

**COMMISSION IMPLEMENTING REGULATION (EU) 2018/1012****of 17 July 2018****imposing a provisional anti-dumping duty on imports of electric bicycles originating in the People's Republic of China and amending Implementing Regulation (EU) 2018/671**

THE EUROPEAN COMMISSION,

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

Having regard to Regulation (EU) 2016/1036 of the European Parliament and of the Council of 8 June 2016 on protection against dumped imports from countries not members of the European Union <sup>(1)</sup> ('the basic Regulation'), and in particular Article 7 thereof,

After consulting the Member States,

Whereas:

**1. PROCEDURE****1.1. Initiation**

- (1) On 20 October 2017, the European Commission ('the Commission') initiated an anti-dumping investigation with regard to imports into the Union of cycles, with pedal assistance, with an auxiliary electric motor ('electric bicycles') originating in the People's Republic of China ('the PRC') on the basis of Article 5 of the basic Regulation.
- (2) The Commission published a Notice of Initiation in the *Official Journal of the European Union* <sup>(2)</sup> ('the Notice of Initiation').
- (3) The Commission initiated the investigation following a complaint lodged on 8 September 2017 by the European Bicycle Manufacturers Association ('the complainant' or 'EBMA'). The complainant represents more than 25 % of the total Union production of electric bicycles. The complaint contained evidence of dumping and of resulting material injury that was sufficient to justify the initiation of the investigation.
- (4) On 21 December 2017, the Commission initiated an anti-subsidy investigation with regard to imports into the Union of electric bicycles originating in the PRC and started a separate investigation. It published a Notice of Initiation in the *Official Journal of the European Union* <sup>(3)</sup>.

**1.2. Registration of imports**

- (5) On 31 January 2018, the complainant submitted a request for registration of imports of electric bicycles from the PRC under Article 14(5) of the basic Regulation. On 3 May 2018, the Commission published Implementing Regulation (EU) 2018/671 <sup>(4)</sup> ('the registration Regulation') making imports of electric bicycles from the PRC subject to registration as of 4 May 2018 onwards.
- (6) Responding to the request for registration, interested parties submitted comments that were addressed in the registration Regulation. The Commission confirms that the complainants submitted sufficient evidence justifying the need to register imports. Imports and market shares from the PRC had sharply increased. The comments were therefore rejected.

**1.3. Investigation period and period considered**

- (7) The investigation of dumping and injury covered the period from 1 October 2016 to 30 September 2017 ('the investigation period'). The examination of trends relevant for the assessment of injury covered the period from 1 January 2014 to the end of the investigation period ('the period considered').

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

<sup>(2)</sup> OJ C 353, 20.10.2017, p. 19.

<sup>(3)</sup> OJ C 440, 21.12.2017, p. 22.

<sup>(4)</sup> Commission Implementing Regulation (EU) 2018/671 of 2 May 2018 making imports of electric bicycles originating in the People's Republic of China subject to registration (OJ L 113, 3.5.2018, p. 4).

#### 1.4. Interested parties

- (8) In the Notice of Initiation, the Commission invited interested parties to contact it in order to participate in the investigation. In addition, the Commission specifically informed the complainants, other known Union producers, the known exporting producers and the authorities of the PRC, and known importers about the initiation of the investigation and invited them to participate.
- (9) Interested parties had an opportunity to comment on the initiation of the investigation and to request a hearing with the Commission and/or the Hearing Officer in trade proceedings.
- (10) In the Notice of Initiation, the Commission informed interested parties that it had provisionally chosen Switzerland as a market economy third country ('analogue country') within the meaning of Article 2(7)(a) of the basic Regulation. Interested parties had an opportunity to comment and to request a hearing with the Commission and/or the Hearing Officer in trade proceedings.
- (11) Some of the interested parties supporting the complaint requested confidential treatment of their identities in fear of retaliation, as they purchase certain parts of their electric bicycles in the PRC. The Commission granted their requests after an assessment of the arguments brought forward.
- (12) The China Chamber of Commerce for Import and Export of Machinery and Electronic products ('CCCME'), and the Collective of European Importers of Electric Bicycles ('CEIEB'), both representing several interested parties, submitted comments after the initiation of the proceeding.
- (13) The CCCME argued that the reasons for which the Commission granted confidential treatment to the identity of some of the interested parties supporting the complaint were both insufficient and unfounded. According to the CCCME, some of the members of the Union Industry import complete electric bicycles from the PRC and thus, in light of Article 4(1)(a) of the basic Regulation, may be precluded from being considered as members of the Union Industry. The CCCME pointed out that confidential treatment of the identity of some of the interested parties precludes the exporting producers from properly examining the standing in this case.
- (14) In a similar vein, the CEIEB argued that the complaint does neither contain a list of all known Union producers of the like product, nor the volume and value produced by these producers. The Commission rejected this claim. The complaint contained a list of known producers in the Union <sup>(1)</sup>, as well as their total production volume <sup>(2)</sup>. The CEIEB was, accordingly, able to assess the list of known Union producers of the like product.
- (15) This information allowed the CEIEB to identify that two companies listed as Union producers are also importing the product under investigation from the country concerned. It is therefore clear that the CEIEB could fully exercise their rights of defence in this respect. The claims were therefore rejected.
- (16) The CCCME further argued that the complaint lacked the necessary level of sufficient evidence to result in the initiation of an investigation. The CCCME gave four reasons for this.
- (17) First, the import data, based on Chinese export statistics obtained from Chinese customs, together with the adjustments made to it to filter out the product subject to this investigation, should not be kept confidential and its source should be duly examined by the Commission.
- (18) Second, certain information in the complaint such as, for instance, the alleged overcapacity in the relevant sector in the PRC, would be misleading as they relate not only to the electric bicycles sector but electric bicycles and bicycles together. Similarly, the value of the Union's electric bicycles market would be overestimated as it covers all light electric vehicles and not only electric bicycles.
- (19) Third, subsidisation claims made in the complaint would be unfounded and would merit their own anti-subsidy investigation.

<sup>(1)</sup> Complaint, Annex 10.

<sup>(2)</sup> Complaint, Annex 9.

- (20) Fourth, according to the CCCME, the complaint made a series of unjustified claims that are harmful to the electric bicycles industry in the PRC, alleging that it is the Union producers who drive the innovation in this business and that the Chinese producers are merely replicating the status quo of the Union-developed electric bicycles technology.
- (21) The Commission carried out an examination of the complaint in accordance with Article 5 of the basic Regulation, coming to the conclusion that the requirements for initiation of an investigation were met, *i.e.* that the adequacy and accuracy of the evidence presented by the complainant was sufficient. According to Article 5(2) of the basic Regulation, a complaint shall contain such information as is reasonably available to the complainant on the factors indicated therein. On the basis of the evidence provided, the Commission deemed that requirement satisfied.
- (22) Regarding the Chinese import data argument, the Commission refers to section 3.2 of the registration Regulation and to section 4.3 of this Regulation, where that argument is sufficiently addressed.
- (23) Regarding the overcapacity argument, it is indeed relevant to examine overcapacities for electric bicycles and bicycles together, since production capacity for bicycles can be converted to electric bicycles with little cost or effort (see recital 172), and there is evidence on record that this is indeed regularly done by companies producing both products.
- (24) Regarding the comments on alleged subsidisation on the Chinese market, on 21 December 2017, the Commission initiated an anti-subsidy investigation with regard to imports into the Union of electric bicycles originating in the PRC and commenced a separate investigation. That investigation is still on-going.
- (25) Finally, regarding the innovation and replication arguments, the accuracy of the allegations mentioned in point four had no weight on the Commission's assessment underlying the initiation of this case, as they do not fall within the factors considered for this purpose.
- (26) The Commission therefore concluded that the complaint contained evidence of dumping and of resulting material injury that was sufficient to justify the initiation of the investigation.

#### 1.5. Sampling

- (27) In the Notice of Initiation, the Commission stated that it might sample exporting producers, Union producers and unrelated importers in accordance with Article 17 of the basic Regulation.

##### 1.5.1. Sampling of Union producers

- (28) In its 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 highest representative sales volumes of the like product in the investigation period whilst ensuring a spread in product types and a geographical spread.
- (29) This sample consisted of four Union producers. The sampled Union producers accounted for 60 % of the total production volume and 58 % of total sales of the Union industry. The Commission invited interested parties to comment on the provisional sample.
- (30) The EBMA claimed that the sample was overly focused on the Dutch market, and does not give appropriate weight to French producers.
- (31) The Commission noted that the sample included the largest markets for the product under investigation and the largest producers in terms of volume and sales on the Union market which could reasonably be investigated within the time available.
- (32) The Commission also noted that the production of the French producers only account for a minor part of the production of electric bicycles in the Union. It is therefore not necessary to include a French producer to ensure representativity of the sample.
- (33) One interested party suggested adding a German manufacturer to the sample. However, the company in question was not cooperating and the comment had therefore to be disregarded. This did not affect the representativity of the sample, since the sample covered 60 % of the production volume, and did include a German manufacturer.
- (34) In light of the above, the Commission confirmed that the sample is representative of the Union industry.

### 1.5.2. *Sampling of importers*

- (35) 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.
- (36) Twenty-one unrelated importers provided the requested information and agreed to be included in the sample. In accordance with Article 17(1) of the basic Regulation, the Commission selected a sample of five unrelated importers on the basis of the largest volume of imports into the Union. In accordance with Article 17(2) of the basic Regulation, all known importers concerned were consulted on the selection of the sample.
- (37) One interested party commented that the sample of importers is not representative, since it does not cover importers from Denmark, Germany, Italy and the UK, and overly focused on importers buying city electric bicycles.
- (38) However, the cooperating importers from Denmark, Germany and the UK were much smaller than the sampled importers, and no importers from Italy cooperated. Also, the sampled importers imported a wide range of products, including city electric bicycles, trekking electric bicycles, mountain electric bicycles and folding electric bicycles.
- (39) The Commission also notes that the sample included the largest import volume which could reasonably be investigated within the time available.
- (40) In light of the above, the Commission confirmed that the sample is representative of the cooperating importers.

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

- (41) To decide whether sampling was necessary and, if so, to select a sample, the Commission asked all exporting producers in the PRC to provide the information specified in the Notice of Initiation. In addition, the Commission asked the Mission of the People's Republic of China to the European Union to identify and/or contact other exporting producers, if any, that could be interested in participating in the investigation.
- (42) Ninety-six exporting producers in the PRC provided the requested information and agreed to be included in the sample. One producer reported no exports of the electric bicycles to the Union during the investigation period and therefore was not considered admissible to the sample. The Commission provisionally selected a sample of four cooperating producer groups on the basis of the largest representative volume of exports to the Union.
- (43) In accordance with Article 17(2) of the basic Regulation, all known exporting producers of electric bicycles, and the authorities of the PRC, were consulted on the selected sample.
- (44) Three non-sampled cooperating exporting producers argued that they should be included in the sample due to allegedly particular features of their production or sales, which distinguish them from some or all sampled exporting producers.
- (45) These features are not relevant from the point of view of Article 17(1) of the basic Regulation, on the basis of which the sample is to be selected. In accordance with Article 17(1) of the basic Regulation, the Commission selected a sample on the basis of the largest representative volume of exports to the Union, which can reasonably be investigated within the time available. None of the three non-sampled exporting producers contested that they qualified for the sample according to this criterion, and none of them argued that the criterion for selecting the sample should be changed. Therefore, the three requests were rejected.
- (46) After the expiry of the deadline for sampling responses and after the sample was selected and questionnaires have already been sent, one exporting producer came forward and requested to be considered as cooperating, as it had responded in due time to the sampling exercise in the parallel anti-subsidy investigation. The request was denied as the company did not come forward in the due time in the present investigation.

### 1.6. Individual examination

- (47) Six non-sampled exporting producers formally requested individual examination under Article 17(3) of the basic Regulation. Two of them requested market economy treatment, which makes for two additional market economy treatment claim forms to be analysed and verified. Furthermore, three of the companies that formally requested individual examination are groups of companies with a total of six related traders. Their replies to the relevant part of the anti-dumping questionnaire would also have to be analysed and verified by the case teams. The examination of such a high number of requests would be unduly burdensome and cannot be reasonably expected during the time available for this investigation. The Commission therefore decided not to grant any requests for individual examination.

### 1.7. Market economy treatment ('MET') claim forms

- (48) For the purposes of Article 2(7)(b) of the basic Regulation, the Commission sent MET claim forms to all cooperating exporting producers in the PRC selected to be in the sample and to the non-sampled cooperating exporting producers that wished to apply for an individual dumping margin. Only one of the exporting producer groups in the PRC selected in the sample submitted an MET claim form, which was assessed by the Commission.

### 1.8. Replies to the questionnaire

- (49) The Commission sent questionnaires to all sampled companies, to all exporting producers intending to ask individual examination and to 27 potential analogue country producers in Australia, Japan, Mexico, South Korea, Switzerland, Taiwan, Thailand, Turkey and the USA.
- (50) The Commission received complete questionnaire replies from all sampled Union producers, all sampled unrelated importers, the sampled exporting producers in the PRC, the exporting producers in the PRC requesting individual examination and one analogue country producer from Switzerland.

### 1.9. Verification visits

- (51) The Commission sought and verified all the information deemed necessary for a provisional determination of dumping, resulting injury and Union interest. Verification visits under Article 16 of the basic Regulation were carried out at the premises of the following companies:

Union producers:

- Accell Group (Heerenveen, the Netherlands);
- Eurosport DHS SA (Deva, Romania), and their related company Prophete GmbH & Co. KG (Rheda-Wiedenbrück, Germany);
- Derby Cycle Holding GmbH (Cloppenburg, Germany);
- Koninklijke Gazelle NV (Dieren, The Netherlands);

Exporting producers in the PRC:

- Bodo Vehicle Group Co., Ltd(Tianjin);
- Giant Electric Vehicle Co. (Kunshan), Ltd; Giant (China) Co.(Kunshan), Ltd and Giant (Tianjin) Co., Ltd (Tianjin);
- Jinhua Vision Industry Co., Ltd and Yongkang Hulong Electric Vehicle Co., Ltd (Jinhua);
- Suzhou Rununion Motivity Co., Ltd (Suzhou);

Producers in an analogue country:

- Bicycletec AG; (Huttwil, Switzerland);

Unrelated importers in the Union:

- Hartmobile B.V. (Amsterdam, the Netherlands);
- Stella Fietsen B.V. (Nunspeet, the Netherlands);

Related importers in the Union:

- Giant Europe B.V. (Lelystad, the Netherlands);
- Giant Benelux B.V. (Lelystad, the Netherlands);
- Giant Deutschland GmbH. (Düsseldorf, Germany).

#### 1.10. Investigation period and period considered

- (52) The investigation of dumping and injury covered the period from 1 October 2016 to 30 September 2017 ('the investigation period' or 'IP'). The examination of trends relevant for the assessment of injury covered the period from 1 January 2014 to the end of the investigation period ('the period considered').

## 2. PRODUCT CONCERNED AND LIKE PRODUCT

### 2.1. Product concerned

- (53) The product concerned is cycles, with pedal assistance, with an auxiliary electric motor, originating in the PRC, currently falling within CN codes 8711 60 10 and ex 8711 60 90 (TARIC code 8711 60 90 10) ('the product concerned').
- (54) This definition covers various types of electric bicycles.

### 2.2. Like product

- (55) The investigation showed that the following products have the same basic physical characteristics as well as the same basic uses:
- (a) the product concerned;
  - (b) the product produced and sold on the domestic market of Switzerland, which served provisionally as an analogue country;
  - (c) the product produced and sold in the Union by the Union industry.
- (56) The Commission decided at this stage that those products are therefore like products within the meaning of Article 1(4) of the basic Regulation.

### 2.3. Claims regarding product scope

- (57) In their comments after the initiation of the investigation, the CCCME contested the Commission's intention to group all electric bicycles as one single product. In particular, they argued that speed electric bicycles (electric bicycles with a speed of more than 25 km/h and up to 45 km/h) should be excluded from the scope of the investigation. While the engine of standard electric bicycles has a maximum power <sup>(1)</sup> of 250 W, the engine of speed electric bicycles can have a higher power of typically 350 – 500 W.
- (58) The CCCME argued that these bicycles have significantly different characteristics and intended uses, and also significantly different prices. From the consumers' perspective speed electric bicycles are not interchangeable with all the other electric bicycles covered by this investigation.
- (59) According to CCCME, there are several reasons for which speed electric bicycles are different from other electric bicycles. First, the raw materials and components are different. For instance, the engine for speed electric bicycles has a higher power rating and the materials for electric bicycles have higher strength and quality.
- (60) Second, the costs and prices would be significantly different. Since there are stricter requirements for the quality and strength of the parts used to produce speed electric bicycles, the cost of producing speed electric bicycles is higher than that of ordinary electric bicycles, which in turn causes a final higher sales price.
- (61) Third, the CN codes would be different. Since 1 January 2017, ordinary electric bicycles have been classified under CN code 8711 60 10 and speed electric bicycles under CN code 8711 60 90. Before 2017, ordinary electric bicycles were classified under (ex) CN code 8711 90 10 and speed electric bicycles under (ex) CN code 8711 90 90.

<sup>(1)</sup> Maximum continuous rated power.

- (62) Fourth, speed electric bicycles are regarded as motor vehicles (vehicle category L1e-B), so drivers are required to have a licence and to wear helmets. There are no such requirements for ordinary electric bicycles. These requirements will substantially constrain who can purchase and operate the speed electric bicycles.
- (63) Fifth, the types of consumers for the speed electric bicycles are different. Normally, purchasers of ordinary electric bicycles are mainly office workers or elderly persons who appreciate the additional power assist, while purchasers of speed electric bicycles are mostly young people using these electric bicycles for more strenuous or sporting activities.
- (64) The complainant argued that all electric bicycles share key common characteristics. In particular, both are cycles designed to pedal, equipped with an auxiliary electric motor for pedal assistance. Moreover, all electric bicycles are subject to the same tests under the European Standard EN 15194. On this basis, the complainant concluded that they form one single product for the purpose of the present investigations.
- (65) The complainant also pointed out that due to the fact that the auxiliary motor assistance cut-off speed could be easily changed from 25 km/h to 45km/h and *vice-versa*, as this is primarily a question of software programming and not actual physical differences.
- (66) During the investigation, an importer claimed that electric bicycles falling under the L1e-A category should be excluded from the product scope of the investigation. The L1e-A category covers electric bicycles with an auxiliary motor support of up to 25 km/h, but with an engine power of up to 1 kW. Allegedly, L1e-A category electric bicycles are not produced in the Union, and not specifically mentioned in the complaint. The importer further claims that L1e-A category electric bicycles cannot have caused injury to the Union industry, since the first L1e-A category electric bicycle was sold on the Union market more than eight weeks after the complainant lodged the complaint.
- (67) The Commission took all these comments into account. It noted that the product scope of the complaint indeed covered all cycles, with pedal assistance, with an auxiliary electric motor. The product scope of the complaint contains no limitation on the vehicle classification. It was therefore concluded that L1e-A category electric bicycles are covered by the complaint. It was also clear from the importer's own website that L1e-A electric bicycles have all the benefits of a regular electric bicycle but with more power. The importer in particular emphasises that in most Member States L1e-A category electric bicycles do not require a helmet and can be used on regular cycle lanes and paths.
- (68) With regards to speed electric bicycles, it is claimed that they have a significantly higher cost of production and sales price. This, as such, is not a reason for excluding a product from the product scope, since the product scope commonly includes goods sold at different prices. This factor is however taken into account in the comparisons in the dumping and injury calculations.
- (69) As regards the different intended use and consumer perception, it is argued that normal electric bicycles are predominantly sold to elderly people, recreational cyclists, and also office workers, while speed electric bicycles are mostly used for more strenuous activities such as commuting. Since office workers are likely to use their normal electric bicycle for driving from their home to the work place, this use is very similar to the use of commuting for speed electric bicycles. It is therefore concluded that the intended use and consumer perception overlap to a significant extent, and therefore do not warrant a product exclusion.
- (70) With regard to both claims for exclusion, the Commission concluded that speed electric bicycles and the L1e-A category bicycles share the same physical characteristics with other electric bicycles and thus fall within the product scope. While the Commission acknowledged that there are different product types within the general category of the product concerned, this cannot *per se* lead to exclusion from the product scope. Different customs classification within the same general category of the product concerned is also not a criterion which *per se* would lead to exclusion. It is indeed very common in anti-dumping investigations that the product concerned encompasses a range of customs codes. Finally, requirements relating to the after sale use of the product concerned or the like product do not affect the basic physical characteristics that define that product for the purpose of anti-dumping investigations. In the same vein, the product scope is not defined by categories of consumers that will be opting for one product type or the other. The claims were therefore rejected.
- (71) One importer claimed that electrical tricycles should be removed from the product scope of the investigation. It alleged that it is not clear whether the investigation actually covered all types of cycles (including bicycles, tricycles and quadricycles) or only bicycles, because the title of the Notice of Initiation stated that the anti-dumping proceeding concerns import of electric bicycles.

- (72) The Commission noted that the product scope of the investigation is, however, not defined by the title of the Notice of Initiation, but by section '2. Product under investigation'. This section clearly defines that the product under investigation covers 'cycles'. The term 'cycles' is not limited to bicycles with 2 wheels, but also includes tricycles and quadricycles. Since bicycles are by far the most common type of cycle, the title referred to bicycles, without excluding other types of cycles from the scope of the investigation.
- (73) The importer further claimed that the investigation specifically focused on bicycles. The Commission disagreed with this claim. It had collected information covering all types of electric cycles; Union producers and exporters were required to indicate the number of wheels for all products they produced and sold on the Union market. It is therefore clear that tricycles were separately identified and investigated throughout the investigation. As bicycles are undisputedly the most common type of cycles, it is not surprising that the term e-bikes/electric bikes is generally used to refer to all types of electric cycles, in the investigation as well as in the market. This does not mean that other types of cycles were disregarded in the investigation.
- (74) It is therefore concluded that speed electric bicycles, L1e-A category electric bicycles and electric tricycles share the same basic physical characteristics and properties as well as end-uses with other types of electric cycles, and therefore cannot be excluded from the product scope of the investigation.

### 3. DUMPING

#### 3.1. Normal value

##### 3.1.1. Market economy treatment ('MET')

- (75) Under Article 2(7)(b) of the basic Regulation, the Commission determines normal value in accordance with Article 2(1) to (6) of the basic Regulation for any exporting producer in the PRC which complies with the criteria set out in Article 2(7)(c) of the basic Regulation and could therefore be granted MET.
- (76) The CCCME claimed that after the expiry of paragraph 15(a)(ii) of the Protocol on the Accession of the PRC to the World Trade Organisation ('WTO') on 11 December 2016 the general rules for the determination of normal value should apply to Chinese exporters. In this respect, it claimed that the use of a non-market economy methodology to reach a determination after 11 December 2016 is contrary to the Union's WTO obligations. It also alleged that the normal value cannot be based on an analogue country, but should be based on Chinese sales and costs data.
- (77) The Notice of Initiation was published on 20 October 2017. Consequently, the relevant legislation applicable to this proceeding is the basic Regulation in its version applicable at the time of initiation. The normal value is therefore to be established on the basis of Article 2(7)(a) and (b) of the basic Regulation as applicable at the date of initiation of this investigation in October 2017. Therefore, the claim by the CCCME is rejected.
- (78) Briefly, and for ease of reference only, the criteria set out in Article 2(7)(c) of the basic Regulation for market economy treatment are that:
- (1) business decisions are made in response to market conditions and without significant State interference, and costs reflect market values;
  - (2) firms have one clear set of basic accounting records, which are independently audited, in line with international accounting standards and applied for all purposes;
  - (3) there are no significant distortions carried over from the former non-market economy system;
  - (4) legal certainty and stability is provided by bankruptcy and property laws; and
  - (5) currency exchanges are carried out at the market rate.
- (79) For the determination whether the criteria in Article 2(7)(c) of the basic Regulation are met, the Commission sought the necessary information by asking the exporting producers to fill in the MET claim form. Only one sampled exporting producer, the Giant group, claimed MET and replied within the deadline.
- (80) As this case involved related parties, the Commission examined whether the group of related companies as a whole fulfilled the conditions for MET. Therefore, where a subsidiary or any other company related to the exporting producer in the PRC was involved, directly or indirectly, in the production or sales of the product concerned, the MET examination was carried out in respect of each related company individually as well as to the group of companies as a whole.

- (81) The Commission sought all the information deemed necessary and verified all the information submitted in the MET claims at the premises of the major legal entities of the group.
- (82) On this basis, the Commission found that the Giant group failed to demonstrate that it fulfilled the MET criteria in Article 2(7)(c) of the basic Regulation, notably criteria 1 and 3. Therefore, the Commission rejected its claim for MET.
- (83) The Giant group failed to demonstrate that there is no significant State interference and that costs of major inputs substantially reflect market values in its production of the product concerned. As explained in the MET disclosure, the Giant group purchases Chinese aluminium tubes and frames, whose prices are affected by the significant distortions of primary aluminium due to significant State interference. On this basis, the Commission concluded that the Giant group failed to demonstrate that it fulfilled MET criterion 1.
- (84) Moreover, the Giant group also failed to demonstrate that it was not subject to significant distortions carried over from the former non-market economy system. According to the MET disclosure, the Giant Group benefitted from several preferential tax schemes, refunds, financial incentives, and special deductions for expenses incurred. These advantages, particularly in combination, are considered as significant distortions carried over from the non-market economy system. Accordingly, it did not fulfil MET criterion 3.
- (85) The Commission disclosed the findings to the exporting producer concerned, to the authorities of the country concerned and to the Union industry. Interested parties had an opportunity to comment on the findings and to request a hearing with the Commission and/or the Hearing Officer in trade proceedings. The Commission took account of the views presented.
- (86) Following the disclosure of MET findings, the Giant group submitted a number of comments.
- (87) Concerning criterion 1, the Giant group claimed that the price of aluminium used in the production of electric bicycles was in line with international prices, as reflected on the London Metal Exchange ('LME'). Alternatively, it submitted that the resulting distortion could not be qualified as significant because in value terms the impact of the alleged distortion was *de minimis*.
- (88) As the Commission explained at length in the disclosure document, the SHFE is designed in a way that the Chinese government can exercise complete control over the aluminium market. Whether that influence is used to set prices at market level or not, or based on other considerations and hence at a fluctuating deviance of the market level, is irrelevant for finding significant State interference. The criterion of significant State interference is fulfilled where the State can influence prices not only marginally, but can exercise significant control, independently of how it actually exercises that control.
- (89) The fact that the proportion of aluminium used in the production of electric bicycles is lower than in other products does not change the fact that electric bicycle producers operate in a significantly distorted market. In this particular case, and irrespective of its value, the Commission established, on the basis of the facts collected during the investigation, that the aluminium frame (produced from aluminium tubes) is one of the most essential elements for the production of an electric bicycles with knock on effects on all other parts and components.
- (90) With regard to criterion 3, the Giant group argued that the benefit resulting from the differential taxation rate is the expression of the legitimate industrial policy objectives of the PRC and cannot be considered as a distortion carried over from a former non-market economy. In addition, the Giant group claimed that distortions, if any, are not significant. The group further claimed that an incorrect methodology was applied to determine whether the preferential grant of land use rights constituted a significant distortion since it did not amortise the benefit received over the life period of the asset.
- (91) The Commission disagreed that the a qualification as significant distortion within the meaning of Article 2(7)(c) of the basic Regulation bears any legal or factual correlation to the concept of 'benefit' within the meaning of Regulation (EU) 2016/1037 of the European Parliament and of the Council<sup>(1)</sup> ('the basic anti-subsidy Regulation'). Rather, it is a concept intrinsic to the present assessment under Article 2(7)(c) of the basic Regulation.

<sup>(1)</sup> 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 (OJ L 176, 30.6.2016, p. 55).

- (92) The Commission found that two companies of the group received almost complete refund of the land use right price, while a third one paid a small percentage of the value of the land use right price after refund. Given the nature of the industry where land is the most important asset and significant in nature, the Commission could only conclude that the production costs and financial situation of the company are subject to significant distortions carried over from the non-market economy system.
- (93) The conclusion to deny the MET claim of the Giant group therefore remains unchanged.
- (94) The Commission informed the interested parties of the final MET determination.

### 3.1.2. *Analogue country*

- (95) According to Article 2(7)(a) of the basic Regulation normal value was determined on the basis of the price or constructed value in a market economy third country ('analogue country') for the exporting producers not granted MET. For this purpose, a market economy third country had to be selected.
- (96) In addition to Switzerland, Japan and Taiwan, which were mentioned in the Notice of Initiation, the Commission tried to identify producers of the product under investigation in Australia, Mexico, South Korea, Thailand, Turkey and the USA. Based on the information received, the Commission asked twenty-seven known producers of the like product to provide information. One producer in Switzerland and one producer in Taiwan replied to the analogue country producers' questionnaire. The reply from the producer in Taiwan was lacking essential information, including a cost of production per product type and a domestic sales listing. Despite the Commission's requests, the producer did not complete the reply, leaving Switzerland as the only potential analogue country.
- (97) The CCCME argued that Switzerland would be inappropriate as an analogue country for several reasons. First, the Swiss electric bicycles are different from Chinese – they have a central motor whereas Chinese electric bicycles have predominantly hub motors (mounted in the wheels), which are different technologies. The Swiss also use parts that are significantly different (more powerful central motors, GPS-enabled controllers, touch-screen displays etc.) Second, Swiss producers produce their own brands whereas Chinese are mainly original equipment manufacturers ('OEM') for the Union importers. Third, the overall production scale in Switzerland is much smaller than the one in the PRC. Fourth, the Swiss import their parts from the Union and Japan, whereas the Chinese source domestically. Finally, out of the eight Swiss producers, three only import complete electric bicycles from Taiwan and resell, and the largest producer imports all parts from abroad and only assembles in Switzerland.
- (98) The CEIEB also argued that Switzerland would be inappropriate as the analogue country. It pointed out that Switzerland has a very different level of development from the PRC and thus different production costs (especially labour). Furthermore, no other market in the world has such a high share of speed electric bicycles, which, due to legally required type-approval, are generally more costly.
- (99) The investigation confirmed that, whilst a vast majority of electric bicycles exported to the Union from the PRC by the sampled exporting producers have hub motors, all electric bicycles sold on the Swiss market by the cooperating analogue country producer during the IP have central motors. Alongside the battery, the motor is usually the single most expensive part of an electric bicycle. Central and hub motors are two distinct technologies with different technical specifications and level of complexity. Central motors not only have a different price than hub motors, but a use of one over another has a knock-on effect on other parts. For instance, an electric bicycle with a central motor would have a different, often more expensive, frame, designed to fit the motor. The same would be true for wheels in case of electric bicycles with hub motors. Certain additional parts, like special motor holders, are necessary for electric bicycles with central motor but not necessary for those with hub motors. Other parts, like torque sensors, are different depending on the type of the motor.
- (100) Considering that these are two different technologies with different cost structures and prices, the use of Switzerland as the analogue country would not provide the Commission with a normal value for a vast majority of imports, due to the knock on effect referred to above and the difficulty of quantifying adjustments that would be necessary to adjust the normal value from Switzerland to match the product types exported from China to the Union.
- (101) The Commission further looked at the cooperating analogue country producer's export to other countries, but those were also exclusively of electric bicycles with central motors.
- (102) The Commission therefore concluded at this stage that Switzerland is not an appropriate analogue country under Article 2(7)(a) of the basic Regulation.

- (103) Consequently, in absence of an appropriate market economy third country, it was provisionally concluded in accordance with Article 2(7)(a) of the basic Regulation, that it was not possible to determine normal value for the sampled producers based on the domestic prices or constructed normal value in a market economy third country or the price from such a third country to other countries, including the Union, and that it was therefore necessary to determine normal value based on any other reasonable basis, in this case on the basis of the prices actually paid or payable in the Union for the like product. This was considered appropriate due to the inappropriateness of Switzerland and the lack of any other cooperation as mentioned in recitals 96 and 99 to (102). In addition, the Commission deemed this justified due to the size of the Union market, the existence of imports, and the strong internal competition on the Union market for this product.

### 3.1.3. Normal value

- (104) As MET was not granted in this case, the normal value for all Chinese exporting producers was determined, as explained in recital 103 above, on the basis of the prices actually paid or payable in the Union for the like product on the basis of the data verified at the premises of the sampled Union producers listed in recital 51.
- (105) The normal value of each product type was based on the actual sales price (ex-works), adjusted to include the target profit of the Union industry.
- (106) The vast majority of product types exported from the PRC to the Union could be matched with the product types produced and sold in the Union. In the rare cases where the exact matching on the level of the product control number ('PCN') was not possible, the Commission iteratively removed the PCN characteristics until a successful match was found. In some exceptional cases, where the particular bicycle types were not produced in the Union, the closest possible match based on other characteristics was done. The details of this procedure have been disclosed to the exporting producers.

### 3.2. Export price

- (107) The sampled exporting producers exported to the Union directly to independent customers or through related or unrelated companies acting as an importer.
- (108) If the exporting producers exported the product concerned directly to independent customers in the Union, the export price was the price actually paid or payable for the product concerned when sold for export to the Union, in accordance with Article 2(8) of the basic Regulation.
- (109) If the exporting producers exported the product concerned to the Union through related companies acting as an importer, the export price was taken as established on the basis of the price at which the imported product was first resold to independent customers in the Union, in accordance with Article 2(9) of the basic Regulation. In those cases, adjustments to the price were made for all costs incurred between importation and resale, including SG&A expenses and profits (9 %).

### 3.3. Comparison

- (110) The Commission compared the normal value and the export price of the sampled exporting producers on an ex-works basis.
- (111) For the purpose of ensuring a fair comparison between the normal value and the export price, due allowance in the form of adjustments was made for differences affecting prices and price comparability in accordance with Article 2(10) of the basic Regulation. The Commission made the following adjustments to the export price using the data provided by the sampled exporting producers in their questionnaire replies and during the verification visits: bank charges, handling and loading charges in the exporting country, credit costs, and profits for the unrelated traders in case of the related traders in the Union.
- (112) The CCCME and one sampled exporting producer argued that in order to secure a fair comparison between the normal value and the export price, the latter should be adjusted upwards on account of the exporting producers being OEM.
- (113) The CCCME argued that as most of Chinese electric bicycles producers are OEM, electric bicycles produced by them are sold to final consumers through brand-name importers and distributors. The price charged to final consumers includes both the brand importer's mark-up and distributor's mark-up. The CCCME noted that, brand importers in the electric bicycles industry are different from ordinary importers in other industries.

- (114) The CCCME noted that the reason for that would be that, for most electric bicycles exported from the PRC to the Union, the design, research and development is done by the brand importers or by the brand importers in cooperation with the exporter. In either case, the brand importers have made a significant investment into this work, much like the Union producers themselves. Beyond the import price, the brand importers will add their own brand value into their re-sale price. Thus, the export price of Chinese electric bicycles should be adjusted upward by adding the brand importer's mark-up before being compared with the normal value.
- (115) The Commission considered making an appropriate adjustment under Article 2(10)(d) ('level of trade') of the basic Regulation. However, the relevant conditions were not met as the Commission did not find any consistent and distinct difference in functions and prices of the Union industry between their OEM and non-OEM sales on the Union market at the level of product types, within the meaning of Article 2(10)(d)(i) of the basic Regulation. Article 2(10)(d)(ii) of the basic Regulation was equally inapplicable as the relevant level of trade – OEM – does exist on the domestic market of Union producers.
- (116) The Commission also considered making an Article 2(10)(k) ('other factors') adjustment to account for the design and R & D costs of the brand-name importers. However, at this stage of the investigation, the exporting producers did not provide the Commission with a reliable quantification of these costs. The Commission accordingly invites interested parties to provide it with reliable and verifiable quantification of costs for an adjustment under Article 2(10)(k) of the basic Regulation.
- (117) The claim of the CCCME was therefore rejected.
- (118) According to three sampled exporting producers the product type classification proposed by the Commission was insufficient to distinguish electric bicycles of different price levels. They requested the Commission to add several characteristics to the product type classification, namely:
- Derailleur – to reflect the difference between external derailleur and internal derailleur;
  - Brake – to reflect the difference between mechanical and hydraulic brake;
  - Suspension – to reflect the difference between spring suspension, hydraulic suspension and air suspension; and
  - Battery characteristics – add two capacity ranges – below 250Wh and between 250Wh and 350Wh.
- (119) The complainant, on the other hand, argued that different parts within each proposed characteristic do not have *per se* different prices. Furthermore, electric bicycles with allegedly more expensive parts within each proposed characteristic do not have to be more expensive than those containing the allegedly cheaper part. The complainant provided several examples of this.
- (120) The exporting producers, in turn, disagreed, pointing out, for instance, that in its examples the complainant compares a high-end external derailleur (with 10 speeds) with low-end internal derailleur (with three speeds). This would be why the price is similar. Similarly, high-end mechanical breaks are being compared with low-end hydraulic breaks. The exporting producer also pointed out that the comparison of bicycles containing different parts to prove that these parts do not affect the price of the whole bicycle is meaningless as in each example there are other differentiating factors than the parts in question.
- (121) The Commission took note of both sets of comments. Regarding the additional characteristics, the Commission notes that it has not been able to establish that an internal derailleur would always be significantly more expensive than an external one or that a hydraulic break will always be significantly more expensive than a mechanical one. Within those sub-categories there are parts that are on the high and on the low-end of the price spectrum. The Commission therefore concluded that there does not appear to be a consistent significant price difference between parts within the proposed additional characteristics that would warrant changes to the product types established in this investigation.
- (122) At this stage of the investigation, there was no evidence justifying adjustments based on price differences of parts within the characteristics mentioned above, as well as the additional characteristics claimed later by the exporting producers (namely the number of derailleur speeds and the brand of the central motor). Chinese electric bicycles exported to the Union use a mix of parts within these characteristics, which, to the best of the Commission's knowledge, does not favour a particular type. The same can be said about the electric bicycles produced in the Union. Again, the Commission invited interested parties to provide it with such verifiable evidence and information in order to complete its assessment on the above arguments.

### 3.4. Dumping margins

- (123) For the sampled exporting producers, the Commission compared the weighted average normal value of each type of the like product with the weighted average export price of the corresponding type of the product concerned, in accordance with Article 2(11) and (12) of the basic Regulation.
- (124) The dumping margin for the cooperating exporting producers not included in the sample was established in accordance with the provisions of Article 9(6) of the basic Regulation. This margin was calculated as a weighted average on the basis of the margins established for the sampled exporting producers.
- (125) With regard to all other exporting producers in the PRC, the Commission determined the level of cooperation in the PRC. It was measured by assessing the proportion of the volume of exports of the cooperating exporting producers to the Union out of the total export volume from the country concerned to the Union.
- (126) The level of cooperation was high. Therefore, the residual dumping margin applicable to all other exporting producers in the PRC was provisionally set at a level corresponding to the highest dumping margin found for the cooperating exporting producers in the sample.
- (127) The provisional dumping margins expressed as a percentage of the CIF Union frontier price, duty unpaid, are as follows:

Table 1

Company	Provisional dumping margin
Bodo Vehicle Group Co., Ltd	90,6 %
Giant Electric Vehicle (Kunshan) Co., Ltd	34,6 %
Jinhua Vision Industry Co., Ltd and Yongkang Hulong Electric Vehicle Co., Ltd	42,8 %
Suzhou Rununion Motivity Co., Ltd	106,4 %
Cooperating exporting producers not sampled (see Annex)	51,0 %
All other companies	106,4 %

## 4. INJURY

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

- (128) At the start of the period considered, forty-one producers manufactured the like product in the Union. They constitute the 'Union industry' within the meaning of Article 4(1) of the basic Regulation. Four of them stopped their production during the investigation period.
- (129) The total Union production during the investigation period was established at around 1,1 million pieces. The Commission established the figure on the basis of the consumption figure submitted by the Confederation of the European Bicycle Industry ('CONEBI'), import statistics, and the ratio of sales to production of the sampled Union producers.
- (130) One interested party submitted that two Union producers are also importers of electric bicycles. They however did not claim that these producers should be excluded from the definition of the Union industry, or provide arguments why they should be excluded. Imports *per se* do not constitute a reason for exclusion from the definition of the Union industry.
- (131) Another party claimed that company ATALA and its related company Accell Nederland should not form part of the Union industry because ATALA imports electric bicycles from the PRC. According to the conditions of Article 4(2) of the basic Regulation ATALA and Accell are not related. In any case, imports *per se* do not constitute a reason for exclusion from the definition of the Union industry.

- (132) Other Union producers requesting confidentiality have reported imports from the PRC. These companies together with those mentioned in recitals 130 and 131 account for less than 5 % of production and sales of the Union industry. They therefore have no material impact on the injury indicators of the Union industry as a whole. Whether or not those companies are considered to be part of the Union industry has no material impact on the injury analysis. This issue will be further examined for the final findings.

#### 4.2. Union consumption

- (133) The Commission established the Union consumption on the basis of the information submitted by CONEBI.
- (134) Union consumption developed as follows:

Table 2

#### Union consumption (pieces)

	2014	2015	2016	IP
Total Union consumption (pieces)	1 139 000	1 363 842	1 666 251	1 982 269
<i>Index</i>	100	120	146	174

Source: CONEBI.

- (135) Union consumption increased steadily from 1,1 million pieces in 2014 to almost 2 million pieces during the investigation period, reflecting a growth of 74 % during the period considered. This development was due to greater environmental awareness and continued investment in marketing and promotion, and in the technological development of electric bicycles.

#### 4.3. Imports from the PRC

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

- (136) Since 2017, electric bicycles have been classified under CN code 8711 60 10. Before 2017, electric bicycles were classified under (ex) CN code 8711 90 10 under which other products were included. To overcome this issue, the complainant submitted detailed Chinese customs statistics in which it was able to identify Chinese exports of electric bicycles.
- (137) The Commission established the volume of imports on the basis of Eurostat data by extrapolating to the relevant HS code the ratio of Chinese exports of electric bicycles (as established above) on total exports from the PRC under the same HS code. For the nine months of 2017, the Chinese import statistics are directly based on Eurostat.
- (138) The market share of the imports was then established by comparing import volumes with the Union consumption as shown in Table 2 in recital 134.
- (139) Imports into the Union from the PRC developed as follows:

Table 3

#### Import volume (pieces) and market share

	2014	2015	2016	IP
Volume of imports from the PRC (pieces)	199 728	286 024	389 046	699 658
<i>Index</i>	100	143	195	350
Market share (%)	18	21	23	35
<i>Index</i>	100	120	133	201

Source: Eurostat, Chinese export statistics.

- (140) The volume of imports from the PRC more than tripled, increasing from close to 200 000 pieces in 2014 to close to 700 000 pieces in the investigation period. The pace of growth accelerated between 2016 and the investigation period.
- (141) In parallel, the share of the Union market held by imports from the PRC has increased from 17 % in 2014 to 35 % in the investigation period.
- (142) The CCCME expressed its concerns regarding the reliability of the Chinese customs statistics submitted by the complainant and requested to disclose the detailed statistics and the source of these data.
- (143) The complainant made available to the Commission the detailed statistics used to support its complaint. The complainant also made available, on the non-confidential version of the complaint, the aggregated export figures per year. The complainant furthermore indicated that the source was the Chinese customs, mentioned the codes used, and explained its methodology to exclude other products than the product concerned.
- (144) The Commission established through a verification of this data that the complainant had purchased these customs statistics from a long-established Chinese company specialising in this field, and that the same information was available from other Chinese service providers.
- (145) On the other hand, the verification also evidenced that the complainant had accurately described in the open file the methodology followed to determine the exports of electric bicycles from the PRC.
- (146) In addition, the detailed data submitted by the complainant was cross-checked against other sources of information and proved to be reliable. No other party proposed alternative source of information or methodology.
- (147) The Commission also established that the detailed data and the identity of the company supplying this information were by nature confidential within the meaning of Article 19(1) of the basic Regulation. Disclosing the identity of the supplier of the information would have a significant adverse effect upon the person supplying the information or upon the person from whom the information has been acquired.
- (148) In these circumstances, and given the level of disclosure of aggregated data and methodology on the non-confidential file, the Commission considered that the input data and the identity of the company reselling them are not necessary for the party concerned to exercise their rights of defence.
- (149) CCCME's argument had therefore to be rejected.
- (150) Interested parties claimed that imports from the PRC have followed the market trends, since both the consumption in the Union and Chinese exports were growing. It is however noted that the magnitude of growth between Chinese exports and the consumption in the Union is very different. Between 2014 and the investigation period, Chinese imports grew by 250 %, while the consumption in the Union increased at a much slower pace by 74 %. So while the trend was certainly the same, the magnitude of increase was very different.

#### 4.3.2. *Prices of the imports from the PRC and price undercutting*

- (151) The Commission established the prices of imports on the basis of Eurostat data following the method described under recital 137.
- (152) The average price of imports into the Union from the PRC developed as follows:

Table 4

#### Import prices (EUR/piece)

	2014	2015	2016	IP
The PRC	472	451	477	422
<i>Index</i>	100	96	101	89

Source: Eurostat, Chinese export statistics.

- (153) The average price of imports from the PRC decreased by 11 % between 2014 and the investigation period, with a first decline of 4 % between 2014 and 2015 and a second decline of 12 % between 2016 and the investigation period.
- (154) As the detailed product type mix was not known due to the general nature of the Eurostat statistics, the evolution of prices is not completely reliable. However, the Commission noted that the average prices of imports from the PRC were markedly below those of both Union producers' and imports from other third countries than the PRC. In addition, while Chinese exporters expanded the range of products sold in the Union market and included more expensive electric bicycles, the average price of Chinese imports decreased.
- (155) The Commission determined the price undercutting during the investigation period by comparing:
- (1) the weighted average sales prices per product type of the four sampled Union producers charged to unrelated customers on the Union market, adjusted to an ex-works level; and
  - (2) the corresponding weighted average prices per product type of the imports from the sampled exporting producers in the PRC to the first independent customer on the Union market, established on a CIF basis with appropriate adjustments for customs duties of 6 % and importation costs.
- (156) MOFCOM claimed that the price undercutting analysis should take into account various elements, such as the type of electric bicycle (e.g. electric city bike and electric mountain bike), the location of the engine (hub or central engine), the power of the battery and the material of which the electric bicycle is made (e.g. steel, aluminium, carbon). It is confirmed that all these factors were taken into account when making the price undercutting analysis.
- (157) The Commission made the price comparison on a type-by-type basis for transactions, duly adjusted where necessary, and after deduction of rebates and discounts. As for the level of trade of these transactions, it was established that both the sampled Union producers and sampled Chinese exporters sell to OEM customers as well as under their own brand. It was therefore examined whether an adjustment for level of trade was warranted. In this respect, it was examined whether there is a consistent and distinct difference in prices between sales to OEM customers and sales under their own brand. It was established, that no such consistent and distinct difference in prices exists for the sales of the sampled Union producers.
- (158) The result of the comparison was expressed as a percentage of the four sampled Union producers' turnover during the investigation period. It showed undercutting margins ranging from 16,2 % to 41 %.

#### **4.4. Economic situation of the Union industry**

##### *4.4.1. General remarks*

- (159) In accordance with Article 3(5) of the basic Regulation, the examination of the impact of the dumped imports on the Union industry included an evaluation of all economic indicators having a bearing on the state of the Union industry during the period considered.
- (160) As mentioned in recital 28, sampling was used for the determination of possible injury suffered by the Union industry.
- (161) For the injury determination, the Commission distinguished between macroeconomic and microeconomic injury indicators.
- (162) The Commission evaluated the macroeconomic indicators (production, production capacity, capacity utilisation, sales volume, market share, employment, growth, productivity, magnitude of the dumping margin, and recovery from past dumping) on the basis of the information provided by CONEBI, import statistics and the sampled Union producers.
- (163) The Commission verified the consumption figure submitted by CONEBI. The Commission established that this information was genuinely based on information collected from national associations of European producers, that it derived from companies' declarations or reasonable estimates and that it was supported by adequate documentation and research procedures.

- (164) The indicators of Union Industry's sales, production, capacity and employment derive from this information. They have been estimated on the basis of the relevant ratios of the sampled Union's producers. This approach follows the methodology described by the complainant in the non-confidential version of the complaint. No interested party made any comment on this methodology.
- (165) On this basis, the Commission considered that the set of macroeconomic data is representative of the economic situation of the Union industry.
- (166) The Commission evaluated the microeconomic indicators (average unit sale prices, labour costs, unit cost, inventories, profitability, cash flow, investments, and return on investments) on the basis of data contained in the questionnaire replies from the sampled Union producers, duly verified. The data related to the sampled Union producers.

#### 4.4.2. Macroeconomic indicators

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

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

Table 5

#### Production, production capacity and capacity utilisation

	2014	2015	2016	IP
Production volume (pieces)	842 531	987 111	1 108 087	1 089 541
<i>Index</i>	100	117	132	129
Production capacity (pieces)	1 140 553	1 397 145	1 694 853	1 538 347
<i>Index</i>	100	122	149	135
Capacity utilisation (%)	74	71	65	71
<i>Index</i>	100	96	89	96

Source: CONEBI, sampled Union producers.

- (168) The production volume of the Union industry increased by 29 % over the period considered despite a decrease of 2 % between 2016 and the investigation period.
- (169) The increase in production was driven by the increase in consumption. Production has to be planned ahead of very short selling seasons and therefore relies to some extent on sales' forecasts. The decrease in production between 2016 and the investigation period was therefore primarily related to a continued loss of market share against imports from the PRC which forced the Union Industry to reassess its expectations
- (170) The production capacity increased by 35 % between 2014 and the investigation period. Production capacity increased by 49 % between 2014 and 2016 and then declined by 9 % between 2016 and the investigation period.
- (171) Capacity utilisation declined from 74 % in 2014 to 71 % during the investigation period. Capacity utilisation decreased from 74 % to 65 % between 2014 and 2016 due to a faster growth in capacity than in production. The trend reversed between 2016 and the investigation period when capacity was reduced to a larger extent than the decline in production, which generated an increase in capacity utilisation from 65 % to 71 %.
- (172) The capacity refers to the theoretical number of electric bicycles which can be manufactured on available production lines. The production lines currently used for the manufacturing of electric bicycles are mainly converted from existing production lines previously used for conventional bicycles. Such conversion can be done quickly and at a small cost. The electric bicycles manufacturing capacity represents a small portion of the existing capacity for the manufacturing of conventional bicycles. As a result, the indicators for capacity and capacity utilisation are of limited relevance since they can be adapted taking account of market developments. In this particular case, the Commission also established that the conversion between conventional and electric bicycles also does not require significant investment (impacting cash flow, the ability to raise capital, or the continuation of operations), a significant fixed cost (with a large impact on profitability linked to utilisation), or a constraint to increase production.

## 4.4.2.2. Sales volume and market share

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

Table 6

**Sales volume and market share**

	2014	2015	2016	IP
Total Sales volume on the Union market (pieces)	862 168	941 937	1 074 335	1 042 268
<i>Index</i>	100	109	125	121
Market share (%)	76	69	64	53
<i>Index</i>	100	91	85	69

Source: CONEBI, sampled Union producers.

- (174) The Union industry's sales volume increased by 21 % during the period considered. The Union industry's sales volume increased by 25 % between 2014 and 2016 and then declined by 3 % between 2016 and the investigation period.
- (175) Similar to the development of the production volume, the increase in sales quantity between 2014 and 2016 was driven by an increasing consumption. The decline in sales quantity between 2016 and the investigation period was directly related to the continued loss of market share against imports from the PRC.
- (176) The sales of the Union Industry increased at a much slower pace than the development of consumption. As a result, the market share of the Union industry decreased significantly, going from 76 % in 2014 to 53 % during the investigation period.

## 4.4.2.3. Growth

- (177) The Union Industry was not able to fully benefit from the growth in consumption between 2014 and the investigation period. Indeed, consumption increased by 74 %, and the Union industry only managed to increase their sales by 21 %. As a consequence, Union industry lost significant market share (23 percentage points) during this period. The Union Industry had to reduce its production, sales, employment and capacity between 2016 and the investigation period due to dumped imports from the PRC.

## 4.4.2.4. Employment and productivity

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

Table 7

**Employment and productivity**

	2014	2015	2016	IP
Number of employees	2 577	3 030	3 546	3 610
<i>Index</i>	100	118	138	140
Productivity (pieces/employee)	327	326	312	302
<i>Index</i>	100	100	96	92

Source: CONEBI, sampled Union producers.

- (179) The Union industry increased the level of employment by 40 % over the period considered. Most of this increase occurred between 2014 and 2016. Employment increased by 2 % between 2016 and the investigation period.
- (180) Productivity declined by 8 % as a result of employment increasing at a higher pace than production.

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

- (181) The impact of the magnitude of the actual margins of dumping on the Union industry was substantial, given the volume and prices of imports from the PRC.
- (182) There is no evidence of past dumping.

#### 4.4.3. Microeconomic indicators

##### 4.4.3.1. Prices and factors affecting prices

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

Table 8

#### Sales prices in the Union

	2014	2015	2016	IP
Average unit sales price in the Union (EUR/piece)	1 112	1 156	1 237	1 276
<i>Index</i>	100	104	111	115
Unit cost of production (EUR/piece)	1 068	1 134	1 173	1 234
<i>Index</i>	100	106	110	116

Source: sampled Union producers.

- (184) The average sales prices of the sampled Union producers increased by 15 % over the period considered, in line with the increase in the average cost of production which grew by 16 %.
- (185) Since the average costs and prices are affected by the product mix sold by these producers, this does not mean that the cost and price of a comparable product increased by 16 % during the period considered.

##### 4.4.3.2. Labour costs

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

Table 9

#### Average labour costs per employee

	2014	2015	2016	IP
Average labour costs per employee (EUR)	38 348	37 042	34 818	34 659
<i>Index</i>	100	97	91	90

Source: sampled Union producers.

- (187) The average labour cost per employee decreased by 10 % over the period considered due to the increase in the number of factory workers in relation to the increase in the number of staff employed on sales and administrative functions.

## 4.4.3.3. Inventories

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

Table 10

**Inventories**

	2014	2015	2016	IP
Closing stocks (pieces)	59 375	73 521	90 573	98 412
<i>Index</i>	100	124	153	166

*Source:* sampled Union producers.

(189) The level of closing stocks of the four sampled Union producers increased by 66 % over the period considered.

(190) It had to be noted that the level of stocks in the investigation period was taken at the end of September when stocks are normally low since it coincides with the end of the selling season. On the contrary, the level of stocks in the other periods was taken at the end of December when it is normal to have high stocks in anticipation of the next selling season.

(191) The increase in stocks was therefore significant. This was found to be due to the general development of the market and to the fact that while production volumes were kept well below the increase in consumption, the volumes of sales developed even less rapidly than production, generating an accumulation of stocks which is particularly visible at the end of the investigation period.

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

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

Table 11

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

	2014	2015	2016	IP
Profitability of sales in the Union to unrelated customers (% of sales turnover)	2,7	4,3	3,8	3,4
<i>Index</i>	100	160	142	125
Cash flow (EUR)	5 178 860	- 5 433 666	17 079 409	4 955 399
<i>Index</i>	100	- 105	330	96
Cash flow (% of sales turnover)	1,1	- 1,0	2,5	0,6
<i>Index</i>	100	- 89	218	55
Investments (EUR)	6 775 924	17 773 148	7 888 936	11 965 802
<i>Index</i>	100	262	116	177
Return on investments (%)	18	30	38	37
<i>Index</i>	100	164	213	203

*Source:* sampled Union producers.

(193) The Commission established the profitability of the four 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.

- (194) Starting from a low base of 2,7 % in 2014, profits margins eroded from 4,3 % in 2015 to 3,4 % in the investigation period.
- (195) The net cash flow is the ability of the Union producers to self-finance their activities. The cash flow decreased by 4 % over the period considered and turned negative in 2015. It did not cover the investments incurred during the period considered.
- (196) The comparison of the profit margin in percentage of the turnover with the operating cash flow expressed on the same basis shows a very poor conversion of profit to cash flows due to the variation of stocks.
- (197) Investments increased by 77 % during the period considered while representing no more than 2 % of sales.
- (198) The ratio of return of investment increased by 103 % over the period considered. However, while the electric bicycle industry is structurally a cash-intensive business, it requires little assets to operate and those generally already exist from the production of conventional bicycles. In this context, the return on investments is of limited relevance.
- (199) The poor financial performance of the Union Industry in terms of profits and cash flow during the investigation period limited its ability to raise capital.

#### 4.4.4. Conclusion on injury

- (200) Confronted with an accelerating flow of dumped imports from China, the Union Industry was not able to capitalise on the growth of the electric bicycle market. Sales grew by 21 % in the period considered while consumption increased by 74 %. At the same time 23 points of market share were lost, of which 18 % went to Chinese imports having undercut Union industry's prices by 16 % to 43 % in the investigation period.
- (201) The pressure on sales was felt in relation to production, stocks, capacity, capacity utilisation, and employment levels. Production increased broadly at the same rate as consumption between 2014 and 2015 (+ 17 % and + 20 % respectively). However, after 2015, the Union industry was forced to reassess its sales expectations. The trend in production then diverged markedly and increasingly from the general development of the market, with production increasing by 12 percentage points and consumption by 54 percentage points between 2015 and the investigation period.
- (202) Nevertheless, except in 2014, production was systematically higher than sales, leading to a significant increase in stocks. Production capacity, which had increased in line with consumption until 2016, was reduced to stem the deterioration of the capacity utilisation rate which lost 9 percentage points between 2014 and 2016.
- (203) Between 2016 and the investigation period, overall, production declined, stocks were higher after than before the selling season, capacity was reduced, employment stalled while imports from the PRC increased by 155 percentage points.
- (204) The pressure on prices and the inability to seize economies of scale in a nascent market kept the profitability of the Union industry at depressed levels throughout the period considered. This low level of profit and the variation of stocks led to low operating cash flows which were below the level of investment incurred during the period considered and created an additional element of vulnerability for this cash-intensive business strongly dependent on the liquidity provided by banks. Four producers went into bankruptcy during the investigation period.
- (205) The injury indicators for growth, market share, capacity, capacity utilisation, stocks, profit margins, cash flows, and ability to raise capital developed negatively. It was only due to the strong underlying growth in demand that other indicators did not also turn negative.
- (206) On the basis of the above, the Commission concluded at this stage that the Union industry suffered material injury within the meaning of Article 3(5) of the basic Regulation.

## 5. CAUSATION

- (207) In accordance with Article 3(6) of the basic Regulation, the Commission examined whether the dumped imports from the PRC caused material injury to the Union industry. In accordance with Article 3(7) of the basic Regulation, the Commission also examined whether other known factors could at the same time have injured the Union industry.

- (208) The Commission ensured that any possible injury caused by factors other than the dumped imports from the PRC was not attributed to the dumped imports. These factors are: imports from other third countries, export sales performance of the Union producers, and an alleged impact of investment and expansion of capacities.

### 5.1. Effects of the dumped imports

- (209) Prices of dumped imports from the PRC significantly undercut Union industry prices during the investigation period with undercutting margins ranging from 16,2 % to 43,2 %. During the period considered, the Union Industry lost 23 points of market share in a market growing by 74 % while imports from the PRC increased by 250 % and gained 17 points of market share from 18 % to 35 %. The pressure on prices by dumped imports from the PRC kept profits and cash flows at depressed levels.

### 5.2. Effects of other factors

#### 5.2.1. Imports from third countries

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

Table 12

#### Imports from third countries

Country		2014	2015	2016	IP
Taiwan	Volume (pieces)	21 335	43 095	79 312	108 817
	<i>Index</i>	100	202	372	510
	Market share (%)	2	3	5	5
	Average price (EUR)	622	571	843	1 016
	<i>Index</i>	100	92	135	163
Vietnam	Volume (pieces)	37 892	74 259	91 468	101 376
	<i>Index</i>	100	196	241	268
	Market share (%)	3	5	5	5
	Average price (EUR)	435	539	542	570
	<i>Index</i>	100	124	125	131
Switzerland	Volume (pieces)	883	14 310	30 477	28 440
	<i>Index</i>	100	1 621	3 452	3 221
	Market share (%)	0	1	2	1
	Average price (EUR)	1 140	1 391	1 606	1 606
	<i>Index</i>	100	122	141	141
Japan	Volume (pieces)	16 994	4 217	1 613	1 710
	<i>Index</i>	100	25	9	10
	Market share (%)	1	0	0	0
	Average price (EUR)	1 098	1 406	1 687	952
	<i>Index</i>	100	128	154	87

Country		2014	2015	2016	IP
Total of all third countries except the PRC	Volume (pieces)	77 104	135 881	202 870	240 343
	<i>Index</i>	100	176	263	312
	Market share (%)	7	10	12	12
	Average price (EUR)	641	666	828	897
	<i>Index</i>	100	104	129	140

Source: Eurostat.

- (211) The volume of imports from third countries other than the PRC developed strongly, increasing its market share from 7 % in 2014 (77 000 pieces) to 12 % (240 000 in the investigation period). Yet, the pace of increase decelerated when Chinese exporters intensified their activity after 2015.
- (212) These imports originated almost exclusively from Taiwan and Vietnam. Nevertheless, after 2015, the Commission observed a slower increase of imports from Vietnam, which may be explained by the significant and growing price difference with Chinese imports. Likewise, the continued progression of imports from Taiwan occurred on the back of an equally significant increase in prices, which suggests that these imports may have been displaced towards the high end of the market.
- (213) Imports from Taiwan and Vietnam had on average lower prices than the Union Industry. However, given the wide range of prices of electric bicycles, the Commission cannot conclude that these imports undercut Union Industry's prices on a like-for-like basis. In addition, their average prices increased while the average prices of imports from the PRC decreased.
- (214) The difference between the prices of imports of Vietnam and of the Union's Industry's was nevertheless significant and it cannot be excluded that they marginally contributed to the injury. However, imports from Vietnam ceased to win market share after 2015 and their volumes remained small.
- (215) Consequently, the imports from all countries other than the PRC did not attenuate the causal link between the dumped imports from the PRC and the injury suffered by the Union industry, and could not have more than a marginal impact on injury.

#### 5.2.2. Export performance of the Union industry

- (216) The volume of exports of the four sampled Union producers developed over the period considered as follows:

Table 13

#### Export performance of the sampled Union producers

	2014	2015	2016	IP
Export volume (pieces)	5 539	14 529	24 922	21 548
<i>Index</i>	100	262	450	389
Average price (EUR)	1 570	680	676	907
<i>Index</i>	100	43	43	58

Source: Sampled Union producers.

- (217) Exports outside the Union by the sampled Union producers were negligible (3 % of total sales volume in the period considered). Even considering the decrease in the average price, the export performance of the Union industry cannot have been a cause of injury.

### 5.2.3. *Investment and expansion of capacities*

- (218) The CCCME claimed that the investment in capacity resulted in 2016 in a surplus of production capacity beyond any realistic sales expectations which had the effects of both significantly reducing capacity utilisation and severely impacting profitability.
- (219) The Commission rejected this argument. Firstly, it cannot be said that the investment in capacity was beyond any realistic sales expectations. As shown in Table 5 above, production capacity increased by 300 000 pieces between 2015 and 2016. This was fully in line with the growth in consumption between 2015 and 2016, which was equally 300 000 pieces as shown in Table 2 above. Due to unfair pressure by dumped Chinese imports, the Union industry subsequently reduced their production capacity between 2016 and the investigation period by more than 150 000 pieces, despite a further market growth of more than 300 000 pieces.
- (220) Secondly, the Commission noted that the level of capital expenditure was not high. To the contrary, it stood below 2 % of total turnover over the period considered. The Union Industry converted existing production lines and the increase of capacity was therefore not a major driver of capital expenditures.
- (221) Thirdly, capital expenditures were not taken into account in profitability (except for depreciation and amortisation which did not increase materially) or cash flows (which are at operating level). It was therefore inaccurate to interpret any of these indicators in light of the level of investments.
- (222) Finally, the Commission's indicators showed that the cost of production increased in line with sales prices. As a result, it could not be argued that the increase in capacity had a disproportionate impact on cost of production.

### 5.3. **Conclusion on causation**

- (223) The Commission provisionally established a causal link between the injury suffered by the Union producers and the dumped imports from the PRC.
- (224) The Commission distinguished and separated the effects of all known factors on the situation of the Union industry from the injurious effects of the dumped imports.
- (225) The other identified factors such as imports from other third countries, export sales performance of the Union producers, and an alleged impact of investment and expansion in capacity were provisionally not found to attenuate the causal link, even considering their possible combined effect.
- (226) On the basis of the above, the Commission concluded at this stage that the material injury to the Union industry was caused by the dumped imports from the PRC and the other factors, considered individually or collectively, did not attenuate the causal link between the injury and the dumped imports.

## 6. UNION INTEREST

- (227) In accordance with Article 21 of the basic Regulation, the Commission examined whether it could clearly conclude that it was not in the Union interest to adopt measures in this case, despite the determination of injurious dumping. The determination of the Union interest was based on an appreciation of all the various interests involved, including those of the Union industry, importers and users.

### 6.1. **Interest of suppliers**

- (228) CONEBI, which brings together national associations representing both bicycles manufacturers and parts suppliers, supported the imposition of measures. However, no supplier individually took position in this investigation.
- (229) According to figures submitted by CONEBI, the bicycle parts (for both conventional and electric bicycles) are manufactured by 424 companies in 19 Members States, employing nearly 21 000 staff, who invested more than EUR 660 millions in manufacturing and innovation in 2016.
- (230) The Commission provisionally concluded that the imposition of an anti-dumping duty would be in the interest of the suppliers of the Union Industry.

## 6.2. Interest of the Union industry

- (231) The Union industry is composed of large as well as small and medium-sized companies and employed directly around 3 600 employees spread across twelve Member States during the period considered. Moreover, while the consumption of electric bicycles still represents a small portion of the overall bicycle market, the shift in demand from conventional bicycles to electric bicycles is rapid and poses a structural challenge to maintain the level of activity, value-added and jobs of the entire bicycle industry.
- (232) As demonstrated in section 4.4.4 above, when analysing the development of the injury indicators since the beginning of the period considered, the whole Union industry experienced a deterioration of its situation and was negatively affected by the dumped imports.
- (233) The Commission expects that the imposition of a provisional anti-dumping duty will allow all producers to operate under conditions of fair trade on the Union market. In the absence of measures, a further deterioration of the Union industry's economic and financial situation is very likely.
- (234) The Commission therefore provisionally concluded that the imposition of an anti-dumping duty would be in the interest of the Union industry.

## 6.3. Interest of unrelated importers

- (235) The CEIEB came forward to oppose the imposition of measures. It represented twenty-one importers from seven Member States.
- (236) Eleven of the members of the CEIEB had participated in the sampling exercise. In addition, two companies outside of this collective also expressed their disagreement with the imposition of anti-dumping measures. Altogether, the thirteen companies for whom the volume of imports is known represented 10 % of the total imports from the PRC in the investigation period.
- (237) The submissions made by sampled importers showed that the imposition of duties was likely to disrupt at least temporarily their supply chains and threaten their financial position if they were not able to pass on the increased costs related to the duty to their customers.
- (238) The submissions made by the sampled importers also showed that the largest importers had been able to source suitable electric bicycles and/or had potential alternative sources of supply outside the PRC, including the Union industry. These importers employ most of the employees referred to in recital 236.
- (239) The import statistics show that Vietnam and Taiwan provided significant volumes of electric bicycles to European importers. It is also likely that other countries which are well positioned in the manufacturing of conventional bicycles could potentially supply importers.
- (240) In this regard, the Commission notes that the imposition of duties on imports of conventional bicycles from the PRC did not have the effect to close the Union market to imports and on the contrary expanded the number of countries supplying conventional bicycles. On the contrary, in large markets without measures on conventional bicycles from the PRC such as the United States and Japan, imports represented respectively 99 % and 90 % of the market and most of these imports came from the PRC.
- (241) The Commission noted that the bicycle industry consists of more than 450 producers, of which only 37 currently manufacture electric bicycles. In addition, the current manufacturers of electric bicycles supply already a wide range of electric bicycles, and can increase their production capacities in normal market conditions.
- (242) Although the imposition of duties could have an adverse effect on a number of mainly small importers, the negative impact of the imposition of duties could be mitigated by the availability to source suitable bicycles in the Union Industry, in other third countries, and in the PRC at fair prices.
- (243) The Commission therefore concluded that the imposition of duties was not in the interest of the importers, but that the likely negative effect on importers did not outweigh the positive effect of measures on the Union industry.

## 6.4. Interest of users

- (244) The European Cyclists' Federation ('ECF') came forward in this investigation. The ECF represents associations and federations of cyclists. The ECF submitted that the price is not the determining factor in whether people cycle more or less and provided evidence that countries where people cycle more are the countries where bicycles and electric bicycles cost more.

- (245) This pattern was corroborated by a submission made by the collective of importers opposing the measures which showed that the countries with the fastest rates of adoption of electric bicycles were the countries where electric bicycles were on average the most expensive.
- (246) The collective of importers also submitted that there was a strong link between the prices of electric bicycles, the national cycling culture, the quality of infrastructures and ultimately the adoption of electric bicycles.
- (247) The ECF is supportive of market conditions which foster quality, innovation and services. As such, if dumping was established, ECF claimed that it would play a negative role in the development of electric bicycles and as a consequence on the transition to a greener Europe offering more effective mobility to its citizens.
- (248) On the other hand, the collective of importers opposing the imposition of measures submitted that measures would prevent Chinese producers to supply the low-end as well as developing mid- and high-range products, which would result in reduced competition. Since the Union industry allegedly to a large extent is active in the mid- and high-range segments, this in turn would bring a reduction of choice and higher prices for the European consumers.
- (249) The investigation has shown that the Union industry is active in all segments of the market, including entry-level products. It is expected that the measures will amplify and diversify the supply of electric bicycles by restoring competition on a level playing field. It is recalled that the imposition of measures on conventional bicycles did not reduce the consumer choice, but increased the diversity of suppliers and of their countries of origins. The argument was therefore found to be unsubstantiated and had to be rejected.
- (250) Whilst the imposition of measures is expected to restore market prices which are *de facto* higher than dumped prices, price is one factor guiding consumer choices and the likely impact on prices for consumers has to be balanced by a cost-benefit comparison with alternatives to electric bicycles such as cars, motorcycles or scooters.
- (251) The Commission found that the interest of the consumer cannot be reduced to the price impact of bringing imports from the PRC to non-injurious levels. On the contrary, there is evidence that consumer choice is driven by other factors such as variety, quality, innovation, and service which can only be achieved under normal market conditions with fair and open competition.
- (252) The Commission therefore concluded that the measures would not unduly affect the situation of consumers and would contribute to the sustainable development of electric bicycles in Europe and its wider benefits to society in terms of protection of the environment and improved mobility.

#### **6.5. Interest of other parties**

- (253) Lastly, the European Trade Union industriAll came forward to express concerns on the negative impact of the dumped imports on the state of the Union Industry and its support of measures to ensure a level playing field and continued strong Union employment.

#### **6.6. Conclusion on Union interest**

- (254) Although an adverse effect of the measures on small importers of the product concerned and on prices to consumers could not be ruled out, it does not outweigh the benefits to suppliers, the union industry and consumers.
- (255) On the basis of the above, the Commission concluded that there were no compelling reasons that it was not in the Union interest to impose provisional measures on imports of the product concerned originating in the PRC at this stage of the investigation.

### **7. PROVISIONAL ANTI-DUMPING MEASURES**

- (256) On the basis of the conclusions reached by the Commission on dumping, injury, causation and Union interest, provisional measures should be imposed to prevent further injury being caused to the Union industry by the dumped Chinese imports.

### 7.1. Injury elimination level

- (257) To determine the level of the measures, the Commission first established the amount of duty necessary to eliminate the injury suffered by the Union industry.
- (258) The injury would be eliminated if the Union industry was able to cover its costs of production and to obtain a profit before tax on sales of the like product in the Union market that could be reasonably achieved under normal conditions of competition by an industry of this type in the sector, namely in the absence of dumped imports.
- (259) To establish this profit that could be reasonably achieved under normal conditions of competition, the Commission considered the profits made on the sales to unrelated customers, which are used for the purpose of determining the injury elimination level.
- (260) The target profit was provisionally set at 4,3 % which is the highest average profit margin of the Union industry during the period considered. The sampled Union producers were not in a position to provide a profit margin for the manufacturing of electric bicycles before 2014.
- (261) The Commission then determined the injury elimination level on the basis of a comparison of the weighted average import price of the cooperating sampled exporting producers in the PRC, duly adjusted for importation costs and customs duties, as established for the price undercutting calculations, with the weighted average non-injurious price of the like product sold by the sampled Union producers on the Union market during the investigation period. Any difference resulting from this comparison was expressed as a percentage of the weighted average CIF import value.
- (262) The injury elimination level for 'other cooperating companies' and for 'all other companies' is defined in the same manner as the dumping margin for these companies (see recitals 123 to 127).

### 7.2. Provisional measures

- (263) Provisional anti-dumping measures should be imposed on imports of electric bicycles originating in the PRC in accordance with the lesser duty rule in Article 7(2) of the basic Regulation. The Commission compared the injury elimination levels and the dumping margins. The amount of the duty should be set at the level of the lower of the dumping margin and the injury elimination levels.
- (264) On the basis of the above, the provisional anti-dumping duty rates, expressed on the CIF Union border price, customs duty unpaid, should be as follows:

Company	Dumping margin	Injury elimination level	Provisional anti-dumping duty
Bodo Vehicle Group Co., Ltd	90,6 %	77,6 %	77,6 %
Giant Electric Vehicle (Kunshan) Co., Ltd	34,6 %	27,5 %	27,5 %
Jinhua Vision Industry Co., Ltd and Yongkang Hulong Electric Vehicle Co., Ltd	42,8 %	21,8 %	21,8 %
Suzhou Rununion Motivity Co., Ltd	106,4 %	83,6 %	83,6 %
Cooperating exporting producers not sampled (see Annex)	51,0 %	37,0 %	37,0 %
All other companies	106,4 %	83,6 %	83,6 %

- (265) The Commission made imports of the product concerned subject to registration by the registration Regulation in view of the possible retroactive application of any anti-dumping and countervailing measures under Article 14(5) of the basic Regulation and Article 24(5) of the basic anti-subsidy Regulation.
- (266) As far as the current anti-dumping investigation is concerned, and in view of the above findings, the registration of imports for the purpose of the anti-dumping investigation pursuant to Article 14(5) of the basic Regulation should be discontinued.

- (267) Regarding the parallel anti-subsidy investigation, the registration of imports of the product concerned pursuant to Article 24(5) of the basic anti-subsidy Regulation should continue.
- (268) No decision on a possible retroactive application of anti-dumping measures can be taken at this stage of the proceeding.
- (269) The individual company anti-dumping duty rates specified in this Regulation were established on the basis of the findings of this investigation. Therefore, they reflected the situation found during this investigation with respect to these companies. These duty rates are exclusively applicable to imports of the product concerned originating in the PRC and produced by the named legal entities. Imports of the product concerned 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 anti-dumping duty rates.
- (270) A company may request the application of these individual anti-dumping duty rates if it changes subsequently the name of its entity. The request must be addressed to the Commission <sup>(1)</sup>. The request must contain all the relevant information enabling to demonstrate that the change does not affect the right of the company to benefit from the duty rate which applies to it. If the change of name of the company does not affect its right to benefit from the duty rate which applies to it, a notice informing about the change of name will be published in the *Official Journal of the European Union*.
- (271) To ensure a proper enforcement of the anti-dumping duties, the anti-dumping duty for all other companies should apply not only to the non-cooperating exporting producers in this investigation, but to the producers which did not have exports to the Union during the investigation period.

## 8. FINAL PROVISIONS

- (272) In the interests of sound administration, the Commission invited interested parties to submit written comments and/or to request a hearing with the Commission and/or the Hearing Officer in trade proceedings within a fixed deadline.
- (273) The findings concerning the imposition of provisional duties are provisional and may be amended at the definitive stage of the investigation,

HAS ADOPTED THIS REGULATION:

### Article 1

1. A provisional anti-dumping duty is imposed on imports of cycles, with pedal assistance, with an auxiliary electric motor, originating in the People's Republic of China, currently falling within CN codes 8711 60 10 and ex 8711 60 90 (TARIC code 8711 60 90 10).
2. The rates of the provisional anti-dumping duty applicable to the net, free-at-Union-frontier price, before duty, of the product described in paragraph 1 and produced by the companies listed below shall be as follows:

Company	Provisional anti-dumping duty	TARIC additional code
Bodo Vehicle Group Co., Ltd	77,6 %	C382
Giant Electric Vehicle (Kunshan) Co., Ltd	27,5 %	C383
Jinhua Vision Industry Co., Ltd and Yongkang Hulong Electric Vehicle Co., Ltd	21,8 %	C384
Suzhou Rununion Motivity Co., Ltd	83,6 %	C385
Other cooperating exporting producers listed in Annex	37,0 %	See Annex
All other companies	83,6 %	C999

<sup>(1)</sup> European Commission, Directorate-General for Trade, Directorate H, Rue de la Loi 170, 1040 Brussels, Belgium.

3. The application of the individual duty rates specified for the companies mentioned in paragraph 2 shall be conditional upon presentation to the Member States' customs authorities 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 electric cycles sold for export to the European Union covered by this invoice was manufactured by (company name and address) (TARIC additional code) in the People's Republic of China. I declare that the information provided in this invoice is complete and correct.*' If no such invoice is presented, the duty applicable to all other companies shall apply.
4. The release for free circulation in the Union of the product referred to in paragraph 1 shall be subject to the provision of a security deposit equivalent to the amount of the provisional duty.
5. Unless otherwise specified, the relevant provisions in force concerning customs duties shall apply.

#### Article 2

1. Within 25 calendar days of the date of entry into force of this Regulation, interested parties may:
  - (a) Request disclosure of the essential facts and considerations on the basis of which this Regulation was adopted;
  - (b) Submit their written comments to the Commission; and
  - (c) Request a hearing with the Commission and/or the Hearing Officer in trade proceedings.
2. Within 25 calendar days of the date of entry into force of this Regulation, the parties referred to in Article 21(4) of Regulation (EU) 2016/1036 may comment on the application of the provisional measures.

#### Article 3

In Article 1 of Implementing Regulation (EU) 2018/671, paragraph 1 is replaced by the following:

'1. The customs authorities are hereby directed, pursuant to Article 24(5) of Regulation (EU) 2016/1037, to take the appropriate steps to register imports into the Union of cycles, with pedal assistance, with an auxiliary electric motor, currently falling within CN codes 8711 60 10 and ex 8711 60 90 (TARIC code 8711 60 90 10) and originating in the People's Republic of China.'

#### Article 4

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

Article 1 shall apply for a period of six months.

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

Done at Brussels, 17 July 2018.

For the Commission  
The President  
Jean-Claude JUNCKER

## ANNEX

Company Name	Province	TARIC additional code
Acetrikes Bicycles (Taicang) Co., Ltd	Jiangsu	C386
Active Cycles Co., Ltd	Jiangsu	C387
Aigeni Technology Co., Ltd	Jiangsu	C388
Aima Technology Group Co., Ltd	Tianjin	C389
Alco Electronics (Dongguan) Limited	Guangdong	C390
Beijing Tsinghua Technology Co., Ltd	Beijing	C391
Changzhou Airwheel Technology Co., Ltd	Jiangsu	C392
Changzhou Bisek Cycle Co., Ltd	Jiangsu	C393
Changzhou Hj Pedal Co., Ltd	Jiangsu	C394
Changzhou Rich Vehicle Technology Co., Ltd	Jiangsu	C395
Changzhou Ristar Cycle Co., Ltd	Jiangsu	C396
Changzhou Sobowo Vehicle Co., Ltd	Jiangsu	C397
Changzhou Steamoon Intelligent Technology Co., Ltd	Jiangsu	C398
Cutting Edge Power Vehicle Int'l TJ Co., Ltd	Tianjin	C399
Cycleman E-Vehicle Ltd., Co.	Jiangsu	C400
Dongguan Benling Vehicle Technology Co., Ltd	Guangdong	C401
Dongguan Honglin Industrial Co., Ltd and Melton Industrial (Dong Guan) Co., Ltd	Guangdong	C402
Eco International Elebike Co., Ltd	Jiangsu	C403
Everest International Industries Ltd	Jiangsu	C404
Foshan Lano Bike Co., Ltd	Guangdong	C405
Foshan Zenith Sports Co., Ltd	Guangdong	C406
Geoby Advance Technology Co., Ltd	Jiangsu	C407
Guangdong Commercial Trading Imp. & Exp. Corp., Ltd	Guangdong	C408
Guangdong Shunde Junhao Science & Technology Development Co., Ltd	Guangdong	C409
Guangzhou Symbol Bicycle Co., Ltd	Guangzhou	C410
Hangzhou Fanzhou Technology Co., Ltd	Zhejiang	C411
Hangzhou Morakot E-Bike Manufacture Co., Ltd	Zhejiang	C412
Hangzhou TOP Mechanical And Electrical Technology, Co. Ltd	Zhejiang	C413
Hua Chin Bicycle & Fitness (H.Z.) Co., Ltd	Guangdong	C414
Jiangsu Imi Electric Vehicle Technology Co., Ltd	Jiangsu	C415

Company Name	Province	TARIC additional code
Jiangsu Lvneng Electrical Bicycle Technology Co., Ltd	Jiangsu	C416
Jiangsu Stareyes Bicycle Industrial Co., Ltd	Jiangsu	C417
Jiaxing Onway Ev Tech Co., Ltd	Zhejiang	C418
Jinhua Enjoycare Motive Technology Co., Ltd	Zhejiang	C419
Jinhua Feirui Vehicle Co., Ltd	Zhejiang	C420
Jinhua Jobo Technology Co., Ltd	Zhejiang	C421
Jinhua Suntide Vehicle Co., Ltd	Zhejiang	C422
Jinhua Yifei Electric Science And Technology Co., Ltd	Zhejiang	C423
Jinhua Zodin E-Vehicle Co., Ltd	Zhejiang	C424
Kenstone Metal (Kunshan) Co., Ltd	Jiangsu	C425
Komda Industrial (Dongguan) Co., Ltd	Guangdong	C426
Kunshan Sevenone Cycle Co., Ltd	Jiangsu	C427
Nanjing Jincheng Machinery Co., Ltd	Jiangsu	C428
Nantong Tianyuan Automatic Vehicle Co., Ltd	Jiangsu	C429
Ningbo Bestar Co., Ltd	Zhejiang	C430
Ningbo Lvkang Vehicle Co., Ltd	Zhejiang	C431
Ningbo Nanyang Vehicle Co., Ltd	Zhejiang	C432
Ningbo Oner Bike Co., Ltd	Zhejiang	C433
Ningbo Pugonying Vehicle Technology Co., Ltd	Zhejiang	C434
Ningbo Roadsan New Energy Technology Co., Ltd	Zhejiang	C435
Ningbo Shenchima Vehicle Industry Co., Ltd	Zhejiang	C436
Ningbo Zixin Bicycle Industry Co., Ltd	Zhejiang	C437
Pronordic E-Bikes Limited Company	Jiangsu	C438
Shandong Eco Friendly Technology Co., Ltd	Shandong	C439
Shanghai Promising Int'l Trade & Logistics Co., Ltd	Shanghai	C440
Shenzhen SanDin Cycle Co., Ltd	Guangdong	C441
Shenzhen Shenling Car Co., Ltd	Guangdong	C442
Sino Lithium (Suzhou) Electric Technology Co., Ltd	Jiangsu	C443
Skyland Sport Tech Co., Ltd	Tianjin	C444
Suzhou Dynavolt Intelligent Vehicle Technology Co., Ltd	Jiangsu	C445
Suzhou Guoxin Group Fengyuan Imp & Exp. Co., Ltd	Jiangsu	C446
Suzhou Joydeer E-Bicycle Co., Ltd	Jiangsu	C447
Taioku Manufacturing (Jiangsu) Co., Ltd	Jiangsu	C448

Company Name	Province	TARIC additional code
Tianjin Luodeshengda Bicycle Co., Ltd	Tianjin	C449
Tianjin Upland Bicycle Co., Ltd	Tianjin	C450
Tianjin Anbike Electric Bicycle Co., Ltd	Tianjin	C451
Ubchoice Co., Ltd	Guangdong	C452
Universal Cycle Corporation (Guang Zhou)	Guangdong	C453
Wettsen Corporation	Shandong	C454
Wuxi Bashan E-Vehicle Co., Ltd	Jiangsu	C455
Wuxi Merry Ebike Co., Ltd	Jiangsu	C456
Wuxi METUO Vehicle Co., Ltd	Jiangsu	C457
Wuxi Shengda Bicycle Co., Ltd	Jiangsu	C458
Wuxi United Mobility Technology Inc	Jiangsu	C459
Wuyi Simino Industry & Trade Co., Ltd	Zhejiang	C460
Wuyi Yuema Leisure Articles Co., Ltd	Zhejiang	C461
Xiangjin (Tianjin) Cycle Co., Ltd	Tianjin	C462
Yadea Technology Group Co., Ltd	Jiangsu	C463
Yong Qi (China) Bicycle Industrial Corp	Jiangsu	C464
Yongkang Aijiu Industry & Trade Co., Ltd	Zhejiang	C465
Yongkang Juxiang Vehicle Co, Ltd	Zhejiang	C466
Yongkang Lohas Vehicle Co., Ltd	Zhejiang	C467
Yongkang Mars Vehicle Co., Ltd	Zhejiang	C468
Zhejiang Apollo Motorcycle Manufacturer Co., Ltd	Zhejiang	C469
Zhejiang Baoguilai Vehicle Co., Ltd	Zhejiang	C470
Zhejiang Enze Vehicle Co., Ltd	Zhejiang	C471
Zhejiang Goccia Electric Technology Co., Ltd	Zhejiang	C472
Zhejiang Jsl Vehicle Co., Ltd	Zhejiang	C473
Zhejiang Kaiyi New Material Technology Co., Ltd	Zhejiang	C474
Zhejiang Lianmei Industrial Co., Ltd	Zhejiang	C475
Zhejiang Luyuan Electric Vehicle Co., Ltd	Zhejiang	C476
Zhejiang Tuer Vehicle Industry Co., Ltd	Zhejiang	C477
Zhejiang Xingyue Vehicle Co., Ltd, Zhejiang Xingyue Overfly Electric Vehicle Co., Ltd and Zhejiang Xingyue Electric Vehicle Co., Ltd	Zhejiang	C478
Zhongshan Qiangli Electronics Factory	Guangdong	C479
Zhongxin Power (Tianjin) Bicycle Co., Ltd	Tianjin	C480