



2025/61

16.1.2025

COMMISSION IMPLEMENTING REGULATION (EU) 2025/61

of 15 January 2025

imposing a definitive countervailing duty on imports of certain pneumatic tyres, new or retreaded, of rubber, of a kind used for buses or lorries, with a load index exceeding 121 originating in the People's Republic of China following an expiry review pursuant to Article 18 of Regulation (EU) 2016/1037 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) 2016/1037 of the European Parliament and of the Council of 8 June 2016 on protection against subsidised imports from countries not members of the European Union ⁽¹⁾, and in particular Article 18 thereof,

Whereas:

1. PROCEDURE

1.1. Previous investigations and measures in force

- (1) On 4 May 2018, the European Commission ('the Commission') adopted Regulation (EU) 2018/683 ⁽²⁾ imposing a provisional anti-dumping duty on imports of certain pneumatic tyres, new or retreaded, of rubber, of a kind used for buses or lorries, with a load index exceeding 121 ('tyres' or 'product concerned') originating in the People's Republic of China ('PRC').
- (2) On 18 October 2018 the Commission adopted Implementing Regulation (EU) 2018/1579 ⁽³⁾ imposing a definitive anti-dumping duty and collecting definitively the provisional duty imposed on imports of certain pneumatic tyres, new or retreaded, of rubber, of a kind used for buses or lorries, with a load index exceeding 121 originating in the People's Republic of China ('the original anti-dumping Regulation').
- (3) On 9 November 2018, the Commission adopted Implementing Regulation (EU) 2018/1690 ⁽⁴⁾ imposing definitive countervailing duties on imports of certain pneumatic tyres, new or retreaded, of rubber, of a kind used for buses or lorries and with a load index exceeding 121 originating in the People's Republic of China and amending Implementing Regulation (EU) 2018/1579 imposing a definitive anti-dumping duty and collecting definitively the provisional duty imposed on imports of certain pneumatic tyres, new or retreaded, of rubber, of a kind used for buses or lorries, with a load index exceeding 121 originating in the People's Republic of China and repealing Implementing Regulation (EU) 2018/163 ('the original anti-subsidy Regulation').

⁽¹⁾ OJ L 176, 30.6.2016, p. 21.

⁽²⁾ Commission Regulation (EU) 2018/683 of 4 May 2018 imposing a provisional anti-dumping duty on imports of certain pneumatic tyres, new or retreaded, of rubber, of a kind used for buses or lorries, with a load index exceeding 121 originating in the People's Republic of China, and amending Implementing Regulation (EU) 2018/163 (OJ L 116, 7.5.2018, p. 8).

⁽³⁾ Commission Implementing Regulation (EU) 2018/1579 of 18 October 2018 imposing a definitive antidumping duty and collecting definitively the provisional duty imposed on imports of certain pneumatic tyres, new or retreaded, of rubber, of a kind used for buses or lorries, with a load index exceeding 121 originating in the People's Republic of China and repealing Implementing Regulation (EU) 2018/163 (OJ L 263, 22.10.2018, p. 3).

⁽⁴⁾ Commission Implementing Regulation (EU) 2018/1690 of 9 November 2018 imposing definitive countervailing duties on imports of certain pneumatic tyres, new or retreaded, of rubber, of a kind used for buses or lorries and with a load index exceeding 121 originating in the People's Republic of China and amending Commission Implementing Regulation (EU) 2018/1579 imposing a definitive antidumping duty and collecting definitively the provisional duty imposed on imports of certain pneumatic tyres, new or retreaded, of rubber, of a kind used for buses or lorries, with a load index exceeding 121 originating in the People's Republic of China and repealing Implementing Regulation (EU) 2018/163 (OJ L 283, 12.11.2018, p. 1).

- (4) Following a challenge lodged by China Rubber Industry Association ('CRIA') and China Chamber of Commerce of Metals, Minerals & Chemicals Importers & Exporters ('CCC MC'), the General Court of the European Union annulled on 4 May 2022, in its judgement in joined cases T-30/19 and T-72/19 ⁽⁵⁾ ('the Court judgement'), the original anti-dumping and the original anti-subsidy Regulations as regards several exporting producers.
- (5) Following the Court judgment, the Commission reopened the investigations and on 4 April 2023, the Commission re-imposed a definitive anti-dumping duty by Commission Implementing Regulation (EU) 2023/737 ⁽⁶⁾ ('the second anti-dumping Regulation') and a definitive countervailing duty by Commission Implementing Regulation 2023/738 ⁽⁷⁾ ('the second anti-subsidy Regulation').
- (6) On 6 September 2024, the Commission terminated two partial interim reviews of the anti-dumping and countervailing measures applicable to imports of certain pneumatic tyres, new or retreaded, of rubber, of a kind used for buses or lorries and with a load index exceeding 121 originating in the People's Republic of China ⁽⁸⁾ ⁽⁹⁾.
- (7) The countervailing duties currently in force are in euros per item ranging between 3,75 to 57,28 euros per item.

1.2. Request for an expiry review

- (8) Following the publication of a notice of impending expiry ⁽¹⁰⁾ the European Commission ('the Commission') received a request for a review pursuant to Article 18 of Regulation (EU) 2016/1037 ('the basic Regulation').
- (9) The request for review was submitted on 11 August 2023 by the Coalition against unfair tyres imports ('the applicant') on behalf of the Union industry of certain pneumatic tyres, new or retreaded, of rubber, of a kind used for buses or lorries, with a load index exceeding 121 in the sense of Article 10(6) of the basic Regulation. The request for review was based on the grounds that the expiry of the measures would be likely to result in continuation or recurrence of subsidisation and continuation or recurrence of injury to the Union industry.

⁽⁵⁾ Judgement of the General Court (Tenth Chamber, Extended Composition) of 4 May 2022, China Rubber Industry Association (CRIA) and China Chamber of Commerce of Metals, Minerals & Chemicals Importers & Exporters (CCC MC) v European Commission, T-30/19 and T-72/19, EU:T:2022:226.

⁽⁶⁾ Commission Implementing Regulation (EU) 2023/737 of 4 April 2023 re-imposing a definitive anti-dumping duty on imports of certain pneumatic tyres, new or retreaded, of rubber, of a kind used for buses or lorries, with a load index exceeding 121 originating in the People's Republic of China following the judgment of the General Court in joined cases T-30/19 and T-72/19 (OJ L 96, 5.4.2023, p. 9–44).

⁽⁷⁾ Commission Implementing Regulation (EU) 2023/738 of 4 April 2023 re-imposing a definitive countervailing duty on imports of certain pneumatic tyres, new or retreaded, of rubber, of a kind used for buses or lorries, with a load index exceeding 121 originating in the People's Republic of China following the judgment of the General Court in joined cases T-30/19 and T-72/19 (OJ L 96, 5.4.2023, p.45).

⁽⁸⁾ Commission Implementing Regulation (EU) 2024/2217 of 6 September 2024 terminating the partial interim review of the anti-subsidy measures applicable to imports of certain pneumatic tyres, new or retreaded, of rubber, of a kind used for buses or lorries and with a load index exceeding 121 originating in the People's Republic of China.

⁽⁹⁾ Commission Implementing Regulation (EU) 2024/2219 of 6 September 2024 terminating the partial interim review of the anti-dumping measures applicable to imports of certain pneumatic tyres, new or retreaded, of rubber, of a kind used for buses or lorries and with a load index exceeding 121 originating in the People's Republic of China.

⁽¹⁰⁾ OJ C 62, 20.2.2023, p. 4.

1.3. Initiation of an expiry review

- (10) Having determined, after consulting the Committee established by Article 25(1) of the basic Regulation, that sufficient evidence existed for the initiation of an expiry review, on 10 November 2023 the Commission initiated an expiry review with regard to imports into the Union of certain pneumatic tyres, new or retreaded, of rubber, of a kind used for buses or lorries, with a load index exceeding 121 originating in the People's Republic of China ('the country concerned') on the basis of Article 18 of the basic Regulation. It published a Notice of Initiation in the Official Journal of the European Union ⁽¹¹⁾ ('the Notice of Initiation').

1.4. Review investigation period and period considered

- (11) The investigation of continuation or recurrence of subsidisation covered the period from 1 July 2022 to 30 June 2023 ('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 2020 to the end of the review investigation period ('the period considered').

1.5. Interested parties

- (12) 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 applicant, the known producers in the People's Republic of China and the authorities of the People's Republic of China, the known importers, as well as associations known to be concerned about the initiation of the expiry review and invited them to participate.
- (13) Interested parties had an opportunity to comment on the initiation of the expiry review and to request a hearing with the Commission and/or the Hearing Officer in trade proceedings.

1.6. Sampling

- (14) 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

- (15) In the Notice of Initiation, the Commission stated that it had provisionally selected a sample of Union producers. The Commission selected the sample on the basis of:
- The overall representativity in terms of size of the production and sales volume of the like product during the review investigation period;
 - the representativity of tiers ⁽¹²⁾ in terms of size of the production and sales volume of the like product during the review investigation period;
 - the geographical spread and the representativity of the Union producers in terms of category, namely between SMEs and larger companies.
- (16) This sample consisted of 6 Union producers. The sampled Union producers accounted for more than 25 % of the estimated total volume of production and sales of the like product in the Union.
- (17) In accordance with Article 27 of the basic Regulation, the Commission invited interested parties to comment on the provisional sample. No comments were received. The sample was thus considered representative of the Union industry.

⁽¹¹⁾ Notice of initiation of an expiry review of the anti-subsidy measures applicable to imports of certain pneumatic tyres, new or retreaded, of rubber, of a kind used for buses or lorries and with a load index exceeding 121 originating in the People's Republic of China OJ C 711, 10.11.2023.

⁽¹²⁾ The segmentation between tiers is explained in section 2.4.

Sampling of importers

- (18) 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.
- (19) One unrelated importer made itself known to the Commission but did not provide the requested information nor agreement to be included in the sample. No other unrelated importers came forward.

Sampling of exporting producers in the People's Republic of China

- (20) To decide whether sampling was necessary and, if so, to select a sample, the Commission asked all exporting producers in the People's Republic of 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 and associations of exporting producers to identify and/or contact other exporting producers, if any, that could be interested in participating in the investigation.
- (21) Three exporting producers or group of exporting producers in the country concerned provided the requested information and agreed to be included in the sample. Two groups of exporting producers covered around 50 % of the reported volume exported to the European Union during the period July 2022-June 2023 while the volume of exports of the third exporting producer was found not significant. In accordance with Article 27 of the basic Regulation, the Commission selected a sample of two groups of exporting producers on the basis of the largest representative volume of exports to the Union which could reasonably be investigated within the time available. In accordance with Article 27 of the basic Regulation, all known exporting producers concerned, and the authorities of the country concerned, were consulted on the selection of the sample. No comments were made.
- (22) In the original investigation, 49 exporting producers agreed to be included in the sample. In the present review investigation while more than 140 exporting producers were listed in the complaint, only 3 exporting producers or group of exporting producers provided a sampling reply.
- (23) The cooperated exporting producers accounted for around 50 % of the total volume of imports of tyres from the PRC into the European Union and accounted for less than 2 % of the total production of tyres in the PRC. As the Union market share of imports from the PRC was around 5,4 % during the review investigation period, the Commission considered that half of these imports would provide sufficient information to assess the export price and the existence of continuation or recurrence of subsidisation during the review investigation period and can therefore be considered representative of the total imports from the PRC.

1.7. Questionnaire replies and verification visits

- (24) The Commission sent questionnaires to the two sampled groups of exporters and the six sampled Union producers. The same questionnaire had also been made available online on the day of initiation. In addition, the Commission sent a questionnaire to the applicant.
- (25) Questionnaire replies were received from the two sampled groups of exporting producers and from 6 Union producers. The reply received from one Union producer, Recauchutagem São Mamede, Lda ('RSM') was deficient and the Commission requested this producer to complement its reply. No further reply was received, and the Commission informed RSM that it intends to apply Article 28 of the basic Regulation and use the facts available. No further comments were received from this Union producer.
- (26) Consequently, the data provided by the remaining 5 union producers was used by the Commission. Not obtaining data from RSM had only marginal impact on the representativity of the sample. The remaining 5 Union producers continued to account for more than 25 % of the estimated total volume of production and sales of the like product in the Union. This remaining sample of 5 Union producers was therefore considered representative of the Union industry.

(27) The Commission sent a questionnaire to the Government of the People's Republic of China ('GOC'). No questionnaire reply was received.

(28) Therefore, the verification visits pursuant to Article 26 of the basic Regulation were carried out only at the premises of the following companies:

(1) ***Union producers***

- Lapin Kumi Oy, Finland
- RuLa-BRW GmbH, Germany
- Marangoni S.P.A, Italy
- two Union producers which requested confidentiality

(2) ***Sampled producers in the PRC***

(a) Giti Group:

- Giti Tire (China) Investment Co., Shanghai, PRC;
- GITI Radial Tire (Anhui) Ltd., Hefei, PRC;
- Giti Tire (Fujian) Co. Ltd., Fujian, PRC;

(b) Hankook Group:

- Chongqing Hankook Tire Co. Ltd., Chongqing, PRC;
- Jiangsu Hankook Tire Co. Ltd., Jiangsu, PRC;

2. PRODUCT UNDER REVIEW, PRODUCT CONCERNED AND LIKE PRODUCT

2.1. Product under review

(29) The product subject to this review is certain pneumatic tyres, new or retreaded, of rubber, of a kind used for buses or lorries, with a load index exceeding 121 currently falling under CN codes 4011 20 90 and ex 4012 12 00 (TARIC code 4012 12 00 10). The CN and TARIC codes are given for information only and without prejudice to a subsequent change in the tariff classification ('the product under review').

(30) The product under review covers both new and retreaded pneumatic tyres for buses or lorries which share the same essential physical, chemical and technical characteristics. Both types of the product concerned are made of the same input (even if the technology involved may differ) and have a similar structure. The variance in raw materials and structure impart different performance characteristics.

2.2. Manufacturing process

2.2.1. New tyres

(31) Manufacturing process of the new lorry and bus tyres involves: (1) compounding and mixing rubber; (2) tyre components preparation; (3) (green) tyre building; (4) curing (vulcanisation); and (5) final inspection. All lorry and bus tyres are made from the same basic raw materials, namely natural rubber, synthetic rubber, steel, carbon black, other chemicals and oils as well as fabric and have the same components, namely tread belt, sidewall, inner casing, bead wires, steel belts, casing cords, even if a certain variance is found between the various producers of this product.

(32) The manufacturing process of the new lorry and bus tyres was also found to involve varying technologies, which, however, did not impact on the overall findings of interchangeability.

2.2.2. *Retreaded tyres*

- (33) Retreading is essentially a recycling process whereby worn tyres are refurbished through a replacement of the tread on an old casing. Casings are main elements of the retreading process, and, as such a substantial part of the retreader activity is the selection and acquisition of casings suitable for retreading. Casings are thereby the main input of the production process and constitute — depending on their quality — either a real ‘semi-finished’ product or a waste.
- (34) Again, this process can involve varying technologies without impact on the Commission’s interchangeability findings.

2.3. **Uses and types of tyres**

- (35) Lorry and bus tyres are produced in a large variety of types and sizes found on a wide range of commercial vehicles, from local delivery lorries and buses in urban or regional settings to the long-haul lorries and buses according to their size and load index specifications. They are neither suitable for use on passenger vehicles or on other light commercial vehicles nor for fully off-the-road vehicles such as agricultural tractors.
- (36) Tyres for lorries or buses are sold in two types and four categories. Tube type tyre is a more traditional option; it has an inner tube, which has its own valve, placed inside the tyre. In a tubeless tire, the tire and the rim of the wheel form an airtight seal, with the valve being directly mounted on the rim. An overwhelming majority of tyres for lorries or buses sold in the Union are tubeless tyres. The four categories of tyres for lorries or buses are: steer, drive, trailer and multi-position. Steer tyres are designed to be used on the front axle to aid with steering but can be used in all positions on the lorries or bus depending on the vehicle’s use. Drive tyres are designed for the drive train and provide better traction. Trailer tyres are designed to be mounted on trailers, while multiposition tyres are designed to be used in all in all positions on a vehicle depending on its use.
- (37) Tyres, new or retreaded, are subject to the same safety requirements in the Union market as set out in Directive 2007/46/EC of the European Parliament and of the Council ⁽¹³⁾.

2.4. **Segmentation into three tiers of the Union market for tyres**

- (38) Information collected and received by the Commission indicates that the Union market for bus and lorry tyres is segmented in three tiers or segments. While there are no clear dividing lines among tiers, there is a general agreement among interested parties and the findings of the Commission on the following categorisation.
- (39) Tier 1 tyres cover premium new tyres with the flagship brand of main manufacturers. Brand recognition is a key factor for tyres in this tier and justifies significantly higher prices for expected high performances as well particularly strong marketing investments. Original equipment for lorries or buses manufacturers (‘OE1’) tyres are primarily included in that tier. The quality of tier 1 tyres ensures a high level of retreadability of the tyres which are designed to be ‘multi-life’ tyres further increasing the significantly higher mileage of the original product (up to three retreading for a normal use). Tier 1 tyres are also associated with a higher level of safety and are often accompanied with a good level of after-sale services.
- (40) Tier 2 tyres cover most non-premium tyres, both new and retreaded tyres, with prices ranging between approximately 65 % and 80 % of the price of tier 1 tyres. Original equipment for trailers manufacturers (‘OE2’) tyres may be included in that tier. Brand recognition remains important in this tier and brands are usually well-known from purchasers which are also able to identify the tyre manufacturers. They are generally retreadable at least once and, although more limited than tier 1 tyres, deliver good performances in terms of mileage.

⁽¹³⁾ Directive 2007/46/EC of the European Parliament and of the Council of 5 September 2007 establishing a framework for the approval of motor vehicles and their trailers, and of systems, components and separate technical units intended for such vehicles (OJ L 263, 9.10.2007, p. 1).

- (41) Tier 3 tyres cover both new and retreaded tyres with lower mileage performances and very limited retreadability, if any. They are typically priced at less than 65 % of the price and mileage performance of tier 1 tyres. In that tier, brand recognition is almost non-existent and price becomes the determining factor in the customer's decision to purchase. They are usually not provided with after-sale services.
- (42) Retreaded tyres can be classified under tier 2 or tier 3. While some Chinese tyres are retreadable, there is very little retreading performed in China. Retreading is, however, quite widespread in the Union and in other markets, for example in Brazil. The retreading activity in the Union consists of:
- integrated retreaders acting under the name, brand or mandate of a producer of new tyres. They are seen as the continuation of the brands selling the new tyres. This corresponds to tier 2 tyres,
 - independent retreaders which usually cover much smaller geographical markets and volumes. They sell tyres under their own name or brand and rely on their own expertise. Most of them are SMEs (more than 400 producers in the Union). This corresponds to tier 3 tyres.
- (43) The Commission applied the same mapping of new and retreaded tyres by brand as in the original investigation. This information was also provided by the complainant and was made available to all the interested parties on initiation day.

2.5. Product concerned

- (44) The product concerned by this investigation is the product under review originating in the People's Republic of China ('the product concerned').

2.6. Like product

- (45) As established in the original investigation, this expiry review investigation confirmed that the following products have the same basic physical, chemical and technical characteristics as well as the same basic uses:
- the product concerned when exported to the Union ;
 - the product under review produced and sold on the domestic market of country concerned;
 - the product under review produced and sold by the exporting producers to the rest of the world; and
 - the product under review produced and sold in the Union by the Union industry.
- (46) These products are therefore considered to be like products within the meaning of Article 2(c) of the basic Regulation.

3. SUBSIDISATION

- (47) In accordance with Article 18 of the basic Regulation, and as stated in the Notice of Initiation, the Commission examined whether the expiry of the existing measures would likely lead to a continuation or recurrence of subsidisation of the product concerned originating in the PRC.
- (48) The Commission decided that, in view of the findings below confirming the existence of continued subsidisation with respect to the subsidies countervailed in the original investigation, as well as the existence of new additional subsidies (namely bank acceptance notes), there was no need to investigate all subsidies alleged to exist by the applicant. Indeed, pursuant to Article 18 of the basic Regulation, the Commission should examine whether there is evidence of continued subsidisation, regardless of its amount.

3.1. Subsidies countervailed in the original investigation

- (49) On the basis of the information contained in the review request and in the Notice of Initiation, the Commission investigated the following subsidy practices:
- (i) Preferential policy loans, credit lines, export sellers and export buyers credits, other financing, and guarantees;
 - (ii) Preferential Export credit insurance,
 - (iii) Grant Programmes
 - (iv) Revenue foregone through Direct Tax Exemption and Reduction programmes
 - (v) Revenue foregone through Indirect Tax and Import Tariff Programmes
 - (vi) Government provision of goods and services for less than adequate remuneration (LTAR)
- (50) As regards the provision of goods at less than adequate remuneration for input materials, in the original investigation the Commission concluded that there was no benefit on the domestic purchases of the most commonly used input materials, namely natural rubber, synthetic rubber, carbon black, nylon cord. Therefore, in the current expiry review the Commission concluded that was not necessary to investigate such scheme.

3.2. Non-cooperation and the use of facts available in accordance with Article 28(1) of the basic Regulation

- (51) On 15 March 2024, the Commission sent a questionnaire to the GOC. The GOC was also asked to forward questionnaires intended for banks and other financial institutions known by the GOC to have provided loans to the tyres industry in China, for the Chinese Export & Credit Insurance Corporation ('Sinosure') and for producers and distributors of hot-rolled and cold-rolled steel that had provided inputs for the production of the product under review.
- (52) Neither the GOC, nor any of the other intended recipients of the questionnaires mentioned above, responded to the Commission's request.
- (53) By Note Verbale of 26 April 2024, the Commission informed the Chinese authorities that following non-cooperation from the GOC and the Chinese producers of the product under review, the Commission intended to make its findings on the basis of the facts available, in accordance with Article 28(1) of the basic Regulation. They were also informed that a finding based on facts available may be less favourable than if the GOC and producers cooperated. The Commission did not receive any comments.
- (54) As such, in accordance with Article 28 of the basic Regulation, the Commission considered the use of facts available necessary in order to establish the continuation or recurrence of subsidisation of the product concerned originating in the PRC.
- (55) Accordingly, the Commission used for its analysis all facts available to it, in particular:
- (a) the request;
 - (b) findings of the original investigation ⁽¹⁴⁾;

⁽¹⁴⁾ Commission Implementing Regulation (EU) No 2018/1690 of 9 November 2018 imposing a definitive countervailing duty on imports of certain pneumatic tyres, new or retreaded, of rubber, of a kind used for busses or lorries and with a load index exceeding 121 originating in the People's Republic of China (OJ L 283, 12.11.2018, p. 1).

- (c) findings of the most recent anti-subsidy investigations and expiry reviews carried out by the Commission concerning encouraged industries in China, such as, electric bicycles ⁽¹⁵⁾ ('the e-bike'), organic coated steel products ⁽¹⁶⁾ ('OCS'), optical fibre cables ⁽¹⁷⁾ ('OFC') and aluminium converter foil ⁽¹⁸⁾, glass fibre fabrics ⁽¹⁹⁾ ('GFF'), filament glass fibre products ⁽²⁰⁾ ('GFR'), coated fine paper ⁽²¹⁾, hot-rolled flat products ⁽²²⁾ ('HRF'), and BEV ⁽²³⁾, where similar subsidies were examined;
- (d) Commission Staff Working Document on significant distortions in the economy of the PRC for the purpose of trade defence investigation ('the Report on China') ⁽²⁴⁾.

3.3. Presentation of government plans, projects and other documents

- (56) Before analysing the alleged subsidisation in the form of specific subsidies or subsidy programmes (sections 3.4 and following below), the Commission assessed government plans, projects and other documents, which were relevant for more than one of the subsidies or subsidy programmes. It found that all subsidies or subsidy programmes under assessment form part of the implementation of the GOC's central planning for the following reasons.
- (57) The findings of the original investigation based on government plans in force at that time are upheld in the current expiry review investigation. The Commission established in the review investigation that a number of policy documents indicate the tyre industry as an 'Encouraged' industry. This concerns in particular the 14th Five-Year Industrial Technology Innovation Program issued by the Ministry of Industry and Information Technology ⁽²⁵⁾.

⁽¹⁵⁾ Commission Implementing Regulation (EU) No 2019/72 of 17 January 2019 imposing a definitive countervailing duty on imports of electric bicycles originating in the People's Republic of China (OJ L 16, 18.1.2019, p. 5).

⁽¹⁶⁾ Commission Implementing Regulation (EU) 2019/688 of 2 May 2019 imposing a definitive countervailing duty on imports of certain organic coated steel products originating in the People's Republic of China following an expiry review pursuant to Article 18 of the Regulation (EU) 2016/1037 of the European Parliament and of the Council (OJ L 116, 3.5.2019, p. 39).

⁽¹⁷⁾ Commission Implementing Regulation (EU) 2022/72 of 18 January 2022 imposing definitive countervailing duties on imports of optical fibre cables originating in the People's Republic of China and amending Implementing Regulation (EU) 2021/2011 imposing a definitive anti-dumping duty on imports of optical fibre cables originating in the People's Republic of China (OJ L 12, 19.1.2022, p. 34).

⁽¹⁸⁾ Commission Implementing Regulation (EU) 2021/2287 of 17 December 2021 imposing definitive countervailing duties on imports of aluminium converter foil originating in the People's Republic of China and amending Implementing Regulation (EU) 2021/2170 imposing definitive anti-dumping duties on imports of aluminium converter foil originating in the People's Republic of China (OJ L 458, 22.12.2021, p. 344).

⁽¹⁹⁾ Commission Implementing Regulation (EU) 2020/776 of 12 June 2020 imposing definitive countervailing duties on imports of certain woven and/or stitched glass fibre fabrics originating in the People's Republic of China and Egypt and amending Commission Implementing Regulation (EU) 2020/492 imposing definitive anti-dumping duties on imports of certain woven and/or stitched glass fibre fabrics originating in the People's Republic of China and Egypt (OJ L 189, 15.6.2020, p. 1).

⁽²⁰⁾ Commission Implementing Regulation (EU) 2021/328 of 24 February 2021 imposing a definitive countervailing duty on imports of continuous filament glass fibre products originating in the People's Republic of China following an expiry review pursuant to Article 18 of the Regulation (EU) 2016/1037 of the European Parliament and of the Council (OJ L 65, 25.2.2021, p. 1).

⁽²¹⁾ Commission Implementing Regulation (EU) 2021/328 of 24 February 2021 imposing a definitive countervailing duty on imports of continuous filament glass fibre products originating in the People's Republic of China following an expiry review pursuant to Article 18 of the Regulation (EU) 2016/1037 of the European Parliament and of the Council (OJ L 65, 25.2.2021, p. 1).

⁽²²⁾ Commission Implementing Regulation (EU) 2023/1123 of 7 June 2023 imposing a definitive countervailing duty on imports of certain hot-rolled flat products of iron, non-alloy or other alloy steel originating in People's Republic of China following an expiry review pursuant to Article 18 of Regulation (EU) 2016/1037 of the European Parliament and of the Council (OJ L 148, 8.6.2023, p. 84).

⁽²³⁾ Commission Implementing Regulation (EU) 2024/2754 of 29 October 2024 imposing a definitive countervailing duty on imports of new battery electric vehicles designed for the transport of persons originating in the People's Republic of China (OJ L, 2024/2754, 29.10.2024).

⁽²⁴⁾ Available at [https://ec.europa.eu/transparency/documents-register/detail?ref=SWD\(2024\)91&lang=en](https://ec.europa.eu/transparency/documents-register/detail?ref=SWD(2024)91&lang=en).

⁽²⁵⁾ https://www.gov.cn/zhengce/2022-04/10/content_5684320.htm.

- (58) The 14th five-year plan ('14th FYP') ⁽²⁶⁾ for the period 2021 to 2025 highlights the strategic vision of the GOC for improvement and promotion of key industries. In its Part Three, Article VIII, it lays out the strategic visions of the GOC for the transformation and upgrading of traditional industries. Furthermore, Article IX states the development axis for strategic emerging industries, including the industries of new materials, new energy vehicles, and high-end equipment. This encompasses the tyre industry through rubber or petrochemical-oriented support. The plan further targets key technologies used for the manufacture of tyres, i.e. petrochemical, rubber, steel and textile.
- (59) The 14th FYP is further implemented through sectoral plans, which set the direction of policies to be implemented for the development of strategic industries and sectors. The "Guiding Opinions on Promoting the high-quality development of the petrochemical and chemical industry during the 14th FYP" include tyres under the rubber industry.
- (60) The "Made in China 2025" is a State-led industrial policy that seeks to make the PRC dominant in global high-tech manufacturing through government subsidies, State-Owned Enterprises, and intellectual property acquisition, thereby replacing foreign capacity. It includes measures directly relevant to the manufacturing of tyres, targeting both tyres and inputs to their production. Under the Made in China 2025 Roadmap, "basic new materials" are defined as including "iron and steel, non-ferrous, petrochemical, building materials, light industry, textiles and other basic materials in the high-end materials" (major inputs of tyre production). The policy also refers to "explor[ing] the use of industrial funds, state-owned capital income, and other channels to support the globalization of [...] automobiles, [...] and other equipment and well-positioned industrial capacities, and to implement overseas investment and M&A." ⁽²⁷⁾ Therefore, through the inclusion of both tyres and essential inputs to their manufacture in the "key industries" and "new materials" that are "encouraged" under the Made in China 2025 policy, the Chinese tyre industry has access to substantial State funding.
- (61) In the original investigation, the Commission established, with reference to 'Decision No 40 of the State Council' ⁽²⁸⁾ ('Decision No. 40'), that this act is an order from the State Council, i.e. the highest administrative body in the PRC, and remains legally binding on other public bodies and economic operators. Under Decision No. 40, several sectors of relevance are identified as encouraged, in particular, petrochemicals, fine chemicals, bio-chemicals, transportation and urban public transportation (buses). Encouraged sectors receive several subsidies. In particular, Truck, Bus and Radial (TBR) tyres are classified under the "encouraged" category (under the "petrochemicals and chemicals industry") in the 2019 edition of the Guidance Catalogue as follows: "High performance radial tire (including tubeless truck radial tire, mega engineering radial tire (above 49 inch), low cross section and flat (less than 55 Series)) and intelligent manufacturing technology and equipment, aviation tire, agricultural radial tire and supporting special materials and equipment, development and application of new type natural rubber." ⁽²⁹⁾ Other sectors of direct relevance to the tyre manufacturing are also "encouraged" such as natural rubber, synthetic rubber, manufacturing equipment, recycling, textile, and steel. Moreover, the 2022 edition of the Catalogue of Encouraged Industries for Foreign Investment also includes several tyre-related industries, such as natural and synthetic rubber production, manufacturing equipment and textile ⁽³⁰⁾.

⁽²⁶⁾ NPC, 2021, Outline of the 14th Five-Year Programme for National Economic and Social Development of the People's Republic of China and 2035 Long-term Vision, available from: http://www.gov.cn/xinwen/2021-03/13/content_5592681.htm.

⁽²⁷⁾ Notice of the State Council on the Publication of "Made in China 2025" (available at: https://cset.georgetown.edu/wp-content/uploads/t0432_made_in_china_2025_EN.pdf).

⁽²⁸⁾ Decision of the State Council on Promulgating and Implementing the Temporary Provisions on Promoting Industrial Structure Adjustment No. 40 (2005); Guidance Catalogue for the Industrial Structure Adjustment (2019) (available at: <https://www.gov.cn/xinwen/2019-11/06/5449193/files/26c9d25f713f4ed5b8dc51ae40ef37af.pdf>).

⁽²⁹⁾ Guidance Catalogue for the Industrial Structure Adjustment (2019), p. 17 (available at: <https://www.gov.cn/xinwen/2019-11/06/5449193/files/26c9d25f713f4ed5b8dc51ae40ef37af.pdf>).

⁽³⁰⁾ Catalogue of Encouraged Industries for Foreign Investment (2022 Edition, available at: [https://www.tjftz.gov.cn/tisip/upload/files/2023/1/Catalogue%20of%20Encouraged%20Industries%20for%20Foreign%20Investment%20\(2022_Edition\).pdf](https://www.tjftz.gov.cn/tisip/upload/files/2023/1/Catalogue%20of%20Encouraged%20Industries%20for%20Foreign%20Investment%20(2022_Edition).pdf)).

- (62) The key industrial plans issued by the GOC also provide for support to industries which are essential to the tyre production, in particular:
- (a) Petrochemicals (synthetic rubber and carbon black): The Ministry of Industry and Information Technology (MIIT) published a 14th FYP targeting the development of raw materials industries ⁽³¹⁾, along with “*Guiding Opinions on Promoting the High-Quality Development of the Petrochemical and Chemical Industry During the 14th Five-Year Plan*”.
 - (b) Natural Rubber: the key document is the *Guiding outline of the 14th FYP for the development of the Rubber industry*. The outline targets the entire rubber industry supply chain and sets out objectives and directs resources across the board ⁽³²⁾. Specifically, production and sales of natural rubber are carried out under the guidelines of the China Rubber Industry Association (‘CRIA’) which determines production targets of 1.5 billion parts of rubber products.
 - (c) Steel (cords and wire rod): The GOC’s widespread support to the steel industry has been well-established throughout a plethora of Commission reports and investigations ⁽³³⁾. Steel remains a key industry for the GOC, as demonstrated by the release in early 2022 of *Guiding opinions on promoting the high-quality development of the Iron and Steel Industry*, to implement the 14th FYP and the *14th Five-Year Plan for the Development of Raw Materials Industry*.
 - (d) Energy: the Commission has previously found that large industrial users of electricity in the PRC benefit from reduced electricity prices. ⁽³⁴⁾
 - (e) Textile: Within the framework of the 14th FYP, the Department of Industry and Information Technology released a notice on “*Launching the 2022 Textile and Garment ‘Optimizing Supply and Promoting Upgrading’ Activities*” according to which the China National Textile and Apparel Council is responsible to plan and implements tasks ⁽³⁵⁾ under the supervision of the State Council. The combination of its control over the industry and the support granted to it allows the GOC to ensure the textile inputs for tyre production are offered at below market prices.
- (63) The Chinese tyre industry is further guided by the Guiding outline of the 14th FYP for the development of the Rubber industry, published by the CRIA, which target the entire rubber industry supply chain and set out objectives and direct resources.
- (64) Therefore, both tyre production itself as well as its entire supply chain is part of the industries ‘encouraged’ by the GOC and, as a result, beneficiary of the GOC’s support, which includes access to preferential financing and inputs for less than adequate remuneration (land, electricity, (synthetic) rubber, etc.).

⁽³¹⁾ “Fourteenth Five-Year Plan” for the development of raw materials industry, Ministry of Industry and Information Technology Ministry of Science and Technology Ministry of Natural Resources (available at: https://cset.georgetown.edu/wp-content/uploads/t0284_14th_Five_Year_Plan_EN.pdf).

⁽³²⁾ The “14th Five-Year Plan” of the rubber industry was released, creating a new era of glory, China Rubber Industry Association, Nov. 2020.; Guidelines for the “14th Five-Year Plan” Development Plan of the Rubber Industry, November 2020 (available at: <https://www.cria.org.cn/c174>).

⁽³³⁾ See, for example, Commission Implementing Regulation (EU) 2023/1123 of 7 June 2023 imposing a definitive countervailing duty on imports of certain hot-rolled flat products of iron, non-alloy or other alloy steel originating in People’s Republic of China following an expiry review pursuant to Article 18 of Regulation (EU) 2016/1037 of the European Parliament and of the Council, recs. 44 et s.

⁽³⁴⁾ See Regulation 2018/1690, rec. 469, and Notice on accelerating market-based power trading and improving trading mechanisms, issued by the NDRC and the National Energy Administration, 18 July 2018.

⁽³⁵⁾ Notice of the General Office of the Ministry of Industry and Information Technology on Carrying out the 2022 Textile and Garment “Excellent Supply and Promotion of Upgrading” Activities, Ministry of Industry and Information Technology, December 2022 (available at: https://www.gov.cn/zhengce/zhengceku/2022-10/12/content_5717806.htm).

3.4. Preferential lending

3.4.1. Loans

- (65) In the original investigation ⁽³⁶⁾, the Commission established that State-owned banks ('SOBs') were public bodies as they exercised government authority.
- (66) With respect to the banks that provided loans to the producers who cooperated in the original investigation, the great majority were State-owned. The information available from the original investigation and the most recent anti-subsidy investigations mentioned in recital (55) above showed that most of the major banks continued to be State-owned, including the major commercial banks in China, such as the Bank of China, the China Construction Bank, Agricultural Bank of China and the Industrial and Commercial Bank of China. Furthermore, it was also found that these State-owned commercial banks held a predominant place in the market and, in their capacity as public bodies, were engaged in offering lending at below-market interest rates. Accordingly, it was concluded that the GOC had a policy to provide preferential lending to the tyres industry.
- (67) The Commission also established, on the basis of, inter alia, Articles 34 of the Law of the PRC on Commercial Banks ('Bank law') and Articles 17 and 18 of Decision No 40, that privately owned commercial banks in China were entrusted and directed by the GOC to provide preferential loans to the tyre industry, as belonging to the 'encouraged' category, in line with Article 3(1)(a)(iv) of the basic Regulation.
- (68) Therefore, the Commission concluded that there was a financial contribution to the tyre producers in the form of a direct transfer of funds from the GOC within the meaning of Article 3(1)(a)(i) of the basic Regulation; and privately owned banks were also entrusted or directed by the government to provide financial contributions to the same producers within the meaning of Article 3(1)(a)(iv) of the basic Regulation.
- (69) Based on the information provided by the applicant in the request and also information from the recent investigations mentioned above in recital (55), the Commission concluded that Chinese credit ratings do not provide a reliable estimation of the credit risk of the underlying asset. On this basis, even if some of the sampled companies in the current expiry review were awarded a good credit rating by a Chinese rating agency, the Commission concluded that such ratings are not reliable.
- (70) A benefit within the meaning of Articles 3(2) and 6(b) of the basic Regulation was found to exist to the extent that the government loans were granted on terms more favourable than the recipient could actually obtain on the market. Since it was established that non-government loans in China do not provide an appropriate market benchmark (privately owned banks being entrusted and directed by the GOC), such a benchmark was constructed on the basis of standard lending rate of the People's Bank of China. This rate was adjusted to reflect normal market risk by adding the appropriate premium expected on bonds issued by firms with rating of 'non-investment grade' bonds (at BB rate).
- (71) This subsidy programme was found to be specific within the meaning of Article 4(2)(a) of the basic Regulation, as the tyres industry belonged to the encouraged category according to the Decision No 40.
- (72) Furthermore, the programme was found to be specific under Article 4(2)(b) of the basic Regulation, as certain government plans and documents were encouraging and instructing to provide financial support to steel industry, also in specific geographical regions of China.
- (73) The subsidy rate established in the original investigation for the sampled exporting producers varied from 0,34% to 48,37 %.

⁽³⁶⁾ Commission Implementing Regulation (EU) No 2018/1690 of 9 November 2018 imposing a definitive countervailing duty on imports of certain pneumatic tyres, new or retreaded, of rubber, of a kind used for busses or lorries and with a load index exceeding 121 originating in the People's Republic of China (OJ L 283, 12.11.2018, p. 1).

3.4.1.1. Continuation of the subsidy programme

- (74) In the request ⁽³⁷⁾, the applicant provided evidence that Chinese tyre producers continued to benefit from preferential lending and below-market interest rates from domestic banks in the PRC.
- (75) The applicant provided evidence of the significant presence and continued market dominance of SOBs in the Chinese banking sector. The request listed the major SOBs that provided lending on preferential terms to the tyre producers in China.
- (76) Finally, the applicant indicated that private banks continued to be entrusted and directed by the GOC to provide subsidized loans, within the meaning of Article 3.1(a)(iv) of the basic Regulation.
- (77) In the absence of cooperation from the GOC and considering no arguments were presented by interested parties during the investigation which would challenge the evidence presented by the applicant with regard to the current situation of the Chinese banking system, the Commission is of the view that its findings from the original investigation continue to be applicable.
- (78) Furthermore, the critical facts relevant for the establishment of this subsidisation programme and its continuation, namely acting of SOBs as public bodies, their dominance in the banking sector, entrustment and direction of private banks, were confirmed by the findings of the most recent OCS, fibre glass, aluminium foil, BEV ⁽³⁸⁾ investigations.

3.4.1.2. Benefit

- (79) The Commission then calculated the amount of the countervailable subsidy. For this calculation, it assessed the benefit conferred on the recipients during the review investigation period ('RIP'). According to Article 6(b) of the basic Regulation, the benefit conferred on the recipients is the difference between the amount of interest that the company pays on the government loan and the amount that the company would pay for a comparable commercial loan obtainable on the market.
- (80) As in the original investigation, the Commission calculated the benefit from the preferential lending practices for each sampled group of exporting producers on an individual basis and allocated such benefit to the product concerned.

3.4.1.3. Hankook Group

- (81) The two exporting producers of the Hankook Group ('Hankook') have a very different financial situation. The first company, Jiangsu Hankook Tire Co. Ltd ('JHKT'), is a mature business with constant profits during the period 2020-2023. The second company, Chongqing Hankook Tire Co. Ltd ('CHKT'), accumulated heavy losses since its start up in 2010, although it made net profit in 2020 and 2023. This assessment was confirmed during the verification visit. The debt to assets ratio is quite low in the first case and relatively high in the second case.
- (82) The Commission noted that JHKT has been awarded credit ratings AAA- by Chinese state-owned financial institutions, whereas CHKT has been awarded credit ratings ranging from A to AA by the same state-owned financial institutions. In light of the overall distortions of Chinese credit ratings mentioned in section 3.4.1.1 above, the Commission concluded that this rating was not reliable.
- (83) During the review investigation period, one of the producers secured some funds from short-term loans by selling their export receivables to Chinese banks. CHKT did not take any loans and used only intercompany cash pooling to finance its operations.

⁽³⁷⁾ See recitals 74 to 136 of the request and the corresponding annexes.

⁽³⁸⁾ See recital 55 letter c)

- (84) The Commission considered that the overall financial situation of the group corresponds to a BB rating, which is the highest rating that does no longer qualify as “investment grade”. “Investment grade” means that bonds issued by the company are judged by the rating agency as likely enough to meet payment obligations that banks are allowed to invest in them.
- (85) The premium expected on bonds issued by firms with this rating (BB) was then applied to the standard lending rate of the People’s Bank of China (‘PBOC’) in order to determine the market rate.
- (86) That mark-up was determined by calculating the relative spread between the indices of US AA rated corporate bonds to US BB rated corporate bonds based on Bloomberg data for industrial segments. The relative spread thus calculated was then added to the benchmark interest rates as published by the PBOC at the date when the loan was granted ⁽³⁹⁾, and for the same duration as the loan in question. This was done individually for each loan provided to the company.
- (87) In the comments to the final disclosure, Hankook claimed that JHKT should not be downgraded as it is unjustified. The company alleged that the financial situation of the whole group should not have impact of the assessment of the company rating. The Commission conducted the assessment of the financial situation of the companies based on the collected data in the investigation. The Commission took into account the financial situation of the whole group due to the fact of the close links and relation between the companies of the Group. The companies not only have direct related transactions but are also involved in the financing schemes like cash pooling, discounting bills. Therefore, the claims had been disregarded and the assessment of the companies’ credit rates remain unchanged.

3.4.1.4. GITI Group

- (88) The exporting producers, Giti Radial Anhui, Giti Fujian, of the GITI Group (‘GITI’) have a very diverse financial situation. One of them was profitable during the period considered. Another one, was also profitable in during the period concerned, with exception to year 2022. Furthermore, other financial indicators, such as the debt to assets ratio have at the level above 50%. However, another producer was loss-making during the entire period considered and its liabilities excess the assets. Despite that, it had no loans from financial institution and was financed by the parent company.
- (89) The Commission in the original investigation concluded that regarding the GITI Group it was appropriate to use the BB benchmark as set out in recitals (65) to (80) above at the level of the group activities to calculate the overall benefit conferred upon tyres derived from the absence of a proper risk assessment.
- (90) Due to the absence of cooperation of the banks and no considerable changes in the financial situation of the company during the review investigation period, the Commission concluded that this benchmark remains appropriate.

3.4.1.5. Specificity

- (91) The subsidy programme in question was still specific within the meaning of Articles 4(2)(a) and 4(2)(b) of the basic Regulation, given that the legal situation described in section 3.4.1 had not changed compared to when it was assessed by the Commission during the original investigation and in the light of the new 14th FYP for the petrochemical and chemical sector, confirming the tyres under the rubber industry as an encouraged industry.

⁽³⁹⁾ In case of fixed interest loans. For variable interest rate loans, the PBOC benchmark rate during the IP was taken.

3.4.1.6. Conclusion

- (92) Accordingly, the Commission concluded that there is sufficient evidence showing that the loans as a countervailable subsidy continued during the review investigation period.
- (93) The subsidy amount established with regard to the loans during the review investigation period for the sampled groups of companies amounts to:

Loans

Company/Group	Overall Subsidy amount
Giti Group	0,42%
Hankook Group	0,02%

3.4.2. Credit lines

3.4.2.1. General remarks

- (94) The purpose of a credit line is to establish a borrowing limit that the company can use at any time to finance its current operations, thus making working capital financing flexible and immediately available when needed. Therefore, the Commission considered that in principle, all short-term financing of the sampled companies, such as short-term loans, bank acceptance drafts etc., should be covered by a credit line instrument.

3.4.2.2. Findings of the review investigation

- (95) Similar to the original investigation, the review investigation showed that Chinese financial institutions also provided credit lines in connection with the provision of individual loans to each of the sampled companies. These consisted of framework agreements, under which the bank would allow the sampled companies to withdraw up to a certain maximum amount of funds in the form of various debt instruments (loans, documentary bills, trade financing, bank acceptance note etc.). Under normal market circumstances, such credit lines would normally be subject to a so-called "arrangement" or "commitment" fee to compensate for the bank's costs and risks, as well as to renewal fees charged on an early basis for renewing the validity of the credit lines. However, the Commission found that all of sampled companies benefited from credit lines provided free of charge.
- (96) In accordance with Article 6(d)(ii) of the basic Regulation, the benefit conferred on the recipients is considered to be the difference between the amount that the company pays for the provision of credit lines by Chinese financial institutions and the amount that the company would pay for a comparable commercial credit line obtainable on the market.
- (97) The level of the fees used as a benchmark was applied *pro rata* to the amount of each credit line in question to obtain the amount of subsidy (minus any fees actually paid). In cases where the duration of the credit line was more than one year, the total amount of subsidy was allocated over the duration of the credit line and an appropriate amount attributed to the investigation period.

3.4.2.3. Specificity

- (98) As mentioned in recital (67), according to Decision No 40, financial institutions shall provide credit support to encouraged industries.
- (99) The Commission considered that credit lines are a form of a preferential financial support by financial institutions to encouraged industries, such as the tyres industry. As specified in Section 3.3 above, the tyres industry is among the encouraged industries and is therefore eligible for all possible financial support.

3.4.2.4. Calculation of the subsidy amount

- (100) In accordance with Article 6(d)(ii) of the basic Regulation, the Commission considered the benefit conferred on the recipients to be the difference between the amount that they paid as a fee for the opening or the renewal of the credit lines by Chinese financial institutions, and the amount that they would pay for a comparable commercial credit line obtained at an undistorted market rate.
- (101) The appropriate benchmarks for the arrangement fee and for the renewal fee were established at 1,5 % and 1,25 % respectively by reference to publicly available data ⁽⁴⁰⁾ and benchmarks used in previous investigations listed in recital (55) above.
- (102) In principle, the arrangement fee and the renewal fee are payable on a lump sum basis at the time of the opening of a new credit line or the renewal of an existing credit line respectively. However, for calculation purposes, the Commission took into account credit lines which had been opened or renewed before the review investigation period but which were available to the sampled groups during the investigation period and also the credit lines that were opened during the investigation period. Then, the Commission calculated the benefit based on the period within the review investigation period during which the credit line was available.
- (103) Following the disclosure Giti claimed that the benchmark used was not appropriate and that the Commission inappropriately relied on credit lines in GBP issued by a small bank to conclude that the absence of fees charged for opening credit lines by banks in China constituted a subsidy. Giti also claimed that some of the credit lines were actually renewal of the previous ones, however in their regard the Commission applied the benchmark of the opening fee.
- (104) The Commission did not consider that the benchmark used was unjustifiably higher. As a matter of fact, it was very close to that used in past investigations and based on publicly available information. The fact that the producers do not operate in GBP was not considered relevant for the appropriateness of the benchmark chosen, where what matters is the market conditions offered to borrow money (regardless of the currency). Further, Giti in the questionnaire reply did not report any credit lines and only during the verification visit the Commission find out that the company had active credit lines during the RIP. Nevertheless, the exporter did not provide any proof, such as written agreement, indicating that these credit lines are renewal of the previous ones. Therefore, the Commission applied the opening fee benchmark in those instances.
- (105) Hankook further claimed that the Commission should first resort to available data in the country of the provision. The company claims that the branch of the Korean Bank in China provides credit lines for the fee and therefore this fee should apply to the benefit calculation for all credit lines of the exporter. The Commission applied the fees from the third countries as could not find any credit lines granted to the sampled companies that would be subject to any of the fees that would normally be payable at the market. Therefore, even if, in fact Chinese bank with foreign capital, provides credit lines with the fee, as alleged by the exporter, this fee is not payable or highly distorted. Having regard non-cooperation of the Chinese banks in the ongoing investigation the Commission is not able to verify this information in the current investigation. Moreover, the exporter did not provide any other proof, except the printout from unknown website in Korean (partially translated) that this fee is actually charged in China. Therefore, this claim was also disregarded.
- (106) The subsidy amount established with regard to the preferential lending during the review investigation period for the sampled groups of companies amounts to:

⁽⁴⁰⁾ Business and Commercial Overdrafts | Metro Bank (metrobankonline.co.uk).

Credit lines

Company/Group	Overall Subsidy amount
Giti Group	2,72%
Hankook Group	0,06%

3.4.3. Bank acceptance drafts

3.4.3.1. General remarks

- (107) Bank acceptance drafts are a financial product aimed at developing a more active domestic money market by broadening credit facilities. It is a form of short-term financing that might “reduce fund cost and enhance capital efficiency” of the drawer ⁽⁴¹⁾. In addition, as stated by the PBOC on its website, “*the bank acceptance draft can guarantee the establishment and performance of the contract between the buyer and the seller, as well as promote the capital turnover via the intervention of Bank of China’s credit*” ⁽⁴²⁾. In addition, on its website DBS Bank advertises bank acceptance drafts as a means to “*improve working capital by deferring payments*” ⁽⁴³⁾.
- (108) The Commission already established in the previous investigations that bank acceptance drafts are largely used as a means of payment in commercial transactions as a substitute to a money order thus, facilitating the cash turnover and the working capital of the drawer ⁽⁴⁴⁾. From a cash point of view, the instrument *de facto* grants the drawer a deferred due date of payment of 6 months or 1 year because the actual cash payment of the transaction amount occurs at the maturity of the bank acceptance draft and not at the moment when the drawer had to pay its supplier. In the absence of such a financial instrument, the drawer would either use its own working capital, which has a cost, or contract a short-term working capital loan with a bank in order to pay its suppliers, which also has a cost. In fact, by paying with bank acceptance drafts, the drawer uses the supplied goods or services for a period of 3 months to 1 year without advancing any cash and without bearing any cost.
- (109) Under normal market circumstances, as a financial instrument, bank acceptance drafts would imply a cost of financing for the drawer. The review investigation showed that the GITI Group used bank acceptance drafts during the review investigation period and only paid a commission for the acceptance service provided by the bank, which was in general 0,05 % of the face value of the draft. However, did not bear a cost for the financing via bank acceptance drafts by deferring the cash payment of the supply of goods and services. Therefore, the Commission considered that the investigated companies of GITI group benefitted from financing in the form of bank acceptance drafts for which they did not bear any cost. No evidence of such benefit was found for Hankook.
- (110) Considering the above, the Commission concluded that the bank acceptance system put in place in the PRC provided exporting producers a free financing of their current operations, which conferred a countervailable benefit as described in recitals (115) to (120) below, in accordance with Article 3(1)(a)(i) and 3(2) of the basic Regulation.

⁽⁴¹⁾ See website of the People’s Bank of China: https://www.boc.cn/en/cbservice/cncb6/cb61/200811/t20081112_1324239.html, last accessed on 30 August 2024.

⁽⁴²⁾ Ibid.

⁽⁴³⁾ See website of DBS Bank: <https://www.dbs.com.cn/corporate/financing/working-capital/bank-acceptance-draft-bad-issuance>, last accessed on 30 August 2024.

⁽⁴⁴⁾ For a more specific description of the way in which bank acceptance drafts are generally used, see GFF case referenced in footnote 19 above, recitals 359 to 370.

- (111) The Commission established in a previous investigation ⁽⁴⁵⁾ that bank acceptance drafts effectively have the same purpose and effects as short-term working capital loans, as they are used by companies to finance their current operations instead of using short-term working capital loans, and that consequently, they should bear a cost equivalent to a short-term working capital loan financing.

3.4.3.2. Specificity

- (112) Concerning specificity, as mentioned in recital (71) according to Decision No 40, financial institutions shall provide credit support to encouraged industries.
- (113) The Commission considered that bank acceptance drafts are another form of preferential financial support by financial institutions to encouraged industries such as the tyres industry. Indeed, as specified in Section 3.3 above, the tyres industry is among the encouraged industries and is therefore eligible for all possible financial support. Bank acceptance drafts, as a form of financing, are part of the preferential financial support system by financial institutions to encouraged industries, such as the tyres industry.
- (114) No evidence was provided that any undertaking in the PRC (other than within encouraged industries) can benefit from bank acceptance drafts under the same preferential terms and conditions.

3.4.3.3. Calculation of the subsidy amount

- (115) For the calculation of the amount of the countervailable subsidy, the Commission assessed the benefit conferred on the recipients during the review investigation period.
- (116) The Commission found that GITI Group used bank acceptance drafts to address their needs for short-term financing without paying a remuneration.
- (117) The Commission concluded that bank acceptance drawers should pay a remuneration for the period of financing. The Commission considered that the period of financing started on the date of the issuance of the bank acceptance draft and ended on the maturity date of the bank acceptance draft. Regarding bank acceptance drafts issued before the review investigation period and bank acceptance drafts with a maturity date after the end of the review investigation period, the Commission calculated the benefit only for the period of financing covered by the review investigation period.
- (118) In accordance with Article 6(b) of the basic Regulation, considering that bank acceptance drafts are a form of short-term financing and that they effectively have the same purpose as short-term working capital loans, the Commission considered that the benefit conferred on the recipients is the difference between the amount that the company had actually paid as remuneration of the financing by bank acceptance drafts and the amount that it should pay by applying a short-term financing interest rate.
- (119) The Commission determined the benefit resulting from the non-payment of a short-term financing cost. The Commission considered, as established in previous investigations ⁽⁴⁶⁾, that bank acceptance drafts should bear a cost equivalent to a short-term loan financing. Therefore, the Commission applied the same methodology as to short-term loans financing denominated in CNY.
- (120) The subsidy amount established with regard to the preferential lending during the review investigation period for the sampled groups of companies amounts to:

Bank acceptance drafts

Company/Group	Overall Subsidy amount
Giti Group	2,09%

⁽⁴⁵⁾ See GFF Regulation mentioned in footnote 6, recital 385.

⁽⁴⁶⁾ See recital (55) letter c)

3.4.4. Conclusion on preferential lending

- (121) The review investigation showed that both sampled groups of exporting producers benefited from preferential lending during the review investigation period. In view of the existence of a financial contribution, a benefit to the exporting producers and specificity, these loans, credit lines, and bank acceptance drafts should be considered as a countervailable subsidy.
- (122) The subsidy amount established with regard to the preferential lending during the review investigation period for the sampled groups of companies amounts to:

Preferential lending

Company/Group	Overall Subsidy amount
Giti Group	3,48%
Hankook Group	0,08%

3.5. Export credit insurance

- (123) In the request, the applicant alleged that Sinosure provided export credit insurance on preferential terms to producers of the product concerned.

3.5.1. Legal basis

- (124) The legal basis for subsidies provided by Sinosure are the following:
- the Notice on the Implementation of the Strategy of Promoting Trade through Science and Technology Utilising Export Credit Insurance (Shang JiFa [2004] No.368), issued jointly by MOFCOM and Sinosure;
 - the Export Directory of Chinese High and New Technology Products of 2006; the so-called 840 plan included in the Notice by the State Council of 27 May 2009;
 - the so-called 421 plan included in the Notice on the issues to implement special arrangements for financing of insurance on the export of large complete sets of equipment, issued jointly by the Ministry of Commerce and the Ministry of Finance on 22 June 2009; and
- (125) the Notice on Cultivation and Development of the State Council on Accelerating Emerging Industries of Strategic Decision (GuoFa[2010] No.32 of 18 October 2010), issued by the State Council and its Implementing Guidelines (GuoFa[2011] No.310 of 21 October 2011) ⁽⁴⁷⁾.

3.5.2. Findings of the expiry review investigation

- (126) In recent anti-subsidy investigations ⁽⁴⁸⁾, the Commission found that Sinosure is a public body within the meaning of Article 2(b) of the basic Regulation. In particular, as in the context of preferential lending above, the conclusion that Sinosure is vested with authority to exercise governmental functions is based on facts available relating to State ownership, formal indicia of government control as well as evidence showing that the GOC continues exercising meaningful control over the conduct of Sinosure.
- (127) As confirmed in other recent investigations ⁽⁴⁹⁾, the government exercises full ownership and financial control over Sinosure. Sinosure is a State sole proprietorship, owned 100% by the State Council. The Articles of Association ('AoA') state that the business competent department of the company is the Ministry of Finance. Sinosure is required to submit financial and accounting reports and a fiscal budget report to the Ministry of Finance for examination and approval.

⁽⁴⁷⁾ See recital (148) of the Commission Implementing regulation (EU) 2023/1647.

⁽⁴⁸⁾ See recital (54) letter b)

⁽⁴⁹⁾ See recital (54) letter c)

- (128) With regard to government control, as a State sole proprietorship, Sinasure does not have a Board of Directors. As for the Board of Supervisors, all of the supervisors are appointed by the State Council and execute their duties according to the 'Interim Regulation on the Board of Supervisors of Important State-owned Financial Institution.' The senior management of Sinasure is also appointed by the government.
- (129) In the original investigation, the Commission found that Sinasure presented formal indicia of government control with regards to the tyres industry. The Commission noted that, as per the Notice on the Implementation of the Strategy of Promoting Trade through Science and Technology by Utilising Export Credit Insurance, Sinasure was expected to increase its support to key industries and high-tech products. Said products are specifically referenced in the 2006 Chinese Export Catalogue of High-Tech Products, which includes "New pneumatic radial tires for passenger or freight vehicles (refers to rubber tires for motor vehicles, cross-sectional width ≥ 24 inch)," ⁽⁵⁰⁾.
- (130) In the request, the applicant claimed that the Export Catalogue of High-Tech Products is still applicable to this date, with no indication of foreseeable modifications to it.
- (131) On the basis of the above elements and in the absence of cooperation from the GOC, the Commission concluded that Sinasure is a public body as it is vested with authority to exercise governmental functions. The same conclusions were reached in previous anti-subsidy investigations concerning encouraged industries in the PRC, as explained above in recital (55).
- (132) As Sinasure is a public body vested with government authority and executes governmental laws and plans, the provision of export credit insurance to tyres producers constitutes a financial contribution in the form of potential direct transfer of funds from the government within the meaning of Article 3(1)(a)(i) of the basic Regulation.

3.5.3. *Benefit*

- (133) Based on the information provided in the request as well as on the findings in recent investigations, the Commission concluded that a benefit within the meaning of Articles 3(2) and 6(c) of the basic Regulation exists since Sinasure, as a policy mandate, provides export credit insurance on terms more favourable than the recipient could normally obtain on the market, or provides insurance cover that would otherwise not be available at all on the market. Specificity
- (134) The subsidies are contingent upon export performance within the meaning of Article 4(4)(a) of the basic Regulation, and therefore specific.

3.5.4. *Calculation of the subsidy amount*

- (135) It has been found that one of the sampled companies benefited from the scheme, namely Hankook Group. The Commission has calculated the benefit for this producer. The Commission did not find evidence that Giti Group received any benefit from this subsidy scheme.
- (136) Since Sinasure represents around 90% of the domestic market for export insurance in the PRC, the Commission could not find a market-based domestic insurance premium. In line with previous anti-subsidy investigations, the Commission thus used the most appropriate external benchmark, for which information was readily available, i.e. the premium rates applied by the Export-Import Bank ('Ex-Im Bank') of the United States of America to non-financial institutions for exports to OECD countries.
- (137) The refunds of export insurance premiums awarded during the review investigation period were treated as a grant. Since there was no evidence of additional costs incurred by the companies for which an adjustment would be needed, the benefit was calculated as the full amount of the refund received in the review investigation period.

⁽⁵⁰⁾ Notice of the Ministry of Science and Technology, the Ministry of Finance, the State Administration of Taxation and the General Administration of Customs on the issuance of the 2006 edition of the Export Catalogue of China's High-tech Products (available at: <http://policy.mofcom.gov.cn/claw/clawContent.shtml?id=4139>)

- (138) Following the final disclosure, Hankook Group comment that in the calculation the total benefit from all exports should not be allocated only to the exports of the product concerned to the Union. The Commission corrected the error, without this bearing any significant change on the amount of subsidisation found, and allocated the benefit to the total turnover of all exports.
- (139) The subsidy amount established with regard to this scheme during the review investigation period for the sampled exporting producers amounts to:

Preferential financing and insurance: export credit insurance

Company/Group	Subsidy Rate
Hankook Group	0,02%

3.6. Provision of inputs at less than adequate remuneration

- (140) None of the producers of natural rubber, synthetic rubber, carbon black and nylon cord which had provided inputs to the sampled companies responded to the specific questionnaires, which the Commission had requested the GOC to forward to them.
- (141) Since the Commission did not receive any information concerning the corporate governance of the state-owned producers which provided inputs to the sampled companies, and no company-specific information on the price setting of the inputs provided by the suppliers of inputs to the sampled companies, the Commission had to rely on facts available for its findings concerning the provision of natural rubber, synthetic rubber, carbon black and nylon cord at less than adequate remuneration in accordance with Article 28(1) of the basic Regulation.

3.6.1. Provision of electricity at less than adequate remuneration

- (142) All sampled companies purchased the electricity based on a contract with the energy providers. The purchase prices of electricity from the grid followed the officially established price levels set at provincial level for large industrial clients. As it was determined in previous investigations⁽⁵¹⁾, despite the implantation of the reform concerning liberalisation of the market price for the energy, the electricity purchases market is still heavily regulated.
- (143) In the course of the review investigation, the Commission established that the sampled companies benefitted from reductions or refunds of part of their electricity cost.

3.6.1.1. Legal basis

- (144) The legal basis is the following:
- Circular of the National Development and Reform Commission and the National Energy Administration on Actively Promoting the Market-oriented Power Transactions and Further Improving the Trading Mechanism, Fa Gua Yun Xing [2018] No 1027, issued on 16 July 2018;
 - Several Opinions of the Central Committee of the Communist Party of China and the State Council on Further Deepening the Reform of the Power System (Zhong Fa [2015] No. 9);

⁽⁵¹⁾ Recitals (560) – (572) of Commission Implementing Regulation (EU) 2021/2287 of 17 December 2021 imposing definitive countervailing duties on imports of aluminium converter foil originating in the People's Republic of China and amending Implementing Regulation (EU) 2021/2170 imposing definitive anti-dumping duties on imports of aluminium converter foil originating in the People's Republic of China, (OJ L 458, 22.12.2021, p. 344). Recitals (524) – (530) of Commission Implementing Regulation (EU) 2022/72 of 18 January 2022 imposing definitive countervailing duties on imports of optical fibre cables originating in the People's Republic of China and amending Implementing Regulation (EU) 2021/2011 imposing a definitive anti-dumping duty on imports of optical fibre cables originating in the People's Republic of China, (OJ L 12, 19.1.2022, p. 34).

- Notice on Fully Liberalizing the Electricity Generation and Consumption Plan for Commercially Operational Users (National Development and Reform Commission [2019] No 1105);
- Rules for Electricity Trading for Medium and Long Term Transactions in Jiangsu Province;
- Interim Measures on the pilot for direct power of Jiangsu key electricity users and power generation enterprises, issued by the Jiangsu Economic and Information Technology Commission, 13 May 2014;
- Jiangsu Province Electricity Internet Bidding Notice for March-April 2017;
- Notice of issuing the pilot scheme of direct electricity trading in Chongqing, Yu Fu Office [2016] No. 167.
- Notice on Further Deepening the Market-oriented Reform of On-grid Electricity Prices for Coal-fired Power Generation by the National Development and Reform Commission Price Reform [2021] No. 1439

3.6.1.2. Findings of the review investigation

- (145) The Commission established that sampled companies purchased the electricity and benefitted from reductions or refunds/adjustments of part of their electricity cost because these companies participated in the pilot programme for market-oriented electricity transactions.
- (146) Considering there was no cooperation from the GOC, the Commission relied on the information from the original investigation. The Commission further found that investigated companies are allowed to purchase electricity directly from power generators by signing direct purchasing agreements, instead of buying from the grid. Such contracts provide for a certain quantity of electricity at a certain price, which is lower than the official prices set at provincial level for large industrial users.
- (147) As it was established in the previous investigations ⁽³²⁾, the possibility to enter into such direct contracts is currently not open to all large industrial consumers. At national level, the Opinions of the Central Committee of the Communist Party of China and the State Council on Further Deepening the Reform of the Power System specify for example that “enterprises that do not conform to the national industrial policy and whose products and processes are eliminated should not participate in direct transactions” ⁽³³⁾. The same Opinions also stipulate that “*after the access standards are determined, we should also upgrade the catalogues of local power generation enterprises and electricity retailers that meet the standards that are annually publicized by governments and implement dynamic regulation of the user catalogue. The power generation enterprises, electricity retailers and users included in the catalogue can voluntarily register with the trading institutions to become market players*”. Therefore, in order to participate in the direct trading system, a company should meet certain standards and be included in the “user catalogue”.
- (148) In practice, direct electricity trading is executed by the provinces. Companies have to apply to provincial authorities for approval to participate in the direct electricity pilot scheme, and they have to fulfil certain criteria. For certain companies, there is no actual market-based negotiation or bidding process, since the quantities purchased under direct contracts are not based on the real supply and demand. Indeed, power generators and power users are not free to sell or purchase all of their electricity directly. They are restricted by quantitative quotas, which are allocated to them by the local government. Furthermore, although prices are supposed to be negotiated directly between the power generators and the power users or through intermediary service companies, the invoices to the companies are actually issued by the State Grid Company. Finally, all signed direct purchase contracts need to be submitted to the local government for the record.

⁽³²⁾ Commission Implementing Regulation (EU) 2021/2287 of 17 December 2021 imposing definitive countervailing duties on imports of aluminium converter foil originating in the People's Republic of China and amending Implementing Regulation (EU) 2021/2170 imposing definitive anti-dumping duties on imports of aluminium converter foil originating in the People's Republic of China C/2021/9713, (OJ L 458, 22.12.2021, p.344).

⁽³³⁾ Several Opinions of the Central Committee of the Communist Party of China and the State Council on Further Deepening the Reform of the Power System (Zhong Fa [2015] No 9), Section III (4).

- (149) In 2018, the GOC issued the Circular of the National Development and Reform Commission and the National Energy Administration on Actively Promoting the Market-oriented Power Transactions and Further Improving the Trading Mechanism. Although the Circular aims to increase the number of direct transactions on the electricity market, it specifically mentions certain industries, including high-tech industries such as the tyres industry, as supported and benefitting from liberalisation of the electricity market. In particular, Section III. 'Opening up to allow entry of user fulfilling requirements', point (2) provides that "supporting emerging industries with high added value, such as high-tech, internet, big data and high-end manufacturing industries, as well as enterprises with distinct advantages and characteristics and high technology content, to participate in transactions, free from voltage levels and power consumption restrictions".
- (150) Furthermore, according to the Notice on Fully Liberalizing the Electricity Generation and Consumption Plan for Commercially Operational Users, which aims to further liberalise the electricity market, provides that "among the commercial electricity users, those who do not comply with the national industry policies shall provisionally not participate in market-oriented transactions, and the electricity users whose products and processes belong to the eliminated and restricted categories of the 'Guidance Catalogue for the Industry's Structural Adjustment' shall strictly implement the current differential prices policy for electricity."
- (151) Therefore, the legislation provides for a selective application of direct transactions on the electricity market limited to certain industries such as the industries which comply with the national industry policies, with a particular focus on high-tech industries. As a result, these industries pay lower prices for electricity.
- (152) The Commission therefore considered that the reduced electricity rate and the refunds/adjustments resulting from the direct electricity trading, in which the sampled companies participated constitute a subsidy within the meaning of Article 3(1)(a)(ii) and Article 3(2) of the basic Regulation. There is a financial contribution in the form of revenue foregone by the GOC (i.e. the operator of the grid) that confers a benefit to the companies concerned. The benefit for the recipients is equal to the electricity cost saving, either through reduced electricity prices or through refunds/adjustments, since the electricity was provided at a price below the normal grid price paid by other large industrial users that could not benefit from the direct supply or were not part of the pilot project for direct supply.
- (153) This subsidy is specific within the meaning of Article 4(2)(a) of the basic Regulation as the legislation itself limits the application of this scheme only to enterprises that conform with certain industrial policy objectives determined by the State and whose products or processes are deemed eligible.
- (154) Thus, the Commission concluded that the subsidy scheme was in place during the review investigation period and that it is specific within the meaning of Articles 4(2)(a) and 4(3) of the basic Regulation.

3.6.1.3. Calculation of the subsidy amount

- (155) The amount of countervailable subsidy was calculated in terms of the benefit conferred on the recipients during the review investigation period. This benefit was calculated as the difference between the total electricity price payable according to the normal grid rate and the total electricity price payable under the reduced rate.
- (156) Following the final disclosure Hankook claimed that the in the calculation for one company from the group, CHKT, the Commission did not use revised version of the file submitted by the company to the questionnaire reply. The company initially calculated the fees applicable to the amounts paid for the electricity based on the rates excluding the governmental fees, meanwhile, the grid rates include these fees. Therefore, the company before the verification visit submitted the revised version of the electricity prices paid by CHKT. CHKT claimed that the Commission should calculate the benefit based on the revised rates. The Commission analysed this claim and found it has merit. Therefore, the Commission corrected the error and calculated the benefit based on the rates paid by the CHKT including the governmental fees.

- (157) Further, Hankook alleged that the Commission incorrectly applied ‘zeroing’ method and disregarded the transactions on the monthly basis where the benefit was not found. The Commission recalled that the benefit was calculated taking into consideration each transaction and then compared them with the grid rates to verify if the company had been provided with the service on the less than adequate remuneration. The comparison was done between the same or the most similar services, for instance between the same rate (high peak, peak, normal, valley), period and area. Therefore, when in some instances the benefit was not found, these transactions were not considered in the total benefit. The Commission did not find any reasons that the offsetting method claimed by the company should be justified and applied to the subsidy amount calculation, therefore the claim was disregarded.
- (158) The subsidy amount established with regard to this scheme during the review investigation period for the sampled exporting producers amounts to:

Provision of electricity at less than adequate remuneration

Company/Group	Subsidy Rate
Giti Group	0,20%
Hankook Group	0,03%

3.6.2. *Land use rights ('LUR')*

3.6.2.1. Introduction

- (159) In the original investigation, the Commission established that the tyres industry in the PRC benefited from the provision of land and, more specifically, the provision of land-use rights at less than adequate remuneration.

3.6.2.2. Legal basis

- (160) The land-use right provision in China falls under Land Administration Law of the People's Republic of China. In addition, the following documents also are part of the legal basis:
- (1) Property Law of the People's Republic of China (Order of the President of the People's Republic of China No 62) ⁽⁵⁴⁾;
 - (2) Land Administration Law of the People's Republic of China (Order of the President of the People's Republic of China No 28) ⁽⁵⁵⁾;
 - (3) Law of the People's Republic of China on Urban Real Estate Administration (Order of the President of the People's Republic of China No 29) ⁽⁵⁶⁾;
 - (4) Interim Regulations of the People's Republic of China Concerning the Assignment and Transfer of the Right to the Use of the State-owned Land in the Urban Areas (Decree No 55 of the State Council of the People's Republic of China) ⁽⁵⁷⁾;
 - (5) Regulation on the Implementation of the Land Administration Law of the People's Republic of China (Order of the State Council of the People's Republic of China [2014] No 653) ⁽⁵⁸⁾;
 - (6) Provision on Assignment of State-owned Construction Land Use Right through Bid Invitation, Auction and Quotation (Announcement No 39 of the CSRC) ⁽⁵⁹⁾; and

⁽⁵⁴⁾ See Property Law of the PRC of 16 March 2007, available at: http://www.npc.gov.cn/zgrdw/englishnpc/Law/2009-02/20/content_1471118.htm.

⁽⁵⁵⁾ See Regulation on the Implementation of the Land Administration Law of the PRC of 27 December 1998, as amended, available at: <https://www.fao.org/faolex/results/details/en/c/LEX-FAOC170451..>

⁽⁵⁶⁾ See <https://law.pkulaw.com/chinalaw/d8db5e659bc282b9bdfb.html>.

⁽⁵⁷⁾ See <https://law.pkulaw.com/chinalaw/66cde758ad66f43bbdfb.html>.

⁽⁵⁸⁾ See <https://law.pkulaw.com/chinalaw/6ef282863f024c04bdfb.html>.

⁽⁵⁹⁾ <https://law.pkulaw.com/chinalaw/58891db210496a5fbdfb.html?keyword=%E5%9B%BD%E6%9C%89%E5%BB%BA%E8%AE%BE%E7%94%A8%E5%9C%B0%E4%BD%BF%E7%94%A8%E6%9D%83>.

- (7) Notice of the State Council on the Relevant Issues Concerning the Strengthening of Land Control (Guo Fa (2006) No 31) ⁽⁶⁰⁾

3.6.2.3. Findings of the review investigation

- (161) According to Article 10 of the “Provision on Assignment of State-owned Construction Land Use Right through Bid Invitation, Auction and Quotation”, local authorities set land prices according to the urban land evaluation system, which is only updated every three years, and the government’s industrial policy.
- (162) In previous investigations ⁽⁶¹⁾, the Commission found that prices paid for LUR in the PRC were not representative of a market price determined by free market supply and demand, since the auctioning system was found to be unclear, non-transparent and not functioning in practice, and prices were found to be arbitrarily set by the authorities. As mentioned in the previous recital, the authorities set the prices according to the Urban Land Evaluation System which instructs them among other criteria to consider also industrial policy when setting the price of industrial land.
- (163) In the context of preferential access to industrial land for companies belonging to certain industries, the Commission noted that the price set by local authorities has to take into account the government’s industrial policy, as mentioned above. Within this industrial policy, the Tyres industry is listed as an encouraged industry. In addition, according to Decision No 40 of the State Council, public authorities shall take into account ‘The Guiding Catalogue of the Industrial Restructuring’ and the industrial policies when providing land. Article XVIII of Decision No 40 makes clear that industries that are ‘restricted’ will not have access to land use rights. It follows that the subsidy is specific under Article 4(2)(a) and 4(2)(c) of the basic Regulation because the preferential provision of land is limited to companies belonging to certain industries, in this case the tyres industry, and government practices in this area are unclear and non-transparent.
- (164) The review investigation did not show any noticeable changes in respect of the sampled producers. Only one exporting producer from Giti Group purchased a new parcel of land by the end of the review investigation period.
- (165) The findings of this investigation confirm that the situation concerning land provision and acquisition in the PRC is non-transparent and the prices were arbitrarily set by the authorities.

3.6.2.4. Calculation of the subsidy amount

- (166) As in previous investigations ⁽⁶²⁾ and in accordance with Article 6(d)(ii) of the basic Regulation, land prices from the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu (‘Taiwan’) were used as an external benchmark ⁽⁶³⁾. The benefit conferred on the recipients is calculated by taking into consideration the difference between the amount actually paid by each of the sampled exporting producers (i.e., the actual price paid as stated in the contract and, when applicable, the price stated in the contract reduced by the amount of local government refunds/grants) for land use rights and the amount that should normally have been paid on the basis of the Taiwan benchmark.
- (167) The Commission considered Taiwan as a suitable external benchmark for the following reasons:
- (a) the comparable level of economic development, GDP and economic structure in Taiwan and a majority of the provinces and cities in the PRC where the sampled exporting producers are based;
 - (b) the physical proximity of the PRC and Taiwan;
 - (c) the high degree of industrial infrastructure in both Taiwan and many provinces of the PRC;
 - (d) the strong economic ties and cross border trade between Taiwan and the PRC;
 - (e) the high density of population in many of the provinces of the PRC and in Taiwan;

⁽⁶⁰⁾ See https://www.gov.cn/zwggk/2006-09/05/content_378186.htm.

⁽⁶¹⁾ See recital (55) letter c).

⁽⁶²⁾ See recital (55)(54)() letter c).

⁽⁶³⁾ Upheld by the General Court in Case T-444/11 Gold East Paper and Gold Huacheng Paper versus Council, Judgment of the General Court of 11 September 2014 ECLI:EU:T:2014:773.

- (f) the similarity between the type of land and transactions used for constructing the relevant benchmark in Taiwan with those in the PRC; and
- (g) the common demographic, linguistic and cultural characteristics between Taiwan and the PRC.

(168) Following the methodology applied in previous investigations ⁽⁶⁴⁾ ⁽⁶⁵⁾, the Commission used the average land price per square meter established in Taiwan corrected for inflation and GDP evolution as from the dates of the respective LUR contracts. The information concerning industrial land prices as of 2015 was retrieved from the website of the Industrial Bureau of the Ministry of Economic Affairs of Taiwan ⁽⁶⁶⁾. For the previous years, the prices were corrected using the inflation rates and evolution of GDP per capita at current prices in USD for Taiwan as published by the IMF for 2015.

(169) Following the disclosure, two exporting producers alleged that the Taiwan is not an appropriate for benchmark because, among others Taiwan does not have the same level of the economic development, there are other countries with the same degree of industrial infrastructure. Hankook Group claimed that the Commission should therefore resort to Thailand as an appropriate for the benchmark, as it was done by the United Kingdom. Giti claimed that the Taiwan benchmark is not appropriate as it also does not reflect the market conditions in PRC and that the land prices were not adjusted in any way to account for the market conditions in mainland China.

(170) The Commission considered that the choice of Taiwan as a suitable external benchmark was based on the examination of several factors listed in recital (168) of the Regulation and in the recent investigation ⁽⁶⁷⁾ which justified its choice as a valid benchmark, including taking into consideration comparison of the industrial zones in Taiwan with the relevant industrial provinces in China. The Commission considered, however, that even if there were certain differences in the market conditions between land use rights in mainland China and sale of land in Taiwan, these would not be of such nature to invalidate the choice of Taiwan as a valid benchmark. The Commission could not identify during the investigation any other adequate benchmark or adjustment method that would adequately reflect these differences in the market conditions. Moreover, the Commission concluded on the benchmark based on their own assessment and result of the investigation and not on the other third countries findings in their own procedures. On this basis, this claim had to be rejected.

(171) Giti claimed that the parcel the rights of which Giti has acquired during the RIP should not be taken into account in the calculation of the benefit as it is not used for the purposes of the production of the product concerned. The company itself admits that the purpose of acquiring the land is to construct the new factory and eventually move the production to this location. The mere fact that the production does not take place at the moment is not relevant for the subsidy amount received by the company. The company received the benefit and therefore this parcel has been also included in the calculation of the subsidy amount during the RIP. The claim has been disregarded.

(172) In accordance with Article 7(3) of the basic Regulation, the subsidy amount has been allocated to the review investigation period using the normal lifetime of the land use rights for industrial use land, i.e. 50 years. This amount has then been allocated over the total respective company turnover during the review investigation period, because the subsidy is not contingent upon export performance and was not granted by reference to the quantities manufactured, produced, exported or transported.

⁽⁶⁴⁾ See recital (55)() letter c), see in particular GFF investigation.

⁽⁶⁵⁾ See GFF regulation, footnote 6), recitals (506) and (507).

⁽⁶⁶⁾ <https://lvr.land.moi.gov.tw>, last accessed on 31 May 2024.

⁽⁶⁷⁾ Commission Implementing Regulation (EU) 2024/2754 of 29 October 2024 imposing a definitive countervailing duty on imports of new battery electric vehicles designed for the transport of persons originating in the People's Republic of China (L2024/2754), recitals (451) – (464)

- (173) The subsidy amount established with regard to this subsidy during the review investigation period for the sampled exporting producers amounts to:

Provision of Land use rights at less than adequate remuneration

Company/Group	Subsidy Rate
Giti Group	2,44%
Hankook Group	0,96%

3.7. Direct tax exemption and reduction programmes

3.7.1. General remarks

- (174) According to the Law of the People's Republic of China on Enterprise Income Tax ('EIT Law'), high and new technology enterprises to which the State needs to give key support are given a reduced enterprise income tax rate of 15% rather than the standard tax rate of 25 %.
- (175) In the original investigation, the Commission established that tyre producers were receiving countervailable subsidies in the form of preferential treatment under income and other direct tax programmes and policies.
- (176) With regard to three specific programmes (i.e., Enterprise Income Tax (EIT) privileges for Resource Products from Synergistic Utilisation; EIT offset for research and development expenses; and Land use tax exemptions), the Commission, considering the lack of cooperation from the GOC, based its findings concerning the legal basis, eligibility, nature of the subsidy and its specificity on the findings from previous investigations ⁽⁶⁸⁾ and the verified questionnaire replies of the sampled exporting producers. As such, the Commission was able to calculate individual subsidy rates for the sampled exporting producers.
- (177) The income and other direct tax programmes were found to be subsidies within the meaning of Article 3(1)(a)(ii) and Article 3(2) of the basic Regulation in the form of government revenue foregone which confers a benefit upon the recipient companies.

3.7.2. Legal basis

- (178) The legal basis of this programme is Article 28 and Article 30(1) of the EIT Law and Article 93 of the Implementation Rules for the EIT Law, as well as:
- Circular of the Ministry of Science and Technology, Ministry of Finance and the State Administration of Taxation on revising and issuing "Administrative Measures for the Recognition of High-Tech Enterprises", G.K.F.H. [2016] No. 32;
 - Notification of the Ministry of Science and Technology, Ministry of Finance and State Administration of Taxation concerning Revising, Printing and Issuing the Guidance for the Recognition Management of High and New Tech Enterprises, GKFH [2016] No. 195;
 - Guidelines of the Latest Key Priority Developmental Areas in the High Technology Industries (2011), issued by the NDRC, the Ministry of Science and Technology, the Ministry of Commerce and the National Intellectual Property Office;
 - Notice of the Ministry of Finance, the State Administration of Taxation and the Ministry of Science and Technology on Improving the Policy of Pre-tax Deduction of R&D Expenses. (Cai Shui [2015] No. 119); and
 - Notice of the State Administration of Taxation on Issues Concerning Policy of Pre-tax Deduction of R&D Expenses of Enterprises.

⁽⁶⁸⁾ See recital (55) letter c).

3.7.3. Findings of the review investigation

- (179) Only companies that are part of certain key high and new technology fields supported by the State, as well as the current priorities on high technology fields supported by the State, as listed in the Guidelines of the Latest Key Priority Developmental Areas in the High Technology Industries can benefit from the tax reduction. These guidelines clearly mention manufacturing technology and key raw materials for tyres as a priority area.
- (180) Companies benefiting from this measure must file their income tax return and the relevant annexes. The actual amount of the benefit is included in the tax return.
- (181) The Commission considered that the tax offset at issue is a subsidy within the meaning of Article 3(1)(a)(ii) and Article 3(2) of the basic Regulation because there is a financial contribution in the form of revenue foregone by the GOC that confers a benefit to the companies concerned. The benefit for the recipients is equal to the tax saving. This subsidy is specific within the meaning of Article 4(2)(a) of the basic Regulation as the legislation itself limits the application of this scheme only to enterprises that are operating in certain high technology priority areas determined by the State, such as some key technologies within the tyres sector.

3.7.4. Calculation of the subsidy amount

- (182) The amount of countervailable subsidy was calculated in terms of the benefit conferred on the recipients during the review investigation period. This benefit was calculated as the difference between the total tax payable according to the normal tax rate and the total tax payable under the reduced tax rate.
- (183) The subsidy amount established with regard to this subsidy during the review investigation period for the sampled exporting producers amounts to:

Direct tax exemption and reduction programmes

Company/Group	Subsidy Rate
Giti Group	0,14%
Hankook Group	0,43%

3.8. Indirect Tax and Import Tariff Programmes

3.8.1. VAT exemptions and import tariff rebates for the use of imported equipment and technology.

- (184) As established in the original investigation, this programme provides an exemption from VAT and import tariffs for imports of capital equipment used in their production. The exemptions of both VAT and import duty during the review investigation period were identified for the sampled companies. These included exemptions for equipment imported in previous years, but for which the benefit was amortized over the lifespan of that equipment and was thus partially allocated to the review investigation period. While the Commission found no evidence that the tax exemptions were directly applicable during the review investigation period, the Commission established that the sampled companies still received some limited benefits under this programme from exemptions applicable during previous years.
- (185) As established in the original investigation, this programme provides a financial contribution in the form of revenue foregone by the GOC within the meaning of Article 3(1)(a)(ii) as Foreign Invested Enterprises ('FIEs') and other eligible domestic enterprises are relieved from payment of VAT and/or tariffs which would be otherwise due. It also confers a benefit on the recipient companies in the sense of Article 3(2) of the basic Regulation.

- (186) The programme is specific within the meaning of Article 4(2)(a) of the basic Regulation. The legislation pursuant to which the granting authority operates limits its access to enterprises that invest under specific business categories defined exhaustively by law and belonging either to the encouraged category or the restricted category B under the *Catalogue for the guidance of industries for foreign investment and technology transfer* or those which are in line with the *Catalogue of key industries, products and technologies the development of which is encouraged by the State*. In addition, there are no objective criteria to limit eligibility for this programme and there is no conclusive evidence to infer that eligibility is automatic under Article 4(2)(b) of the basic Regulation.
- (187) The amount of countervailable subsidy was calculated in terms of the benefit conferred on the recipients, which is found to exist during the review investigation period. The benefit conferred on the recipients is the amount of VAT and duties exempted on imported equipment. In order to ensure that the countervailable amount only covered the review investigation period, the benefit received was amortized over the useful life of the equipment according to the company's normal accounting procedures.
- (188) All the sampled companies benefitted from rebates under this scheme. The amount of subsidy established for this specific scheme was established at the level of 0,005% for Hankook Group and 0,02% for GITI Group.

3.8.2. Import duty drawback scheme for the purchase of natural rubber

- (189) The Commission established in the original investigation that all sampled companies had been qualified as so-called "processing trade enterprises". The Commission found during the review investigation that this scheme continued to apply during the review investigation period.
- (190) According to Article 3 of the Measures of the Customs of the People's Republic of China for the Supervision of Processing Trade Goods ⁽⁶⁹⁾, "the term "processing trade" shall refer to business activities wherein the operating enterprise imports all or part of the raw or auxiliary materials, parts and components, component parts and packaging materials, and re-exports the finished products after processing or assembling, including processing of supplied and imported material." Article 5 furthermore states that "Where taxes are collected during import in accordance with the relevant provisions, customs shall rebate the collected taxes according to the verified quantity of the goods actually processed and re-exported after the export of the finished goods."

3.8.2.1. Legal basis

- (191) The legal bases of this programme are:
- Customs Law of the People's Republic of China, Order of the President of the People's Republic of China No. 81, 4 November 2017;
 - Measures of the Customs of the People's Republic of China for the Supervision of Processing Trade Goods, Order of the General Administration of Customs No.235, 20 December 2017;
 - Measures of the Customs of the People's Republic of China for the Administration of Unit Consumption in Processing Trade, Order of the General Administration of Customs No.218, 13 March 2014;
 - Preliminary Administrative Measures on Enterprise Creditworthiness Management, Order of the General Administration of Customs No.225, 4 September 2014;
 - Measures of the Customs of the People's Republic of China for the Credit Administration of Enterprises Registered and Filed with the Customs, Order of the General Administration of Customs of the People's Republic of China, No. 251, 6 September 2021,

⁽⁶⁹⁾ Order No. 235 of the General Administration of Customs, 20 December 2017.

3.8.2.2. Findings of the review investigation

- (192) During the review investigation, the Commission found that all of the sampled companies had registered with customs for the processing trade scheme and all of them had received waivers of "*taxes collected during import*" (i.e. import duties) on imports of natural rubber used in the production of exported tyres.
- (193) Such a setup corresponds to a duty drawback scheme as described in Annex I(i) of the basic Regulation. Pursuant to point (i) of Annex I, substitution drawback systems can constitute an export subsidy to the extent that they result in an excess drawback of the import charges levied initially on the imported inputs for which drawback is being claimed.
- (194) In order to determine whether such excess remission existed, in accordance with Annex III, point II of the basic Regulation, the Commission requested additional information from the GOC on the processing trade scheme in general, and more specifically on the existence and effective application of the accompanying monitoring and verification procedures. The GOC did not provide any information in this regard. As such, the Commission determined the existence of the subsidisation based on the findings in the original investigation and information provided by the sampled exporting producers in the review investigation.
- (195) As established in the original investigation, the GOC put a legislative framework in place for monitoring the processing trade system. However, the Commission also noted that some features built into the system could potentially lead to excess drawbacks:
- (a) The system is predominantly based on self-declarations by companies.
 - (b) Contrary to generally accepted practice, import duties are waived upfront. Customs authorities only retain a right to reclaim them afterwards.
 - (c) The intensity of checks performed on companies is based on the attribution of a credit score, which is itself mainly based on self-declaration, and includes extra points for being part of an encouraged industry.
 - (d) Customs declarations are based on standard consumption rates set by the exporters.
- (196) Furthermore, during the verification visits with the sampled exporting producers, it appeared that this framework was not effectively applied in practice. For example, the Commission found that the exporter declared in the customs electronic system, data on imports of natural rubber and quantities of exported tyres, including product concerned. Consumption of the rubber is declared based on the standard consumption and then compared with the actual consumption. Most of the sampled producers used the same consumption rates in the processing trade system as in their production, except one. During the verification visit, the Commission found that GITI Fujian reported consumption for production of the rubber that had not been actually used during the review investigation period. Therefore, the Commission calculated the usage of the particular types of the rubber and determined that the actual consumption varies from the one reported to the customs electronic system. It must be noted that the difference occurred despite on spot verifications at the premises of the sampled company conducted by the customs authorities during the review investigation period. Such findings were communicated to the GOC, with a view to allow it to conduct a further examination of the transactions at issue.
- (197) As a result, one of the exporters from GITI group did not pay all of the import duties which should have been due.

3.8.2.3. Conclusion

- (198) The Commission concluded that the GOC's monitoring system for processing trade was not effectively applied as far as natural rubber is concerned. Furthermore, the Commission determined that the processing trade system for natural rubber used in exported tyres led to excess remissions, which constitute a countervailable subsidy within the meaning of Article 3(1)(a)(ii) of the basic Regulation, as they result in an excess drawback of the import charges levied initially on the imported inputs for which drawback is being claimed.
- (199) These excess remissions are also specific, given that they are contingent upon export performance within the meaning of Article 4(4)(a) of the basic Regulation.

3.8.2.4. Calculation of the subsidy amount

- (200) The benefit was calculated as the difference between the amount of import duties due during the IP, and the actual amount of import duties paid during the review investigation period.
- (201) The amount of subsidy established with regard to this type of subsidies during the review investigation period for the sampled exporting producers was as follows:

Import duty drawback on natural rubber

Company/Group	Subsidy Amount
GITI Group	0,57 %

3.8.3. Total for all indirect tax exemption or reduction schemes

- (202) The total subsidy amount established with regard to all indirect tax and import tariff schemes during the review investigation period for the sampled exporting producers was as follows:

Indirect tax exemptions and reductions

Company/Group	Subsidy Amount
GITI Group	0,59%
Hankook Group	0,01%

3.9. Grant programmes

- (203) In the original investigation, the Commission found that some sampled companies benefited from a variety of grants related to environmental protection and the reduction of emissions and from grants related to R&D, technological upgrading and innovation.
- (204) Similar as in the original investigation, both sampled exporters benefited from several ad hoc grants.

3.9.1. Legal basis

- (205) The vast majority of the programmes reported by the sampled exporting producers was based on the notices issued by local authorities. Moreover, it was established that these programmes reflect the general policies set up, inter alia, in the following acts:
- 13th FYP and 14th FYP;
 - Made in China 2025,
 - Industrial Green Development Plan (2016-2020);

- Law of the People's Republic of China on Energy Conservation, version revised and adopted on October 28, 2007, with amendments;
- Cleaner Production Promotion Law of the People's Republic of China, Order No. 54 of the President of the People's Republic of China;
- Measures for the Management of Funds for the Prevention and Control of Air Pollution (Financial Construction) [2018], No. 578;
- Key Points of Energy Conservation and Comprehensive Utilization in Industry in 2015, issued by the MIIT on 3 April 2015;
- Shandong Provincial Environmental Protection Special Fund Management Measures [2021];
- Notice on the issuance of the Implementation Plan for Carbon Peaking in Industrial Fields and Key Industries in Jiangsu Province [2023]; and
- Measures for the Administration of Funds for Air Pollution Prevention and Control (C.J. [2018] No. 578).

3.9.2. Conclusion

- (206) Considering the lack of the cooperation from the GOC, the Commission based its findings as regards grant programs on the facts available, including the information provided in the expiry review request and information submitted by the sampled exporting producers. The Commission concluded that the exporting producers continued to benefit from similar programmes during the review investigation period, as found in the original investigation.
- (207) The applicant in the request claimed that tyres exporters from the PRC benefit from these programmes. For instance, that in May 2022, the Ministry of Finance released the Fiscal Support for the work of Carbon Neutral Peak to "achieving the goal of carbon neutrality, strengthening financial support policies and the national '14th FYP'." This document hence aims at implementing governmental financial policies to "support regions and industries to accelerate green and low-carbon transformation." The tyre industry, as well as the whole Chinese economy, thus benefits from the environmental policies. As a view to promote a greener industry, the MIIT issued the Industrial Green Development Plan for the years 2016-2020. It targeted key polluting technologies used for the manufacture of tyres, i.e. petrochemical, rubber, steel and textile ⁽⁷⁰⁾.
- (208) Moreover, the applicant claimed that the 14th FYP provides support for "*R&D expenses and tax incentives for high-tech enterprises*." The 14th FYP includes in the R&D provisions scientific and technological projects. ⁽⁷¹⁾
- (209) These programs are considered subsidies within the meaning of Article 3(1)(a)(i) and Article 3(2) of the basic Regulation because they transfer of funds from the GOC in the form of grants to the producers of the product concerned.
- (210) The Commission also determined that these subsidies are specific within the meaning of Article 4(2)(a) of the basic Regulation because only companies operating in key areas or technologies as listed in the guidelines, administrative measures and catalogues that are published on a regular basis are eligible to receive them. The tyres and/or the (petro)chemical sector are listed among the eligible sectors.

3.9.3. Calculation of the subsidy amount

- (211) The benefit was calculated as the amount received in the review investigation period, or allocated to the review investigation period, where the amount was depreciated over the useful life of the fixed asset to which the grant was related similarly to the original investigation.

⁽⁷⁰⁾ Paragraph 222 of the request.

⁽⁷¹⁾ Paragraph 233 of the request.

- (212) The amount of subsidy established with regard to this type of subsidy during the investigation period for the sampled exporting producers was as follows:

Energy saving, conservation and emission grants

Company/Group	Subsidy Amount
GITI Group	0,59%
Hankook Group	0,16%

3.10. Conclusion on subsidisation

- (213) The Commission calculated the amount of countervailable subsidies in accordance with the provisions of the basic Regulation for the sampled companies by examining each subsidy or subsidy programme, and added these figures together to calculate a total amount of subsidisation for each exporting producer for the review investigation period. To calculate the overall subsidisation below, the Commission first calculated the percentage subsidisation, being the subsidy amount as a percentage of the company's total turnover. This percentage was then used to calculate the subsidy allocated to exports of the product concerned to the Union during the review investigation period. The subsidy amount per tonne of product concerned exported to the Union during the review investigation period was then calculated, and the margins below calculated as a percentage of the Costs, Insurance and Freight ("CIF") value of the same exports per tonne.
- (214) Subsidy rates expressed as a percentage of the CIF Union frontier price, duty unpaid, averaged at the level of [4 – 8]% countrywide. It was therefore concluded that the subsidy schemes investigated were in force during the review investigation period.

3.11. Likelihood of continuation of subsidisation

- (215) Further to the finding of the existence of subsidisation during the review investigation period, the Commission investigated, in accordance with Article 18(2) of the basic Regulation, the likelihood of continuation of subsidisation, should the measures be repealed.
- (216) In this context, the Commission investigated the following elements: the production capacity and spare capacity in the PRC, the relation between export prices to third countries and the price level in the Union, and the attractiveness of the Union market.

3.11.1. Production capacity and spare capacity in the PRC

- (217) The Commission examined whether the subsidised imports from the PRC to the Union would be made in significant volumes should the measures be allowed to lapse. In the absence of cooperation from the GOC, the Commission established production capacity and spare capacity in the PRC on the basis of publicly available information and information provided in the expiry review request.
- (218) In the request, CRIA reported a production output of 122,39 million tyres in the PRC in 2021, for an estimated production capacity of 141,76 million tyres in the same year, which marks an increase in tyres produced of 2,72 million with the preceding year. Capacity utilisation rates derived from these figures would stand at around 86 %. In 2022, at least 1,5 million units of additional tyre production capacities had already been added, as reported by the CRIA. This puts the total tyre production capacity at around 143,25 million units for 2022. If the same capacity utilisation rates are taken as for the year 2021, this would bring output at around 123,67 million tyre produced. The available unused capacity in China in 2022 therefore amounted to almost 20 million units, which was almost equivalent to the total consumption on the EU market (which is around 20 million units, as set out in recital (232) below).

- (219) Chinese tyre producers, in line with the GOC's and CCP's industrial policies outlined above, have continued to increase their already overdeveloped production capacities since the original IP (which was around 110 million). The Brazilian antidumping investigation, in 2021, already highlighted the existence of significant production capacities in the PRC, with evidence of several investments in production capacities by major Chinese tyre producers.⁽⁷²⁾ The South African antidumping investigation of 2022 similarly established the significant excess production capacity of Chinese tyre producers (at least 30% of spare capacity) that would likely lead to increased exports of the product under investigation.⁽⁷³⁾

3.11.2. *Attractiveness of the Union market*

- (220) The Commission examined whether it was likely that Chinese exporting producers would continue their export sales at subsidised prices on the Union market should measures be allowed to lapse. The Commission first analysed the price level of Chinese exports to third country markets and compared them to the price level of Chinese exports to the Union market, to determine whether the Union market was attractive in terms of price levels.
- (221) The Commission examined the level of prices reported by the sampled exporting producers and found that for comparable transactions (i.e. commercial invoice set on FOB incoterms) the unit price of truck tyres exported to third countries represented around 80 % of their unit price in the EU. Moreover, the attractiveness of the Union market was demonstrated by the fact that despite the measures in force, Chinese export volumes to the Union remained at around 30% of the volume of imports observed during the original investigation.
- (222) Statistics show that the Union market, the second largest after the United States, is attractive to Chinese exports in terms of prices. In 2023, the price level of Chinese exports to the Union was up to 20% higher compared to the Chinese average export prices to other destinations, such as the United States Mexico, UAE, Indonesia, Malaysia, Saudi Arabia, Nigeria, Algeria, Egypt and Kenya.
- (223) Based on the above, the Commission concluded that the Union market constituted an attractive market for Chinese exporting producers of truck tyres both in terms of its prices and its size.

3.11.3. *Possible absorption capacity of third country markets*

- (224) It is unlikely that the spare capacity of Chinese exporting producers would be used to increase exports to third countries other than the EU. The Commission found that trade defence measures on imports of the product concerned from the PRC are in force in Armenia, Botswana, Brazil, Egypt, Eswatini, Kazakhstan, Kyrgyz Republic, Lesotho, Namibia, Russian Federation, South Africa, Türkiye, the United Kingdom and the United States of America⁽⁷⁴⁾. As a consequence, these third country markets, which are significant consumers of truck tyres, are less attractive for the Chinese exporting producers.

3.11.4. *Conclusion*

- (225) In view of the above considerations, the Commission concluded that there was a continuation of subsidisation. The investigation showed that the imports from the PRC continued to enter the Union market in high volumes (compared to the size of the market) at subsidised prices during the review investigation period.

⁽⁷²⁾ (camex.gov.br) RESOLUÇÃO GECEX N° 198, DE 3 DE MAIO DE 2021 - RESOLUÇÃO GECEX N° 198, DE 3 DE MAIO DE 2021 - DOU - Imprensa Nacional (in.gov.br)

⁽⁷³⁾ 20220912111726_Report-700.pdf (itac.org.za)

⁽⁷⁴⁾ Based on the information of the WTO Trade Remedies Data Portal, available at: <https://trade-remedies.wto.org/en>, and of the WTO Anti-dumping Notification Portal, available at: <https://ad-notification.wto.org/>

- (226) In addition, during the review investigation period, the Commission found that the excess spare capacity in the PRC was significant in comparison with the Union consumption. The attractiveness of the Union market in terms of size and sales prices also indicated that Chinese exports would likely be directed towards the Union market, should the countervailing measures lapse.
- (227) As such, the Commission found it likely that Chinese exporting producers will increase their exports of tyres at subsidised prices to the Union market if the countervailing measures are allowed to lapse.

4. INJURY

4.1. Definition of the Union industry and Union production

- (228) The like product was manufactured by more than 400 producers in the Union during the period considered. They constitute the ‘Union industry’ within the meaning of Article 9(1) of the basic Regulation.
- (229) The total Union production during the review investigation period was established at around 18 million tyres. The Commission established the total Union production figure on the basis of the information provided by European Tyre & Rubber Manufacturers Association (‘ETRMA’), the applicant and Eurostat statistics. As indicated in recital (26), five Union producers in the final sample represent more than 25% of Union production and sales of the like product. Therefore, the microeconomic indicators were examined on the basis of data obtained from the replies of those five Union producers.
- (230) Some of the sampled producers were found to import and resell the product concerned on the Union market from the PRC. However, by comparison to their overall sales, the imports remain marginal (less than 1% of their overall sales) and do not affect their qualification as Union producers.

4.2. Union consumption

- (231) The Commission established the Union consumption on the basis of information provided by the ETRMA and Eurostat.
- (232) Union consumption developed as follows:

Table 1

Union consumption (in items)

	2020	2021	2022	Review Investigation period
Total Union consumption (in items)	18 264 516	21 646 928	22 568 607	20 325 009
Index	100	119	124	111

Source: ETRMA, Eurostat comext

- (233) Consumption on the Union market increased by 11% over the period considered. There was a notable increase from 2020 to 2022. This is likely to be linked with the recovery from the Covid crisis and is explained by the fact that consumption of tyres is intrinsically linked to kilometres travelled by the fleets which, in turn, is very dependent on the overall economic activity and notably of the volume of goods transported by road. The increase in consumption peaked in 2022 and slowed down during the review investigation period.

4.3. Imports from the country concerned

4.3.1. Volume and market share of the imports from the country concerned

(234) The Commission established the volume of imports on the basis of Eurostat. The market share of the imports was established on the basis of the Union consumption in Table 1.

(235) Imports into the Union from the country concerned developed as follows:

Table 2

Import volume (in items) and market share

	2020	2021	2022	Review Investigation period
Volume of imports from the country concerned (in items)	900 897	966 311	1 112 883	1 095 084
<i>Index</i>	100	107	124	122
Market share	4,9 %	4,5 %	4,9 %	5,4 %
<i>Index</i>	100	91	100	109

Source: ETRMA, Eurostat Comext

(236) The Commission established the volume of imports on the basis of Eurostat. The market share of the imports on the basis of the Union consumption is found in Table 2.

(237) Import volumes from the PRC increased by 22 % during the period considered, from around 900 thousand tyres in 2020 to around 1,1 million tyres in the investigation period. The increase of Chinese imports was particularly significant in 2022 when the original measures were partially annulled by General Court of the European Union as described in recital (4). The import volumes remained at the same level also during the review investigation period despite the decrease in demand. This resulted in an increase of the market share of Chinese imports from 4,9 % to 5,4 % during the period considered.

4.3.2. Prices of the imports from the country concerned and price undercutting

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

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

Table 3

Import prices (EUR/item)

	2020	2021	2022	Review Investigation period
The People's Republic of China	136	156	208	218
<i>Index</i>	100	115	153	161

Source: Eurostat Comext, neither anti-dumping nor countervailing duty included

- (240) Over the period considered, the average Chinese import prices into the Union (all tiers) increased by 61 %.
- (241) As the sampled exporting producers exported predominantly Tier 1 and Tier 2 tyres, the Commission lacked detailed information about Chinese exports in Tier 3, where the primary injury occurred during the original investigation, subsequently causing a reverse cascade effect into the other two tiers.
- (242) For that reason, the Commission estimated the price undercutting for the totality of imports on the basis of import statistics.
- (243) The Commission thus made a comparison between:
- the weighted average sales price per piece of the sampled Union producers charged to unrelated customers on the Union market, adjusted to an ex-works level; and
 - the average Chinese landed import price of the Chinese imports based on import statistics, including the anti-dumping and countervailing duties, customs duties and importation costs
- (244) This comparison showed that for the remaining imports the average Chinese landed import price (270 EUR/item) was below the Union industry's average selling price (281 EUR/item) and only slightly above the Union industry's average cost of production (260 EUR/item). Should the landed price be established without the anti-dumping and countervailing duties, it would amount to 251 EUR/item, which would significantly undercut the Union industry's average selling price and would be also below the Union industry's cost of production.
- (245) The Commission thus concluded that, overall, the prices of Chinese imports were lower than the average selling price of the Union industry.
- (246) Following final disclosure, Hankook Group claimed that the Commission had incorrectly changed its undercutting calculation methodology compared to the original investigation. Hankook Group claimed that instead of estimating the price undercutting for the totality of imports on the basis of import statistics the Commission should have carried out an analysis on a type-by-type or tier-by-tier basis. In the sensitive version of its submission Hankook Group also brought forward data on its export volumes and prices and claimed that by using this data the Commission could have deduced the import prices for all tiers and carried out a tier-by-tier undercutting analysis.
- (247) The Commission disagreed with these claims. First, due to non-cooperation of the Chinese exporting producers operating in tier 3 and as stated in the recital (241), the Commission lacked detailed information about Chinese exports especially in tier 3 and was unable to carry out a tier-by-tier undercutting analysis. Thus, there was a change in the underlying data available to the Commission. Second, the data brought forward by Hankook Group on its own export volumes and prices was insufficient for carrying out any further undercutting analysis. Even according to this data, it remains that there are other operators in tier 1, 2 and 3 on which there is no detailed information available and, in contrary to what Hankook Group claims, this data is not sufficient to bring any further information on the undercutting on tier-by-tier level or to invalidate any of the results of the undercutting analysis made by the Commission. Therefore, this claim is rejected.

4.4. Imports from third countries other than China

- (248) The imports of tyres from third countries other than China were mainly from Thailand, Türkiye and Vietnam.
- (249) The volume of imports into the Union as well as the market share and price trends for imports of tyres from other third countries developed as follows:

Table 4

Imports from third countries

Country		2020	2021	2022	Review Investigation period
Thailand	Volume (items)	960 744	984 929	1 533 961	1 816 634
	<i>Index</i>	100	103	160	189
	Market share	5,3 %	4,5%	6,8%	8,9%
	Average price (EUR/item)	157	175	200	163
	<i>Index</i>	100	111	128	104
Türkiye	Volume (items)	1 105 850	1 487 639	1 773 851	1 696 256
	<i>Index</i>	100	135	160	153
	Market share	6,1 %	6,9%	7,9%	8,3 %
	Average price (EUR/item)	178	176	213	239
	<i>Index</i>	100	99	120	134
Vietnam	Volume (items)	477 928	541 921	957 806	964 077
	<i>Index</i>	100	113	200	202
	Market share	2,6%	2,5%	4,2%	4,7%
	Average price (EUR/item)	155	178	207	193
	<i>Index</i>	100	115	134	125
Other third countries	Volume (items)	2 287 192	2 898 840	2 849 801	2 340 028
	<i>Index</i>	100	127	125	102
	Market share	12,5%	13,4 %	12,6%	11,5%
	Average price (EUR/item)	185	195	222	245
	<i>Index</i>	100	105	120	132
Total of all third countries except the country concerned	Volume (items)	4 831 594	5 913 076	7 115 419	6 816 995
	<i>Index</i>	100	122	147	141
	Market share	26,5%	27,3 %	31,5%	33,5%
	Average price (EUR/items)	175	185	213	214
	<i>Index</i>	100	106	122	122

Source: Eurostat Comext

- (250) During the period considered, imports from other third countries increased by around 2 million items, i.e. by 41 %. This is faster than the progression of the Union consumption and resulted in the market share increase from 26,5% to 33,5%.
- (251) The main increase took place from imports from Thailand (856 thousand items), Türkiye (590 thousand items) and Vietnam (486 thousand items). For other third countries the increase was only modest (53 thousand items).
- (252) The price level of imports from other third countries, especially from Thailand and Vietnam, was markedly below the Union industry selling prices.

4.5. Economic situation of the Union industry

4.5.1. General remarks

- (253) 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.
- (254) As mentioned in recitals (15) to (17), sampling was used for the assessment of the economic situation of the Union industry.
- (255) 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 review request, Eurostat statistics and submissions from ETRMA. 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.
- (256) The macroeconomic indicators are: production, production capacity, capacity utilisation, sales volume, market share, growth, employment, productivity, magnitude of the subsidy margin, and recovery from past subsidisation.
- (257) The microeconomic indicators are: average unit prices, unit cost, labour costs, inventories, profitability, cash flow, investments, return on investments, and ability to raise capital.
- (258) The original investigation conducted analysis of the economic situation of the Union industry on an aggregated basis and, in certain microeconomic indicators, also at the level of tiers given the Union market segmentation. In the current investigation the Commission first analysed the economic situation of the Union industry on an aggregated basis.
- (259) The Commission also conducted the analysis of certain indicators at the tier level. As shown in recitals (301) to (308), this analysis confirms that the trends for the product concerned considered as a whole in general correspond to those for the tiers considered separately.
- (260) In the original investigation, the Commission weighted the results of the sampled Union producers in accordance with their share in the total Union sales of the Union producers to ensure that the SMEs were represented according to their share in the total Union sales in all micro-indicators. As SMEs are active only in tier 3 segment, this adjustment had as a direct consequence to increase the share of tier 3 sales within the set of data originating from the sampled Union producers.
- (261) In the current investigation, the Commission considered that the original weighting was not needed in order to make an objective assessment of the state of the Union industry in the context of the expiry review. Indeed, the investigation found that the injury picture of the SMEs operating only in Tier 3 was even worse than the injury picture of the Tier 3 overall. Moreover, the Commission found that, even without weighting the data of the sampled Union producers, the Union industry suffered injury in all tiers (see recitals (301) to (308)). Thus, logically, any weighting would only increase the negative trends currently observed in the overall injury picture.

4.5.2. Macroeconomic indicators

4.5.2.1. Production, production capacity and capacity utilisation

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

Table 5

Production, production capacity and capacity utilisation

	2020	2021	2022	Review Investigation period
Production volume (in items)	18 323 204	21 701 759	20 380 261	18 047 419
<i>Index</i>	100	118	111	98
Production capacity (in items)	22 867 574	24 008 277	24 237 586	21 907 693
<i>Index</i>	100	105	106	96
Capacity utilisation	80 %	90 %	84 %	82%
<i>Index</i>	100	113	105	103

Source: ETRMA, Eurostat Comext and information supplied by applicant

- (263) Along with the growth of the market and the sales in the Union market, the production volumes increased from 2020 to 2021. After that, the production declined in 2022 and decreased even further in the review investigation period. The decrease of the production volumes was attributable to the decreased sales volumes, which in turn was linked to the decrease of Union consumption and resulted in the loss of market share of the Union industry. In the review investigation period, the Union industry's production volumes returned to the same level as in 2020. The Union industry was however able to adapt its capacity to the changes in production volumes, tempering the fluctuations of the capacity utilisation rate - which even improved slightly (by 3 %) over the whole period considered.

4.5.2.2. Sales volume and market share

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

Table 6

Sales volume and market share

	2020	2021	2022	Review Investigation period
Total Sales volume in the Union market (in items)	12 531 905	14 767 288	14 338 944	12 412 930
<i>Index</i>	100	118	114	99
Market share	69%	68%	64 %	61 %
<i>Index</i>	100	99	93	89

Source: ETRMA, Eurostat Comext

- (265) In the growing market, the Union industry's sales volumes increased from 2020 to 2021. During 2022, the sales volumes of the Union industry declined despite the growth of the market and decreased further in the review investigation period. In the review investigation period, the Union industry's sales volumes had returned to the same level as 2020. Because the sales of the Union industry lagged behind the increase of the market in 2022 and deteriorated faster than the market in the review investigation period, the market share fell from 69% to 61% during the period considered.
- (266) In its comments on initiation Hankook Group claimed that the sales of the Union industry as well as its market share remained essentially stable across the period considered and that the slight decrease from 2022 to the review investigation period could be explained by the decrease in consumption.
- (267) The findings of the investigation do not support this claim. Albeit the sales of the Union industry were on the same level in the review investigation period compared to 2020, there was an important decrease (13 %) from 2022 to the review investigation period. Also, the Union industry's market share decreased from 69% to 61% during the period considered.
- (268) Therefore, this claim was rejected.

4.5.2.3. Growth

- (269) The Union consumption first increased from 2020 to 2022 in line with the increase of economic activity after the Covid. The increase in consumption peaked in 2022 and slowed down during the review investigation period, resulting in an overall increase of 11% during the period considered. Only during 2021 the Union industry sales could follow the positive trend of the market. In 2022 the Union industry's sales did not increase in the same pace as the market and they deteriorated faster than the market in review investigation period. This resulted in decrease of 8 percentage points of market share (from 69% to 61%) during the period considered.

4.5.2.4. Employment and productivity

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

Table 7

Employment and productivity

	2020	2021	2022	Review Investigation period
Number of employees	21 148	21 614	20 291	18 425
Index	100	102	96	87
Productivity (unit/employee)	866	1 004	1 004	979
Index	100	116	116	113

Source: ETRMA and information supplied by applicant

- (271) During the period considered the Union industry lost over 2 700 direct jobs. When the Union industry's production volumes increased from 2020 to 2021 also the employment increased. However, as the Union industry was also able to improve its productivity, the employment did not increase at the same rate as the production volumes. The falling production volumes from 2021 to the review investigation period resulted in decrease of jobs and also some loss of productivity.

4.5.2.5. Magnitude of the subsidisation and recovery from past subsidy

- (272) During the review investigation period, the individual subsidy margins found for the cooperating exporting producers were still substantial (see recital (214) above).
- (273) However, despite the fact there was still subsidisation from China the analysis of the injury indicators shows that the measures in place had a positive impact on the Union industry at the beginning of the period considered. This positive situation however reversed in 2022 when the situation of the Union industry deteriorated again.

4.5.3. Microeconomic indicators

4.5.3.1. Prices and factors affecting prices

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

Table 8

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

	2020	2021	2022	Review Investigation period
Average unit sales price in the Union (all tiers)	224	241	274	281
<i>Index</i>	100	107	122	125
Unit cost of production	186	193	249	260
<i>Index</i>	100	104	134	140

Source: Verified questionnaire replies of sampled Union producers

- (275) Sales prices of tyres to unrelated customers in the Union market increased by 25% during the period considered. From 2020 to 2021 the increase of prices coincided with an increase of demand. In this situation the Union industry was able to increase its sales prices more (by 7%) than the cost of production increased (by 4 %).
- (276) This favourable situation changed in 2022, after which the Union industry was unable to pass-on the cost increases to its selling prices. Although the sales prices increased by 18 percentage points between 2021 and the review investigation period these price increases were not in line with the increase of cost of production.
- (277) Overall, the cost of production increased by 40 % during the period considered. The most significant increase took place from 2021 to 2022 when the cost of production increased by 30 %.
- (278) The key injury indicators were also analysed for the three tiers.
- (279) In tier 1, the average unit selling price increased by 55 EUR while unit costs increased by 75 EUR over the same period. The average selling price increased by 24 % while the cost of production increased by 39% over the period considered.

Table 9

Sales prices and cost of production in the Union (EUR/item) – Tier 1

	2020	2021	2022	Review Investigation period
Average unit sales price in the Union on the total market	235	250	283	290
<i>Index</i>	100	106	120	124
Unit cost of production	191	196	256	266
<i>Index</i>	100	102	134	139

Source: Verified questionnaire replies of sampled Union producers

- (280) In tier 2, the average unit selling price increased by 60 EUR while unit costs increased by 68 EUR over the same period. The average selling price increased by 29% while the cost of production increased by 39% over the period considered.

Table 10

Sales prices and cost of production in the Union (EUR/item) – Tier 2

	2020	2021	2022	Review Investigation period
Average unit sales price in the Union on the total market	205	224	258	265
<i>Index</i>	100	109	126	129
Unit cost of production	173	184	228	241
<i>Index</i>	100	106	132	139

Source: Verified questionnaire replies of sampled Union producers

- (281) In tier 3, the average unit selling price increased by 40 EUR while unit costs increased by 58 EUR over the same period. The average selling price increased by 24 % while the cost of production increased by 34 % over the period considered.

Table 11

Sales prices and cost of production in the Union (EUR/item) – Tier 3

	2020	2021	2022	Review Investigation period
Average unit sales price in the Union on the total market	170	176	206	210
<i>Index</i>	100	104	121	124
Unit cost of production	171	187	223	229
<i>Index</i>	100	109	130	134

Source: Verified questionnaire replies of sampled Union producers

4.5.3.2. Labour costs

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

Table 12

Average labour costs per employee

	2020	2021	2022	Review Investigation period
Average labour costs per employee (EUR)	50 250	54 950	64 650	64 862
<i>Index</i>	100	109	129	129

Source: Verified questionnaire replies of sampled Union producers

(283) The average labour cost per employee increased by 9% from 2020 to 2021 and then by 20 % from 2021 to 2022, remaining on the same level in the review investigation period.

4.5.3.3. Inventories

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

Table 13

Inventories

	2020	2021	2022	Review Investigation period
Closing stocks (<i>Index</i> 2020 = 100)	100	123	130	155
Closing stocks as a percentage of production	14 %	15%	16%	21%
<i>Index</i>	100	102	110	143

Source: Verified questionnaire replies of sampled Union producers

- (285) Compared to the production, the closing stock remained on the same level from 2020 to 2022 (being 14 % – 16% of the production volume). An increase (to 21% of the production volume) was observed when comparing the closing stock at the end of the investigation period (30 June 2023) with the year-end stock levels in 2020 – 2022. This increase is however largely explained by seasonality. Higher volumes of tyres are sold during the second half of the year compared to the first half, whereas the production is less seasonal. Due to this seasonality, the stock volumes are usually higher at end June compared to end December. Therefore, as such, the apparent increase of stock levels during the review investigation period is not indicative of the financial situation of the Union producers.

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

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

Table 14

Profitability, cash flow, investments and return on investments

	2020	2021	2022	Review Investigation period
Profitability of sales in the Union to unrelated customers (% of sales turnover)	7,9%	13,4 %	1,8%	1,3 %
<i>Index</i>	100	170	23	16
Cash flow (EUR)	95 814 284	29 530 055	- 57 192 051	- 94 989 994
<i>Index</i>	100	31	- 60	- 99
Investments (EUR)	50 269 926	48 233 290	56 308 570	66 447 814
<i>Index</i>	100	96	112	132
Return on investments (%)	- 2,1%	3,9%	- 15,2 %	- 16,3 %
<i>Index</i>	- 100	182	- 712	- 763

Source: Verified questionnaire replies of sampled Union producers

- (287) 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.
- (288) The overall profitability first improved from 2020 to 2021 when the demand of tyres increased following the recovery of road transports from the Covid crisis and when overall imports had not yet increased to the same extent as afterwards. As explained in the recital (275), the Union industry was able to increase its sales prices in 2021 more than the increase of cost of production which contributed to increased profit margins from 7,9% to 13,4 %.
- (289) The situation changed in 2022, when the Union industry was unable to increase its prices in line with the cost increases. As a consequence, the Union industry's profitability dropped to low levels (1,8% in 2022 and 1,3 % in the review investigation period).
- (290) The net cash flow is the ability of the Union producers to self-finance their activities. The trend in net cash flow was declining during the whole period considered. It was influenced by two main factors. On one hand, the overall profitability of the Union industry contributed positively to the cash flow at the beginning of the period considered. This contribution was practically exhausted after the drop in profitability in 2022. On the other hand, the increase of production volumes and closing stock levels absorbed working capital and had thus a negative impact to cash flow already from 2021. Overall, the cash flow decreased from positive 96 million EUR to negative 95 million EUR during the period considered.
- (291) Over the period considered, investments increased from 50 million EUR to 66 million EUR, i.e. by 32 %. Overall, their level remained below 10 % of the total turnover during the whole period considered.
- (292) The return on investments is the profit in percentage of the net book value of investments. It first increased from – 2,1 % to 3,9 % from 2020 to 2021, in line with the improved profitability. Thereafter, when the overall profitability of the Union industry deteriorated, the return of investments decreased to – 15,2 % in 2022 and – 16,3 % in the review investigation period.
- (293) The Union industry is fragmented between large groups of multi-national companies and over 400 SMEs throughout the Union and heterogeneous in relation to their ability to raise capital.
- (294) A separate analysis on the same methodology as described was made for profitability in the three tiers.
- (295) Development of the profitability in tier 1 during the period considered was similar to the fluctuation of the profitability of the Union industry considered as a whole. It first improved from 2020 to 2021 and then dropped to low levels (1,9% in 2022 and 1,3 % in the review investigation period).
- (296) In tier 1, the net cash flow decreased from positive 85 million EUR to negative 56 million EUR during the period considered. The return of investment first increased from 1,1% to 7,6% and then decreased to – 14,0 % in the review investigation period.

Table 15

Profitability, cash flow, investments and return on investments – Tier 1

	2020	2021	2022	Review Investigation period
Profitability of sales in the Union to unrelated customers (% of sales turnover)	9,4 %	15,2 %	1,9%	1,3 %
<i>Index</i>	100	162	20	14
Cash flow (EUR)	85 042 290	35 716 163	- 43 640 531	- 56 302 048
<i>Index</i>	100	42	- 51	- 66
Investments (EUR)	38 607 861	38 181 656	45 748 927	53 222 683
<i>Index</i>	100	99	118	138
Return on investments (%)	1,1%	7,6%	- 13,6%	- 14,0 %
<i>Index</i>	100	677	- 1 213	- 1 252

Source: Verified questionnaire replies of sampled Union producers

(297) Development of the profitability in tier 2 during the period considered first improved from 2020 to 2021, then dropped to 3,5% in 2022 and further to 2,5% in the review investigation period.

(298) In tier 2, the net cash flow decreased from positive 5,5 million EUR to negative 34,5 million EUR during the period considered. The return of investment decreased from 15,8% in 2020 to - 28,0 % in the review investigation period.

Table 16

Profitability, cash flow, investments and return on investments – Tier 2

	2020	2021	2022	Review Investigation period
Profitability of sales in the Union to unrelated customers (% of sales turnover)	4,6%	9,3 %	3,5%	2,5%
<i>Index</i>	100	203	76	55
Cash flow (EUR)	5 482 431	- 2 889 233	- 13 209 945	- 34 464 853
<i>Index</i>	100	- 53	- 241	- 629
Investments (EUR)	9 439 555	9 080 411	9 167 506	11 950 064

	2020	2021	2022	Review Investigation period
<i>Index</i>	100	96	97	127
Return on investments (%)	- 15,8%	- 14,3 %	- 22,5%	- 28,0 %
<i>Index</i>	- 100	- 91	- 143	- 178

Source: Verified questionnaire replies of sampled Union producers

- (299) Tier 3 was unprofitable during the whole period considered. During the period considered the situation worsened and the negative profitability of - 1,6% in 2020 decreased to - 3,5% in the review investigation period. The situation was even worse for the SMEs operating in tier 3 for which the profitability fluctuated between 4,6% and - 7,0% during the period considered. The slight "improvement" between 2022 and the review investigation period showed the limited success of the efforts of the industry to adapt to the difficult situation.
- (300) In tier 3, the net cash flow decreased from positive 5,3 million EUR to negative 4,2 million EUR during the period considered. The return of investment was negative during the whole period considered, decreasing from - 5,9% to - 20,0 % during the period considered.

Table 17

Profitability, cash flow, investments and return on investments – Tier 3

	2020	2021	2022	Review Investigation period
Profitability of sales in the Union to unrelated customers (% of sales turnover)	- 1,6%	- 1,5%	- 6,1%	- 3,5%
<i>Index</i>	- 100	- 92	- 374	- 212
Cash flow (EUR)	5 289 563	- 3 296 875	- 341 574	- 4 223 093
<i>Index</i>	100	- 62	- 6	- 80
Investments (EUR)	2 222 510	971 223	1 392 137	1 275 067
<i>Index</i>	100	44	63	57
Return on investments (%)	- 5,9%	- 10,8%	- 35,4 %	- 20,0 %
<i>Index</i>	100	17	- 401	- 139

Source: Verified questionnaire replies of sampled Union producers

4.6. Conclusion on injury

- (301) The investigation found that the Union industry as a whole showed recovery from past subsidisation during 2021. Between 2022 and the review investigation period, there was a reverse of this recovery.
- (302) This is particularly evident in the Union industry's decreased profitability, loss of market share and inability to increase prices in line with rising costs. In addition, indicators related with the profitability, such as cash flow and return of investment, also deteriorated. This was especially observed among tier 3 producers, who are particularly exposed to price pressure from low-priced imports, which in turn adversely affects the higher tiers through the reverse-cascading effect described in the original investigation ⁽⁷⁵⁾.
- (303) Based on the above, the Commission concluded that the Union industry suffered material injury within the meaning of Article 8(5) of the basic Regulation during the review investigation period.

5. CAUSATION

- (304) During the period considered the Union industry lost its market share to imports from other countries, notably Thailand, Vietnam, Türkiye and also China.
- (305) The deterioration of Union industry's the market share was partly attributable to the increase of Chinese imports following the partial annulment of the anti-dumping duties and more importantly due to increase of imports from other countries at low prices. The lower price imports have made it difficult for the Union industry to increase its prices and maintain its market share in the environment of increased costs.
- (306) Following the start of Russian war of aggression against Ukraine, prices of input materials and energy increased considerably resulting in rapid increase of cost of production. At the same time, import volumes increased and from 2022 the Union industry was unable to pass-on the cost increases to its selling prices. Although the sales prices increased by 18% between 2021 and the review investigation period, these price increases were insufficient to compensate the increase of cost of production.
- (307) As a result, the Commission also notes that the injurious situation in which the Union industry is found comes at a time when other factors such as significant cost increases and substantial increase of low-priced imports from other countries, especially Thailand, Vietnam and Türkiye took place. As shown in recitals (248) to (252) above, the imports from Thailand and Vietnam increased substantially and their price levels were markedly below the Union industry's prices.
- (308) For this reason, the Commission concluded that the subsidised imports from China contributed to the material injury to the Union industry during the review investigation period; however, other factors in particular the cost increase and imports from other countries, were capable of putting into question the genuine relationship between the subsidised imports and the effects on the Union industry. Thus, the Commission decided to further assess whether injury caused by the subsidised imports from China would likely recur if measures were allowed to lapse.
- (309) Following final disclosure, Hankook claimed that injury suffered by Union industry is not caused by Chinese imports. Hankook claimed that the Chinese imports do not undercut the Union industry prices in tier 3 nor in tier 1. To support its claim, Hankook submitted sensitive data on its export prices and volumes.

⁽⁷⁵⁾ See recital (242) of COMMISSION IMPLEMENTING REGULATION (EU) 2018/1579 of 18 October 2018 imposing a definitive anti-dumping duty and collecting definitively the provisional duty imposed on imports of certain pneumatic tyres, new or retreaded, of rubber, of a kind used for buses or lorries, with a load index exceeding 121 originating in the People's Republic of China and repealing Implementing Regulation (EU) 2018/163. OJ L263 of 22.10.2018. p.3.

- (310) The Commission disagrees with this claim. As stated in recital (247) the data provided by Hankook is insufficient for carrying out any further undercutting analysis as it does not contain sufficient information on other operators active in tier 1, 2 and 3. Consequently, this data could not invalidate any of the results of the undercutting analysis made by the Commission. The Commission therefore considers that the premise of this claim, i.e. that there is no undercutting in tier 1 or tier 3, is incorrect, and therefore, this claim is rejected.
- (311) Following final disclosure Hankook also claimed that the injury suffered by the Union industry is not caused by Chinese imports but by tyres imported from other third countries.
- (312) As stated in the recital (308), the Commission concluded that dumped imports from China contributed to the material injury to the Union industry but also other factors, in particular the cost increase and imports from other countries, were capable of putting into question the genuine relationship between the dumped imports and the effects on the Union industry. Therefore, the Commission considers that this claim does not invalidate the conclusion above and is therefore rejected.

6. LIKELIHOOD OF RECURRENCE OF INJURY

- (313) The Commission assessed, in accordance with Article 18(2) of the basic Regulation, whether there would be a likelihood of recurrence of injury originally caused by the subsidised imports from China if the measures against were allowed to lapse.
- (314) In this respect the following elements were analysed by the Commission: the production capacity and spare capacity in China, attractiveness of the Union market and export prices to third country markets and relationship between prices in the Union and China, possible absorption capacity of third country markets, likely price levels of imports from China in the absence of anti-subsidy measures, and their impact on the Union industry, including undercutting and injurious level and increase of Chinese imports following temporary annulment of the anti-dumping duties.

6.1. Production capacity and spare capacity in the PRC

- (315) As set out in recitals (217) - (219), there is substantial production capacity and spare capacity in China to increase exports to the Union market rapidly in the event that the anti-subsidy measures are allowed to expire. As established in recital (218) the available unused capacity in China in 2022 amount to almost 20 million units, almost equivalent to the total consumption on the EU market.

6.2. Attractiveness of the Union market and export prices to third country markets

- (316) As set out in recitals (220) - (223), the Union market, which is the second largest market in the world after the United States, is an attractive market both in terms of its prices and its size. In 2023, the price level of Chinese exports to the Union was significantly higher compared to the Chinese average export prices to other main destinations, including the USA. Moreover, despite the anti-subsidy measures in force, Chinese imports into the Union remained at around 30 % of the volume of imports during the initial investigation.

6.3. Possible absorption capacity of third country markets

- (317) As set out in recital (224) trade defence measures on exports of the like product from PRC are in force in most of the third country markets which are significant consumers of truck tyres. This makes these markets less attractive for the Chinese exporting producers. This is an additional element which supports the finding that PRC's current production capacity would most likely end in the Union market, should measures be repealed.

6.4. Likely price levels of imports from China in the absence of anti-subsidy measures, and their impact on the Union industry, including undercutting and injurious level.

- (318) As shown in Table 3, import prices into the Union from China during the review investigation period were 218 EUR/item which is materially lower than the average sales price of the Union industry 283 EUR/item shown in Table 8, and also below their cost of production 260 EUR/item.
- (319) Therefore, it is likely that without anti-subsidy duties, the Chinese imports would materially undercut the Union prices.

6.5. Increase of Chinese imports following partial annulment of the anti-subsidy duties

- (320) As shown in Table 2 and set out in recital (237), the increase of Chinese imports was particularly significant in 2022 when the original measures were partially annulled by General Court of the European Union.
- (321) This indicates that the Chinese exporting producers remain interested in the Union market and imports would be likely to increase again, should the measures be repealed.
- (322) In its comments upon initiation, the Hankook group claimed that import trends indicate that there is no threat of continuation or recurrence of injury. According to Hankook group the current market share of the Chinese imports could not have significant impact in the future of the Union industry. Also, the Hankook group claimed that the increased Chinese production capacity was not dedicated to the Union market but to other markets.
- (323) The Commission disagreed with this view. Even if, to certain extent, the current duties somewhat shield the Union industry from the subsidised imports from the PRC, Chinese imports were still able to increase their market share during the period considered. Given Chinese price levels without duties and the spare capacity available in China, it is likely that the market share of the Chinese imports would increase substantially should measures be allowed to lapse. Also, the claim that the increased Chinese capacity has been mainly directed to other markets during the period considered was not substantiated. Even if correct, the Commission considers that the Union market remains attractive to Chinese imports.
- (324) Therefore, these claims were rejected.
- (325) Following final disclosure Hankook claimed that there is no sufficient evidence of likelihood of recurrence of injury. In particular, Hankook claimed that the increase of imports in 2022 cannot be linked to the partial annulment of measures in 2022 and is not indicative of behaviour of the Chinese exporting producers. Hankook also claimed that there was no undercutting in tier 3, that the Chinese producers would rather increase their profits than lower their prices should the measures be allowed to lapse and, that given that Union market represented only 4% of the total Chinese export volume, the Union market cannot be considered attractive.
- (326) The Commission disagreed with these claims. First, the partial annulment of the measures by the General Court did send a signal to the market on the possibility of partial cancellation and subsequent reimbursement of duties, making the imports potentially more attractive. Second, as explained in the recitals (247) and (310) above, the premise of the claim that there is no undercutting in tier 3 is incorrect. Third, Hankook did not submit any evidence to support its claim that the Chinese producers would rather increase their profits than lower their prices should the measures be allowed to lapse. Finally, the current level of Chinese exports to the Union when duties are in force, cannot invalidate the fact that Union market remains attractive for the reasons listed in the recitals (220) - (223) and (316) above. Therefore, this claim is rejected.

6.6. Conclusion of the likelihood of recurrence of injury

- (327) In view of the above, the Commission concluded that should the measures lapse, it is likely that this will result in a significant increase of subsidised imports from China at injurious price levels, and therefore further aggravating the injurious situation of the Union industry.

7. UNION INTEREST

- (328) In accordance with Article 31 of the basic Regulation, the Commission examined whether maintaining the existing anti-subsidy measures would be against the interest of the Union as a whole. The determination of the Union interest was based on an appreciation of all the various interests involved, including those of the Union industry, importers and end users.

7.1. Interest of the Union industry

- (329) Union producers representing more than 25% of the Union production volume cooperated with the investigation.
- (330) The investigation showed that the Union industry was in a vulnerable situation where it was not able to fully pass-on the cost increases to its selling prices and its profit margins had diminished.
- (331) The Commission concludes that given that the Union industry is already suffering injury and in case of lapse of the measures there is a strong likelihood of increase of subsidised imports from China at injurious price levels this would lead to increasing price pressure on the Union market and would further aggravate the injury suffered by the Union industry.
- (332) The continuation of the measures is therefore clearly in the interest of the Union industry.

7.2. Interest of unrelated importers and users

- (333) No importers or users cooperated with the investigation.
- (334) The original investigation concluded that while the measures were not in the interest of importers that predominantly rely on the import of very cheap tyres from China, importers with broader portfolio are unlikely to be severely affected by the restoration of fair competition.
- (335) In the absence of new evidence, the Commission therefore concluded that, like in the original investigation, the continuation of measures will not affect importers or users to any significant extent.

7.3. Other interests

- (336) The original investigation found that measures protecting the Union industry's premium tyre manufacturers producing new high-quality tyres which are designed to have along life cycle and can be retreaded, and also the retreaders active in the tier 3 market, are in the interest of the Union's policy to reduce waste and to manage raw materials in a sustainable way. Moreover, given that it is mostly SMEs which are active in the retreading business, the imposition of measures would also be in line with the important Commission objective to support SMEs ⁽⁷⁶⁾.

⁽⁷⁶⁾ Recital (295) of the Commission Implementing Regulation (EU) 2018/1579 of 18 October 2018 imposing a definitive anti-dumping duty and collecting definitively the provisional duty imposed on imports of certain pneumatic tyres, new or retreaded, of rubber, of a kind used for buses or lorries, with a load index exceeding 121 originating in the People's Republic of China and repealing Implementing Regulation (EU) 2018/163 (OJ L 263, 22.10.2018, p. 3.)

- (337) In the original investigation treads suppliers had made submissions supporting the imposition of anti-subsidy measures alleging such measures are essential for the survival of the retreading industry and stating that without retreading activities, their business will be severely affected. Subsequently, the Commission concluded that measures would be in the interest of treads suppliers.
- (338) In the absence of new evidence, the Commission therefore concluded that, like in the original investigation, the measures would be in the interest of treads suppliers.

7.4. Conclusion on Union interest

- (339) On the basis of the above, the Commission concluded that there were no compelling reasons under Article 31 of the basic Regulation that it would not be in the interest of the Union to maintain the existing measures on imports of tyres originating in the People's Republic of China.

8. ANTI-SUBSIDY MEASURES

- (340) On the basis of the conclusions reached by the Commission on continuation of subsidisation, recurrence of injury and Union interest, the anti-subsidy measures on tyres from China should be maintained.
- (341) To minimise the risks of circumvention due to the difference in duty rates, special measures are needed to ensure the application of the individual anti-subsidy duties. The application of individual countervailing duty is only applicable upon presentation of a valid commercial invoice to the customs authorities of the Member States. The invoice must conform to the requirements set out in Article 1(3) of this regulation. Until such invoice is presented, imports should be subject to the countervailing duty applicable to 'all other companies'.
- (342) While presentation of this invoice is necessary for the customs authorities of the Member States to apply the individual rates of countervailing duty to imports, it is not the only element to be taken into account by the customs authorities. Indeed, even if presented with an invoice meeting all the requirements set out in Article [1(3)] of this regulation, the customs authorities of the Member States must carry out their usual checks and may, like in all other cases, require additional documents (shipping documents, etc.) for the purpose of verifying the accuracy of the particulars contained in the declaration and ensure that the subsequent application of the lower rate of duty is justified, in compliance with customs law.
- (343) Should the exports by one of the companies benefiting from lower individual duty rates increase significantly in volume after the imposition of the measures concerned, such an increase in volume could be considered as constituting in itself a change in the pattern of trade due to the imposition of measures within the meaning of Article 23(3) of the basic Regulation. In such circumstances and provided the conditions are met an anti-circumvention investigation may be initiated. This investigation may, inter alia, examine the need for the removal of individual duty rate(s) and the consequent imposition of a country-wide duty.
- (344) The individual company countervailing duty rates specified in this Regulation are exclusively applicable to imports of the product under review originating in the People's Republic of China and produced by the named legal entities. Imports of the product under review produced by any other company not specifically mentioned in the operative part of this Regulation, including entities related to those specifically mentioned, should be subject to the duty rate applicable to 'all other companies'. They should not be subject to any of the individual countervailing duty rates.

- (345) A company may request the application of these individual countervailing duty rates if it changes subsequently the name of its entity. The request must be addressed to the Commission ⁽⁷⁷⁾. The request must contain all the relevant information enabling to demonstrate that the change does not affect the right of the company to benefit from the duty rate which applies to it. If the change of name of the company does not affect its right to benefit from the duty rate which applies to it, a regulation about the change of name will be published in the Official Journal of the European Union.
- (346) 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.
- (347) In view of Article 109 of Regulation (EU, Euratom) 2024/2509 of the European Parliament and of the Council ⁽⁷⁸⁾ 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.
- (348) The measures provided for in this regulation are in accordance with the opinion of the Committee established by Article 25(1) of Regulation (EU) 2016/1037 of the European Parliament and of the Council ⁽⁷⁹⁾

HAS ADOPTED THIS REGULATION:

Article 1

1. A definitive countervailing duty is imposed on imports of certain pneumatic tyres, new or retreaded, of rubber, of a kind used for buses or lorries, with a load index exceeding 121, currently falling under CN codes 4011 20 90 and ex 4012 12 00 (TARIC code 4012 12 00 10) and originating in the People's Republic of China.
2. The definitive countervailing duties applicable in euros per item of the product described in paragraph 1 and produced by the companies listed below shall be as follows:

Company	Countervailing duty	TARIC additional code
Xingyuan Tire Group Ltd, Co.; Guangrao Xinhongyuan Tyre Co., Ltd	57,28	C331
GITI Radial Tire (Anhui) Company Ltd.; GITI Tire (Fujian) Company Ltd.; GITI Tire (Hualin) Company Ltd.; GITI Tire (Yinchuan) Company Ltd.	11,07	C332
Chongqing Hankook Tire Co., Ltd; Jiangsu Hankook Tire Co., Ltd	3,75	C334
Aeolus Tyre Co., Ltd, Aeolus Tyre (Taiyuan) Co., Ltd; Qingdao Yellow Sea Rubber Co., Ltd; Pirelli Tyre Co., Ltd	39,77	C877

⁽⁷⁷⁾ European Commission, Directorate-General for Trade, Directorate G, Rue de la Loi 170, 1040 Brussels, Belgium.

⁽⁷⁸⁾ Regulation (EU, Euratom) 2024/2509 of the European Parliament and of the Council of 23 September 2024 on the financial rules applicable to the general budget of the Union (recast), OJ L, 2024/2509, 26.9.2024 .

⁽⁷⁹⁾ Regulation (EU) 2016/1037 of the European Parliament and of the Council of 8 June 2016 on protection against subsidized imports from countries not members of the European Union (OJ L 176, 30.6.2016, p. 55).

Company	Countervailing duty	TARIC additional code
Other companies cooperating in both anti-subsidy and anti-dumping investigation listed in the Annex I	27,69	See Annex I
Other companies cooperating in anti-dumping investigation but not in anti-subsidy investigation listed in the Annex II	57,28	See Annex II
Other companies subject to Implementing Regulation (EU) 2023/738 cooperating in both anti-subsidy and anti-dumping investigation listed in Annex III	27,69	See Annex III
Zhongce Rubber Group Co., Ltd	57,28	C379
Weifang Yuelong Rubber Co., Ltd	57,28	C875
Hefei Wanli Tire Co., Ltd	57,28	C876
All other companies	57,28	C999

3. The application of the individual countervailing duty rates specified for the companies mentioned in paragraph 2 or in Annexes I, II or III shall be conditional upon presentation to the customs authorities of the Member States of a valid commercial invoice, on which shall appear a declaration dated and signed by an official of the entity issuing such invoice, identified by his/ her name and function, drafted as follows: 'I, the undersigned, certify that the (item(s)) of (product concerned) sold for export to the European Union covered by this invoice was manufactured by (company name and address) (TARIC additional code) in the People's Republic of China. I declare that the information provided in this invoice is complete and correct.' Until such invoice is presented, the duty rate applicable to 'all other companies' shall apply.

4. In cases where goods have been damaged before entry into free circulation and, therefore, the price actually paid or payable is apportioned for the determination of the customs value pursuant to Article 131 of Commission Implementing Regulation (EU) 2015/2447, the amount of anti-subsidy duty laid down in paragraph 2 shall be reduced by a percentage which corresponds to the apportioning of the price actually paid or payable.

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

Article 2

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

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

Done at Brussels, 15 January 2025.

For the Commission
The President
 Ursula VON DER LEYEN

ANNEX I

Cooperating Chinese exporting producers not sampled cooperating in both anti-subsidy and anti-dumping original investigations:

Name of the Company	TARIC additional code
Bayi Rubber Co., Ltd	C335
Bridgestone (Huizhou) Tire Co., Ltd	C336
Megalith Industrial Group Co., Ltd	C342
Michelin Shenyang Tire Co., Ltd	C343
Nanjing Kumho Tire Co., Ltd	C344
Qingdao Fudong Tyre Co., Ltd	C348
Qingdao Hairunsen Tyre Co., Ltd	C349
Shaanxi Yanchang Petroleum Group Rubber Co., Ltd	C352
Shandong Changfeng Tyres Co., Ltd	C354
Shandong Haohua Tire Co., Ltd	C355
Shandong Hengfeng Rubber & Plastic Co., Ltd	C357
Shandong Homerun Tires Co., Ltd	C359
Shandong Hugerubber Co., Ltd	C361
Shandong Mirage Tyres Co., Ltd	C364
Shandong Vheal Group Co., Ltd	C365
Shandong Wosen Rubber Co., Ltd	C367
Shandong Yongfeng Tyres Co., Ltd	C368
Shandong Yongsheng Rubber Group Co., Ltd; Shandong Santai Rubber Co., Ltd	C369
Shandong Yongtai Group Co., Ltd	C370
Shengtai Group Co., Ltd	C372
Toyo Tire (Zhucheng) Co., Ltd	C374
Weifang Goldshield Tire Co., Ltd	C376
Xuzhou Armour Rubber Company Ltd	C378

ANNEX II

Other companies cooperating in the original anti-dumping investigation but not in the original anti-subsidy investigation:

Name of the Company	TARIC additional code
Briway Tire Co., Ltd	C337
Goodyear Dalian Tire Co., Ltd	C339
Shandong Hawk International Rubber Industry Co., Ltd	C356
Sichuan Kalevei Technology Co., Ltd	C373

ANNEX III

Other cooperating companies subject to Implementing Regulation (EU) 2023/738:

Name of the Company	TARIC additional code
Chaoyang Long March Tyre Co., Ltd	C338
Triangle Tyre Co., Ltd	C375
Shandong Wanda Boto Tyre Co., Ltd	C366
Qingdao Doublestar Tire Industrial Co., Ltd	C347
Ningxia Shenzhou Tire Co., Ltd	C345
Guizhou Tyre Co., Ltd	C340
Shandong Huasheng Rubber Co., Ltd	C360
Prinx Chengshan (Shandong) Tire Co., Ltd	C346
Shandong Linglong Tyre Co., Ltd	C363
Shandong Jinyu Tire Co., Ltd	C362
Sailun Group Co., Ltd	C351
Shandong Kaixuan Rubber Co., Ltd	C353
Weifang Shunfuchang Rubber And Plastic Products Co., Ltd	C377
Shandong Hengyu Science & Technology Co., Ltd	C358
Jiangsu General Science Technology Co., Ltd	C341
Shanghai Huayi Group Corp. Ltd; Double Coin Group (Jiang Su) Tyre Co., Ltd	C878
Qingdao GRT Rubber Co., Ltd	C350