

**COMMISSION IMPLEMENTING REGULATION (EU) 2015/865****of 4 June 2015****imposing a definitive anti-dumping duty on imports of certain pre- and post-stressing wires and wire strands of non-alloy steel (PSC wires and strands) originating in the People's Republic of China following an expiry review pursuant to Article 11(2) of Council Regulation (EC) No 1225/2009**

THE EUROPEAN COMMISSION,

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

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

Whereas:

**A. PROCEDURE****1. Measures in force**

- (1) Following an anti-dumping investigation ('the original investigation'), the Council imposed by means of Council Regulation (EC) No 383/2009 <sup>(2)</sup> as last amended by Implementing Regulation (EU) No 986/2012 <sup>(3)</sup>, a definitive anti-dumping duty on imports of certain pre- and post-stressing wires and wire strands of non-alloy steel (PSC wires and strands) originating in the People's Republic of China ('China').
- (2) The measures took the form of an ad valorem duty rate of 46,2 %, with the exception of Kiswire Qingdao, Ltd (0 %) as well as Ossen Innovation Materials Co. Joint Stock Company Ltd and Ossen Jiujiang Steel Wire Cable Co. Ltd (both 31,1 %).

**2. Request for an expiry review**

- (3) Following the publication of a notice of impending expiry <sup>(4)</sup> of the anti-dumping measures in force, the Commission received on 7 February 2014 a request for the initiation of an expiry review of these measures pursuant to Article 11(2) of the basic Regulation.
- (4) The request was lodged by the European Stress Information Service ('ESIS') ('the applicant') on behalf of producers representing more than 25 % of the total Union production of certain PSC wires and strands.
- (5) The request was based on the grounds that the expiry of the measures would be likely to result in recurrence of dumping and injury to the Union industry.

**3. Initiation of an expiry review**

- (6) Having determined, after consulting the Committee established by Article 15(1) of the basic Regulation, that sufficient evidence existed for the initiation of an expiry review, the Commission announced on 8 May 2014, by a notice published in the *Official Journal of the European Union* <sup>(5)</sup> ('Notice of initiation'), the initiation of an expiry review pursuant to Article 11(2) of the basic Regulation.

<sup>(1)</sup> OJ L 343, 22.12.2009, p. 51.

<sup>(2)</sup> Council Regulation (EC) No 383/2009 of 5 May 2009 imposing a definitive anti-dumping duty and collecting definitively the provisional duty imposed on imports of certain pre- and post-stressing wires and wire strands of non-alloy steel (PSC wires and strands) originating in the People's Republic of China (OJ L 118, 13.5.2009, p. 1).

<sup>(3)</sup> Council Implementing Regulation (EU) No 986/2012 of 22 October 2012 clarifying the scope of the definitive anti-dumping duties imposed by Regulation (EC) No 383/2009 on imports of certain PSC wires and strands originating in the People's Republic of China (OJ L 297, 26.10.2012, p. 1).

<sup>(4)</sup> OJ C 270, 19.9.2013, p. 12.

<sup>(5)</sup> OJ C 138, 8.5.2014, p. 33.

#### **4. Relevant periods covered by the expiry review investigation**

- (7) The investigation of the likelihood of continuation or recurrence of dumping and injury covered the period from 1 April 2013 to 31 March 2014 (the 'review investigation period' or 'RIP'). The examination of the trends relevant for the assessment of the likelihood of a continuation or recurrence of injury covered the period from 1 January 2010 to the end of the review investigation period (the 'period considered').

#### **5. Parties concerned by the investigation and sampling**

- (8) The Commission officially advised the applicant, Union producers, exporting producers in China, importers and users in the Union known to be concerned and the representatives of China of the initiation of the expiry review. Interested parties were given the opportunity to make their views known in writing and to request a hearing within the time limit set out in the Notice of initiation.
- (9) In view of the apparent large number of exporting producers in China and unrelated importers in the Union, the Commission stated in the Notice of initiation that it might sample those interested parties in accordance with Article 17 of the basic Regulation.
- (10) In its Notice of initiation, the Commission announced that it had provisionally selected a sample of Union producers. The Commission selected the sample on the basis of the production of the like product. This sample consisted of five Union producers. The sampled Union producers accounted for 64 % of the total production of the Union industry in the review investigation period. The Commission invited interested parties to comment on the provisional sample but did not receive any comment. The provisional sample was therefore confirmed and is considered representative of the Union industry.
- (11) In order to enable the Commission to decide whether sampling would be necessary in respect of the exporting producers in China and of the unrelated importers in the Union, those parties were requested to make themselves known and to provide the Commission with the information requested in the Notice of initiation. However, as none of these parties came forward, sampling was not necessary for exporting producers and unrelated importers.

#### **6. Questionnaires and verification**

- (12) The Commission sought and verified all the information deemed necessary for the determination of the likelihood of continuation or recurrence of dumping, likelihood of continuation or recurrence of injury, and of the Union interest.
- (13) To this end, the Commission sent questionnaires to all parties known to be concerned and to all other parties that so requested within the deadlines set out in the Notice of initiation, namely known exporting producers in China, known producers in eight market economy third countries for which there are indications that production of the like product is taking place, sampled Union producers and known users in the Union.
- (14) Questionnaire replies were received from the five sampled Union producers and 12 additional producers. One questionnaire reply was received from a user. Eleven users and three suppliers made written submissions. No Chinese exporting producer replied to the questionnaire. Three questionnaire replies were received from producers in market economy third countries.
- (15) Verification visits were carried out at the premises of the following companies:
- (a) sampled Union producers:
- CB Trafilati Acciai, Tezze sul Breta, Italy,
  - D&D Drótáru Ipari és Kereskedelmi, Miskolc, Hungary,
  - DWK Drahtwerk GmbH, Köln, Germany,

- Nedri Spanstaal BV, Venlo, Netherlands,
  - Trenzas y Cables de Acero PSC, Santander, Spain;
- (b) producer in the market economy third country:
- Scaw South Africa (Pty) Limited, Germiston, South Africa.

## B. PRODUCT CONCERNED AND LIKE PRODUCT

### 1. Product concerned

- (16) The product concerned is not plated or not coated wire of non-alloy steel, wire of non-alloy steel plated or coated with zinc and stranded wire of non-alloy steel whether or not plated or coated with not more than 18 wires, containing by weight 0,6 % or more of carbon, with a maximum cross-sectional dimension exceeding 3 mm, currently falling within CN codes ex 7217 10 90, ex 7217 20 90, ex 7312 10 61, ex 7312 10 65 and ex 7312 10 69 and originating in China. Galvanised (but not with any further coating material) seven wire strands in which the diameter of the central wire is identical to or less than 3 % greater than the diameter of any of the six other wires are not covered by the measures currently in force and are not subject to this review.
- (17) The product concerned is mostly used as a concrete reinforcement by the construction industry but can also be found in suspension elements and in stay cable bridges. It is produced from high carbon steel wire rods which are cleaned, drawn, heated and — in case of strands — wound together helicoidally to achieve specific characteristics of diameter, resistance and stability.

### 2. Like product

- (18) The review investigation confirmed that the PSC wires and strands produced and sold by the Union industry in the Union, those produced and sold on the domestic market in South Africa, which served as an analogue country, and those produced in China and potentially sold to the Union have essentially the same basic physical and technical characteristics and the same basic use.
- (19) Therefore these products are considered to be like products within the meaning of Article 1(4) of the basic Regulation.

## C. LIKELIHOOD OF CONTINUATION OR RECURRENCE OF DUMPING

### 1. Preliminary remarks

- (20) In accordance with Article 11(2) of the basic Regulation, the Commission examined whether the expiry of the existing measures would be likely to lead to a continuation or recurrence of dumping from China.
- (21) China exported negligible quantities of the product concerned during the review investigation period. Therefore, there is no likelihood of continuation of dumping for China. The assessment was limited to the likelihood of recurrence of dumping using export prices to other third countries.
- (22) As stated in recital 14 above, the Commission received no reply from Chinese exporting producers. Thus, in the absence of cooperation from exporting producers in China, the overall analysis, including the dumping calculation, is based on facts available pursuant to Article 18 of the basic Regulation. The Chinese authorities were accordingly informed of the Commission's intention to apply Article 18 of the basic Regulation and to base its findings on facts available.
- (23) Therefore, the likelihood of recurrence of dumping was assessed by using the information in the expiry review request, combined with other sources of information such as trade statistics on imports and exports (Eurostat, Chinese and other third country statistics) and industry reports.

## 2. Analogue country

- (24) In accordance with Article 2(7)(a) of the basic Regulation China is not considered a market economy country. In the original investigation Turkey was used as a market economy third country for the purpose of establishing the normal value ('analogue country').
- (25) In the Notice of initiation the Commission: (i) envisaged using Turkey again as an analogue country in this expiry review, as suggested by the applicant; (ii) identified other market economy third countries exporting PSC wires and strands to the Union that is Brazil, India, Russia, South Africa, South Korea, and Thailand. These countries had the highest levels of imports of PSC wires and strands to the Union in 2013 (based on Eurostat data).
- (26) The Commission examined whether there is production and sales of PSC wires and strands in those market economy third countries for which there are indications that production of PSC wires and strands is taking place. The Commission contacted producers and their industry associations in seven steel producing countries referred to in the Notice of initiation and in the USA.
- (27) The Commission received questionnaire replies from producers in India, South Africa and Turkey. The applicant has submitted an objection to use India as analogue country claiming that its domestic market is distorted by government subsidies which benefit steel industry. The Commission did not receive comments from other interested parties.
- (28) The Commission concluded that South Africa was the most appropriate analogue country in the present review based on the following elements:
- full coverage of the product types of the product concerned,
  - existence of the same quality standards for basic physical and technical characteristics as on the Union market,
  - quality and completeness of the data submitted in the replies to the questionnaire,
  - existence of a sufficient level of competition on the domestic market,
  - sufficient size of the cooperating producer's domestic sales.

## 3. Likely dumping during the review investigation period

### 3.1. Determination of the normal value

- (29) The information received from the cooperating producer in the analogue country was used as a basis for the determination of the normal value for China, pursuant to Article 2(7)(a) of the basic Regulation.
- (30) The Commission first examined whether the total volume of domestic sales of the cooperating producer in the analogue country was representative. The domestic sales of the like product to independent customers represented at least 5 % of total export sales volume of PSC wires and strands to third countries used in the dumping calculation during the review investigation period. On this basis, the total domestic sales of the like product of the cooperating producer of the like product on the domestic market in the analogue country were representative.
- (31) The Commission subsequently identified the product types sold domestically that were identical or comparable with the product types sold for export to the third countries used in the dumping calculation.
- (32) The Commission next defined the proportion of profitable sales to independent customers on the domestic market for each product type during the review investigation period in order to decide whether to use actual domestic sales for the calculation of the normal value, in accordance with Article 2(4) of the basic Regulation.

- (33) The normal value is based on the actual domestic price per product type, irrespective of whether those sales are profitable or not, if:
- (a) the sales volume of the product type, sold at a net sales price equal to or above the calculated cost of production, represented more than 80 % of the total sales volume of this product type; and
  - (b) the weighted average sales price of that product type is equal to or higher than the unit cost of production.
- (34) In this case, the normal value is the weighted average of the prices of all domestic sales of that product type during the review investigation period.
- (35) The normal value is the actual domestic price per product type of only the profitable domestic sales of the product types during the review investigation period, if:
- (a) the volume of profitable sales of the product type represents 80 % or less of the total sales volume of this type; or
  - (b) the weighted average price of this product type is below the unit cost of production.
- (36) For one product type, where no domestic sales were found on the domestic market of the analogue country, the normal value has been constructed by adding to the weighted average of the manufacturing cost of the like product a certain amount for selling, for general and administrative costs and for profit, in accordance with Article 2(3) of the basic Regulation.
- (37) Pursuant to Article 2(6) of the basic Regulation, this amount was based on actual data pertaining to production and sales, in the ordinary course of trade, of the like product, by the cooperating producer in the analogue country.

### *3.2. Determination of the likely export price*

- (38) In the absence of cooperation of any Chinese exporting producer, the export prices had to be based on facts available, in accordance with Article 18 of the basic Regulation.
- (39) The Commission analysed the statistics from Eurostat. The imported quantities of the product imported from China were very limited and, thus, their prices were considered unrepresentative.
- (40) The Commission analysed the Chinese trade statistics. These statistics classified the product concerned under HS codes which included other products of significantly higher value such as stainless steel products and steel wire ropes. The Commission therefore considered that the Chinese trade statistics could not be used in order to establish the likely export price of the product concerned.
- (41) The Commission selected the largest country destinations of the Chinese exports made under the HS codes including the product concerned (Brazil, Japan, Malaysia, South Korea, the USA, and Vietnam). The Commission further examined whether the import statistics of these countries enabled to identify PSC wires and strands as the product concerned and showed that such PSC wires and strands had been imported in significant volumes. As only the trade statistics of some of these countries met these two criteria, the likely export price was established on the basis of such trade statistics on imports from China.

### *3.3. Comparison*

- (42) The comparison between the normal value and the likely export price was made on an FOB China basis.
- (43) In order to ensure a fair comparison account was taken of differences which affect price comparability in accordance with Article 2(10) of the basic Regulation. Allowances for differences in transport costs, insurance costs, non-refundable VAT, export costs, rebates and discount were made where applicable.

### 3.4. Likely dumping during the review investigation period

- (44) On the basis of the above, the likely dumping margin within the meaning of Article 11(2) of the basic Regulation was 27,2 %.

## 4. Development of exports should measures be repealed

### 4.1. Production capacity of the exporting producers

- (45) In the absence of cooperation from any Chinese exporting producer, the following sources have been used:
- information provided by the applicant,
  - publicly-available publications,
  - information collected in the original investigation.
- (46) The Chinese steel industry is known as being by far the biggest in the world. According to information provided by the applicant, China had an annual output of between 2,5 and 3 million tonnes for PSC wires and strands in 2013 and an estimated capacity of between 4 and 5 million tonnes. Out of this production between 1 and 1,5 million tonnes were exported to third countries and between 1 and 2 million tonnes were sold on the domestic market. Imports of PSC wires and strands into China were negligible. Unused spare production capacity in China (that is between 1,5 and 2 million tonnes) is at least 3 times the size of the Union market.
- (47) The applicant estimated itself that the production capacity of PSC wires and strands in China exceeds by far 11 million tonnes per year. With domestic and export sales between 6 and 7 million tonnes per year the total spare capacity would then exceed 4 million tonnes.
- (48) In this regard, before the measures were imposed, imports from China increased seven-fold within 3 years, reaching close to 87 000 tonnes (that is 8,2 % of the consumption during the original investigation but 17 % of the consumption of the Union market in the review investigation period).
- (49) Thus, should measures be repealed, there is a substantial risk that Chinese exporting producers will sell significant quantities of PSC wires and strands to the Union market.

### 4.2. Attractiveness of the Union market

- (50) In the absence of cooperation from any Chinese exporting producer, findings are based on facts available. The assessment of the risk for trade diversion to the Union market should measures be repealed is based on publicly available sources.
- (51) The Union market is substantial and was worth an estimated 365 million EURO in the review investigation period. In addition, compared to the Union industry's average sales price, the level of undercutting by Chinese exports to the relevant third countries referred to in recital 41 was established by this investigation at 47 %. These price differentials certainly show the attractiveness of the Union market and the ability of the Chinese to compete by price should measures be repealed.
- (52) Following disclosure the interested parties provided elements that, in addition to the prices on the Union market, demonstrate the attractiveness of the Union market. These include:
- transparent and predictable tendering procedures,
  - favourable terms of payment,
  - large-scale customers consuming large quantities of PSC wires and strands,
  - recovery of the construction sector in some Member States.

These elements show that price is not the only element making the Union an attractive market for Chinese exporters.

- (53) In light of the above, the Commission concluded that there is a significant risk of trade diversion from less attractive third countries to the Union market should measures be repealed.

## 5. Conclusion on the likelihood of recurrence of dumping

- (54) The available spare capacity in China and the attractiveness of the Union market lead to the conclusion that there is a risk of significant increase in Chinese dumped exports of the product concerned should the measures in force be allowed to lapse.

## D. DEFINITION OF THE UNION INDUSTRY

- (55) The like product was manufactured by 21 Union producers during the period considered. These 21 companies constitute the 'Union industry' within the meaning of Article 4(1) of the basic Regulation.

## E. SITUATION ON THE UNION MARKET

### 1. Union consumption

- (56) The Commission established the Union consumption by adding the Union industry's sales on the Union market to the imports from China and other third countries using Eurostat data at TARIC (integrated tariff of the European Union) code level.
- (57) On this basis, Union consumption developed as follows:

Table 1

### Union consumption

	2010	2011	2012	2013	RIP
Total Union consumption (tonnes)	564 973	561 342	504 591	508 226	497 708
<i>Index</i>	100	99	89	90	88

Source: Eurostat and questionnaire replies.

- (58) Union consumption declined by 12 % over the period considered. This contraction of demand occurred mainly in 2011-2012 and reflects a general trend across the construction sector in the aftermath of the financial crisis.

### 2. Imports from the country concerned

#### 2.1. Volume and market share of imports from the country concerned

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

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

Table 2

**Import volume and market share of China**

Country		2010	2011	2012	2013	RIP
China	Volume (tonnes)	676	5	503	76	99
	Index	100	1	74	11	15
	Market share	0,1 %	0,0 %	0,1 %	0,0 %	0,0 %

Source: Eurostat (TARIC).

- (61) The imposition of anti-dumping measures almost stopped Chinese imports. Over the period considered, imports from China were very low, decreasing from 676 tonnes in 2010 (0,1 % of the Union market) to 99 tonnes during the review investigation period.

## 2.2. Prices of imports from the country concerned

- (62) The very few sales of the product concerned from China to the Union during the review investigation period could not be used to draw any meaningful conclusion.
- (63) As it was not possible to use the Chinese trade statistics concerning Chinese exports to other markets (see recital 40 above), the likely export price was established on the basis of certain third countries trade statistics concerning imports of PSC wires and strands from China (see recital 41 above).
- (64) A comparison was made between the prices of the like product produced and sold by the Union industry and the prices of PSC wires and strands produced in China sold to certain third countries, adjusted to CIF at Union frontier level.
- (65) The price comparison showed a significant likely undercutting margin of 47 %.

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

- (66) The volume, market share and prices of imports from other third countries developed as follows:

Table 3

**Import volume and market share of other third countries**

Country		2010	2011	2012	2013	RIP
Thailand	Volume (tonnes)	11 454	12 889	11 371	8 061	6 416
	Index	100	113	99	70	56
	Market share	2,0 %	2,3 %	2,3 %	1,6 %	1,3 %



Country		2010	2011	2012	2013	RIP
South Africa	Volume (tonnes)	1 681	561	1 727	6 682	6 463
	<i>Index</i>	100	33	103	397	384
	Market share	0,3 %	0,1 %	0,3 %	1,3 %	1,3 %
Others	Volume (tonnes)	12 981	15 867	16 690	12 036	10 911
	<i>Index</i>	100	122	129	93	84
	Market share	2,3 %	2,8 %	3,3 %	2,4 %	2,2 %
All third countries (except China)	Volume (tonnes)	26 112	29 316	29 788	26 779	23 790
	<i>Index</i>	100	112	114	103	91
	Market share	4,6 %	5,2 %	5,9 %	5,3 %	4,8 %

Source: Eurostat (TARIC).

- (67) Imports from other third countries except China held a relatively stable market share between 4,6 % and 5,9 % during the period considered. More than half of these imports came from Thailand and South Africa. Other exporting countries included India, Russia and Ukraine.

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

- (68) In accordance with Article 3(5) of the basic Regulation, the Commission examined all economic factors and indices having a bearing on the state of the Union industry.

##### 4.1. Macroeconomic indicators

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

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

Table 4

#### Production, production capacity and capacity utilisation

	2010	2011	2012	2013	RIP
Production volume (tonnes)	687 576	657 933	609 099	615 466	602 692
<i>Index</i>	100	96	89	90	88
Production capacity	1 047 810	1 043 810	922 270	934 170	858 170

	2010	2011	2012	2013	RIP
<i>Index</i>	100	100	88	89	82
Capacity utilisation	66 %	63 %	66 %	66 %	70 %
<i>Index</i>	100	96	101	100	107

Source: Questionnaire replies (all producers).

- (70) The Union production declined by 12 % over the period considered. Due to the stability of the market share of the Union industry, the production followed closely the evolution of the consumption of the product concerned in the Union market.
- (71) The Union industry reacted to this contraction of the volumes of production by pursuing a significant effort of restructuring. The restructuring led to a reduction of 18 % of the production capacity over the period considered, which exceeded the reduction in demand.
- (72) As a result, the capacity utilisation improved from 66 % to 70 % during the period considered. It nevertheless remained below its optimum levels, which suggests the persistence of excess capacity in the Union industry.

#### 4.1.2. Sales volume and market share

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

Table 5

#### Sales volume and market share

	2010	2011	2012	2013	RIP
Sales volume on the Union market (tonnes)	538 185	532 021	474 300	481 370	473 819
<i>Index</i>	100	99	88	89	88
Market share	95,3 %	94,8 %	94,0 %	94,7 %	95,2 %
<i>Index</i>	100	99	99	99	100

Source: Questionnaire replies (all producers).

- (74) Sales volume of the like product by the Union industry declined 12 % over the period considered in line with the evolution of the Union consumption.
- (75) The market share of the Union industry remained broadly stable over the period considered. The average price of the Union industry was 10 % below the average price of the imports from third countries in the last 3 years of the period under review and broadly equivalent before.

## 4.1.3. Growth

- (76) The sales volume of the Union industry declined in the same proportion as the Union consumption, which translated into a stable market share of 95,2 %.

## 4.1.4. Employment and productivity

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

Table 6

**Employment and productivity**

	2010	2011	2012	2013	RIP
Number of employees	1 580	1 544	1 435	1 405	1 267
<i>Index</i>	100	98	91	89	80
Productivity (tonne/employee)	435	426	424	438	476
<i>Index</i>	100	98	98	101	109

Source: Questionnaire replies (all producers).

- (78) As a consequence of the restructuring of the industry, employment of the Union industry decreased significantly during the period considered, moving from 1 580 employees in 2010 to 1 267 employees in the review investigation period.
- (79) Productivity increased by 9 % over the period considered. This was due to a fastest decline of employment than Union production.

## 4.2. Microeconomic indicators

## 4.2.1. Prices and factors affecting prices

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

Table 7

**Average sales prices in the Union**

	2010	2011	2012	2013	RIP
Average unit selling price in the Union (EUR/tonne)	767	822	782	741	726
<i>Index</i>	100	107	102	97	95
Unit cost of production (EUR/tonne)	784	834	789	741	726
<i>Index</i>	100	106	101	95	93

Source: Questionnaire replies (sampled producers).

- (81) The Union industry's average unit selling price to unrelated customers in the Union decreased by 5 % over the period considered. The increase between 2010 and 2011 and subsequent decrease in the following year primarily reflected the increased cost of the raw material. The decline in price which followed is more related to the price pressure resulting from the combined effect of the depression of the Union consumption and the existence of excess capacity in the Union industry.
- (82) Unit cost of production decreased by 7 % over the period considered. As mentioned above, the increase observed in the first 2 years resulted from an increase of the cost of raw material. Due to significant efforts of restructuring, improvement of capacity utilisation and productivity, the industry managed to balance costs of production and average sales price in the review investigation period.

#### 4.2.2. Labour costs

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

Table 8

#### Average labour cost per employee

	2010	2011	2012	2013	RIP
Average wages per employee (EUR)	41 351	43 035	44 440	43 429	43 942
<i>Index</i>	100	104	107	105	106

Source: Questionnaire replies (sampled producers).

- (84) The average labour costs per employee raised by 6 %. Beyond the effect of inflation, this is mainly indicative of the concentration of job losses in countries with low salary costs and of the efforts made to improve productivity.

#### 4.2.3. Inventories

- (85) Stock levels of the Union industry developed over the period considered as follows:

Table 9

#### Inventories

	2010	2011	2012	2013	RIP
Closing stocks (tonnes)	16 885	15 314	17 596	16 073	17 352
<i>Index</i>	100	91	115	91	108
Closing stocks as a percentage of production	2,5 %	2,3 %	2,9 %	2,6 %	2,9 %
<i>Index</i>	100	95	118	106	117

Source: Questionnaire replies (sampled producers).

- (86) Overall closing stocks increased by 8 % over the period considered. However, closing stocks as a percentage of production remained at a stable and low percentage of the Union production.

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

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

Table 10

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

	2010	2011	2012	2013	RIP
Profitability of sales in the Union to unrelated customers (% of sales turnover)	– 3,2 %	– 2,7 %	– 1,5 %	– 0,8 %	– 0,5 %
<i>Index</i>	100	116	153	174	183
Cash flow (EUR)	– 3,1 %	– 1,3 %	0,3 %	1,5 %	0,6 %
<i>Index</i>	100	158	211	248	221
Investments (EUR)	3 204 173	1 851 350	1 300 200	1 464 117	1 673 643
<i>Index</i>	100	58	41	46	52
Return on investments	– 13 %	– 16 %	– 9 %	– 8 %	– 6 %
<i>Index</i>	100	82	130	141	153

Source: Questionnaire replies (sampled producers).

- (88) The Commission established the profitability of the Union industry by expressing the pre-tax net profit of the sales of the like product to unrelated customers in the Union as a percentage of the turnover of those sales. Overall the profitability of the sampled producers improved during the period considered from a very low base of – 3,2 % to reach a break-even point in the review investigation period.
- (89) The net cash flow is the Union industry's ability to finance their activities. The net cash flow showed the same trend as profitability that is a continuous improvement over the period considered, with a marked improvement in the last three periods until the review investigation period.
- (90) The investments decreased by 48 % over the period considered. They mainly represented the investments necessary for maintenance.
- (91) As with the other financial indicators, the return on investment from the production and sale of the like product was negative but improved since 2011. The difference in percentage terms with the other financial indicators express the low capital intensity of the Union industry and the decrease in net assets due to the limited level of investments.
- (92) In an economic context characterised by a restricted access to financing, especially for industries related to the construction sector, and taking into account the financial situation of the Union Industry, its ability to raise new capital was extremely limited.

#### 4.2.5. Magnitude of the dumping margin

- (93) The investigation established a likelihood of recurrence of dumping at significant margins. Therefore, the magnitude cannot be considered to be negligible.

#### 4.2.6. Recovery from past dumping

- (94) The macro-indicators examined above show that, although the anti-dumping measures have partially achieved their intended result of removing injury suffered by the Union producers, the industry is still very fragile and vulnerable. Indeed, over the period considered the production volume decreased by 12 %, sales volume to unrelated customers in the EU decreased by 12 % and employment decreased by 20 %. Throughout the period considered, Union industry was loss-making. Thus, no full recovery from the past dumping could be established and the Commission considers that the Union industry remains very vulnerable to the injurious effects of any dumped imports in the Union market.

### 5. Conclusion on injury

- (95) The main injury indicators showed a negative trend, related to the impact of the crisis experienced in the construction sector. Thus, consumption, production volume and sales declined by 12 % over the period considered.
- (96) However, the measures have been effective in helping the Union industry to weather this crisis and undertake a significant effort of restructuring materialised by a reduction of production capacity and workforce.
- (97) Signs of improvement have emerged in the last years of the period considered where an increase of productivity and capacity utilisation can be observed. Furthermore, costs of production have been brought close to the average sales price.
- (98) Nevertheless, the situation of the Union industry remains fragile. While most financial indicators have improved, they have not reached a sustainable level. Consumption and prices remain depressed and there are signs of persisting overcapacity in the Union.
- (99) The anti-dumping measures have partially achieved their objective by removing some of the injury suffered by the Union industry as a consequence of dumped imports from China. While financial indicators such as profitability and return on investment have improved throughout the period considered, they remain negative. Cash flow has also improved and became slightly positive. Therefore it is clear that the Union industry has not yet fully recovered from the effects of past dumping and is still in a fragile situation, thus very vulnerable to any recurrence of dumped imports.
- (100) Even if the fragile situation of the Union industry was qualified as a material injury, this cannot be attributed to the imports from China representing a market share of less than 1 % on the Union market. In the absence of price pressure from China, the Union industry has been able to maintain their market share and reduce their losses.

## F. LIKELIHOOD OF RECURRENCE OF INJURY

### 1. Preliminary remark

- (101) The situation of the Union industry has improved but remains fragile. During the whole period considered, the volume of Chinese imports was negligible. At the same time, as outlined in recitals 20 to 54 above, the investigation has shown that there was a likelihood of recurrence of dumping should the measures be allowed to lapse.

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

- (102) The Commission assessed the likelihood of recurrence of injury if the measures currently in force were allowed to lapse, namely the potential impact of the Chinese imports on the Union market and on the Union industry, pursuant to Article 11(2) of the basic Regulation.
- (103) This analysis focussed on the spare capacity of the Chinese exporting producers and their pricing behaviour when exporting to other countries.
- (104) As established in recital 46 above, total spare capacity for the production of PSC wires and strands in China was estimated at around 1,7 million tonnes in 2013. This amount exceeded largely the total Union consumption during the same period.
- (105) It can be reasonably concluded that, should measures be repealed, at least part of this spare capacity will, in all likelihood, be directed to the Union market.
- (106) In this regard, as noted in recital 48 above, before the measures currently in force were imposed, imports from China increased seven-fold within 3 years, reaching close to 87 000 tonnes, that is 8,2 % of the consumption during the original investigation or 17 % of the current consumption of the Union Market. This shows the ability of Chinese imports to rapidly penetrate the Union market in the absence of measures.
- (107) As mentioned above in recital 65 above, Chinese import prices without anti-dumping duties are likely to undercut the Union industry's sales prices by a significant margin (47 %). This very high likely undercutting margin based on a comparison of Chinese export prices to third countries and Union industry prices, makes the Union market more attractive than other third country markets to Chinese exports. Indeed, if measures are allowed to lapse, the Chinese exporting producers could export to the Union at prices above those to third countries whilst still undercutting the Union industry's prices.
- (108) On this basis, the Commission concluded that, in the absence of measures, Chinese exporting producers will likely increase the price pressure and their market share in the Union market, thus causing material injury to the Union industry.

## 3. Conclusion

- (109) In view of the findings of the investigation, namely the estimated spare capacity of Chinese exporting producers and the expected price levels of Chinese imports, it is considered that the repeal of the measures would in all likelihood lead to a recurrence of injury and would further deteriorate the fragile situation of the Union industry due to the likely increase of Chinese imports at dumped prices undercutting the Union industry's sales prices.

## G. UNION INTEREST

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

**1. Interest of the Union industry**

- (113) The investigation established that there was a likelihood of recurrence of material injury should measures against Chinese imports be allowed to lapse.
- (114) Should measures be maintained it is expected that the Union industry will be able to fully pursue its restructuring and eventually improve its profitability.
- (115) The Commission therefore concluded that maintaining the measures in force against China would be in the interest of the Union industry.

**2. Interest of importers/traders**

- (116) No importer/trader came forward following the publication of the Notice of initiation.
- (117) Although it cannot be ruled out that the imposition of the measures had a negative impact on their activity, importers are not dependent on China and can source PSC wires and strands from other supplying countries such as Thailand and South Africa.

**3. Interest of suppliers**

- (118) Three suppliers expressed their support of the measures. Two of them were producers of wire rod and were related to the applicant. The third company supplied drawing lubricants and chemicals to the Union Industry.
- (119) The wire rod sold to the Union industry represents a small share of the turnover of the sector and the repeal of the measures is therefore not expected to have a significant impact on suppliers. It is nevertheless in the interest of wire rod producers to maintain the measures.

**4. Interest of users**

- (120) Twelve users came forward in this investigation to express their support for the measures, including one company with a large volume of purchases of the like product.
- (121) No user replied in full to our questionnaire. However, the initial investigation established that PSC wires and strands represented 5 % of their cost of production and below 1 % of that of their final customers.
- (122) In the absence of measures on other countries than China, users have access to alternative sources of supply. In addition, the largest Union producers have similar market shares, which maintain a high level of internal competition.
- (123) The users who came forward expressed their concern that a repeal of the measures would destabilise the Union industry and therefore affect the reliability of their supply chain. They placed higher value on security of supply than possible cost savings.

**5. Conclusion on Union interest**

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

**H. ANTI-DUMPING MEASURES**

- (125) It follows from the above that, as provided for by Article 11(2) of the basic Regulation, the anti-dumping measures applicable to imports of certain pre- and post-stressing wires and wire strands of non-alloy steel (PSC wires and strands) originating in the People's Republic of China, imposed by Regulation (EC) No 383/2009 should be maintained.



- (126) The individual company anti-dumping duty rates specified in this Regulation are solely applicable to imports of the product concerned produced by these companies and thus by the specific legal entities mentioned. Imports of the product concerned manufactured by any other company not specifically mentioned in the operative part of this Regulation with its name and address, including entities related to those specifically mentioned, cannot benefit from these rates and shall be subject to the duty rate applicable to 'all other companies'.
- (127) 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*.
- (128) This Regulation is in accordance with the opinion of the Committee established by Article 15(1) of the basic Regulation,

HAS ADOPTED THIS REGULATION:

#### Article 1

1. A definitive anti-dumping duty is hereby imposed on imports of not plated or not coated wire of non-alloy steel, wire of non-alloy steel plated or coated with zinc and stranded wire of non-alloy steel whether or not plated or coated with not more than 18 wires, containing by weight 0,6 % or more of carbon, with a maximum cross-sectional dimension exceeding 3 mm, currently falling within CN codes ex 7217 10 90, ex 7217 20 90, ex 7312 10 61, ex 7312 10 65 and ex 7312 10 69 (TARIC codes 7217 10 90 10, 7217 20 90 10, 7312 10 61 11, 7312 10 61 91, 7312 10 65 11, 7312 10 65 91, 7312 10 69 11 and 7312 10 69 91) and originating in the People's Republic of China. Galvanised (but not with any further coating material) seven wire strands in which the diameter of the central wire is identical to or less than 3 % greater than the diameter of any of the 6 other wires shall not be covered by the definitive anti-dumping duty.

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

Company	Anti-dumping duty	TARIC additional code
Kiswire Qingdao, Ltd, Qingdao	0 %	A899
Ossen Innovation Materials Co. Joint Stock Company Ltd, Maanshan, and Ossen Jiujiang Steel Wire Cable Co. Ltd, Jiujiang	31,1 %	A952
All other companies	46,2 %	A999

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

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

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

*Article 2*

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

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

Done at Brussels, 4 June 2015.

*For the Commission*

*The President*

Jean-Claude JUNKER

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*ANNEX*

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

1. The name and function of the official of the company which has issued the commercial invoice.
2. The following declaration:

'I, the undersigned, certify that the [volume] of PSC wires and strands sold for export to the European Union covered by this invoice was manufactured by (company name and registered seat) (TARIC additional code) in (country concerned). I declare that the information provided in this invoice is complete and correct.

Date and signature'

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