by the GOC persist in the sense of Article 2(6a)(b), first indent of the basic Regulation<sup>(10)</sup> but the GOC is also in a position to interfere with prices and costs through State presence in firms in the sense of Article 2(6a)(b), second indent of the basic Regulation<sup>(11)</sup>. The Commission further found that the State’s presence and intervention in the financial markets, as well as in the provision of raw materials and inputs, have an additional distorting effect on the market. Indeed, overall, the system of planning in the PRC results in resources being concentrated in sectors designated as strategic or otherwise politically important by the GOC, rather than being allocated in line with market forces<sup>(12)</sup>. Moreover, the Commission concluded that the Chinese bankruptcy and property laws do not work properly in the sense of Article 2(6a)(b), fourth indent of the basic Regulation, thus generating distortions in particular when maintaining insolvent firms afloat and when allocating land use rights in the PRC<sup>(13)</sup>. In the same

<sup>(8)</sup> Commission Implementing Regulation (EU) 2022/402 of 9 March 2022 imposing a definitive anti-dumping duty on imports of certain aluminium foil originating in the People’s Republic of China following an expiry review pursuant to Article 11(2) of Regulation (EU) 2016/1036 of the European Parliament and of the Council (OJ L 83, 10.3.2022, p. 7); Commission Implementing Regulation (EU) 2021/546 of 29 March 2021 imposing a definitive anti-dumping duty and definitively collecting the provisional duty imposed on imports of aluminium extrusions originating in the People’s Republic of China (OJ L 109, 30.3.2021, p. 1); Commission Implementing Regulation (EU) 2021/582 of 9 April 2021 imposing a provisional anti-dumping duty on imports of aluminium flat-rolled products originating in the People’s Republic of China (OJ L 124, 12.4.2021, p. 40); Commission Implementing Regulation (EU) 2021/983 of 17 June 2021 imposing a provisional anti-dumping duty on imports of aluminium converter foil originating in the People’s Republic of China (OJ L 216, 18.6.2021, p. 142).

<sup>(9)</sup> Implementing Regulation (EU) 2022/402, recitals 50-52; Implementing Regulation (EU) 2021/582, recitals 125-131 and 185-188; Implementing Regulation (EU) 2021/983, recitals 80-86 and 140-143.

<sup>(10)</sup> Implementing Regulation (EU) 2022/402, recital 39; Commission Implementing Regulation (EU) 2020/1428 of 12 October 2020 imposing a provisional anti-dumping duty on imports of aluminium extrusions originating in the People’s Republic of China (OJ L 336, 13.10.2020, p. 8), recitals 98-104; Implementing Regulation (EU) 2021/582, recitals 132-137; Implementing Regulation (EU) 2021/983, recitals 87-92.

<sup>(11)</sup> Implementing Regulation (EU) 2022/402, recitals 40-42; Implementing Regulation (EU) 2021/582, recitals 138-143; Commission Implementing Regulation (EU) 2021/983, recitals 93-98. While the right to appoint and to remove key management personnel in SOEs by the relevant State authorities, as provided for in the Chinese legislation, can be considered to reflect the corresponding ownership rights, CCP cells in enterprises, state owned and private alike, represent another important channel through which the State can interfere with business decisions. According to the PRC’s company law, a CCP organisation is to be established in every company (with at least three CCP members as specified in the CCP Constitution) and the company shall provide the necessary conditions for the activities of the party organisation. In the past, this requirement appears not to have always been followed or strictly enforced. However, since at least 2016 the CCP has reinforced its claims to control business decisions in SOEs as a matter of political principle. The CCP is also reported to exercise pressure on private companies to put ‘patriotism’ first and to follow party discipline. In 2017, it was reported that party cells existed in 70 % of some 1,86 million privately owned companies, with growing pressure for the CCP organisations to have a final say over the business decisions within their respective companies. These rules are of general application throughout the Chinese economy, across all sectors, including the producers of aluminium wheels and the suppliers of their inputs.

<sup>(12)</sup> Implementing Regulation (EU) 2022/402, recitals 43-45; Implementing Regulation (EU) 2021/582, recitals 144-166; Implementing Regulation (EU) 2021/983, recitals 99-120.

<sup>(13)</sup> Implementing Regulation (EU) 2022/402, recital 46; Implementing Regulation (EU) 2021/582, recitals 167-171; Implementing Regulation (EU) 2021/983, recitals 121-125.

vein, the Commission found distortions of wage costs in the aluminium sector in the sense of Article 2(6a)(b), fifth indent of the basic Regulation<sup>(14)</sup>, as well as distortions in the financial markets in the sense of Article 2(6a)(b), sixth indent of the basic Regulation, in particular concerning access to capital for corporate actors in the PRC<sup>(15)</sup>.

- (43) Like in previous investigations concerning the aluminium sector in the PRC, the Commission examined in the present investigation whether it was appropriate or not to use domestic prices and costs in the PRC, due to the existence of significant distortions within the meaning of point (b) of Article 2(6a) of the basic Regulation. The Commission did so on the basis of the evidence available on the file, including the evidence contained in the request, as well as in the Commission Staff Working document on significant distortions in the economy of the People's Republic of China for the purposes of trade defence investigations<sup>(16)</sup> ('the Report'), which relies on publicly available sources. That analysis covered the examination of the substantial government interventions in the PRC's economy in general, but also the specific market situation in the relevant sector including the product under review. The Commission further supplemented these evidentiary elements with its own research on the various criteria relevant to confirm the existence of significant distortions in the PRC, as also found by its previous investigations in this respect.
- (44) The request in this case referred to the Report, in particular to the sections concerning the aluminium sector and state-owned enterprises, a VAT policy and an export tax impacting exports, as well as to previous Commission investigations of aluminium and downstream products<sup>(17)</sup>. Moreover, the request referred independent studies which conclude that the Chinese aluminium market is distorted, such as the Report on overcapacities in China issued by the European Union Chamber of commerce in Beijing, and the 2019 OECD study 'Measuring distortions in international markets: the aluminium value chain'<sup>(18)</sup>. These studies were placed in the investigation file at the initiation stage. No comments on the studies were provided by any interested party.
- (45) In the aluminium sector, a substantial degree of ownership and control by the GOC persists in the sense of Article 2(6a)(b), first indent of the basic Regulation. Many of the largest producers are owned by the State. Since there was no cooperation from Chinese exporters of the product under review, the exact ratio of the private and state owned producers could not be determined. However, the investigation confirmed that in the aluminium wheels sector, a number of large producers are SOEs, including the CITIC Dicastal Wheel Manufacturing (the world's largest manufacturer of aluminium wheels according to the company's website<sup>(19)</sup>) and Dongfeng Motors Group (including two subsidiaries producing aluminium wheels: Dongfeng Automotive Wheel Suizhou and Dongfeng Maxion Wheels Suizhou).
- (46) As to the GOC being in a position to interfere with prices and costs through State presence in firms in the sense of Article 2(6a)(b), second indent of the basic Regulation, both public and privately owned enterprises in the aluminium sector are subject to policy supervision and guidance. During the investigation, the Commission established the existence of personal connections between producers of the product under review and the China Communist Party ('CCP'), such as CCP members among the senior management or members of the board of directors in a number of companies manufacturing the product under review. For example, in CITIC Dicastal Wheel Manufacturing, the Chairman of the Board of Directors is at the same time Party Committee Secretary, the Deputy Chairman of the Board of Directors works also as Deputy Party Committee Secretary and the Chairman of the Board of Supervisors is Deputy Party Committee Secretary. Also privately owned enterprises in the aluminium wheels industry are subject to party interference, for example in Zhejiang Wanfeng Aowei Auto Wheel, the Chairman of the Supervisory Board is also Deputy Secretary of the Party Committee and at least one member of the Board of Directors is also a member of the Party Organisation.

<sup>(14)</sup> Implementing Regulation (EU) 2022/402, recital 47; Implementing Regulation (EU) 2021/582, recitals 172-173; Implementing Regulation (EU) 2021/983, recitals 126-127.

<sup>(15)</sup> Implementing Regulation (EU) 2022/402, recital 48; Implementing Regulation (EU) 2021/582, recitals 174-184; Implementing Regulation (EU) 2021/983, recitals 128-139.

<sup>(16)</sup> Commission Staff Working document on significant distortions in the economy of the People's Republic of China, SWD(2017) 483 final/2, 20.12.2017, available at: [https://trade.ec.europa.eu/doclib/docs/2017/december/tradoc\\_156474.pdf](https://trade.ec.europa.eu/doclib/docs/2017/december/tradoc_156474.pdf)

<sup>(17)</sup> Commission Implementing Regulation (EU) 2019/915 of 4 June 2019 imposing a definitive anti-dumping duty on imports of certain aluminium foil in rolls 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 of the Council (OJ L 146, 5.6.2019, p. 63), Implementing Regulation (EU) 2021/546; Implementing Regulation (EU) 2021/582.

<sup>(18)</sup> OECD Trade Policy Papers, No 218, OECD Publishing, Paris, available at: <http://dx.doi.org/10.1787/c82911ab-en>

<sup>(19)</sup> <https://www.citic.com/ar2020/en/manufacturing/auto-components/>

- (47) Both public and privately owned enterprises in the aluminium wheel sector are subject to policy supervision and guidance. Many producers of the product under review explicitly emphasise party building activities on their websites, have party members in the company management and underline their affiliation to the CCP. The investigation revealed party building activities in a number of aluminium wheels producers, both in the SOEs and privately owned enterprises. As an example, the CITIC Group has an active Party Committee, organising regular events. On the company website, one can read that, among others: ‘All employees should follow [the old party members] as an example, keep their sincerity and loyalty to the Party forever’; ‘Party organizations at all levels should uphold and strengthen the overall leadership of the party, give full play to the role of Party branches as fighting fortresses, [...]’, ‘over the past 40 years, [...] CITIC was actively involved in test reforms and strived to be positively involved in the central government’s decision-making and deployment’, ‘the Party’s banner gives the development direction, and we must always stick to the Party’s banner direction; The Party gives the strategic orientation and we must implement the national strategy without deviation.’.
- (48) Another example of the presence of Party Committees in the company and thus policy supervision and guidance is Zhongnan Wheel, a privately owned company, who informs on its website that it established a Party Committee in 2020 <sup>(20)</sup>. The article explains the role of the Party Committee in the following way: ‘the Party branch should ensure that the, [company’s] development is led by Party building activities; [...] As a private enterprise, Zhongnan (Foshan) always adheres to “the Party leads everything” principle as regards the development of the company’s business’.
- (49) Zhejiang Wanfeng Aowei Auto Wheel is another privately owned company producing aluminium wheels with a Party Committee. According to its website, the Party branch was established in 1994, in the same year as the company itself and it has more than 470 members <sup>(21)</sup>.
- (50) In addition to party presence on the company level, the CCP is also present at the level of industry association. The China Association of Automobile Manufacturers has set up a Wheel Committee which has the following official working rules: ‘Article 3: The purpose of this committee is: to abide by the laws and regulations of the state, to actively publicize and implement the Party’s and the national guidelines, policies and decrees as regards the development of the automobile industry, to protect the overall interests of the industry and the legitimate rights and interests of its members, and to assist government departments and the China Association of Automobile Manufacturers in ensuring a good management of the industry’ and further in Article 4(2): ‘Actively participate in or assist government departments in the research, demonstration, evaluation, formulation and publicity of relevant standards and regulations regarding the wheel industry, and do a good job in the quality management and quality supervision of the industry <sup>(22)</sup>.’ This is in line with the Articles of Association of China Association of Automobile Manufacturers, which provide in Article 2: ‘The purpose of the Association is: to implement the national guidelines and policies; [...], to serve government departments’ and in Article 3: ‘The Association adheres to the overall leadership of the Communist Party of China, establishes an organization of the Communist Party of China, develops Party activities, and provides necessary conditions for the Party organization’s activities in accordance with the provisions of the Constitution of the Communist Party of China <sup>(23)</sup>.’
- (51) Furthermore, policies discriminating in favour of domestic producers or otherwise influencing the market in the sense of Article 2(6a)(b), third indent of the basic Regulation are in place in the aluminium sector.
- (52) The aluminium sector is subject to numerous plans, guidelines, directives and other policy documents issued at national, regional and municipal level. Since the review investigation period falls in a transitory time between the validity of the 13th and 14th Five-Year Plans (‘FYPs’), both sets of documents are of interest in the current review. The 13th FYPs were officially in force between 2016-2020, however a large number of the 14th FYPs were only published in the second part of 2021 and throughout the year 2022, hence the 13th FYPs remain relevant for the current review.

<sup>(20)</sup> <http://www.znlwheel.com/news/detail.aspx?AID=100000131158951&NodeCode=101030001>

<sup>(21)</sup> [http://www.zjzzgz.gov.cn/art/2018/11/8/art\\_1513449\\_29551627.html](http://www.zjzzgz.gov.cn/art/2018/11/8/art_1513449_29551627.html)

<sup>(22)</sup> [http://www.caam.org.cn/chn/42/cate\\_478/con\\_5084242.htm](http://www.caam.org.cn/chn/42/cate_478/con_5084242.htm)

<sup>(23)</sup> CAAM Articles of Association: [http://www.caam.org.cn/chn/2/cate\\_8/con\\_5223238.html](http://www.caam.org.cn/chn/2/cate_8/con_5223238.html)

- (53) Examples of policy documents guiding the development of the Chinese aluminium industry include the 13th FYP on Economic and Social Development <sup>(24)</sup> or the Non-Ferrous Metal Industry Development Plan (2016-2020) and other policies at the national level. Also, a number of regional plans such as, for example, the Shandong Province Government's Notice on the implementation plan for accelerating the high-quality development of the seven energy-intensive industries have been extensively documented by the Commission's previous investigation of the sector <sup>(25)</sup>. Similarly, the Commission has documented in detail that the aluminium industry benefits from governmental guidance and intervention concerning the main raw materials and inputs, in particular energy <sup>(26)</sup>. The same applies to other government measures in the sector interfering with market forces, such as, among others, export-related policies, stockpiling policies, production capacity expansion policies or provision of inputs at below market prices.
- (54) Currently, a number of more recent policy documents concerning the aluminium industry are in force in China, including the 14th FYP on Developing the Raw Materials Industry <sup>(27)</sup> and the 14th FYP on the Green Development of Industry <sup>(28)</sup> at the national level and provincial plans such as the Shandong Province 14th FYP on Aluminium Industry Development <sup>(29)</sup> and the Henan Implementing Measures for Capacity Replacement in Steel, Electrolytic Aluminium, Cement and Glass Industries 2021, at the local level.
- (55) The 14th FYP on Developing the Raw Materials Industry includes provisions ensuring availability of aluminium as raw material: 'Implement actions to overcome shortages in key materials; [...] Implement actions to consolidate and improve bulk basic materials and guide enterprises to use the new IT generation on the basis of optimised production processes so as to improve the overall competitiveness of [...], high-strength aluminium alloy, [...]'. The plan further calls for capacity control in the aluminium sector: 'Strictly control newly increased production capacity. Improve and strictly implement production capacity replacement policies for [...] the electrolytic aluminium sector, prevent the disorderly development of [...] and aluminium oxide'. The plan also entails geographical distribution of different industries in China, under the chapter 'Ensure guidance towards a reasonable layout'. The chapter reads as follows: 'The layout of new production capacity will be improved. [...] Implement national and regional key strategies, regional coordination development strategies, and key functional areas strategies, and encourage the raw materials industry to optimize and adjust its spatial layout. [...] Ensure the orderly layout of coastal areas with projects using overseas resources such as aluminium oxide'. The plan further talks about the creation of industrial clusters: 'Foster standardized industry clusters. [...], foster the shift in the layout of the electrolytic aluminium sector from "coal – electricity – aluminium" to "clean energy, such as hydro-power, wind power – aluminium"'. The plan lastly provides for a promotion of advanced technologies in the aluminium sector, promotion of the sector transformation. As can be seen from the above list, the aluminium sector is closely monitored and steered by the central government and the sector is to a large extent shaped by governmental intervention rather than by free market forces.
- (56) A number of industry guidance elements for the aluminium sector are also included in the 14th FYP on the Green Development of Industry. The plan underlines the importance of capacity control: 'Strictly implement the capacity replacement policy for industries such as steel, cement, flat glass and electrolytic aluminium'. The plan furthermore envisages equipment and technological reforms to reduce emissions of red mud as well as promotion of efficient low-carbon aluminium electrolysis. As with other industry development goals set out in the plans, it can be expected that to carry out the necessary transformation, financing will be made available to the enterprises to implement the goals of the plan <sup>(30)</sup>.
- (57) While the central level 14<sup>th</sup> FYPs provide rather general guidance concerning the development of the aluminium industry, the local plans are much more detailed and specific, providing very detailed goals and targets encompassing every aspect of the industry's development. The extent of China's interference into the aluminium industry at the local level is evident in the local guidance documents. One such example is the

<sup>(24)</sup> The 13th Five-Year Plan for Economic and Social Development of the People's Republic of China (2016-2020), available at [https://en.ndrc.gov.cn/newsrelease\\_8232/201612/P020191101481868235378.pdf](https://en.ndrc.gov.cn/newsrelease_8232/201612/P020191101481868235378.pdf) (last viewed 6 May 2021).

<sup>(25)</sup> Implementing Regulation (EU) 2021/582, recitals 147-155; Implementing Regulation (EU) 2021/983, recitals 102-109.

<sup>(26)</sup> Implementing Regulation (EU) 2021/582, recitals 156-158; Implementing Regulation (EU) 2021/983, recital 111.

<sup>(27)</sup> Full text of the plan available at: [https://www.miit.gov.cn/zwgk/zcwj/wjfb/tz/art/2021/art\\_2960538d19e34c66a5eb8d01b74cbb20.html](https://www.miit.gov.cn/zwgk/zcwj/wjfb/tz/art/2021/art_2960538d19e34c66a5eb8d01b74cbb20.html)

<sup>(28)</sup> [https://www.miit.gov.cn/zwgk/zcwj/wjfb/tz/art/2021/art\\_4ac49eddc6f43d68ed17465109b6001.html](https://www.miit.gov.cn/zwgk/zcwj/wjfb/tz/art/2021/art_4ac49eddc6f43d68ed17465109b6001.html)

<sup>(29)</sup> [http://gxt.shandong.gov.cn/art/2021/11/18/art\\_15681\\_10296248.html](http://gxt.shandong.gov.cn/art/2021/11/18/art_15681_10296248.html) <https://h5.drcnet.com.cn/docview.aspx?version=integrated>

<sup>(30)</sup> See Report, chapter 6.



Shandong Province 14th FYP on Aluminium Industry Development. The plan starts by listing the achievements in developing the aluminium industry during the 13<sup>th</sup> FYP, including construction of leading aluminium enterprises: 'A constellation of aluminium-processing backbone enterprises has been formed, including Shandong Weiqiao Pioneering Group Co. Ltd ("Weiqiao"), Shandong Xin Fa Group Co. Ltd. ("Xinfa"), Shandong Nanshan Aluminium Co. Ltd. ("Nanshan"), Shandong Innovation Metal Co. Ltd. ("Chuangxin"), Longkou Conglin Aluminium Material Co. Ltd. ("Conglin"), Huajian Aluminium Industry ("Huajian") and Shandong Sanxing Group ("Sanxing").' Further, the plan sets out general goals for the local aluminium industry development, including: '[...]give full play to the economy of scale of the aluminium industry in the province and focus on the coherence of the aluminium deep-processing industry, effectively enhance the industry's innovation capacity, deeply promote the extension of industry chains, to strive to have a reasonable structure for the aluminium industry emerge, optimise the layout and improve quality and efficiency and speed up the shaping of Shandong as a world-class, high-end aluminium industrial base.'

- (58) The plan of the Shandong Province further lists some very specific targets, for example: 'By 2025, the aluminium industry will reach CNY 800 billion, the end-products' market size will continue to expand, with high value-added products accounting for over 60 %, and the ratio of aluminium material production volume/electrolytic aluminium production volume will be higher than the national average, reaching 2.5:1. The province will evolve into a major aluminium industrial cluster with significant domestic and overseas influence.' And further: 'By 2025, the production capacity of electrolytic aluminium and aluminium oxide will be controlled, the electrolyzers will reach the high-level production capacity level of 400 kA and beyond, and the energy consumption (direct current) per tonne of aluminium for electrolytic aluminium will be reduced to about 12 500 kWh'.
- (59) The Shandong Plan also involves some very specific geographical prescriptions as to the location of the aluminium plants. The Plan envisages strengthening of specific areas: 'the three core areas: Binzhou, Liaocheng and Yantai, and the two functional areas: Weifang and Linyi.' For each of those areas, the plan is very specific as to the production facilities and materials to be manufactured in each location. As an example illustrating the level of detail of the Plan, for the Binzhou location it envisaged the following: 'Build the core area of Binzhou, characterized by the presence of the entire industry chain, and shape the city industry layout with the Zouping, and Binzhou Economic and Technological Development Zones around the Beihai Economic Development Zone; Involve leading and backbone enterprises so as to further expand the advantages of production scale and the comprehensive industrial chain, focus on the development of five main areas, such as lightweight and high-strength aluminium alloys, aluminium sheets and foils, 3C electronics, automotive light-weighting, and aluminium home furnishing; Ensure breakthroughs in the development of mid- to high-end products such as pistons, car wheels and hubs, automotive plates, and high-performance aluminium-alloy forgings for automotive chassis; and to replace steel, wood, plastic and other end-products by aluminium. With the support of scientific and technological research and development platforms such as Weiqiao Guoke Binzhou Science and Technology Park, breakthroughs will be made in the areas of high-purity aluminium, aluminium-based composite materials, special-sized component preparation technologies and aluminium-alloy welding technologies; Speed up the construction of the Shandong Aluminium Valley public-service platform and to unleash the supporting and driving forces of public services, commodity trading, finance, logistics and technological innovation, in order to create a "China Aluminium Valley"'. (emphasis added)
- (60) In addition, the Shandong Plan identifies 4 areas in the aluminium industry which need to be developed/strengthened: aluminium smelting, aluminium alloys, aluminium-based composites, aluminium processing and deep-processing. For each of those aluminium processing types, the plan sets out concrete goals and objectives to be achieved in the next 5 years. Furthermore, the Shandong Plan envisages that the local municipalities elaborate their own Five Year Plans to ensure coordination in industry development on all levels: 'Municipalities should build on this plan to develop regional aluminium sectoral plans and to achieve a synergistic development of the industry'.
- (61) Finally, the Shandong Plan sets out (financial) support measures for the local aluminium enterprises: 'Stepping up policy and regulatory support. To actively implement various national and provincial-level supporting policies, and provide reinforcement to qualified industrial clusters, key products, and key technologies and support enterprises in undertaking major national and provincial projects. Flexibly using new and old forms of energy to transform major engineering packages and support the development of "pioneering" enterprises, including

fiscal incentives, land supply, green energy allocation, tax cuts, and technological innovations, and to implement tax incentives for aluminium recycling. To encourage provincial-level equity investment funds to foster research and development and the industrialisation of new, priority products, attracting and leveraging greater investment in social capital.’

- (62) It is obvious from the above examples, that the extent of governmental involvement goes well beyond the general support of a country’s industry. It constitutes strict control and governmental management of every single aspect concerning the industry on every level – from national, through provincial to municipal. In addition to the above, the aluminium wheels producers are also beneficiaries of state subsidies, which clearly indicates the interest of the state in this sector. During the investigation, the Commission established that a number of aluminium wheels producers benefited from direct state subsidies, including Zhejiang Wanfeng Aowei Auto Wheel <sup>(31)</sup> and Dongfeng Motors <sup>(32)</sup>.
- (63) In sum, the GOC has measures in place to induce operators to comply with the public policy objectives of supporting encouraged industries, including the production of the main inputs used in the manufacturing of the product under review. Such measures impede market forces from operating freely.
- (64) The present investigation has not revealed any evidence that the discriminatory application or inadequate enforcement of bankruptcy and property laws according to Article 2(6a)(b), fourth indent of the basic Regulation in the aluminium sector referred to above in recital 42 would not affect the manufacturers of the product under review.
- (65) The aluminium sector is also affected by the distortions of wage costs in the sense of Article 2(6a)(b), fifth indent of the basic Regulation, as also referred to above in recital 42. Those distortion affect the sector both directly (when producing the product under review or the main inputs), as well as indirectly (when having access to capital or inputs from companies subject to the same labour system in the PRC).
- (66) Moreover, no evidence was submitted in the present investigation demonstrating that the aluminium sector is not affected by the government intervention in the financial system in the sense of Article 2(6a)(b), sixth indent of the basic Regulation, as also referred to above in recital 42. Therefore, the substantial government intervention in the financial system leads to the market conditions being severely affected at all levels.
- (67) Finally, the Commission recalls that in order to produce the product under review, a number of inputs is needed. When the producers of the product under review purchase or contract for these inputs, the prices paid (and which are recorded as their costs) are exposed to the same systemic distortions mentioned before. For instance, suppliers of inputs employ labour that is subject to the distortions; they may borrow money that is subject to the distortions on the financial sector/capital allocation; and they are subject to the planning system that applies across all levels of government and sectors.
- (68) As a consequence, not only the domestic sales prices of the product under review are not appropriate for use within the meaning of Article 2(6a)(a) of the basic Regulation, but all the input costs (including raw materials, energy, land, financing, labour, etc.) are also affected because their price formation is affected by substantial government intervention, as described in Parts I and II of the Report. Indeed, the government interventions described in relation to the allocation of capital, land, labour, energy and raw materials are present throughout the PRC. This means, for instance, that an input that in itself was produced in the PRC by combining a range of factors of production is exposed to significant distortions. The same applies for the input to the input and so forth.
- (69) No evidence or argument to the contrary has been adduced by any of the interested parties.
- (70) In sum, the evidence available showed that prices or costs of the product under review, including the costs of raw materials, energy and labour, are not the result of free market forces because they are affected by substantial government intervention within the meaning of Article 2(6a)(b) of the basic Regulation as shown by the actual or potential impact of one or more of the relevant elements listed therein. On that basis, and in the absence of any cooperation from the GOC, the Commission concluded that it is not appropriate to use domestic prices and costs to establish normal value in this case. Consequently, the Commission proceeded to construct the normal value exclusively on the basis of costs of production and sale reflecting undistorted prices or benchmarks, that is, in this case, on the basis of corresponding costs of production and sale in an appropriate representative country, in accordance with Article 2(6a)(a) of the basic Regulation, as discussed in the following section.

<sup>(31)</sup> See 2021 Zhejiang Wanfeng Aowei Auto Wheel Annual Report, p. 192 <http://www.wfaw.com.cn/gongsigonggao/download-265.html>

<sup>(32)</sup> See Dongfeng Motors 2021 Annual Report, p. 153: [http://file.finance.sina.com.cn/211.154.219.97:9494/MRGG/CNSESH\\_STOCK/2022/2022-3/2022-03-31/7941734.PDF](http://file.finance.sina.com.cn/211.154.219.97:9494/MRGG/CNSESH_STOCK/2022/2022-3/2022-03-31/7941734.PDF)

### 3.3.2. Representative country

#### 3.3.2.1. General remarks

- (71) The choice of the representative country should be based on the following criteria pursuant to Article 2(6a) of the basic Regulation:
- A level of economic development similar to PRC. For this purpose, the Commission used countries with a gross national income per capita similar to PRC on the basis of the database of the World Bank <sup>(33)</sup>;
  - Production of the product under review in that country <sup>(34)</sup>;
  - Availability of relevant public data in the representative country.
  - Where there is more than one possible representative country, preference should be given, where appropriate, to the country with an adequate level of social and environmental protection.
- (72) As explained in recital 37, the Commission issued a Note on the sources for the determination of the normal value on 12 May 2022. This note described the facts and evidence underlying the relevant criteria, informed interested parties of the Commission's intention to consider Brazil as an appropriate representative country in the present case if the existence of significant distortions pursuant to Article 2(6a) of the basic Regulation would be confirmed.
- (73) In line with the criteria listed under Article 2(6a) of the basic Regulation, the Commission identified Brazil as a country with a similar level of economic development as the PRC. Brazil is classified by the World Bank as 'upper-middle income' country on a gross national income basis. Furthermore, Brazil was identified as a country where the product under review is being produced with relevant data was readily available.
- (74) Finally, given the absence of cooperation and having established that Brazil was an appropriate representative country, based on all of the above elements, there was no need to carry out an assessment of the level of social and environmental protection in accordance with the last sentence of Article 2(6a)(a) first indent of the basic Regulation.

#### 3.3.2.2. Conclusion

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

### 3.3.3. Sources used to establish undistorted costs

- (76) In the note on relevant sources to use for the determination of the normal value, the Commission listed the factors of production such as materials, energy and labour used in the production of the product under review by the exporting producers. The Commission also stated that, in order to construct the normal value in accordance with Article 2(6a)(a) of the basic Regulation, it would use Global Trade Atlas ('GTA') to establish the undistorted cost of most of the factors of production, notably the raw materials. In addition, the Commission stated that it would use information from: the Brazilian statistical institute for establishing undistorted costs of labour, public tariffs from electricity suppliers in Brazil and available database for natural gas.
- (77) Finally, the Commission stated that to establish SG&A costs and profit, it would use the financial data from the two Brazilian producers of the product under review, as set out in recital 37 above.
- (78) The Commission included a value for manufacturing overhead costs in order to cover costs not included in the factors of production referred to above. The Commission established the ratio of manufacturing overheads to the direct costs of manufacturing, based on data of Union producers provided by the applicant, which provided specific information for that purpose.

<sup>(33)</sup> World Bank Open Data – Upper Middle Income, <https://data.worldbank.org/income-level/upper-middle-income>.

<sup>(34)</sup> If there is no production of the product under review in any country with a similar level of development, production of a product in the same general category and/or sector of the product under review may be considered.

### 3.4. Undistorted costs and benchmarks

#### 3.4.1. Factors of production

- (79) Considering all the information based on the request and subsequent information collected during the proceeding, the following factors of production and their sources have been identified in order to determine the normal value in accordance with Article 2(6a)(a) of the basic Regulation:

Table 1

#### Factors of production of certain aluminium road wheels

Factor of Production	Commodity Code	Value (RMB)	Unit of measurement
<b>Raw materials</b>			
Aluminium ingots	760120	14,56	kg
Paint	320810 320820 320890	48,69	kg
All other raw materials; additives; packaging	N/A	4,48 % of raw materials	N/A
<b>Labour</b>			
Labour Cost in the manufacturing industries (NACE C.25)	N/A	28,44	hour
<b>Energy</b>			
Electricity	N/A	0,432	kWh
Natural Gas	N/A	0,357	kWh
<b>Water</b>			
Water	N/A	12,87	M3

#### 3.4.1.1. Raw materials

- (80) In order to establish the undistorted price of raw materials as delivered at the gate of a representative country producer, the Commission used as a basis the weighted average import price to the representative country as reported in the GTA to which import duties were added. An import price in the representative country was determined as a weighted average of unit prices of imports from all third countries excluding the PRC and countries which are not members of the WTO, listed in Annex 1 of Regulation (EU) 2015/755 of the European Parliament and the Council<sup>(35)</sup>.
- (81) The Commission decided to exclude imports from the PRC into the representative country as it concluded in section [3.3.1] that it is not appropriate to use domestic prices and costs in the PRC due to the existence of significant distortions in accordance with Article 2(6a)(b) of the basic Regulation. Given that there is no evidence showing that the same distortions do not equally affect products intended for export, the Commission considered that the same distortions affected export prices. After excluding imports from the PRC into the representative country, the volume of imports from other third countries remained representative.

<sup>(35)</sup> Regulation (EU) 2015/755 of the European Parliament and of the Council of 29 April 2015 on common rules for imports from certain third countries (OJ L 123, 19.5.2015, p. 33). Article 2(7) of the basic Regulation considers that domestic prices in those countries cannot be used for the purpose of determining normal value and, in any event, such import data was negligible.

(82) For a number of factors of production the actual costs incurred by the cooperating exporting producers represented a negligible share of total raw material costs in the review investigation period. As the value used for these had no appreciable impact on the dumping margin calculations, regardless of the source used, the Commission decided to include those costs into all other raw materials. In order to establish an undistorted value of all other raw materials and given the absence of cooperation from the exporting producers, the Commission used facts available in accordance with Article 18 of the basic Regulation. Therefore, based on the data of provided by the applicant, the Commission established the ratio of all other raw materials to the total raw material costs, 4,48 %. This percentage was then applied to the undistorted value of the raw materials to obtain the undistorted value of other raw materials.

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

#### 3.4.1.2. Labour

(84) To establish the benchmark for labour costs in the representative country, the Commission used available data published by the Brazilian government agency 'Instituto Brasileiro de Geografia e Estatística' (IBGE). IBGE<sup>(36)</sup> publishes detailed information on wages in different economic sectors in Brazil. The Commission used the available statistics for 2020 for average labour cost in the Metallurgy, steel and manufacturing industries (Category 25 according to the NACE 2.0).

#### 3.4.1.3. Electricity

(85) To establish the benchmark for electricity in the representative country, the Commission used the latest available data on electricity industrial prices as charged by one of the largest electricity suppliers in Brazil, the company EDP Brazil. The Commission used the data on the industrial electricity prices<sup>(37)</sup> in the corresponding consumption band in Brazilian Real/kWh covering the review investigation period.

#### 3.4.1.4. Natural gas

(86) The price of natural gas for companies (industrial users) in Brazil is collected and published by the database Global Petrol Prices in its website<sup>(38)</sup>. The Commission used the corresponding pricing from the publication covering the review investigation period.

#### 3.4.1.5. Water

(87) To establish the benchmark for the cost of water in the representative country, the Commission used the applicable prices in Brazil as charged by the company Sabesp<sup>(39)</sup> that is responsible for water supply, sewage collection and treatment in the State of Sao Paulo.

#### 3.4.1.6. Manufacturing overhead costs, SG&A, profits and depreciation

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

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

<sup>(36)</sup> <https://www.ibge.gov.br/en/statistics/economic/industry-and-construction/16906-pia-enterprise-pia1.html?=&t=o-que-e>

<sup>(37)</sup> <http://www.edp.com.br/distribuicao-es/saiba-mais/informativos/tarifas-aplicadas-a-clientes-atendidos-em-alta-e-media-tensao-grupo-a>

<sup>(38)</sup> <https://www.globalpetrolprices.com/Brazil/>

<sup>(39)</sup> <http://site.sabesp.com.br/site/interna/Default.aspx?secaoId=183>

(90) For establishing an undistorted and reasonable amount for SG&A and profit, the Commission relied on the most recent available financial data companies in Brazil that had been identified in the FoP Note as active and profitable producers of certain aluminium road wheels. Financial data for the following companies as extracted from Orbis Bureau van Dijk was used:

— IOCHPE MAXION S.A (Financial year 2019),

— NEO RODAS S.A (Financial year 2019)

#### 3.4.2. Calculation of the normal value

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

(92) First, the Commission established the undistorted manufacturing costs. In the absence of cooperation by the exporting producers, the Commission relied on the information provided by the applicant in the review request on the usage of each factor (materials and labour) for the production of the product under review.

(93) Once the undistorted manufacturing cost established, the Commission added the manufacturing overheads, SG&A and profit as noted in recitals 88 to 90. Manufacturing overheads were determined based on data provided by the applicant. SG&A and profit were determined based on the average of the values reported in the financial statements of the two companies in the representative country. The Commission added the following units to the undistorted costs of manufacturing:

— Manufacturing overheads, which accounted in total for 26,80 % of the direct costs of manufacturing,

— SG&A and other costs, which accounted for 13,75 % of the Costs of Goods Sold ('COGS'), and

— Profits, which amounted to 6,24 % of the COGS, were applied to the total undistorted costs of manufacturing.

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

#### 3.5. Export price

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

#### 3.6. Comparison

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

#### 3.7. Dumping margin

(97) On this basis, dumping margins were found to be significant (over 10 %). It was therefore concluded that dumping continued during the review investigation period.

### 4. LIKELIHOOD OF CONTINUATION OF DUMPING

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

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

- (99) To analyse production capacity and spare capacity in the PRC and given the non-cooperation of the GOC and the Chinese exporting producers, the Commission relied on the information provided by the applicant in its request for review as specified the recitals below.
- (100) The investigation has shown that there is a general overcapacity in the production of certain aluminium road wheels in China. The production capacity<sup>(40)</sup> for 2020 in China was estimated to be of 189,8 million wheels. According to the applicant's market intelligence, Chinese sales amounted to 153 million wheels, of which 108 million were consumed domestically and around 45 million were exported. Therefore, the spare capacity is estimated to be more than 36 million wheels (or more than half of the Union consumption during the review investigation period), which could be diverted to the Union if the current measures would cease to apply.
- (101) Based on the above, the Commission concluded that the Chinese exporting producers have significant spare capacities, which could be used for exports to the Union if the measures were allowed to lapse.

#### 4.2. Attractiveness of the Union market

- (102) The Union market for certain aluminium road wheels is among the largest in the world, driven by the extensive production of the automotive industry in the Union, which already attracts significant amount of imports from China. Furthermore, other important markets such as USA and India have imposed trade remedies on imports of aluminium road wheels from China. It is therefore considered that the imposition of trade measures in other main markets would likely lead to a further increase in the EU import volumes from China, should the current measures be lifted.
- (103) Even with the measures in place, Chinese exports to the Union continued showing that even with measures the Union market remains attractive to Chinese exporting producers. The Commission analysed the price level of Chinese exports to other third markets on the basis of GTA data. Weighted average Chinese export prices to third countries, at a level of EUR 43,94, were significantly lower than the Union industry prices (around 13 %). Consequently, it is likely that, should the measures be allowed to lapse, the Union market would become even more attractive for Chinese exporters and without duties, the Chinese exporters could increase their exports to the Union.
- (104) An additional attractive element of the Union market is that the exact design of certain wheels used in the Union are also produced in China.
- (105) Therefore, based on the significant overcapacity in the PRC and the attractiveness of the Union market, the Commission concluded that, should the current measures lapse, it is likely that the Chinese exporting producers would redirect exports towards the Union at dumped prices.

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

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

### 5. INJURY

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

- (107) The like product was manufactured by around thirty producers in the Union during the review investigation period. They constitute the 'Union industry' within the meaning of Article 4(1) of the basic Regulation.
- (108) The total Union production during the review investigation period was estimated at around 64,3 million items. The Commission established the figure on the basis of all the available information concerning the Union industry, such as the reply to the macroeconomic questionnaire provided by the complainant. As indicated in recital 12, the sampled Union producers represented almost 20 % of the total production quantity of the known Union producers of the like product.

<sup>(40)</sup> Annex D.1 of the Request for review.

## 5.2. Union consumption

- (109) The Commission established the Union consumption on the basis of the total Union industry's sales in the Union, plus total imports from third countries to the Union. Sales of the Union industry on the Union market were obtained from the complaint and adjusted on the basis of data provided in the replies of the sampled Union producers for the review investigation period. For imports, the Commission relied on Eurostat Comext database. However, as Eurostat Comext database provides only the weight of the imports and not the number of ARW items imported, it was necessary to convert the weight into items. In the complaint, the complainant applied the conversion ratio used in the last investigation on the same product <sup>(41)</sup> (i.e. 10,9 kg per item). The validity of this conversion ratio was verified based on the questionnaires replies of the Moroccan and the sampled Union producers as mentioned in the recital 78 of the Commission Implementing Regulation (EU) 2022/1221 <sup>(42)</sup> imposing a provisional anti-dumping duty on imports of certain aluminium road wheels originating in Morocco ('ARW Morocco investigation'). The investigation revealed that the weighted average weight per item currently applicable was 11,3 kg per item as the market trend is going towards larger wheel diameter resulting in an increase of the weight per wheel. Therefore, this ratio was used when establishing the Union consumption per item.
- (110) On this basis, Union consumption developed as follows:

Table 2

### Union consumption (items)

	2018	2019	2020	Review investigation period
Total consumption (in 000 items)	77 873	73 797	59 530	64 311
Index (2018 = 100)	100	95	76	83

Source: Eurostat Comext database, EUWA and the verified questionnaire replies.

- (111) The Union consumption decreased by 5 % between 2018 and 2019, by 19 % between 2019 and 2020. In 2020, the car industry production went down by around 4,2 million vehicles due to the COVID-19 pandemic and thus with a direct impact on upstream suppliers as the sales of the ARW decreased by 14 million in 2020 compared with 2019. The drop in production was particularly significant in the 2<sup>nd</sup> quarter of 2020 but the market rebounded in the following months. The market recovered by 5 million wheels: from 59 million in 2020 to 64 million wheels during the review investigation period. The consumption did, however, not reach the level of 2019 due to the shortage of semi-conductors used by the car manufacturers.

## 5.3. Imports from the PRC

### 5.3.1. Quantity and market share of the imports from the PRC

- (112) The Commission established the quantity of imports on the basis of the Eurostat Comext database. The market share of the imports was established on the basis of the share these imports represented of the total Union consumption as set out in recital 109.
- (113) Imports into the Union from the PRC developed as follows:

Table 3

### Import quantity (items) and market share

	2018	2019	2020	Review investigation period
Quantity of imports from the PRC (in 000 items)	3 734	3 493	2 230	2 205
Index (2019 = 100)	100	94	60	59

<sup>(41)</sup> Implementing Regulation (EU) 2017/109.

<sup>(42)</sup> Commission Implementing Regulation (EU) 2022/1221 of 14 July 2022 imposing a provisional anti-dumping duty on imports of certain aluminium road wheels originating in Morocco (OJ L 188, 15.7.2022, p. 114).



	2018	2019	2020	Review investigation period
Market share (%)	4,8	4,7	3,7	3,4
Index (2019 = 100)	100	98	77	71

Source: Eurostat Comext database.

- (114) Imports of the product under review from the PRC decreased over the period considered. The market share of the imports from the PRC remained stable in 2018-2019 and dropped by 29 % in the review investigation period. This development should however be seen as a consequence of the establishment in Morocco of one of the main Chinese producers.

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

- (115) The weighted average price of imports into the Union from the PRC developed as follows:

Table 4

#### Average import prices from the PRC

	2018	2019	2020	Review investigation period
In EUR/item	50,1	50,3	49,3	53,9
Index (2019 = 100)	100	100	98	108

Source: Eurostat Comext Database.

- (116) The average import price from the PRC increased by around 4 EUR per item between 2018 and the review investigation period. However, part of the selling price is indexed to the aluminium price on the London Metal Exchange ('LME'). In view of the non-cooperation of the Chinese exporting producers, the Commission compared the weighted average sales price of the Union producers charged to unrelated customers on the Union market, adjusted to an ex-works level, with the weighted average import price of the product under review from the PRC from Eurostat, established on a CIF basis.

- (117) The result of the comparison showed that average sales price of the Union industry was lower than the import price from China thus established.

#### 5.3.3. Imports from third countries other than the PRC

- (118) The quantity of imports from other third countries developed over the period considered as follows:

Table 5

#### Imports from third countries other than the PRC

Country		2018	2019	2020	Review investigation period
Turkey	Quantity (in 000 items)	7 983	7 632	7 010	8 364
	Index (2018 = 100)	100	96	88	105
	Market share (%)	10,3	10,3	11,8	13,0
	Index (2018 = 100)	100	101	115	126
	Average price (EUR/unit)	53,6	51,9	49,7	51,1
	Index (2018 = 100)	100	97	93	95

Country		2018	2019	2020	Review investigation period
Morocco	Quantity (in 000 items)	0	15,7	1 038	2 516
	<i>Index (2018 = 100)</i>	—	100	6 611	16 025
	Market share (%)	—	0,0	1,7	3,9
	<i>Index (2018 = 100)</i>	—	100	8 196	18 389
	Average price (EUR/item)	—	39,2	42,6	44,7
	<i>Index (2018 = 100)</i>		100	109	114
Thailand	Quantity (in 000 items)	2 228	1 911	1 527	1 487
	<i>Index (2018 = 100)</i>	100	86	69	67
	Market share (%)	2,9	2,6	2,6	2,3
	<i>Index (2018 = 100)</i>	100	90	90	79
	Average price (EUR/item)	52,3	50,8	49,0	50,3
	<i>Index (2018 = 100)</i>	100	97	94	96
South Korea	Quantity (in 000 items)	1 813	1 577	1 460	1 065
	<i>Index (2018 = 100)</i>	100	87	81	59
	Market share (%)	2,3	2,1	2,5	1,7
	<i>Index (2018 = 100)</i>	100	91	109	74
	Average price (EUR/item)	52,2	52,9	50,9	53,5
	<i>Index (2018 = 100)</i>	100	101	97	102

Country		2018	2019	2020	Review investigation period
Other third countries	Quantity (in 000 items)	4 612	3 663	3 151	3 279
	<i>Index (2018 = 100)</i>	100	79	68	71
	Market share (%)	5,9	5,0	5,3	5,1
	<i>Index (2018 = 100)</i>	100	85	90	86
	Average price (EUR/item)	69,1	74,9	71,1	75,9
	<i>Index (2018 = 100)</i>	100	108	103	110
Total of all third countries except the PRC	Quantity (in 000 items)	16 638	14 801	14 189	16 713
	<i>Index (2018 = 100)</i>	100	89	85	100
	Market share (%)	21,4	20,1	23,8	26,0
	<i>Index (2018 = 100)</i>	100	94	112	121
	Average price (EUR/item)	57,5	57,5	54,0	55,1
	<i>Index (2018 = 100)</i>	100	100	94	96

Source: Eurostat Comext database.

- (119) Import quantities from other third countries held a market share of 21,4 % in 2018 and 26,0 % in the review investigation period. The quantity of these imports decreased in 2019 and 2020, but returned to 2018 levels during the review investigation period, resulting in an increase in their market share by 21 % between 2018 and the review investigation period. The average import price of these imports decreased by 4 % and was higher compared to the Union industry's average price (+ 8,9 %) and higher compared with the average import price from the country concerned (+ 2,2 %). Two countries increased their market share in the period considered: Turkey and Morocco. Turkish average prices were slightly higher compared to the Union industry's (by 1,0 %) and much higher than the average price of imports from Morocco (by 14 %).

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

##### 5.4.1. General remarks

- (120) The assessment of the economic situation of the Union industry included an evaluation of all economic indicators having a bearing on the state of the Union industry during the period considered.
- (121) As mentioned in recital 12, sampling was used for the assessment of the economic situation of the Union industry.
- (122) For the injury determination, the Commission distinguished between macroeconomic and microeconomic injury indicators. The Commission evaluated the macroeconomic indicators on the basis of data contained in the replies to the anti-dumping questionnaire by the sampled producers as well as macroeconomic data provided by the non-sampled producers and the Union producers' association, crosschecked with the data in the review request. The data related to all Union producers. The Commission evaluated the microeconomic indicators on the basis of data contained in the questionnaire replies from the sampled Union producers. The data related to the sampled Union producers. Both sets of data were found to be representative of the economic situation of the Union industry.

- (123) The macroeconomic indicators are: production, production capacity, capacity utilisation, sales volume, market share, growth, employment, productivity, magnitude of the dumping margin, and recovery from past dumping.
- (124) The microeconomic indicators are: average item prices, item cost, labour costs, inventories, profitability, cash flow, investments, return on investments, and ability to raise capital.

#### 5.4.2. Macroeconomic indicators

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

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

Table 6

#### Production, production capacity and capacity utilisation

	2018	2019	2020	Review investigation period
Production quantity (in 000 items)	59 182	57 097	44 718	48 752
<i>Index (2018 = 100)</i>	100	96	76	82
Production capacity (in 000 items)	62 614	62 475	61 619	61 294
<i>Index (2018 = 100)</i>	100	100	98	98
Capacity utilisation (%)	95	91	73	80
<i>Index (2018 = 100)</i>	100	97	77	84

Source: EUWA and sampled Union producers.

- (126) Overall, the production quantity of Union industry decreased by 18 % during the period considered. It slightly decreased by 4 % between 2018 and 2019. With the COVID-19 pandemic, the production decreased by 12,3 million items in 2020 and rebounded in the review investigation period by 4 million items.
- (127) While the production capacity of the Union industry decreased by 2 %, the capacity utilisation followed the same negative trend as production and decreased by 15 % during the period considered.

##### 5.4.2.2. Sales quantity and market share

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

Table 7

#### Sales quantity and market share

	2018	2019	2020	Review investigation period
Sales quantity on the Union market (in 000 items)	57 501	55 502	43 110	45 391
<i>Index (2018 = 100)</i>	100	97	75	79

	2018	2019	2020	Review investigation period
Market share (%)	73,8	75,2	72,4	70,6
<i>Index (2018 = 100)</i>	100	102	98	96

Source: EUWA and sampled Union producers.

- (129) The sales quantity of the Union industry on the Union market decreased by 21 % during the period considered. It decreased by 3 % between 2018 and 2019 and then dropped by 12,4 million items in 2020. During the review investigation period, the sales recovered by 2,2 million items.
- (130) The market share of the Union industry slightly increased between 2018 and 2019, while it declined in 2020 and further in the review investigation period.

#### 5.4.2.3. Employment and productivity

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

Table 8

#### Employment and productivity

	2018	2019	2020	Review investigation period
Number of employees	17 816	17 866	16 963	16 790
<i>Index (2018 = 100)</i>	100	100	95	94
Productivity (item/employee)	3 322	3 196	2 636	2 904
<i>Index (2018 = 100)</i>	100	96	79	87

Source: EUWA and the sampled Union producers.

- (132) While the number of employees decreased by 6 % during the period considered, productivity decreased by 13 %. The decline in productivity was mainly due to the decrease in the production quantity over the period considered and resulted in increased labour costs per item of ARW produced.

#### 5.4.2.4. Growth

- (133) As explained in Sections 5.4.2.1 to 5.4.2.3 above, the production quantity and the capacity utilisation of the Union industry decreased by 18 % and 16 %, respectively during the period considered, which resulted in higher fixed costs per item of production and in lower productivity. Total costs of the industry increased by 1,7 EUR/item (+ 3,4 %) over the period considered. However, the average selling price of the Union industry decreased by 3,3 EUR/item (- 6,1 %).
- (134) Furthermore, the sales quantity on the Union market dropped by 21 % and the market share by 5 %, between 2018 and the review investigation period. Thus, the Union industry experienced a deterioration of its financial performance. As explained in Section 4.4.3.1 below, it faced higher cost of production while being unable to adjust its sales prices accordingly.
- (135) Therefore, the growth perspectives of the Union industry have been jeopardised.

#### 5.4.2.5. Magnitude of the dumping margin and recovery from past dumping

- (136) During the review investigation period, the dumping continued and was significantly above the de minimis level. The impact of the magnitude of the actual margins of dumping on the Union industry was substantial, given the quantity and prices of imports from the country concerned.

- (137) In the previous expiry review the Commission concluded that the Union industry no longer suffered material injury and thus it had recovered from the past dumping. In addition, the Commission provisionally found in the on-going investigation regarding imports from Morocco <sup>(43)</sup> that, during the review investigation period, the Union industry suffered material injury caused by the imports from Morocco to which imports from China did not contribute.
- (138) Consequently, the Commission confirmed that the Union industry had recovered from the past dumping by imports from China before the dumped imports from Morocco started to enter the Union market in increasing volumes as from 2019.

#### 5.4.3. Microeconomic indicators

##### 5.4.3.1. Prices and factors affecting prices

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

Table 9

#### Sales prices in the Union

	2018	2019	2020	Review investigation period
Average sales price per item in the Union market (EUR/item)	53,9	52,3	49,3	50,6
Index (2018 = 100)	100	97	92	94
Cost of production per item (EUR/item)	49,9	48,2	49,3	51,6
Index (2018 = 100)	100	97	99	104

Source: Sampled Union producers.

- (140) The average Union industry's sales prices decreased by 6 % during the period considered although the average cost of production increased by 4 % between 2018 and the review investigation period. The Union industry was not able to increase its sales prices to cover the increased cost of production.

##### 5.4.3.2. Labour costs

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

Table 10

#### Average labour costs per employee

	2018	2019	2020	Review investigation period
Average labour costs per employee (EUR)	35 216	35 700	33 084	35 951
Index (2018 = 100)	100	101	94	102

Source: Sampled Union producers.

- (142) The average labour cost per employee of the Union industry slightly increased by 2 % during the period considered with a small increase in 2019 and a decrease by 6 % in 2020, mainly because of production shutdowns due to the COVID-19 pandemic.

<sup>(43)</sup> Implementing Regulation (EU) 2022/1221, recital 154.

## 5.4.3.3. Inventories

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

Table 11

**Inventories**

	2018	2019	2020	Review investigation period
Closing stocks (in 000 items)	556	439	492	776
<i>Index (2018 = 100)</i>	100	79	88	140
Closing stocks as a percentage of production (%)	0,9	0,8	1,1	1,6
<i>Index (2018 = 100)</i>	100	89	122	177

Source: Sampled Union producers.

(144) Inventories increased by 40 % over the period considered. They decreased by 21 % in 2019, by 12 % in 2020 and rebounded during the review investigation period by + 57 %. The ARW industry in the Union is characterised by multi-years framework contracts between producers and customers that fix the quantities and prices. These framework contracts are implemented through purchasing orders, according to customer's needs. As a result, the Union industry can plan its production and inventories. Therefore, inventories are not a main indicator for the assessment of the Union industry's performance.

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

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

Table 12

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

	2018	2019	2020	Review investigation period
Profitability of sales in the Union to unrelated customers (% of sales turnover)	7,5	8,2	0,4	- 1,6
<i>Index (2018 = 100)</i>	100	109	5	- 21
Cash flow (in 000 EUR)	81 153	82 495	31 805	22 956
<i>Index (2018 = 100)</i>	100	102	39	28
Investments (in 000 EUR)	37 788	30 757	19 848	21 845
<i>Index (2018 = 100)</i>	100	81	53	58
Return on investments	12,0	9,1	0,3	- 0,5
<i>Index (2018 = 100)</i>	100	76	3	- 4

Source: Sampled Union producers.

- (146) The Commission established the profitability of the sampled Union producers by expressing the pre-tax net profit of the sales of the like product to unrelated customers in the Union as a percentage of the turnover of those sales.
- (147) The profitability of the Union industry increased between 2018-2019 from 7,5 % to 8,2 % but then it declined sharply between 2019 and the review investigation period where losses were reported (-1,6 %). The Union industry was not able to increase sales prices to cover the increased cost of production and therefore became loss making.
- (148) The net cash flow is the ability of the Union producers to self-finance their activities. The trend in net cash flow developed downwards with a significant decrease by 72 % over the period considered. Therefore, the Union industry experienced difficulties to self-finance its activities, which is a further indication of its deteriorated financial situation.
- (149) The return on investments is the profit in percentage of the net book value of investments. It followed a similar negative trend as profitability and net cash flow. The return on investment decreased significantly between 2018 and the review investigation period and turned negative in the review investigation period. Therefore, the Union industry was not able to generate enough profits in order to cover its investments. Indeed, the Union industry maintained its investments during the period considered, mostly due to the necessity to comply with legal requirements and the needs of the market and it was not able to have a return on these investments. The negative development of the return on investment during the period considered further indicated that the overall financial situation of the Union industry worsened to a significant extent.
- (150) The sampled Union producers' ability to raise capital was affected by their deteriorated financial situation. The considerable decrease of the profitability and the net cash flow pointed to serious concerns as regards the liquidity situation of Union industry and its ability to raise capital to finance its operating activity and needed investments.

#### 5.4.4. Conclusion on injury

- (151) The evolution of the micro and macro indicators during the period considered showed that the financial situation for the Union industry deteriorated. Overall, the trends of the main economic indicators worsened over the period considered.
- (152) While the Union industry's production capacity remained stable, the capacity utilisation decreased by 16 % between 2018 and the review investigation period, which resulted in higher fixed cost per tonne of ARW. Following the same trend, the Union industry's sales quantity and market share in the period considered declined.
- (153) The financial situation of the Union industry deteriorated mainly due to the increased cost of production, which could not be covered by a corresponding increase of its sales prices.
- (154) The average Union industry's sales prices decreased by 6 % during the period considered although the average cost of production increased by 9 % in the same period. The Union industry suffered losses as from 2020, which further increased in the review investigation period. While net investments decreased by 42 %, the return on investment became negative during the period considered. The trend of the cash flow was also negative, which affected the ability of the Union industry to self-finance its operations. The number of employees decreased during the same period by 6 %; however, the productivity decreased by 13 %, resulting in a higher labour cost per item of ARW.
- (155) As set out above, economic indicators such as profitability, cash flow and return on investment deteriorated significantly during the period considered. Profitability became negative in 2020 and during the review investigation period. This negatively affected the ability of the Union industry to self-finance operations, to make necessary investments and to raise capital, thus impeding its growth and even threatening its survival. On the other hand, despite the declining trends, the Union industry still managed to maintain large sales volume and considerable market share.
- (156) The Commission therefore concluded that the Union industry suffered material injury within the meaning of Article 3(5) of the basic Regulation during the review investigation period.



- (157) The Commission assessed whether there was a causal link between imports from the PRC and the injury suffered by Union industry.
- (158) As explained in recital 114, the volumes from the PRC decreased by 29 % during the period considered and reached 3,4 % market share during the review investigation period. The Commission also found in recital 117 that the average price of the imports from China was above the average price charged by the Union industry during the review investigation period. Consequently, the Commission concluded that the injury suffered by the Union industry was not caused by the imports from the PRC during the review investigation period.
- (159) At the same time, the Commission provisionally established in the separate on-going investigation concerning imports of ARWs from Morocco, that low priced imports from Morocco, which were not only undercutting but also exercising price suppression on the Union industry prices and came in significant quantities, caused the material injury suffered by the Union industry.
- (160) Therefore, the Commission further examined the likelihood of recurrence of injury if the measures lapse.

## 6. LIKELIHOOD OF RECURRENCE OF INJURY

- (161) The Commission concluded in recital 156 that the Union industry did not suffer material injury from imports originating in the PRC during the review investigation period. Therefore, the Commission assessed, in accordance with Article 11(2) of the basic Regulation, whether there would be a likelihood of recurrence of injury originally caused by the dumped imports from the PRC if the measures were allowed to lapse.
- (162) In order to establish whether there is a likelihood of recurrence of injury originally caused by the dumped imports from the country concerned, the Commission considered the following elements: (i) production volume and spare capacity in the PRC and attractiveness of the Union market; (ii) likely price levels of imports from the PRC and their impact on the Union industry's situation, should the measures allowed to lapse; and (iii) the existence of circumvention practices.

### 6.1. Production volume and spare capacity in the PRC – attractiveness of the Union market

- (163) As set out in recital 101, the production capacity in the PRC substantially exceeded the production volumes and demand on the Chinese domestic market. Given in addition the conclusions on the attractiveness of the Union market as described in recitals 104 and 105, such spare capacity will very likely largely be used to increase exports to the Union market, if measures were allowed to lapse.

### 6.2. Likely price levels of imports from the PRC and their impact on the Union industry's situation should the measures lapse

- (164) In order to assess the impact of future imports on the situation of the Union industry, the Commission considered that price levels of the Chinese exports to other third markets would be a reasonable indicator of future price levels to the Union market.
- (165) As set out in the recitals 102 to 105, the Commission analysed the price level of Chinese exports to other third markets and found these export prices were significantly lower when compared with the Union industry prices (i.e. 13 %). Therefore, the Union market, in terms of prices, remains very attractive for Chinese producers.
- (166) Considering the above, and if confronted with an increase of low priced imports from the PRC, the Union producers, in an attempt to keep sales volumes and market shares, would be forced to reduce their prices. This would have an impact on the industry's overall profitability, which would deteriorate even further in an already loss-making situation (-1,6 %) during the review investigation period.
- (167) On the other hand, if the Union industry would keep its current price levels, this would have an almost immediate negative impact on its sales and production volume as well as its market share. Moreover, a decrease in production volume would result in an increase of the item costs of production due to reduced benefits of economy of scale. This would further deteriorate the Union industry's profitability and result into further losses already in the short term.

- (168) With a loss of profitability, the Union industry would not be able to carry out necessary investments. Ultimately, this would also lead to loss of employment and risk of closure of production lines.

### 6.3. Conclusion

- (169) In view of the above, the Commission concluded that the expiry of the measures would in all likelihood result in a significant increase of dumped imports from the PRC at lower prices than the ones of the Union industry, and therefore further aggravate the already negative situation of the Union industry. It is highly likely that this would lead to a recurrence of material injury and as a consequence, the viability of the Union industry would be at serious risk.

## 7. UNION INTEREST

### 7.1. Interest of the Union industry

- (170) If ARWs imports originating from Morocco are subject to anti-dumping measures, the only cause for material injury which would remain would be the imports from China. Therefore, should the measures against China be let to expire, the material injury caused by the imports from that country will resume.
- (171) The effect of anti-dumping measures will be positive for the Union producers, as measures will help the Union industry to adapt its sales prices to cover the increased cost of production. Therefore, measures would help the Union industry return to a sustainable situation, allowing it to make future investments, in particular to comply with environmental and social requirements.
- (172) In the absence of measures, the Union industry no longer be protected against the likely increase of cheap imports from China, which will cause material injury. As a result, its financial situation, in particular in terms of profitability, return on investments and cash flow, would be expected to worsen further.

### 7.2. Interest of unrelated importers, traders and users

- (173) The Commission contacted all known unrelated importers, traders and users. None of them replied to the Commission's questionnaire.
- (174) The Commission did not receive any comments indicating that the maintenance of the measures would have a significant negative impact on the importers and users, outweighing the positive impact of the measures on the Union industry.

### 7.3. Conclusion on Union interest

- (175) On the basis of the above, the Commission concluded that there were no compelling reasons indicating that it was not in the Union interest to maintain the existing measures on imports of the product concerned originating in the PRC.

## 8. ANTI-DUMPING MEASURES

- (176) Based on the conclusions reached by the Commission concerning the continuation of dumping from the PRC, the recurrence of injury caused by dumped imports from the PRC, and the Union interest, the Commission found that the anti-dumping measures on imports of certain aluminium road wheels originating in the PRC should be maintained.
- (177) All interested parties were informed of the essential facts and considerations on the basis of which it was intended to recommend that the existing measures be maintained. They were also granted a period to make representations subsequent to this disclosure. No comments were received.
- (178) In view of Article 109 of Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council <sup>(44)</sup> when an amount is to be reimbursed following a judgment of the Court of Justice of the European Union, the interest to be paid should be the rate applied by the European Central Bank to its principal refinancing operations, as published in the C series of the *Official Journal of the European Union* on the first calendar day of each month.

<sup>(44)</sup> Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012 (OJ L 193, 30.7.2018, p. 1).

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

HAS ADOPTED THIS REGULATION:

*Article 1*

1. A definitive anti-dumping duty is hereby imposed on imports of aluminium road wheels of the motor vehicles of CN headings 8701 to 8705, whether or not with their accessories and whether or not fitted with tyres, currently falling under CN codes ex 8708 70 10 and ex 8708 70 50 (TARIC codes 8708 70 10 15, 8708 70 10 50, 8708 70 50 15 and 8708 70 50 50) and originating in the People's Republic of China.

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

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

*Article 2*

Where a declaration for release for free circulation is presented in respect of imports of aluminium road wheels of vehicles of CN heading 8716, whether or not with their accessories and whether or not fitted with tyres, and currently falling under CN code ex 8716 90 90, TARIC code 8716 90 90 15 or 8716 90 90 50 shall be entered in the relevant field of that declaration. Member States shall, on a monthly basis, inform the Commission of the number of items imported under this code, and of their origin.

*Article 3*

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

*Article 4*

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

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

Done at Brussels, 18 January 2023.

*For the Commission*  
*The President*  
Ursula VON DER LEYEN

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