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Directorate-General for Trade
Directorate H – Trade Defence Instruments

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GENERAL FINAL DISCLOSURE DOCUMENT

AD643 – Anti-dumping proceeding concerning imports of electric bicycles originating in the People’s Republic of China

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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 European Union ('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 Regulation (EU) 2016/1036 of the European Parliament and of the Council ('the basic Regulation').
- (2) The Commission published a Notice of initiation in the *Official Journal of the European Union*¹ ('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*².

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 ('the registration Regulation')³ making imports of electric bicycles from the PRC subject to registration as of 4 May 2018 onwards.

1.3. Provisional measures

- (6) On 18 July 2017, the Commission imposed a provisional anti-dumping duty on imports into the Union of electric bicycles originating in the PRC by Commission Implementing Regulation (EU) 2018/1012⁴ ('the provisional Regulation').
- (7) As stated in recital (7) of the provisional Regulation, the investigation of dumping and injury covered the period from 1 October 2016 to 30 September 2017 ('the investigation period' or 'IP') and 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').

¹ Notice of initiation of an anti-dumping proceeding concerning imports of electric bicycles originating in the People's Republic of China, OJ C 353, 20.10.2017, p. 19.

² Notice of initiation of an anti-subsidy proceeding concerning imports of electric bicycles originating in the People's Republic of China, OJ C 440, 21.12.2017, p. 22.

³ 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.

⁴ 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, OJ L 181, 18.7.2018, p.7.

1.4. Subsequent procedure

- (8) Following the disclosure of the essential facts and considerations on the basis of which a provisional anti-dumping duty was imposed ('provisional disclosure'), the complainants, the China Chamber of Commerce for Import and Export of Machinery and Electronic Products ('the CCCME'), the Collective of European Importers of Electric Bicycles ('CEIEB'), individual unrelated importers, and individual Chinese exporting producers made written submissions making their views known on the provisional findings.
- (9) The parties who so requested were granted an opportunity to be heard. Hearings took place with the complainants, the CEIEB, unrelated importers, and one individual Chinese exporting producer. One hearing with the Hearing Officer in trade proceedings was held with that Chinese exporting producer.
- (10) The Commission considered the comments submitted by interested parties and addressed them as detailed in this Regulation.
- (11) The Commission continued seeking and verifying all information it deemed necessary for its final findings. In order to verify the questionnaire replies of unrelated importers, verification visits were carried out at the premises of the following parties:
 - BH BIKES EUROPE S.L. (Vitoria, Spain);
 - BIZBIKE BVBA (Wielsbeke, Belgium).
- (12) The Commission informed all interested parties of the essential facts and considerations on the basis of which it intended to impose a definitive anti-dumping duty on imports into the Union of electric bicycles originating in the PRC ('final disclosure').
- (13) The comments submitted by the interested parties were considered and taken into account where appropriate.

1.5. Sampling

- (14) The list of Chinese exporting producers included in the Annex 1 to this Regulation was modified to take account of the change of name of one Chinese exporting producer to Easy Electricity Technology Co., Ltd. and another exporting producer Wuxi Shengda Vehicle Technology Co., Ltd was added to the Annex 1.

1.6. Individual examination

- (15) Six non-sampled exporting producers formally requested individual examination under Article 17(3) of the basic Regulation. Three of those companies were groups of companies with a total of six related traders. Furthermore, two of the companies that formally requested individual examination also requested market economy treatment. Following provisional disclosure four of those companies reiterated their requests for individual examination.
- (16) As explained in recital (47) of the provisional Regulation, the examination of such a high number of requests would have been unduly burdensome and would not have allowed the completion of the investigation within the time period established in the basic Regulation. Furthermore, the additional period of time between the provisional and definitive phases was not sufficient to allow the Commission to consider this large number of requests. The Commission therefore confirmed its decision not to grant any requests for individual examination.

1.7. Market economy treatment ('MET')

- (17) The CCCME, Bodo Vehicle, Suzhou Rununion and Jinhua Vision reiterated their claim that since paragraph 15(a)(ii) section 15 of the Protocol of Accession of the PRC to the World Trade Organisation ('WTO') had lapsed after 11 December 2016, the existence of dumping should be established on the basis of the domestic prices and costs of the Chinese exporting producers. The Commission addressed that claim as explained in section 3.1.1 of the provisional Regulation.
- (18) The Commission applied the legislation in force and applicable to the present investigation, i.e. Article 2(7)(a) and (b) of the basic Regulation.
- (19) Giant Electric Vehicle 'Giant' responded to the provisional disclosure, restating its claims that the Commission should have granted Giant MET as, in Giant's view, it fulfilled the MET criteria in Article 2(7)(c) of the basic Regulation, notably criteria 1 and 3. In particular, Giant challenged the Commission's interpretation of State interference, submitting that the possibility of State interference was not sufficient to reject an MET claim. In addition, it restated its arguments that the impact of the distortions on the price of aluminium was not significant.
- (20) Concerning criterion 1, the Commission found significant State interference in relation to the aluminium market as described in detail in the MET disclosure document dated 3 May 2018, the letter of 29 May replying to Giant's comments on the MET disclosure and the provisional Regulation, in particular recitals (88) and (89). The Commission found that the Chinese government can exercise complete control over the aluminium market and regulates the aluminium market with the objective to prevent arbitrage in the economic sense. The Commission found that that situation results in a distorted aluminium market the PRC and constitutes significant State interference by the Chinese government. The distortion in the aluminium market is so strong that there is no arbitrage, lack of which *per se* constitutes significant distortion. Giant never challenged the Commission's findings of significant State interference in the PRC's aluminium market and of the Chinese government's complete control over it. It merely claimed that the effect of this State interference was not significant in value terms during the investigation period. The Commission cannot accept the proposed interpretation, which is not supported by the case-law cited by Giant⁵. In fact, according to case-law, criterion 1 precludes the granting of MET where the State has significantly interfered with the operation of market forces. The significant State interference in that regard would not support the conclusion that market economy conditions prevail for a producer operating in such market.⁶ Thus, the Commission's finding regarding criterion 1 in the provisional Regulation was confirmed.
- (21) Concerning criterion 3 Giant claimed that the Commission did not address its claims that the financial incentives were insignificant and not carried over from the former non-market economy system but an expression of legitimate industrial policy. In addition, Giant resubmitted that the Commission should have considered the

⁵ Case C-337/09 P, *Council v Zhejiang Xinan Chemical Industrial Group*, EU:C:2012:471, paragraphs 66 & 73. See also Case C-26/96, *Rotexchemie v. Hauptzollamt Hamburg-Waltershof*, EU:C:1997:261, paragraph 9 and Case C-338/10, *GLS v. Hauptzollamt Hamburg-Stadt*, EU:C:2012:158, para. 20.

⁶ Case C-337/09 P, *Commission v Zhejiang Xinan Chemical Industrial Group Co. Ltd*, EU:C:2012:471, paragraph 90: '*In that regard, it must be noted that MET may only be granted to an operator if the costs to which it is subject and the prices it charges are the result of the free operation of supply and demand. That would not be the case if, for example, the State interfered directly with the price of certain raw materials or the price of labour.*'

significance of the land-use rights being granted basically for free over their life of 50 years.

- (22) The Commission notes that the claim regarding financial incentives as well as the methodology applied in relation to the land-use rights, was not only already extensively dealt with in the MET disclosure document, but were also addressed in the letter of 29 May 2018 replying to Giant's comments. In addition, the Commission's reasoning is also described in the provisional Regulation, in particular recitals (91) and (92). Based on the reasoning described in those documents, the Commission concluded that the preferential tax rate was a financial incentive of a quasi-permanent open-ended character which could also serve the purpose of attracting capital at discounted rates, thereby significantly distorting competition over a long period of time. The Commission also concluded that the tax deduction for R&D expenses was recurrent and not limited in time and therefore would have similar effect. Finally, the Commission recalls that the Giant effectively did not pay for its land-use rights (see recital (21) above). Giant did not present any new argument. Thus, criterion 3, that is, the requirement that there are no significant distortions carried over from the former non-market economy system, remains not fulfilled.
- (23) The CEIEB claimed that the denial of MET to a Chinese exporting producer was discriminatory, as the Union industry purchases aluminium frames from the PRC and therefore also benefits from the distortions in the aluminium market in the PRC. The CEIEB also raised the issue of imports of aluminium frames from the PRC by the Union industry under a duty suspension scheme. Those claims were rejected. Purchases by the Union industry are irrelevant for the analysis under Article 2(7)(c) of the basic Regulation which aims at examining whether an exporting producer is entitled to MET for the determination of the normal value. As a result the Commission did not consider it relevant for the MET determination.

1.8. Investigation period and period considered

- (24) In the absence of comments concerning the investigation period and period considered, recital (7) of the provisional Regulation is confirmed.

2. PRODUCT CONCERNED AND LIKE PRODUCT

2.1. Claims regarding the product scope

- (25) After the publication of the provisional Regulation, three Chinese exporting producers, one importer and the CCCME reiterated their claim set out in recitals (57) to (63) of the provisional Regulation to exclude electric bicycles with a pedal assistance of up to 45 km/h ('speed electric bicycles') from the product scope.
- (26) Those parties argued that speed electric bicycles have significantly different characteristics and intended uses, are not subject to the same regulatory requirements, have significantly different prices and costs, and that, from the consumers' perspective, they are not interchangeable with the other electric bicycles with a pedal assistance of up to 25 km/h covered by this investigation.
- (27) The CCCME claimed that the Commission had failed to note that the consumer alteration of the software on cut-off speed mentioned by the complainant was illegal and added that this prospect could not be treated as a likely possibility.
- (28) The complainant agreed that it was illegal for consumers to increase the level of the pedal assistance cut-off by making alterations to the software. However, it recalled that its claim was not related to such possibility but to the modifications by economic

operators (importers, traders) before the electric bicycles were placed on the Union market. Indeed, when those modifications involve a decrease in the level of pedal assistance, they would be legal from a product type approval perspective. The complainant added that such risk created a massive risk of circumvention of anti-dumping and anti-subsidy measures.

- (29) The Commission points out that in recital (65) of the provisional Regulation does not refer to consumer alteration of the software at all but to software programming in general. In addition, the same recital clearly referred to both the possibility to change the cut-off speed upwards and downwards. While the CCCME notes that an upward change by the consumer is illegal, it does not question other changes, such as the downward changes by economic operators mentioned in recital (28) of this Regulation. The argument was therefore rejected.
- (30) The CCCME claimed that the complainant's statement that all electric bicycles were subject to the same tests under the norm EN 15194 was inaccurate. The CCCME submitted that the norm EN 15194 subjects all electric bicycles to the same test procedures. That norm, however, has no bearing on the difference in speed which commands different requirements and makes speed electric bicycles not interchangeable with other electric bicycles. The CCCME further argued that speed electric bicycles, as opposed, to ordinary electric bicycles, did not fall under the scope of norm EN 15194.
- (31) The CCCME submitted that speed electric bicycles are covered as moped vehicles for use on public roads by Regulation (EU) No 168/2013 of the European Parliament and of the Council⁷. That Regulation excludes electric bicycles with a pedal assistance of up to 25 km/h. Additional rules applying to speed electric bicycles cover taxes, licensing and insurance, license plates and moped compliant helmet and safety compliance checks.
- (32) The CCCME submitted that the reasoning set out in recital (70) of the provisional Regulation that all electric bicycles share the same physical characteristics does not overcome the argument that there are distinct equipment and regulatory requirements associated with speed electric bicycles. The CCCME claimed that due to those distinct requirements, speed electric bicycles were not interchangeable with other electric bicycles and that consumers supported this view. In order to substantiate that argument, the CCCME mentioned the opposition of the European Cyclist Federation to the Commission's proposal to request third party liability insurance for all electric bicycles, not only speed electric bicycles.
- (33) The complainant reiterated its claim that all electric bicycles share the same physical characteristics. In particular, the complainant submitted that all electric bicycles are made of the same bicycle parts and components, and that there are no bicycles' parts which are exclusively used for speed electric bicycles. This includes the motors manufactured by the major motor producers which can be used to power all type of electric bicycles with the adequate software programming. The difference between speed electric bicycles and other electric bicycles cannot therefore be reliably established on the basis of their physical appearance.

⁷ Regulation (EU) No 168/2013 of the European Parliament and of the Council of 15 January 2013 on the approval and market surveillance of two- or three-wheel vehicles and quadricycles. Text with EEA relevance, OJ L 60, 2.3.2013, p. 52.

- (34) The complainant submitted that consumer perception is not a determining factor for the determination of the product scope in trade defence proceedings and claimed that electric bicycles of all pedal assistance levels are available in the different use categories (commuting, trekking, racing, ...) and are marketed to all customer groups irrespective of their age and gender. Consumer perception and use therefore does not justify an exclusion of speed electric bicycles from the product scope.
- (35) The complainant submitted that the criterion of type approval and more generally the classification under Regulation (EU) No 168/2013 are not suitable for the definition of the product scope in the present case. The complainant argued that not all speed electric bicycles are subject to type approval but only those intended for use on public roads. This would exclude, for instance, an electric mountain bike used exclusively for competitive events or off-road mountains which would also not be subject to the further requirements related to type approval (license plate, helmet and insurance).
- (36) Furthermore, the complainant argued that electric bicycles which are not subject to type approval under the Regulation (EU) No 168/2013 are nevertheless subject to the exact same product safety requirements under the Union machinery directive. The complainant further added that the applicable norm setting specific requirements is the same for all electric bicycles, namely the harmonised norm EN 15194 and therefore restated the claim reflected in recital (64) of the provisional Regulation.
- (37) The Commission assessed that the claims above made by the CCCME concerning interchangeability, regulatory requirements and consumer perception were a repetition of those already addressed in recitals (67) to (73) of the provisional Regulation.
- (38) The Commission noted that its proposal to extend the requirement of third-party liability insurance to all electric bicycles, used by the CCCME to substantiate the claimed difference in consumer perception, equally showed that the differences in regulatory requirements were evolving and did not provide a suitable and stable basis to exclude speed electric bicycles from the scope of the product concerned.
- (39) The Commission concluded that the additional information submitted was not of a nature to alter its findings regarding the product scope, namely that electric bicycles share the same basic physical characteristics and properties and that consumer perception and uses overlap significantly. The arguments of the CCCME were therefore rejected.

- (40) One interested party argued that the product scope of the investigation should be limited to low-end electric bicycles. Mid- and high-end electric bicycles should be removed from the product scope, since there is allegedly no dumping taking place in the mid- and high-end segment of electric bicycles. That interested party claimed that quality and performance, price, cost and profit margin of electric bicycles could be used to differentiate between those market segments.
- (41) The Commission recalled that the product concerned and the like product were defined on the basis of their physical characteristics. Criteria such as price, cost and profit margin cannot be used to define the product concerned. As to quality and performance, beyond the fact that the interested party did not explain how to measure and quantify these elements in a systematic way, the Commission recalls that quality and performance can be taken into account through adjustments for physical characteristics. In this regard, the Commission notes that no evidence was provided which could alter the findings laid out in recital (122) of the provisional Regulation. The Commission therefore rejected that argument.
- (42) In the absence of any other comments with respect to the scope of the product concerned, the Commission confirmed the conclusions set out in recitals (67) to (74) of the provisional Regulation.

3. DUMPING

3.1. Analogue country

- (43) No comments were received regarding the choice of the Union industry as analogue country and no alternative analogue countries were suggested. Recital (103) of the provisional Regulation is therefore confirmed.

3.2. Normal value

- (44) As set out in recital (103) of the provisional Regulation, the normal value was based on the prices actually paid or payable in the Union for the like product. No comments on that point were received.
- (45) Two Chinese exporting producers disputed the values used for the normal value, taking examples of product type (PCN) pairs where one should be, according to the common understanding in the electric bicycles industry, more expensive than the other, but were in fact cheaper. Those two exporting producers claimed that the Commission should adjust the normal value per PCN to be more ‘in line’ with the presumed cost of the materials and parts used.
- (46) That claim was denied, as the normal value is based on actual prices paid in the Union for the like product. Each electric bicycle is composed of multiple components, which together with other factors determine the sales price. The combined effect of those components and factors can outweigh the impact of the price differences of one particular component as claimed by both exporting producers. Those two exporting producers did not claim an adjustment for physical differences under Article 2(10)(a) of the Regulation. Recitals (104) to (106) of the provisional Regulation are therefore confirmed.

3.3. Export price

- (47) In the absence of any comments regarding the export price, recitals (107) to (109) of the provisional Regulation are confirmed.

3.4. Comparison

- (48) One exporting producer claimed that the Commission should not deduct credit costs incurred between the producer and its related sales companies in Europe, and this claim was accepted. This resulted in an adjustment to the export price of less than 1%.
- (49) The same exporting producer asked whether the normal value included packaging costs, and if so, that the comparison with the export price be made packed to packed. That claim was accepted for all exporting producers as the normal value was packed. This resulted in an adjustment to the export price of less than 1%.
- (50) In recital (116) of the provisional Regulation, the Commission invited interested parties to provide reliable and verifiable quantification of costs for an adjustment under Article 2(10)(k) of the basic Regulation to account for the design, marketing and research and development (R&D) costs of brand-name importers.
- (51) Two Chinese sampled exporting producers submitted claims for an adjustment under Article 2(10)(k) of the basic Regulation and provided evidence from their importers in the Union in this regard. The evidence provided consisted of data from the importers concerned regarding R&D and design costs. Those importers had been inspected as part of this investigation.
- (52) The Commission considered the data submitted to justify the claims made and accepted that certain R&D and design costs were indeed required in the operations of the brand-name importers. It was however unable to accept the data of the importers selected by the exporting producers as it covered issues wider than R&D and design costs of brand name importers. The significant differences in the reported cost categories expressed as a percentage of the two brand-name importer's turnover did not provide a representative basis for establishing the costs needed for the claimed adjustment.
- (53) However, the Commission was able to identify those costs in the records of the sampled and verified Union producers, who are also the source of the normal value in this investigation. They therefore were considered a reliable source of data for a normal value adjustment for R&D and design under Article 2(10)(k).
- (54) On that basis, the Commission made an adjustment of 2,3 % to the normal value for the three Chinese exporting producers who sold only non-branded electric bicycles, that is to say that they produced electric bicycles in the PRC for brand holders in the Union.
- (55) The Union industry noted the original claims made by the two Chinese exporting producers and argued that such claims should not be accepted. They also argued that the adjustment made by the Commission should not be applied for one additional Chinese exporting producer, who had not claimed the adjustment.
- (56) However for the adjustment concerned, the Commission based itself on data from the Union industry. Furthermore, in order to provide for a fair and reasonable comparison between the export price and the normal value, the adjustment had to be made for all three Chinese exporting producers concerned. The claim of the Union industry was, therefore, rejected.
- (57) Three Chinese exporting producers reiterated the claim made before provisional disclosure, set out in recitals (118) to (122) of the provisional Regulation, that PCN used by the Commission throughout the investigation should be expanded to include other elements.

- (58) Those three Chinese exporting producers did not provide any new information to allow that claim to be re-examined. The findings in recitals (121) to (122) of the provisional Regulation were, accordingly, upheld.
- (59) One Chinese exporting producer requested evidence as to the level of trade of the sales of the Union industry on the domestic market, used for normal value calculation purposes, in order to consider whether a claim for a level of trade adjustment under Article 2(10)(d)(i) of the basic Regulation was warranted. This information, which was considered confidential by all interested parties, including the Chinese exporting producer itself, was made available in ranges by interested parties in the open file. It showed that typically more than 85% of the sampled Union producer's sales were to retailers.
- (60) Following that new evidence being placed on the open file, the Chinese exporting producer submitted a level of trade adjustment claim. Because said Chinese exporting producer had related sales companies in the Union, it also considered that the adjustments made under Article 2(9) of the basic Regulation to its export price changed the level of trade of its sales from retailers to distributors. The adjustments under Article 2(9) of the basic Regulation are intended to remove the effect of related importers in the Union, not to change the level of trade of the sale, which remained essentially (typically above 85%) to retailers. After review of the arguments presented, the Commission rejected that claim.

3.5. Dumping margins

- (61) As detailed in section 3 of this document, the Commission took into account interested parties' comments and recalculated the dumping margin of the Chinese exporting producers.
- (62) The definitive dumping margins expressed as a percentage of the CIF Union frontier price, duty unpaid, are as follows:

Table 1 - Definitive dumping margins	
Company	Definitive dumping margin
Bodo Vehicle Group Co., Ltd.	86,3 %
Giant Electric Vehicle (Kunshan) Co.	34,0 %
Jinhua Vision Industry Co., Ltd and Yongkang Hulong Electric Vehicle Co., Ltd.	39,6 %
Suzhou Rununion Motivity Co., Ltd.	100,3 %
Other cooperating companies	48,6 %
All other companies	100,3 %

4. INJURY

4.1. Definition of the Union industry and Union production

- (63) Following the publication of the provisional Regulation and comments received, the Commission further examined the situation of certain Union producers of the like product which had reported imports of the product concerned as referred to in recitals (130) to (132) of the provisional Regulation.
- (64) In accordance with Article 4(1)(a) of the basic Regulation, the Commission established that six companies initially considered to be part of the Union industry should be excluded from the definition of the Union Industry. Following comments, the Commission reassessed the situation of those six companies and concluded that the interest represented by their import activity exceeded the interest represented by their production activity. As a result, it excluded those six companies from the definition of Union industry.
- (65) Given that six Union producers were excluded from the Union industry definition, the remaining 31 producers constitute the ‘Union industry’ within the meaning of Article 4(1) of the basic Regulation.
- (66) The injury indicators for market share, production, production capacity, capacity utilisation, sales volume, employment and productivity were revised accordingly, as described under recitals (83), (88) and (92).

4.2. Union consumption

- (67) In the absence of any comments with respect to the Union consumption, the Commission confirmed its conclusions set out in recitals (133) to (135) of the provisional Regulation.

4.3. Imports from the PRC

- (68) Following the publication of the provisional Regulation, the CCCME repeated its request that the source and the detailed exports statistics submitted by the Complainant be disclosed and reiterated its claim that the description of the methodology followed by the Complainant to identify the product concerned was not sufficiently detailed. The CCCME did not provide new nor additional arguments in support of those claims, which were already addressed in recitals (143) to (148) of the provisional Regulation. Those claims were therefore rejected.
- (69) One unrelated importer claimed that the decrease in prices of imports from the PRC was not due to unfair trade practices but to the decrease in the cost of lithium and the intense competition to win market share in the Union. However, it did not explain how these developments would invalidate any of the findings laid out in the provisional Regulation, notably the finding of dumping. The claim has therefore to be rejected and the reasoning in recitals (151) to (158) of the provisional Regulation is upheld.
- (70) The CCCME and some exporting producers claimed that the Commission has done a wrongly assessed the evolution of the average price of Chinese imports by observing that it was markedly below the average price of Union producers and third countries. Those parties claimed that the average price of Chinese imports discloses nothing about potential undercutting in the absence of a “like-for-like analysis”, namely an analysis on the basis of the product type. They claimed that the Commission should acknowledge that a declining average price of Chinese imports may well just reflect a change in product type mix.

- (71) As indicated in recital (154) of the provisional Regulation, the Commission agrees that a change in product type mix may influence the evolution of the average price of imports from the PRC. However, it remains that the average prices of imports from the PRC have been constantly and significantly below the average prices from any other source of supply despite a context in which the CCCME itself claims that the product concerned improved in quality and expanded to higher price segments. In addition, this declining trend has to be considered in relation with the like-for-like analyses which led to findings of substantial undercutting and dumping.
- (72) With regard to undercutting calculations, one exporting producer with related importers in the Union claimed that the Commission should have used the reported CIF values of its imports instead of using a constructed CIF value. It claimed that the methodology used to determine the CIF value used in the undercutting calculations should be disclosed. It also claimed that by using such methodology, the Commission had artificially brought its prices to Union's border's level which is not the point where it competes with Union producers. It further submitted that such methodology introduced a difference in level of trade which made the price comparison unfair.
- (73) First, the Commission notes that it has duly disclosed to all parties concerned, including the exporting producer in question, the methodology used for the undercutting calculation (the Union industry's unit price was compared with the unit price of each exporting producer per product type and the difference was multiplied by the exporting producer's exported quantity). Second, the same claim concerning the construction of the export price of that exporting producer for the dumping calculation was rejected as set out in recital (59). In fact, for the same reasons, namely the construction of the CIF price does not change the level of trade of the sale, which remains predominantly (typically above 85%) to retailers, the Commission also has to reject the claim for the undercutting calculation. Finally, the Commission cannot use for the undercutting calculation the reported CIF prices because the underlying sales took place between related parties. In addition, the exporting producer in question did not establish how those prices could be reliable despite this relationship.
- (74) The CCCME and four exporting producers claimed that the rejection of their claim for a level of trade adjustment under recital (157) of the provisional regulation did not address the difference of prices arising at the level of the OEM customer. These interested parties submitted that a fair price comparison required an upward adjustment to reflect the mark-up of the OEM customer and brand owner post-importation.
- (75) The Commission considered, as already explained in recital (157) of the provisional Regulation, the claim for an adjustment of the level of trade and concluded that there is no consistent and distinct price difference for OEM and brand owner sales in the Union. Adjusting upwards the Chinese import price by the brand importers mark-up allegedly reflecting a difference in level of trade would undermine the investigation's finding that there is no consistent and distinct price difference for OEM and brand owner sales in the Union. Thus, the claim was rejected.
- (76) However, as outlined in recitals (50) to (54), the Commission took into account certain costs incurred by the importers and brand owners to adjust the Chinese import price of non-branded electric bicycles. The undercutting margins were adjusted accordingly. The revised undercutting margins ranged from 16,2 % to 43,3 % as indicated in Table 2.

Table 2 - Undercutting margins	
Company	Undercutting margin
Bodo Vehicle Group Co., Ltd.	41,4 %
Giant Electric Vehicle (Kunshan) Co.	19,4 %
Jinhua Vision Industry Co., Ltd and Yongkang Hulong Electric Vehicle Co., Ltd.	16,2 %
Suzhou Rununion Motivity Co., Ltd.	43,3 %

(77) In the absence of any other comments with respect to the imports from the PRC and further to the revision of the undercutting calculations set out in recital (76), the Commission confirmed all other conclusions set out in recitals (136) to (157) of the provisional Regulation.

4.4. Economic situation of the Union industry

4.4.1. General remarks

(78) Following the publication of the provisional Regulation, one importer claimed that the Commission should explain how it obtained and estimated the performance indicators since those provided in the provisional Regulation did not align with the figures provided by the sampled Union producers. In particular, it pointed out that none of the sampled Union producers had reported a decline in production and sales.

(79) The Commission refers to recital (162) of the provisional Regulation where it explained that macro-indicators were not only based on information gathered from the sampled Union producers but also from the market information submitted by the Confederation of the European Bicycle Industries ('CONEBI') and import statistics.

(80) As explained in recital (163) of the provisional Regulation, the Commission used for consumption the figure submitted by CONEBI and verified by the Commission. The Union industry's sales volume was obtained by deducing imports from the total consumption figure. The production was estimated on the basis of the relevant ratios of sales and production verified at the sampled Union producers.

(81) As stated in recital (164) of the provisional Regulation, the Commission followed the methodology described in the complaint and which was not commented upon during this investigation.

(82) In the absence of other comments, the Commission confirmed recitals (159) to (166) of the provisional Regulation.

4.4.2. Macroeconomic indicators

4.4.2.1. Production, production capacity and capacity utilisation

(83) Following the exclusion of certain companies from the definition of the Union industry as explained in recitals (63) to (66), the figures for production, production capacity and capacity utilisation in the Union were revised as indicated in Table 3.

Table 3 - Production, production capacity and capacity utilisation				
	2014	2015	2016	IP
Production volume (pieces)	831 142	976 859	1 095 632	1 066 470
Index	100	118	132	128
Production capacity (pieces)	1 110 641	1 366 618	1 661 587	1 490 395
Index	100	123	150	134
Capacity utilisation	75 %	71 %	66 %	72 %
Index	100	95	88	96
Source: CONEBI, sampled Union producers, interested parties' submissions				

- (84) The production volume of the Union industry thus increased by 28 % over the period considered despite a decrease of 3 % between 2016 and the investigation period. The production capacity increased by 34 % between 2014 and the investigation period. Production capacity increased by 50 % between 2014 and 2016 and then declined by 9 % between 2016 and the investigation period. Capacity utilisation declined from 75 % in 2014 to 72 % during the investigation period, with a decrease from 75 % to 66 % between 2014 and 2016 and an increase from 66 % to 72 % between 2016 and the investigation period. The trends described in the provisional Regulation remained therefore the same for production, production capacity and capacity utilisation after the revision of the companies which constituted the Union Industry.
- (85) The CCCME and four exporting producers claimed that the growth in production did not indicate injury. They further submitted that Union producers had increased their capacity from 2014 and 2016. These interested parties claimed that it was only possible because the Union industry did not face competition until 2016 as would have been acknowledged in their complaint. They submit that between 2014 and 2016, the Union industry built large excess capacity until they realised that surplus capacity was affecting their profitability and cut back on capacity to improve profitability when sales remained strong. They noted however that capacity utilisation remained strong and that the decline observed in 2015-16 corresponded to a significant increase in capacity.
- (86) The Commission noted that the complaint never stated that the Union Industry did not face competition between 2014 and 2016. As stated in recital (169) of the provisional Regulation, the increase in production was driven by the increase in consumption. However, after 2015, production and consumption diverged markedly and increasingly, translating the pressure on sales and a continued loss of market share. Likewise, capacity increased at the same pace as consumption until 2016 and the deterioration of the capacity utilisation was therefore linked to the same pattern. In

addition, as explained in recital (172) of the provisional Regulation, the indicators for capacity and capacity utilisation are of limited relevance with regards profitability.

- (87) In the absence of any other comments with respect to production, production capacity and capacity utilisation and taking into account the correction made in recital (83), the Commission confirmed the conclusions set out in recitals (167) to (172) of the provisional Regulation.

4.4.2.2. Sales volume and market share

- (88) Following the exclusion of certain companies from the definition of the Union industry as outlined in recitals (63) to (66), the figures for sales volume and market share of the Union industry were revised.

Table 4 - Sales volume and market share				
	2014	2015	2016	IP
Total Sales volume on the Union market (pieces)	850 971	932 846	1 061 975	1 019 001
Index	100	110	125	120
Market share	75%	68%	64%	51%
Index	100	92	85	69
Source: CONEBI, sampled Union producers, interested parties' submissions				

- (89) The Union industry's sales volume thus increased by 20 % during the period considered. The Union industry's sales volume increased by 25 % between 2014 and 2016 and then declined by 4 % between 2016 and the investigation period. The market share of the Union industry decreased significantly, going from 75 % in 2014 to 51 % during the investigation period. The trends described in the provisional Regulation remained the same for sales volume and market share after the revision of the companies which constituted the Union Industry.

- (90) In the absence of any other comments with respect to sales volume and market share and further to the correction made in recital (88), the Commission confirms all other conclusions set out in recitals (173) to (176) of the provisional Regulation.

4.4.2.3. Growth

- (91) In the absence of comments, the Commission confirmed its conclusions set out in recital (177) of the provisional Regulation.

4.4.2.4. Employment and productivity

- (92) Following the exclusion of certain companies from the definition of the Union industry as outlined in recitals (63) to (66), the figures for employment and productivity of the Union industry were revised.

Table 5 - Employment and productivity				
	2014	2015	2016	IP
Number of employees	2 488	2 958	3 458	3 493
Index	100	119	139	140
Productivity (pieces/employee)	334	330	317	305
Index	100	99	95	91
Source: CONEBI, sampled Union producers, interested parties' submissions				

(93) The Union industry thus increased the level of employment by 40 % over the period considered. Most of this increase occurred between 2014 and 2016. Employment increased by 1 % between 2016 and the investigation period. Productivity declined by 9 % as a result of employment increasing at a higher pace than production. The trends described in the provisional Regulation remain the same for employment and productivity after the revision.

(94) In the absence of any other comments with respect to sales volume and market share and further to the correction made in recital (92), the Commission confirmed all other conclusions set out in recitals (178) to (180) of the provisional Regulation.

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

(95) In the absence of any other comments with respect to the magnitude of the dumping and the recovery from past dumping, the Commission confirmed its conclusions set out in recital (181) and (182) of the provisional Regulation.

4.4.3. Microeconomic indicators

4.4.3.1. Prices and factors affecting prices

(96) Following the imposition of provisional measures, the CEIEB, the CCCME and four other exporting producers submitted that the increase of 15 % in the average prices of the Union industry contradicted the Commission's findings that Chinese imports caused price suppression or depression to the Union industry's ability to increase its prices.

(97) First, the Commission observes that the reference year to measure this increase was 2014, when the Union industry recorded a very low level of profitability and its lowest profit margin over the period considered. Second, in this context, the increase in the average prices reflected the evolution of the average costs of production and did not go beyond it. Third, as stated in recital (185) of the provisional Regulation, such evolution does not necessarily mean that the cost and price of a comparable product increased in the same way as the average cost and price since the product range changes every season. Considering these elements and the findings concerning undercutting, the Commission therefore disagrees with the claim that the increase in the average price of the products sold by the Union industry invalidates the existence of price suppression or depression.

4.4.3.2. Labour costs

- (98) Following the imposition of provisional measures, no comments with respect to labour costs of the sampled Union producers were submitted. Therefore, the Commission confirmed its conclusions set out in recital (186) and (187) of the provisional Regulation.

4.4.3.3. Inventories

- (99) Following the imposition of provisional measures, the CEIEB claimed that the Commission could not, at the same time, define the end of the selling season in mid-July when assessing the conditions for registration and at the end of September when assessing the significance of inventories in its injury analysis. It further submitted that the increase in inventory between 2016 and the investigation period was insignificant.
- (100) The Commission considered that the selling season lasted from March to September. In the registration Regulation, the Commission considered that it was reasonable to assume that a further substantial rise in imports was likely to undermine the remedial effect of the duty given that the deadline for imposing provisional measures was 20 July. Indeed, in this context, it meant that an increase in stocks levels would allow importers to supply the product concerned until the end of the selling season. In the provisional Regulation, based on the same seasonal patterns, the Commission observed that the fact that stocks stood in September of the investigation period at a higher level than in December a year before reflected a continued and significant increase in stocks since stocks levels should normally be low at the end of the selling season. The Commission assessed that there was no contradiction between those two analyses and confirmed the findings outlined in recitals (188) to (191) of the provisional Regulation.

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

- (101) Following the imposition of provisional measures, the CEIEB submitted that the profit margin of the Union industry declined by only 0,4 % between 2016 and the IP when the pace of growth of Chinese imports accelerated which would show that there was no injury. In the same vein, the CCCME and four exporting producers claimed that the level of the profit margin of the Union industry during the IP and its evolution over the period considered did not characterize a situation of material injury.
- (102) Whilst the investigation established the existence of a significant volume of imports at dumped and undercutting prices, it also established the strength in demand in the electric bicycle market which somewhat limited the negative effects on the profit margin of the Union Industry. This observation includes the period between 2016 and the IP, pointed out by the CEIEB, where the sharp increase in imports from the PRC coincided with a relatively small decline in sales of the Union industry due to the continued strength in consumption. Nevertheless, the Commission observed that the profit margin of the Union industry declined in all years but one and was overall at depressed levels. Furthermore, the conclusion of material injury is not based on a single indicator. Other indicators, of which some of financial nature such as cash flow, were analysed together with the evolution of the profit margin to conclude to a situation of material injury. The claim had therefore to be rejected.
- (103) The CCCME further submitted that that the most likely explanation of the decline in profit margin between 2015 and the investigation period was not due to the pressure from Chinese imports but the Union industry's investments to increase its production

capacity. The CCCME claimed that that argument had not been considered by the Commission.

- (104) That comment was analysed in section 5.2.3 of the provisional Regulation, notably under recital (221) where the Commission explained that capital expenditure did not have a material impact on the profitability of the Union Industry. In the absence of additional information, the claim was therefore rejected.
- (105) In the absence of any other comments on profitability, cash flow, investment, return on investments and ability to raise capital, the conclusion set out in recitals (192) to (199) of the provisional Regulation were confirmed.

4.4.4. Conclusion on injury

- (106) Following the imposition of provisional measures, the CCCME and four exporting producers submitted that competition factors had not been addressed in the injury analysis. It claimed that the complaint admitted that imports from the PRC had not been a market issue until 2016, as long as they focused on the low and mid-level segments of the Union market and that the injury analysis should have focused on these specific segments. One importer further claimed that injury, if proven, would essentially affect or focus on the low-end segment of electric bicycles and, based on its own experience, did not exist in the high-end segments of the market.
- (107) Notwithstanding the fact that the CCCME's claims were made on an inaccurate reading of the complaint, the Commission recalls that its conclusions were not based on the complaint but on its own investigation and findings concerning dumping, injury and causality. As established in recital (249) of the provisional Regulation, the investigation has shown that the Union industry is active in all market segments. Such differentiation of the product concerned was therefore not warranted and the claim had to be rejected.
- (108) The CEIEB disagreed with the Commission's conclusion on injury. It claimed that the Union industry had performed extremely well with the exception of retention of market share. The CEIEB further argued that indicators of capacity, utilisation, sales volumes and employment had developed positively throughout the period considered and that the Commission's negative findings were based on inconsistent and shorter periods of analysis. In particular, the CEIEB claimed that for sales the period analysed was 2016-IP, while for capacity utilisation the period was 2014-2016.
- (109) The CCCME and four exporting producers submitted that the statement made in recital (205) of the provisional Regulation that all of the indicators cited there 'developed negatively' was false and misleading. Those interested parties claimed that the indicator of 'growth' in terms of both production and sales, and the sales in terms of both value and volume, was substantially positive over the period considered. Further, it was claimed that the Union industry 'capacity' increased substantially and that both profitability and prices had also increased during the period considered. The CCCME added that contrary to had been stated in recitals (204) and (205) of the provisional Regulation, performance indicators and notably profitability were not depressed during the period considered. Finally, the CCCME claimed that since the complainant itself had admitted that the imports from the PRC did not start to grow and become competitive until 2016, a low profit margin in 2014 could only have been the commercial fault of the Union producers themselves.
- (110) The Commission recalls that the purpose of its injury analysis is to assess the level of injury suffered by the Union industry. It involves an assessment of the relevance of

each performance indicator, their relationships and evolution in and within the period considered. A mere comparison of the end points of each indicator taken separately cannot reflect the economic trends at work in the Union industry. In that regard, the finding concerning the indicator of growth was explained in recitals (177) and (200) of the provisional Regulation and relied on the substantial and growing divergence between the evolution of consumption and the evolution of the sales of the Union industry which translated into a very significant loss of market share. As explained in recitals (201) to (203), the impact of this divergence spread over time on production, stocks, capacity, capacity utilisation, and employment level. In addition, as explained in recital (204), the profit margin remained at an admittedly low level and on a declining trend in all years but one. Furthermore, considering that the electric bicycles business is cash intensive and relies on bank financing, the analysis of the financial position must take into account the translation of profits into operating cash flows which was insufficient and well below profit margins. Overall, the Commission therefore confirmed that the trends referred to earlier in this recital characterized a depressed and negative situation and confirmed its conclusion that the Union industry suffered material injury.

- (111) Finally, the Commission disagreed with the CCCME's claim that the low profit margin of the Union Industry in 2014 could only be its commercial fault since the complainant had admitted that imports from the PRC did not start to grow and become competitive until 2016. The Commission assessed that that claim was based on an inaccurate reading of the complaint and, in any case, that it was contradicted by the investigation's findings which showed that imports from the PRC had a significant market share of 18 % in 2014 and had already doubled in volume by 2016. The claims of the CCCME had therefore to be rejected.
- (112) The CEIEB as well as two importers claimed that the findings of material injury centrally relied on the Commission's assessment that the Union industry had lost market share to imports without considering that such loss was attributable to structural flaws such as the failure to recognise potential opportunities at the right time, make earlier investments in production capacity, unappealing products and inadequate sales channels.
- (113) First the Commission observed that those statements seemed to contradict the claims of the CCCME and Chinese exporting producers who stated that the market of electric bicycles in the Union was dominated by the Union industry, that imports of Chinese electric bicycles had just gradually caught up in quality and competitiveness and eventually that the most likely cause of injury was an excessive investment in production capacity of the Union's industry.
- (114) The Commission's further noted that the CEIEB claimed both that the Union industry did extremely well during the period considered (as stated in recital (108)) and that its business model and management was affected by structural flaws and other shortcomings stated in recital (113) of such a scale that it would explain why the sales of the Union industry grew by only 20 % over the period considered when imports from the PRC increased by 250 %.
- (115) In that context, the Commission assessed that in order to be considered, such claim should have been precisely specified and quantified. In any event, the Commission recalled that whilst the loss of market share was an important element of its injury analysis, the latter was not limited to it. In this regard, the Commission refers to the analysis of other injury indicators and its finding of undercutting, all of which play

into its assessment of the overall injury analysis. The Commission therefore rejected that claim.

- (116) Further to the imposition of provisional measures, the CCCME and four exporting producers claimed that the evolution of the non-confidential indexed indicators of the sampled Union's producers substantially undermined the Commission's conclusion that the Union industry has suffered material injury within the meaning of Article 3(5) of the basic Regulation.
- (117) As is the standard practice of the Commission and was set out in recital (166) of the provisional Regulation, the Commission considered the microeconomic injury indicators using the verified data of the sampled Union producers. Those indicators contributed to the finding of material injury but cannot be read as, in themselves, making up a complete material injury finding (or, for that matter, replace the overall injury determination carried out by the Commission). As for macroeconomic injury indicators, they were established for the whole Union industry. The argument was therefore rejected.
- (118) In the absence of any further comments, the Commission confirmed its conclusions set out in recitals (200) to (206) of the provisional Regulation.

5. CAUSATION

5.1. Effects of the dumped imports

- (119) In the absence of comments and taking into account the revision of the market share of the Union industry under recitals (88) to (89) and of the undercutting margins under recitals (76), the Commission confirmed its conclusions set out in recitals (209) of the provisional Regulation.

5.2. Effects of other factors

5.2.1. Imports from third countries

- (120) One unrelated importer claimed that while the absolute level of imports from the PRC during the period considered was well above the volume of imports from other countries, the relative increase of imports from each country should also be considered. In particular, that interested party pointed out that imports from Switzerland had increased by 3 000 % during the period considered. The importer claimed that imports from countries other than the PRC had an impact in the market that cannot be merely considered as marginal as stated in recital (215) of the provisional Regulation.
- (121) The Commission observed that imports from Switzerland had a market share of 1 % during the investigation period. In addition, the importer did not explain how its observations could invalidate the Commission's finding that 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 as reasoned in recitals (210) to (214) of the provisional Regulation. The claim was therefore rejected.

5.2.2. Performance by the Union industry

- (122) Following the imposition of provisional measures, the CCCME and four exporting producers submitted that many Union producers in Central Europe imported parts from the PRC, assembled and sold electric bicycles in the Union. It added that the price of electric bicycles produced by those companies appear to be relatively low,

which might be another cause of the injury suffered by the Union producers who produce high-end electric bicycles.

- (123) The Commission recalls that the geographic scope of its investigation is the Union's market, not parts thereof. The investigation showed that Union producers of electric bicycles were active in all segments and that some sampled producers had production units located in Member States situated in Central European countries. In any event, the claim was not substantiated and was rejected.
- (124) Furthermore, the CCCME and four exporting producers submitted that the poor performance of the Union industry might have been caused by the management mistakes by the Union producers.
- (125) The Commission refers to its reply under recital (113). That claim did not provide any new element or was further substantiated and was therefore rejected.

5.2.3. Incentives for sales of electrical bicycles on the Union market

- (126) The CCCME and four exporting producers claimed that subsidies on the Union market might have favoured the sales of cheaper Chinese electric bicycles and called on the Commission to further investigate the impact of subsidies on the purchase patterns of electric bicycles on the Union market.
- (127) The impact of subsidies to promote the use of electric bicycles is a distinct matter from the finding of undercutting and injury from Chinese imports. Again, the investigation has shown that the Union industry is active in all market segments. Therefore, even if the alleged subsidies were relevant to this assessment, they would not explain the increase of Chinese bicycles to the detriment of the cheaper bicycles produced in the Union but for the fact the Chinese bicycles are dumped. That claim was therefore rejected.
- (128) In the absence of any further comments, the Commission confirmed its conclusions set out in recitals (210) to (222) of the provisional Regulation.

5.3. Conclusion on causation

- (129) The Commission confirmed its conclusions on causation set out in recitals (223) to (226) of the provisional Regulation.

6. UNION INTEREST

6.1. Interest of Suppliers

- (130) In recital (228) of the provisional Regulation, the Commission mistakenly indicated that it had received a letter of support from CONEBI in favour of the measures, when the submission was made on behalf of the Association of the European Two-Wheeler Parts' and Accessories' Industry ('COLIPED') which brings together national associations of parts suppliers.
- (131) In the absence of any other comment, the Commission confirmed its conclusions set out in recitals (228) to (230) of the provisional Regulation.

6.2. Interest of the Union industry

- (132) In the absence of comments, the Commission confirmed its conclusions set out in recitals (231) to (234) of the provisional Regulation.

6.3. Interest of unrelated importers

- (133) Throughout the investigation, 31 importers, of which 19 belonged to the CEIEB, expressed their opposition to the imposition of measures. 13 of these companies (for which the volume of imports was known) represented altogether 10 % of the total imports from the PRC in the investigation period.
- (134) As explained in recital (64), six companies manufacturing the like product were excluded from the definition of the Union industry and reclassified as unrelated importers. Those companies expressed their support for the measures. Their imports represented close to 12 % of the total imports from the PRC during the investigation period.
- (135) After the imposition of provisional measures, the CEIEB submitted that the opening of the investigation had caused extensive and diverse injury to a large number of importers.
- (136) Upon the publication of the registration Regulation, the CEIEB conducted a declarative survey with sixty-five importers. The survey found that 21 % would not continue operations if definitive duties were imposed, 33 % had already stopped imports of electric bikes from the PRC but had still not found an alternative solution, 39 % had to increase the price of their products as a result of the investigation and 37,5 % had been affected financially by the initiation of the dumping investigation.
- (137) The Commission observed that this survey took place in May 2018. At the time, the information available in the complaint and in the registration Regulation indicated a potential duty of 189 %.
- (138) Yet, the Commission noted that a majority of the importers surveyed indicated that they would continue their activity in case definitive duties were imposed. Likewise, a majority had found an alternative source of supply or continued to import from the PRC.
- (139) In recital (238) of the provisional Regulation, the Commission had indicated 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. That finding was corroborated by the survey of the CEIEB and further confirmed by subsequent hearings with the CEIEB and other importers.
- (140) Furthermore, the Commission observed that six importers representing a large volume of imports supported the imposition of measures, which confirmed the capacity of importers to adapt their activity to the imposition of measures.
- (141) On balance, the Commission therefore concluded that the imposition of measures could have an adverse effect on small importers, but that the negative impact of the imposition of duties would be mitigated by the availability to source suitable bicycles in the Union industry, in other third countries and in the PRC at fair prices.
- (142) In the absence of any further comments, the Commission confirmed its conclusions set out in recitals (243) of the provisional Regulation.

6.4. Interest of users

- (143) The CCCME, four exporting producers and two importers claimed the imposition of measures would reduce consumer choice, increase prices and play against environmental policies designed to encourage the use of electric bicycles.

- (144) The CCCME questioned the Commission's provisional conclusion that the Union industry is active in all segments of the market and claimed it was not supported by any evidence from the Commission.
- (145) Two importers claimed that the Union industry did not have the production capacity to fill the demand and that it was unsure whether alternative sources of supply could fill the gap.
- (146) The Commission recalled that the verification of sampled producers confirmed that the Union industry was active in all segments of the market, including entry-level products.
- (147) In addition, as stated in recital (249) of the provisional Regulation, it is expected that the measures will amplify and diversify the supply of electric bicycles from the Union Industry and alternative sources of supply by restoring competition on a level playing field while preserving the supply of imports from the PRC at fair prices.
- (148) Furthermore, the level of capacity utilisation of the Union industry, the possibility to easily convert existing production lines for traditional bicycles to electric bicycles, and the speed at which the Union industry was able to expand its production capacity between 2014 and 2016 in an adverse context show that it has the potential, resources and skills to adjust to potential gaps in supply.
- (149) The Commission reiterates that the imposition of measures on conventional bicycles did not reduce consumer choice, but increased the diversity of suppliers and of their countries of origins. The same market development is expected in the case of electric bicycles.
- (150) With regards to the impact of the measures on prices, the Commission refers to recitals (250) and (251) of the provisional Regulation and in particular that the interest of the consumer could not be reduced to the price impact of bringing imports from the PRC to non-injurious levels.
- (151) The claims had therefore to be rejected.
- (152) In the absence of any further comments, the Commission confirmed its conclusions set out in recitals (244) to (252) of the provisional Regulation.

6.5. Other interests

- (153) In the absence of any further comments, the Commission confirmed its conclusions set out in recital (253) of the provisional Regulation.

6.6. Conclusion on Union interest

- (154) In summary, none of the arguments put forward by interested parties demonstrate that there are compelling reasons against the imposition of measures on imports of the product concerned from the PRC.
- (155) Any negative effects on the unrelated importers cannot be considered disproportionate and are mitigated by the availability of alternative sources of supply, whether from third countries or from the Union industry. The positive effects of the anti-dumping measures on the Union market, in particular on the Union industry, outweigh the potential negative effect on the other interest groups.
- (156) In the absence of any further comments, the Commission confirms its conclusions set out in recitals (254) to (255) of the provisional Regulation.

7. DEFINITIVE ANTI-DUMPING MEASURES

(157) In view of the conclusions reached with regard to dumping, injury, causation and Union interest, definitive anti-dumping measures should be imposed in order to prevent further injury being caused to the Union industry by the dumped imports of the product concerned.

7.1. Injury elimination level

(158) For the purpose of determining the level of these measures, account was taken of the dumping margins found and the amount of duty necessary to eliminate the injury sustained by the Union producers, without exceeding the dumping margins found.

(159) As explained in recital (76), the Commission took into account certain costs incurred by the brand owners and decided to adjust the undercutting margin and the injury elimination level for such costs.

(160) Following the imposition of provisional measures, an exporting producer submitted that the Commission's methodology to calculate the non-injurious price of the Union producers was flawed. It claimed that by deducing the average profit during the IP and adding the target profit, the Commission disregarded the different profit levels achieved by the Union producers for different models. This interested party claimed that the non-injurious price should be calculated by deducting from the actual prices the average profit per PCN before adding the target profit.

(161) The Commission recalls that the basic Regulation does not provide any specific methodology to calculate the injury elimination level. Furthermore, the Commission's determination concerns the like product sold by the Union industry. In this respect, it is perfectly acceptable to remove the average profit of the Union industry from its average sales prices to determine the average cost of production of the like product and then add the target profit to calculate the injury elimination level. The Commission has consistently used this methodology in the past and holds significant discretion when carrying out this assessment.

(162) In this investigation, the injury is assessed for all product types as a whole. Indeed, all injury indicators including the profitability and the target profit are expressed as an average for all product types of the product concerned. When establishing the non-injurious price, this is done with a view to remove the injury from the Union industry caused by the dumped imports as a whole. In order to remove that injury, it is sufficient if the non-injurious price is established by uniformly increasing the sales price of all product types by the difference between the actual profit during the investigation period and the target profit, thereby allowing the Union industry to achieve the target profit. It is not necessary to individually assess the profitability situation for each individual product type.

(163) The argument was therefore rejected.

(164) The complainant disagreed with the target profit used by the Commission for calculating the non-injurious price. It submitted that the target profit should not be the average profit from the Union industry but the average profit from the companies not injured by Chinese imports in 2015. The complainant argued since the target profit is the reasonable profit that the Union producers could achieve in the absence of injury caused by dumped/subsidised imports, the Commission could not by definition take as reference point the profitability of Union producers already materially injured by dumped/subsidised imports. As an alternative, the complainant submitted that the target profit could be determined by reference with the target profit of traditional

bicycles (8 %) adjusted upwards by 1,5 % to reflect additional technology, higher added value and additional investment requirements.

- (165) The Commission recalls that the target profit is the profit that the Union industry as a whole can achieve in the absence of injurious dumping. As a consequence, it cannot be established on the basis of the profit achieved by a selected number of Union producers. The argument had therefore to be rejected. As far as the alternative claim (target profit used in the investigation concerning traditional bicycles adjusted upwards), the Commission recalls that each investigation is carried out on the basis of the specific facts of the case concerning the product concerned and not on facts established in investigations concerning other products. In this particular case, the Commission confirmed that the target profit used was appropriate and that there was no reason for it to resort to a target profit of another product. Thus, the claim had to be rejected.
- (166) Taking into account the adjustment made under recital (159) and in the absence of other comments concerning the injury elimination level, the methodology described in recitals (257) to (262) to the provisional Regulation was confirmed.

7.2. Definitive measures for the PRC

- (167) In view of the conclusions reached with regard to dumping, injury, causation and Union interest, and in accordance with Article 9(4) of the basic Regulation, definitive anti-dumping measures should be imposed on the imports of the product concerned at the level of the lower of the dumping and the injury margins found, in accordance with the lesser duty rule. In this case, except for one exporting producer, the duty rate should accordingly be set at the level of the injury margins found.
- (168) It is noted that an anti-subsidy investigation was carried out in parallel with the anti-dumping investigation. In view of the use of the lesser duty rule and the fact that the definitive subsidy rates are lower than the injury elimination level, it is appropriate to impose a definitive countervailing duty at the level of the established definitive subsidy rates and then impose a definitive anti-dumping duty up to the relevant injury elimination level. In case of Yadea Technology Group Co., Ltd ('Yadea'), a company-specific injury margin was established in the parallel anti-subsidy investigation on the basis of the information provided by Yadea. The Commission therefore considered it appropriate to use Yadea's company-specific injury margin as opposed to the injury margin for cooperating companies in the anti-dumping investigation when considering the combined effect of anti-dumping and countervailing duties.
- (169) Also, in the case of the exporting producer with a dumping margin lower than the injury elimination level, namely Yadea, the definitive countervailing duty was established at the level of the established definitive subsidy rate and a definitive anti-dumping duty was imposed at the level of the relevant dumping margin reduced by the amount of the countervailing duty. That reduction was necessary because in a situation where the normal value is established on the basis of Article 2(7)(a) of the basic Regulation, the imposition of a cumulated duty reflecting the level of subsidisation and the full level of dumping may result in offsetting the effects of subsidisation twice ("double-counting"). In accordance with Article 18 of the basic Regulation, the non-cooperating companies in the anti-dumping investigation (although cooperating in the parallel anti-subsidy investigation), are subject to the residual dumping margin and injury margin.

(170) Therefore, the rates at which the definitive anti-dumping duty will be imposed are set as in Table 6 as follows:

Table 6 - Definitive measures					
Company	Dumping margin	Subsidy rate	Injury elimination level	Countervailing duty	Anti-dumping duty
Bodo Vehicle Group Co., Ltd.	86,3 %	13,3 %	73,4 %	13,3 %	60,1%
Giant Electric Vehicle (Kunshan) Co., Ltd;	34,0 %	3,8 %	24,8 %	3,8 %	21,0%
Jinhua Vision Industry Co., Ltd and Yongkang Hulong Electric Vehicle Co., Ltd.	39,6 %	7,9 %	18,8 %	7,9 %	10,9%
Suzhou Rununion Motivity Co., Ltd.	100,3 %	16,1 %	79,3 %	16,1 %	63,2%
Yadea Technology Group Co., Ltd	48,6 %	9,7 %	62,9 %	9,7 %	38,9%
Other co-operating companies in the anti-dumping investigation which also co-operate but were not sampled in the parallel anti-subsidy investigation (Annex I)	48,6 %	8,8 %	33,5 %	8,8 %	24,7%
Other co-operating companies in the anti-dumping investigation, but not cooperating in the parallel anti-subsidy investigation (Annex II)	48,6 %	16,1 %	33,5 %	16,1 %	17,4%
Non-cooperating companies in the anti-dumping investigation, but cooperating in the parallel anti-subsidy investigation (Annex III)	100,3 %	8,8 %	79,3 %	8,8 %	70,5 %
All other companies	100,3 %	16,1 %	79,3 %	16,1 %	63,2%

7.3. Retroactivity

(171) As specified in recital (5), on 3 May 2018 the Commission made imports of the product concerned originating in the PRC subject to registration on the basis of a request by the Union industry. That request has since been withdrawn and therefore the matter has not been further examined.

7.4. Definitive collection of the provisional duties

- (172) In view of the dumping margins found and given the level of the injury caused to the Union industry, the amounts secured by way of the provisional anti-dumping duty, imposed by the provisional Regulation, should be definitively collected.
- (173) The definitive duty rates are lower than the provisional duty rates. Thus, the amounts secured in excess of the definitive anti-dumping duty rate should be released.

8. DISCLOSURE

- (174) Interested parties are informed of the essential facts and considerations on the basis of which it is intended to recommend the imposition of a definitive anti-dumping duty on imports of electric bicycles originating in the PRC.

ANNEX I

Company Name	Province
Acetrikes Bicycles (Taicang) Co., Ltd.	Jiangsu
Active Cycles Co., Ltd.	Jiangsu
Aigeni Technology Co., Ltd.	Jiangsu
Alco Electronics (Dongguan) Limited	Guangdong
Changzhou Airwheel Technology Co., Ltd.	Jiangsu
Changzhou Bisek Cycle Co., Ltd.	Jiangsu
Changzhou Rich Vehicle Technology Co., Ltd.	Jiangsu
Changzhou Sobowo Vehicle Co., Ltd.	Jiangsu
Changzhou Steamoon Intelligent Technology Co., Ltd.	Jiangsu
Cycleman E-Vehicle Ltd., Co.	Jiangsu
Dongguan Benling Vehicle Technology Co., Ltd.	Guangdong
Dongguan Honglin Industrial Co., Ltd and Melton Industrial (Dong Guan) Co., Ltd	Guangdong
Foshan Lano Bike Co., Ltd.	Guangdong
Foshan Zenith Sports Co., Ltd.	Guangdong
Guangzhou Symbol Bicycle Co., Ltd.	Guangdong
Hangzhou Fanzhou Technology Co., Ltd.	Zhejiang
Jiangsu Imi Electric Vehicle Technology Co., Ltd.	Jiangsu
Jiangsu Lvneng Electrical Bicycle Technology Co., Ltd.	Jiangsu
Jiangsu Stareyes Bicycle Industrial Co., Ltd.	Jiangsu
Jiaxing Onway Ev Tech Co., Ltd.	Zhejiang
Jinhua Enjoycare Motive Technology Co., Ltd.	Zhejiang
Jinhua Feirui Vehicle Co., Ltd.	Zhejiang
Jinhua Jobo Technology Co., Ltd.	Zhejiang

Jinhua Suntide Vehicle Co., Ltd.	Zhejiang
Jinhua Zodin E-Vehicle Co., Ltd.	Zhejiang
Kenstone Metal (Kunshan) Co., Ltd.	Jiangsu
Komda Industrial (Dongguan) Co., Ltd.	Guangdong
Kunshan Sevenone Cycle Co., Ltd.	Jiangsu
Nantong Tianyuan Automatic Vehicle Co., Ltd.	Jiangsu
Ningbo Bestar Co., Ltd.	Zhejiang
Ningbo Lvkang Vehicle Co., Ltd.	Zhejiang
Ningbo Nanyang Vehicle Co., Ltd.	Zhejiang
Ningbo Oner Bike Co., Ltd.	Zhejiang
Ningbo Roadsan New Energy Technology Co., Ltd.	Zhejiang
Ningbo Zixin Bicycle Industry Co., Ltd.	Zhejiang
Pronordic E-Bikes Limited Company	Jiangsu
Shenzhen Shenling Car Co., Ltd.	Guangdong
Sino Lithium (Suzhou) Electric Technology Co., Ltd.	Jiangsu
Skyland Sport Tech Co., Ltd.	Tianjin
Suzhou Guoxin Group Fengyuan Imp & Exp. Co., Ltd.	Jiangsu
Tianjin Luodeshengda Bicycle Co., Ltd.	Tianjin
Tianjin Upland Bicycle Co., Ltd.	Tianjin
Easy Electricity Technology Co., Ltd.	Tianjin
Ubchoice Co., Ltd.	Guangdong
Wettsen Corporation	Shandong
Wuxi Shengda Bicycle Co., Ltd. and Wuxi Shengda Vehicle Technology Co.,Ltd	Jiangsu
Wuxi United Mobility Technology Inc	Tianjin
Xiangjin (Tianjin) Cycle Co., Ltd.	Tianjin
Yong Qi (China) Bicycle Industrial Corp	Jiangsu

Yongkang Juxiang Vehicle Co, Ltd.	Zhejiang
Yongkang Lohas Vehicle Co., Ltd.	Zhejiang
Yongkang Mars Vehicle Co., Ltd.	Zhejiang
Zhejiang Apollo Motorcycle Manufacturer Co., Ltd.	Zhejiang
Zhejiang Baoguilai Vehicle Co., Ltd.	Zhejiang
Zhejiang Goccia Electric Technology Co., Ltd.	Zhejiang
Zhejiang Jsl Vehicle Co., Ltd.	Zhejiang
Zhejiang Kaiyi New Material Technology Co., Ltd.	Zhejiang
Zhejiang Lianmei Industrial Co., Ltd.	Zhejiang
Zhejiang Tuer Vehicle Industry Co., Ltd.	Zhejiang
Zhejiang Xingyue Vehicle Co., Ltd., Zhejiang Xingyue Overfly Electric Vehicle Co., Ltd. and Zhejiang Xingyue Electric Vehicle Co., Ltd.	Zhejiang
Zhongxin Power (Tianjin) Bicycle Co., Ltd.	Tianjin

ANNEX II

Company Name	Province
Aima Technology Group Co., Ltd.	Tianjin
Beijing Tsinova Technology Co., Ltd.	Beijing
Changzhou Hj Pedal Co., Ltd.	Jiangsu
Changzhou Ristar Cycle Co., Ltd	Jiangsu
Cutting Edge Power Vehicle Int'l TJ Co., Ltd.	Tianjin
Eco International Elebike Co., Ltd.	Jiangsu
Everest International Industries Ltd.	Jiangsu
Geoby Advance Technology Co., Ltd.	Jiangsu
Guangdong Commercial Trading Imp. & Exp. Corp., Ltd.	Guangdong
Guangdong Shunde Junhao Technology Development Co., Ltd.	Guangdong
Hangzhou Morakot E-Bike Manufacture Co., Ltd.	Zhejiang
Hangzhou TOP Mechanical And Electrical Technology, Co. Ltd.	Zhejiang
Hua Chin Bicycle & Fitness (H.Z.) Co., Ltd.	Guangdong
Jinhua Yifei Electric Science And Technology Co., Ltd.	Zhejiang
Nanjing Jincheng Machinery Co., Ltd.	Jiangsu
Ningbo Pugonying Vehicle Technology Co., Ltd.	Zhejiang
Ningbo Shenchima Vehicle Industry Co., Ltd.	Zhejiang
Shandong Eco Friendly Technology Co., Ltd.	Shandong
Shanghai Promising Int'l Trade & Logistics Co., Ltd.	Shanghai
Shenzhen SanDin Cycle Co., Ltd.	Guangdong
Suzhou Dynavolt Intelligent Vehicle Technology Co., Ltd.	Jiangsu
Suzhou Joydeer E-Bicycle Co., Ltd	Jiangsu
Taioku Manufacturing (Jiangsu) Co., Ltd.	Jiangsu

Universal Cycle Corporation (Guang Zhou)	Guangdong
Wuxi Bashan E-Vehicle Co., Ltd.	Jiangsu
Wuxi Merry Ebike Co., Ltd.	Jiangsu
Wuxi METUO Vehicle Co., Ltd.	Jiangsu
Wuyi Simino Industry & Trade Co., Ltd.	Zhejiang
Wuyi Yuema Leisure Articles Co., Ltd.	Zhejiang
Yongkang Aijiu Industry & Trade Co., Ltd.	Zhejiang
Zhejiang Enze Vehicle Co., Ltd.	Zhejiang
Zhejiang Luyuan Electric Vehicle Co., Ltd.	Zhejiang
Zhongshan Qiangli Electronics Factory	Guangdong

ANNEX III

Company Name	Province
Changzhou Fujiang Vehicle Co. Ltd	Jiangsu
Jinhua Lvbao Vehicles Co. Ltd	Zhejiang
Suzhou Leisger Vehicle Co. Ltd	Jiangsu
Zhejiang Hangpai Electric Vehicle Co. Ltd	Zhejiang