II

(Non-legislative acts)

REGULATIONS

COMMISSION IMPLEMENTING REGULATION (EU) 2016/1328

of 29 July 2016

imposing a definitive anti-dumping duty and collecting definitively the provisional duty imposed
on imports of certain cold rolled flat steel products originating in the People's Republic of China
and the Russian Federation

THE EUROPEAN COMMISSION,

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

Having regard to Regulation (EU) 2016/1036 of the European Parliament and of the Council of 8 June 2016 on
protection against dumped imports from countries not members of the European Union (1) (the basic Regulation), and
in particular Article 9(4) thereof,

Whereas:

1. PROCEDURE

1.1. Provisional Measures

(1) On 12 February 2016 the European Commission (the Commission) imposed a provisional anti-dumping duty
on imports into the Union of certain flat-rolled products of iron or non-alloy steel, or other alloy steel but
excluding of stainless steel, of all widths, cold-rolled (cold-reduced), not clad, plated or coated and not further
worked than cold-rolled (cold-reduced) (cold-rolled flat steel products') originating in the People's Republic of
China (PRC) and the Russian Federation (Russia) (together, referred to as 'the countries concerned') by
Commission Implementing Regulation (EU) 2016/181 (2) (the provisional Regulation).

(2) The investigation was initiated on 14 May 2015 (3) following a complaint lodged on 1 April 2015 by the
European Steel Association (Eurofer' or the complainant') on behalf of producers representing more than 25 %
of the total Union production of certain cold-rolled flat steel products.

(3) As stated in recital 19 of the provisional Regulation the investigation of dumping and injury covered the period
from 1 April 2014 to 31 March 2015 (the investigation period' or 'IP'). The examination of trends relevant for
the assessment of injury covered the period from 1 January 2011 to the end of the investigation period (the
period considered').

1.2. Registration

(4) The Commission made imports of the product concerned originating in and consigned from the PRC and Russia
subject to registration by Commission Implementing Regulation (EU) 2015/2325 (4). The registration of imports
ceased with the imposition of provisional measures on 12 February 2016.

(2) Commission Implementing Regulation (EU) 2016/181 of 10 February 2016 imposing a provisional anti-dumping duty on imports of
(3) OJ C 161, 14.5.2015, p. 9.
The issue of registration and possible retroactive application of the anti-dumping duty in question and the comments received in relation to that are detailed in Commission Implementing Regulation (EU) 2016/1329 (1).

This regulation only addresses the comments received pursuant to the provisional findings of dumping, injury, causation and Union interest and the Commission’s definitive position on these matters.

### 1.3. Subsequent procedure

Subsequent to the disclosure of the essential facts and considerations on the basis of which a provisional anti-dumping duty was imposed (the provisional disclosure), several interested parties made written submissions making known their views on the provisional findings. The parties who so requested were granted an opportunity to be heard.

A related steel service centre and trader requested the intervention by the Hearing Officer in trade proceedings (‘the Hearing Officer’) on the issue of refunds. The Hearing Officer examined the request and replied in writing. Furthermore, on 3 May 2016 a hearing with the Hearing Officer was held at the request of Eurofer.

The Commission continued seeking and verifying all information it deemed necessary for its definitive findings. In order to have at its disposal more comprehensive information as regards profitability, the sampled Union producers were requested to provide 2005-2010 profitability data with regard to Union sales of the product under investigation. All sampled Union producers submitted the requested information.

In order to verify the questionnaires replies mentioned in recital 8 above, on-the-spot verification visits were carried out of the data submitted by the following Union producers:

- ThyssenKrupp Germany, Duisburg, Germany
- ArcelorMittal Belgium NV, Ghent, Belgium
- ArcelorMittal Sagunto SL, Puerto de Sagunto, Spain

The Commission informed all 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 cold-rolled flat steel products originating in the PRC and Russia and definitively collect the amounts secured by way of provisional duty (the definitive disclosure). All parties were granted a period within which they could make comments on the final disclosure.

The comments submitted by the interested parties were considered and taken into account where appropriate.

### 1.4. Claims regarding the additional information request, verification and use

Following the definitive disclosure, certain exporting producers provided comments with regard to the deadline given to Union producers to provide the requested information and questioned the accuracy of such data as well as its verification process. These parties inferred that the Union industry may not have reported correct figures and had benefitted from favourable treatment in breach of the rights of other parties to an objective, impartial and non-discriminatory investigation. This alleged favourable treatment to the Union industry would also be illustrated by the Commission’s leniency towards them when failing to provide certain important information (the parties referred to missing invoices).

As concerns the allegation of favourable treatment, the claim is rejected. The issue at stake concerns the wording in recital 59 of the provisional Regulation. In that recital it is explained that for internal transfers, no invoices are issued which is in line with acceptable accounting practises. There is no issue of the Union industry being allowed not to provide requested information.

The same exporting producers claimed that by collecting and verifying additional data from the Union producers it had discriminated against the Russian exporting producers which had requested a second verification.

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First, it should be noted that the Commission, as an investigating authority, clearly has a right to request additional data when it is deemed necessary and appropriate for its analysis whether during the provisional stage or definitive stage of the investigation. In this case, as explained in recital 154, the Commission had good reasons to request these additional data and to verify it afterwards. The verifications concerned solely the additional data provided which were not requested before and ensured that the data on which the Commission eventually based its findings were reliable. Secondly, the Russian exporting producers’ requests for a second verification actually related to the same data subject to the original verification whereas the second verification at the premises of certain Union producers was needed to verify the additional data referred to in recital 8 and to determine whether anti-dumping duties would be levied retroactively. The above claims were therefore rejected.

1.5. Product concerned and like product

Recitals 21 and 22 of the provisional Regulation set out the provisional definition of the product concerned. No party made any submission as regards the definition therein.

The product concerned is definitively defined as flat-rolled products of iron or non-alloy steel, or other alloy steel but excluding of stainless steel, of all widths, cold-rolled (cold-reduced), not clad, plated or coated and not further worked than cold-rolled (cold-reduced), currently falling within CN codes ex 7209 15 00, 7209 16 90, 7209 17 90, 7209 18 91, ex 7209 18 99, ex 7209 25 00, 7209 26 90, 7209 27 90, 7209 28 90, 7211 23 30, ex 7211 23 80, ex 7211 29 00, 7225 50 80, 7226 92 00 and originating in the PR C and Russia.

The following product types are excluded from the definition of the product concerned:

— flat-rolled products of iron or non-alloy steel, of all widths, cold-rolled (cold-reduced), not clad, plated or coated, not further worked than cold-rolled, whether or not in coils, of all thickness, electrical,

— flat-rolled products of iron or non-alloy steel, of all widths, cold-rolled (cold-reduced), not clad, plated or coated, in coils, of a thickness of less than 0,35 mm, annealed (known as ‘black plates’),

— flat-rolled products of other alloy steel, of all widths, of silicon-electrical steel, and

— flat-rolled products of alloy steel, not further worked than cold-rolled (cold-reduced), of high-speed steel.

In the absence of any comments regarding the product concerned and the like product, the conclusions reached in recitals 22 to 24 of the provisional Regulation are confirmed.

2. DUMPING

2.1. The PRC

2.1.1. Market economy treatment (‘MET’)

As explained in recital 34 of the provisional Regulation, none of the exporting producers concerned by this investigation claimed MET.

2.1.2. Analogue country

In the provisional Regulation, the Commission selected Canada as the analogue country in accordance with Article 2(7) of the basic Regulation.

One interested party claimed that the difference between the injury and dumping margins raised doubts as to the accuracy of the Commission’s calculations. The same interested party also claimed that, if factually correct, such a difference should invalidate the choice of Canada as the analogue country given the level of prices of the product concerned in this country.
(22) The Commission confirms its calculations. Furthermore, the Commission recalls that the choice of the analogue country is made among countries where the price for the like product is formed in circumstances which are as similar as possible to those of the country of export. The level of prices as such is not a criterion in this selection.

(23) In view of the above, the claim that Canada is not an appropriate analogue country is rejected. The Commission confirms the reasoning outlined in recitals 27 to 34 of the provisional Regulation and the choice of Canada as the analogue country within the meaning of Article 2(7) of the basic Regulation.

2.1.3. Normal value

(24) In the absence of comments regarding the determination of the normal value, recitals 35 to 45 of the provisional Regulation are confirmed.

2.1.4. Export price

(25) In its comments on the provisional Regulation, one group of companies noted an inconsistency between the injury and dumping calculations, which it claimed was due to a clerical error made by the Commission. However, the Commission established that the inconsistency was caused by a small clerical error made by this group of companies and which affected the export price. This clerical error was corrected by the Commission.

2.1.5. Comparison

(26) In the absence of any comments regarding the comparison between the normal value and the export price, recitals 49 and 50 of the provisional Regulation are confirmed.

2.1.6. Dumping margins

(27) Due to the change of export price mentioned in recital 25 above, the dumping margin of one group of companies was recalculated and led to its slight increase. This increase also changes the dumping margin of all other Chinese companies since this margin is based on this group of companies.

(28) The definitive dumping margins expressed as a percentage of the CIF Union frontier price, duty unpaid, are as follows:

<table>
<thead>
<tr>
<th>Company</th>
<th>Definitive dumping margin (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Angang Group</td>
<td>59,2</td>
</tr>
<tr>
<td>Shougang Group</td>
<td>52,7</td>
</tr>
<tr>
<td>Other cooperating companies</td>
<td>56,9</td>
</tr>
<tr>
<td>All other companies</td>
<td>59,2</td>
</tr>
</tbody>
</table>

Table 1

Dumping margins, the PRC
2.2. Russia

2.2.1. Introduction

(29) After provisional disclosure, one Russian exporting producer contested the application of Article 18 of the basic Regulation. It submitted new data in order to contest the findings described in recital 60 of the provisional Regulation, where the Commission demonstrated that the exporting producer reported a higher quantity sold than what the production made physically possible.

(30) The Commission organised two hearings, offering the exporting producer concerned the opportunity to comment and explain its claims.

(31) During the hearings, the Commission highlighted that any submission/explanation made after the verification can only be accepted if the data on which it is based has already been submitted or can be linked to data submitted with the questionnaire reply or during the verification visit at the latest. The exporting producer was not able to support its arguments either with information already contained in its questionnaire reply, or with information in the exhibits collected on the spot. The findings at provisional stage that led the Commission to apply Article 18 of the basic Regulation and laid down in recitals 60 and 61 of the provisional Regulation are therefore confirmed. Thus, in line with Article 18 of the basic Regulation, the Commission definitively established the dumping margin for the company in question on the basis of the facts available.

(32) After the final disclosure, one exporting producer pointed out that it has been subject to discriminatory treatment in the context of the present anti-dumping investigation which has affected its procedural rights, including rights of defence. This exporting producer claimed that the Commission did not accept the second verification in the premises of its subsidiary in Belgium, whereas there was a second verification done at the premises of Union industry producers and importers. For the reasons explained in recital 15, this claim has to be rejected.

(33) This exporting producer also stated that the Commission could have used the export prices of its related trader/importer and the cost of manufacturing data of the only exporting producer that fully cooperated with the Commission. By this the Commission could allegedly have avoided the application of Article 18 of the basic Regulation as it verified this related trader/importer separately and did not raise any issues as regards its cooperation. As explained above, the fact that the overall sales volume (after deduction of the captive use and adjusted by the stock variation) reported by the exporting producer exceeded the quantities produced, did not allow the Commission to conclude that the export sales to the Union were fully reported. The Commission therefore rejected the proposal of the company to use a set of transactions that may only partially represent the total sales to the Union. Consequently the Commission did not use any cost of production data, as there were no available export sales to be used for the comparison.

(34) Two exporting producers submitted comments concerning the conduct of the verification visits and requested the Commission to suspend the investigation pending the investigation of their claims. In that context the exporting producers contest the application of Article 18 of the basic Regulation by the Commission. In addition, the Ministry of Economic Development of the Russian Federation requested suspension of the application of the definitive anti-dumping measures to be imposed until the formal complaint of the two exporting producers has been duly considered by the competent Union institutions.

(35) The Commission notes that the verification is one step of the investigation process carried out by the Commission as an investigating authority. The Commission extensively explained the substantive reasons on the basis of which it decided to apply Article 18 of the basic Regulation. The application of Article 18 of the basic Regulation is based on the evidence submitted in writing by the companies to the Commission and on the reliability and consistency of such evidence. The exporting producers were given opportunities to fully exercise their rights of defence throughout the proceeding via submission of information, comments, hearings and meetings, including two meetings specifically dedicated to the issues raised.

(36) As far as the request for suspension is concerned, the Commission notes that the only basis for suspension of any measures imposed pursuant to the basic Regulation is Article 14(4). The Commission notes further that the conditions for suspension as laid down in the said article are not met. This article provides that measures may only be suspended in the Union interest where market conditions have temporarily changed to an extent that injury would be unlikely to resume as a result of the suspension. There is no indication that such conditions would be met in the current case and the Commission notes that no such circumstances were pointed to. Rather,
the investigation has shown that the conditions for the imposition of definitive measures, as laid out in Article 9(4) of the basic Regulation, were met. Therefore the Commission rejects this request.

2.2.2. Normal value

(37) After provisional disclosure, one exporting producer contested the adjustment which the Commission made to its costs of production of cold-rolled flat steel products as set out in recital 76 and justified in recital 80 of the provisional Regulation. However, the exporting producer concerned did not bring forward any arguments that would have allowed the Commission to change its view that the material consumption ratios reported by the company in its reply to the questionnaire were inadequate for the Commission to make an accurate assessment of the cost of the materials used for the production of cold-rolled flat steel products by the company. The Commission therefore rejected this claim.

(38) The same exporting producer also claimed that losses in relation to the liquidation of its two overseas subsidiaries should be excluded from the determination of the selling, general and administrative expenses (‘SG&A expenses’). In addition, it claimed that packing expenses had been double-counted in the cost of production and in the SG&A expenses. The Commission revised its findings accordingly since the explanations given by the company after provisional disclosure were supported by information that was duly submitted with its questionnaire reply or during or before the verification visit.

(39) After reconsidering the SG&A expenses, the Commission found some domestic sales to be profitable. This allowed the Commission to calculate the dumping margin on the basis of the company’s own SG&A expenses and profit. At provisional stage, the Commission did not find any profitable domestic sales and therefore calculated the dumping margin using SG&A expenses and profit from external sources.

(40) Two exporting producers disagreed with how the Commission had calculated their SG&A expenses as described in recital 75 of the provisional Regulation. They explained that the Commission should not consider losses from the revaluation of foreign currency loans as being part of the SG&A expenses, as the companies in fact did not incur any expenses and only revalued the balances using the exchange rate of the last day of their financial reporting period. The Commission, with reference to both the International Financial Reporting Standards and Russian GAAP disagrees with this argument. These losses were duly recorded in the producers’ accounts, and were incurred during the investigation period. The Commission therefore rejected this claim.

(41) After final disclosure the exporting producers reiterated their claims without bringing forward any new facts concerning the disputed losses. The exporting producers referred to Council Regulation (EC) No 2852/2000 (1) (polyester staple fibres originating in India and the Republic of Korea), where the Commission rejected the net foreign exchange gain included in the SG&A expenses.

(42) The Commission notes that the factual situation of the case referred to by the exporting producers is different. As explained in recital 34 of the aforementioned Regulation (EC) No 2852/2000, it was found that the exchange gains did not mainly relate to production and sales.

(43) The exporting producers did not put into question the relevance of their borrowings to the production costs of the like product. The Commission therefore concluded that the losses related to those borrowings, which were used for financing of the fixed assets needed to produce the like product. As a result, such losses need to be taken into account in determining the company’s SG&A expenses. Therefore the Commission rejected this claim.

(44) The Russian exporting producer once again reiterated its claim following the additional final disclosure. However, the claim goes beyond the specific aspects of the additional disclosure. The Commission maintains the position expressed in the preceding paragraphs.

One exporting producer contested the methodology which the Commission used to calculate the total SG&A expenses of related domestic traders, where the Commission used the SG&A expenses as reported for the sales to unrelated customers on the domestic market. The Commission accepted this claim and corrected the definitive calculation. As this corrected SG&A expenses did not materially differ from the one originally used and as it impacted only a limited number of sales, this correction did not have any impact on the resulting dumping margin.

One exporting producer claimed that the Commission double-counted the packing costs for the purpose of establishing the total costs of production in the profitability test. The Commission rejected this claim. As fully detailed in the provisional disclosure, the Commission removed the packing costs from the SG&A expenses before calculating the total costs of production.

After final disclosure, the exporting producers disagreed with the methodology used to construct the normal value. They claimed that the Commission used a wrong percentage of the SG&A expenses and that by using the SG&A expenses on profitable sales only, the Commission greatly overstated the normal value.

The Commission conducts investigations in an objective manner. The methodology used to construct the normal value is used consistently in all cases in which relevant criteria are met. The Commission applies Article 2(6) of the basic Regulation, which requires that the amounts for SG&A expenses and profits are based on sales in the ordinary course of trade. The exporting producers' claim to use the fixed amount of SG&A expenses regardless of whether such expenses relate to sales in the ordinary course of trade runs counter to this provision. The Commission therefore rejected this claim.

After final disclosure one exporting producer raised the issue of negative entries in the domestic transactions listing with respect to the calculation of the normal value. The exporting producer explained that those entries pertained to corrections of invoices and were due to the configuration of its accounting system, where any correction to the invoice can only be made by entirely balancing the initial entry with a corresponding negative entry. It argued that the calculation of the normal value by the Commission did not take into account the specific configuration of its accounting system and was therefore not accurate.

The Commission first notes that, in breach of the instructions in the Commission's questionnaire, the exporting producer listed those corrections as transactions in the listing instead of reporting the correcting entries in the appropriate column of the Commission's questionnaire. Second, after final disclosure, the exporting producer indeed provided a revised dumping margin, but without submitting a revised domestic transactions listing or a revised dumping calculation. Third, the Commission notes that this claim in reality concerns the quality of the data that the exporting producer itself submitted to the Commission in the course of the investigation. Fourth, the calculation of the normal value, including the domestic transactions listing as submitted by the exporting producer, was duly disclosed at the provisional stage of the investigation. Nevertheless, the exporting producer did not make any comment on this calculation in its comments on the provisional disclosure. The same domestic transactions listing was used in the dumping calculations finally disclosed. The exporting producer does not explain why it could not have raised this issue at an earlier stage of the investigation.

Despite all these deficiencies in the exporting producer's behaviour concerning this issue, the Commission, as an objective and impartial investigating authority, analysed this claim, and concluded that indeed the calculation of the normal value had to be corrected so as to avoid possible double-counting. After final disclosure, the exporter provided a key according to which its transaction listing could be filtered so as to exclude all corrections and leave only final entries. The Commission applied the method of correcting the listing suggested by the exporting producer after final disclosure to data that was verified, and therefore accepted the claim in its entirety.

The Commission sent an additional final disclosure to all interested parties informing them about the acceptance of the claim and invited the parties to comment.

Following this additional disclosure, one party claimed that the additional disclosure actually further underlined the deficiencies in cooperation forthcoming from the Russian exporting producers. That party further claimed that the additional disclosure actually suggested that additional datasets could have been disregarded and should not have been accepted. Indeed the Commission raised the issue of quality of information submitted and cooperation but in this specific instance decided that the claim could be objectively accepted.
Following the additional disclosure, the Russian exporting producer agreed with the principle and the extent of the correction brought by the Commission to its dumping margin.

The exporting producer claimed that it had provided the domestic transaction listing with the reply to the questionnaire. This fact is not disputed. It is the quality of that submission that is contested. The exporting producer further claimed that it did not provide any comments on the said transaction listing following provisional disclosure because that dataset did not have any bearing on the calculation of the dumping margin. The Commission notes that the exporting producer repeatedly reiterated claims related to the methodology and aspects of the calculation which — had the Commission accepted those (quad non) — would have led the Commission to use the dataset. It was therefore essential for the party concerned to ensure that the dataset disclosed at the provisional stage was correct and could have been used for the calculation of the dumping margin. While the company raised the issue of cancellations and resulting multiple identical entries during the verification visit, it was not until the final disclosure that the full extent of the problem became apparent, demonstrated also by the impact on the dumping margin calculation. While the company claims that the entries are not credit notes, the key that leads to the identification of those entries, provided by the company itself, is called credit note number. Nevertheless, the Commission has accepted the claim in its entirety and the company did not contest the new calculation of the dumping margin.

One exporting producer claimed that the Commission did not include in the calculation of SG&A expenses the income from releasing the reserves, which were made prior to the investigation period. In that exporting producer’s view the Commission uses double standards and asymmetrical assessment when compared to the losses on revaluation of the foreign currencies that the Commission included.

The Commission notes that its approach is consistent. The SG&A expenses include neither income nor expenses that have an impact on the profit of the particular year, which the Commission found to be related to the overseas operations of the exporting producer. This fact was disclosed in the final disclosure and was not disputed by the exporting producer. The Commission therefore rejected this claim.

2.2.3. Export price

The Commission further investigated the sales of one of the exporting producers made to an unrelated trader based in Switzerland as described in recital 84 of the provisional Regulation. The Commission addressed both the exporting producer and the unrelated trader and did its own research on the matter in order to obtain additional information concerning their relationship.

Eurofer in its submission following the provisional disclosure requested the Commission to carefully examine the relation between the exporting producer and the Swiss trader and adapt the calculation appropriately based on the result of this examination.

After evaluating the results of this examination, the Commission decided to consider this Swiss trader as unrelated to the Russian exporting producer. The Commission found no elements that would support the claim that those parties were related during the investigation period and therefore rejected this claim.

The exporting producer also submitted additional information that enabled the Commission to correct the sales to independent parties in the Union. The exporting producer previously reported those sales based on internal invoices in Russian roubles. Those invoices reflected their original value in foreign currencies, converted using the company’s daily rate. The Commission was able to link this new submission to the information verified on the spot. This correction has caused a small decrease of the dumping margin compared to the provisional calculation.

Following the provisional disclosure, the exporting producers contested the applicability of adjustments made for SG&A expenses and profit under Article 2(9) of the basic Regulation for sales via their related Swiss traders/importers.

In their view the adjustments are only appropriate on a transaction-specific basis in transactions where the terms of sale require that a product be delivered after customs clearance, i.e. in transactions where the related party acts as an importer, such as DDP terms. At the same time they claimed that their related traders/importers based in Switzerland should be considered as part of the producer's exporting network.
In reply to this the Commission confirms that an adjustment for SG&A expenses and a reasonable profit margin under the second and third subparagraph of Article 2(9) of the basic Regulation should be applied for all types of sales transactions via the related Swiss traders/importers. 

Although the delivery of the goods for the transaction terms reported by the exporting producers is made prior to the release into free circulation of the goods and even if the responsibility for the customs clearance is on the buyer (as opposed to transactions under DDP terms), this does not change the fact that the sales are performed by the related trader/importer which is bearing SG&A expenses and which is normally seeking to make a profit for its services. 

In light of the fact that the trader/importer is related to the exporting producer, Article 2(9) of the basic Regulation implies that the data of such trader/importer is by definition unreliable and that its profits should be established by the investigating authority on a reasonable basis. Besides, Article 2(9) of the basic Regulation does not preclude adjustments being made for costs incurred before importation, in as much as those costs are normally borne by the trader/importer. The Commission therefore rejected this claim. 

The exporting producers reiterated this claim following the final disclosure, without bringing forward any new information about the functions of the Swiss traders/importers. The Commission notes that its position is in line with the case-law of the Union courts. In any event, the fact that the related companies perform only certain functions does not prevent the Commission from making the adjustments under Article 2(9) of the basic Regulation but could be reflected in a lower amount of SG&A to be deducted from the price at which the product concerned is first resold to an independent buyer. It is for the interested parties who intend to dispute the extent of the adjustments made on the basis of Article 2(9) of the basic Regulation to bear the burden of proof. Hence, if these parties deem the adjustments to be excessive they must supply specific evidence and calculations justifying those claims. However, the exporting producers provided no evidence that would question the SG&A expenses or profit percentage used. The Commission therefore rejected this claim. 

2.2.4. Comparison 

In their comments the exporting producers disagreed with the use of the sales contract/purchase order date to convert the export sales in foreign currencies to Russian roubles. The exporting producers however agreed that this may more appropriately establish the material terms of sale than the invoice date, although they argued that the Commission has so far never used this option. The Commission therefore rejected this claim. 

The exporting producers reiterated this claim after final disclosure, emphasising that the Commission provided an insufficient statement of reasons for using the contract/purchase order date. In addition they claimed that the Commission should have used the exchange rate valid maximum 60 days prior to the invoice date, with reference to the sustained movement in exchange rates in line with Article 2(10)(j) of the basic Regulation. 

The Commission did not grant the sustained movement adjustment in this case, as the movement of the EUR/RUB exchange rate shows high volatility rather than the sustained movement towards the end of the investigation period. In addition, if the Commission applied the sustained movement adjustment in the context of depreciating exporting producer’s currency this would decrease the export price and thus result in higher dumping margins. Further, the sustained movement adjustment should be used to reflect the related movement in exchange rate and not to impose the 60 days maximum time limit from the invoice date as the exporting producers suggest. The Commission therefore rejected this claim. 

By using the contract/purchase order date approach, the Commission to a great extent minimised the impact of the significant and unforeseeable exchange rate fluctuations towards the end of the investigation period. The Commission disagrees with the exporting producers’ claim that this constituted an unwarranted change of methodology. The Commission used the exchange rate of the date of sale, in full compliance with Article 2(10)(j) of the basic Regulation and sufficiently explained the reasons why in this case the contract/purchase order date appropriately establish the material terms of sale. The Commission therefore rejected this claim.
2.2.5. *Dumping margins*

(72) Taking into account the changes in the establishment of the normal value as set out in recitals 37 to 51 above and confirming the other findings in recitals 65 to 93 of the provisional Regulation, the definitive dumping margins expressed as a percentage of the CIF Union frontier price, duty unpaid, are as follows:

<table>
<thead>
<tr>
<th>Company</th>
<th>Definitive dumping margin (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Magnitogorsk Iron &amp; Steel Works OJSC</td>
<td>18,7</td>
</tr>
<tr>
<td>PAO Severstal</td>
<td>35,9</td>
</tr>
<tr>
<td>PJSC Novolipetsk Steel (1)</td>
<td>38,9</td>
</tr>
<tr>
<td>All other companies</td>
<td>38,9</td>
</tr>
</tbody>
</table>

3. *INJURY*

3.1. **Definition of the Union industry and Union production**

(73) One interested party questioned the standing of the complainants suggesting that re-rollers had not been included in the calculations. In this regard, it is noted that the calculation of total production indeed included the production volume of re-rollers. This comment is therefore rejected.

(74) In the absence of any other comments with respect to the definition of the Union industry and Union production the conclusions set out in recitals 94 to 98 of the provisional Regulation are confirmed.

3.2. **Union consumption**

(75) Several parties submitted that, inter alia, consumption should have been analysed overall by combining the captive market consumption and the free market consumption.

(76) In this regard, in Table 5 and Table 6 of the provisional regulation, the development of the consumption on the captive market and the free market was reported and explained. By merging these two tables, the overall consumption (thus including captive and free market) evolved as follows during the period considered:

<table>
<thead>
<tr>
<th>Overall consumption (captiv e and free market) (tonnes)</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>IP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Index (2011 = 100)</td>
<td>100</td>
<td>93</td>
<td>98</td>
<td>101</td>
<td>101</td>
</tr>
</tbody>
</table>

Source: Verified Eurofer questionnaire reply and Eurostat

(1) The company notified the Commission that in accordance with changes in Russian law, it changed its legal form from Open Joint Stock Company (OJSC) to Public Joint Stock Company (PJSC). This change has been effective since 1 January 2016.
The above table shows that after a sharp decrease in consumption in 2012, overall consumption has increased to a level that was slightly higher in the investigation period than at the beginning of the period considered. The trend is explained by the increase in captive consumption which was stronger than the decrease in free market consumption in absolute terms.

One interested party indicated that the statement that captive use is not in competition with imports lacks reasoned explanation. This party trusts that if imports are competitively available, Union producers would use them. Captive use should thus be taken into account.

In this regard, it is noted that it does not make economic sense for integrated producers to purchase products destined for downstream production from competitors when there is available capacity to manufacture such products. Indeed, in a capital intensive sector such as steel, capacity utilisation rates should be maintained at their highest level in order to dilute fix costs and keep production costs at their lowest levels. On this basis, the argument in recital 78 has to be rejected.

Certain interested parties returned to the issue of consumption in their comments which followed the definitive disclosure. Some parties claimed that the captive and free markets had not been properly analysed or explained. However, as stated in recitals 103 to 106 of the provisional Regulation it is clear that the consumption of each market was different and reflected the performance of the major downstream industries involved. The captive market increased because of the development of sectors such as automobiles. In contrast the mainly general industry sectors supplied via the free market developed to a lesser degree. The claim that free and captive markets had not been analysed properly was rejected.

In the absence of further comments with respect to the Union consumption the conclusions set out in recitals 99 to 106 of the provisional Regulation are confirmed.

3.3. Imports from the countries concerned

3.3.1. Cumulative assessment of the effects of imports from the countries concerned

In the absence of any comments with respect to the cumulative assessment of the effects of imports from the countries concerned, the conclusions set out in recitals 107 to 111 of the provisional Regulation are confirmed.

3.3.2. Volume, market share and price of the imports from the countries concerned

As mentioned above, certain parties claimed that the overall situation including both captive and free market should have been analysed with regard to the various indicators. As far as market share is concerned, it is noted that, in view of the lack of competition between captive consumption (sales) and imports from the countries concerned, and in light of the specificity of the captive downstream market, no analysis of the market share expressed as a percentage of overall consumption is recorded here. This is also in line with established case law of Union Courts (1).

In the absence of further comments with respect to the volume and market share of the imports from the countries concerned, the conclusions set out in recitals 112 to 114 of the provisional Regulation are confirmed.

3.3.3. Price of the imports from the countries concerned and price undercutting

It is first noted that following a clerical error, the quantities sold by the Union industry had to be corrected. As this error did not have any material impact on average prices it had a negligible impact on the margins calculated.

One party claimed that the percentage added to the CIF value to cover post-importation costs should be recalculated based on an amount per tonne. This claim was accepted and the calculations have been adjusted accordingly, with a marginal impact on the margins.

The definitive undercutting margins have thus been revised and amount respectively to 8,1 % and 15,1 % for the PRC and Russia.

In the absence of any further comments with respect to the volume, market share and price of the imports from the countries concerned, and with the exception of the undercutting margins as explained in recital 87 above, the conclusions set out in recitals 115 to 119 of the provisional Regulation are confirmed.

### 3.4. Economic situation of the Union industry

#### 3.4.1. Methodology

Several parties submitted comments with regard to the methodology used in order to analyse the economic situation of the Union industry. In particular parties indicated that in spite of the large size of the captive market, the economic analysis largely excluded this market and that the conclusions were based solely on the findings with regard to the free market. In particular, these parties claimed that the sales price and profitability on the captive market should have been analysed separately. Further, they claimed that the overall situation including both captive and free market should have been analysed and that such analysis would have led to the conclusion that there is no injury to the Union industry.

In this regard and as explained in recital 123 of the provisional Regulation, the Commission analysed the captive, free market and overall performance of the Union industry separately, where applicable. As far as captive market is concerned most of this market relates to captive transfers within a legal entity whereby no invoice is issued and therefore no sales price exists. In the case of captive sales between related entities it was evident that in the light of the different transfer price policies applicable among the various sampled producers, no meaningful analysis of the price and profitability indicators could be performed. On the other hand, the evolution of the captive consumption volume was possible and an analysis was performed. As for the free market, unit cost of production, sales price, sales volume and profitability were analysed. As far as the overall activity covering the intertwined captive and free markets, several indicators such as production volume, capacity, capacity utilisation, employment, productivity, stocks, labour cost, cash flow, investments and return on investment were analysed.

On the basis of the above, the claim that the analysis of the economic situation of the Union industry is solely based on the free market and should have included an analysis of the captive and overall activity has to be rejected. All meaningful aspects covering the evolution of the economic situation on such markets when taken alone or aggregated have been analysed.

One party claimed that the free market analysis should have included the analysis of other indicators such as production, stock and cash flow for the free market only. It concluded that the analysis does not provide a real state of play of the alleged injury.

In this regard, it is noted that the analysis of other injury indicators for the free market only was impractical in view of the close relationship between the captive and free market activities. Further such analysis would not have led to meaningful conclusions either. As a consequence, this claim had to be rejected.

Following definitive disclosure, certain exporting producers returned to this issue in their comments. They claimed that the methodology adopted to analyse the captive and free markets demonstrated a violation of the principle of fair and objective examination. However, both the captive and free markets have been examined wherever possible and where meaningful data existed and a cumulative assessment was also made when appropriate. It has therefore been clearly demonstrated that the conclusion on injury has been made by a three-way assessment (captive and free markets and on a cumulative analysis) using all relevant data. Where an assessment was not possible, the underlying reasons were also mentioned.

Moreover, due to this comprehensive methodology the points raised by the exporting producers relate to presentational issues rather than substance as all relevant data have been presented. The presented data show that the sales volume of the Union industry on the free and captive markets has increased slightly by less than 1 %, but
that this increase is lower than the growth in consumption on those markets. As far as prices and profitability on the Union market are concerned, these are only relevant if prices are sold between unrelated parties. Indeed, there are no sales prices for captive transfers and no reliable sales prices for captive sales for the reasons already mentioned in recital 142 of the provisional Regulation. Hence no meaningful analysis of the profitability on the captive market could be performed. In respect of cost of production, it is recalled that the evolution of this indicator on the free market was analysed even though the basic Regulation does not specifically require it. The evolution of the cost of production on the captive market was not analysed for the reasons mentioned in the same recital.

(96) On the basis of the above, it has been clearly demonstrated that the conclusion on injury has been made by a three way assessment (captive and free markets and on a cumulative analysis) using all relevant data. The claim that a breach of the principle of fair and objective examination has taken place is rejected.

(97) On the basis of the above and in the absence of any other comments on the issue, the methodology to assess the situation of the Union industry as described in recitals 120 to 123 of the provisional Regulation is hereby confirmed.

3.4.2. Macroeconomic indicators

3.4.2.1. Production, production capacity and capacity utilisation

(98) One interested party indicated that there was a shift of focus by the Union industry from the free to the captive market and that the Union industry has become more interested to sell on the captive market where higher added value products are sold.

(99) In this regard, it is noted that the Union industry does not independently decide to focus on the captive or the free market. On the contrary, the cold-rolled flat steel products' market being driven by demand and not by supply as evidenced by the available capacity of the Union producers, the Union industry did not decide to focus on the captive market but it lost market share and sales volumes on the free market due to the ample and strongly increased availability of dumped imports from the countries concerned. There was no such issue on the captive market. The argument has therefore to be rejected.

(100) The same interested party claimed that the improvement of the capacity utilisation is not linked to a decrease in capacity but rather to the increase in production volume.

(101) In this regard it is noted that, although the increase in capacity utilisation is not linked solely to the decrease in capacity as the production volume also increased, the capacity decrease is by far the main cause for the increase in capacity utilisation. Indeed, when looking at absolute figures, the production volume increased by only 337 348 tonnes while capacity decreased by 1 873 141 tonnes. On the basis of the above, the claim had to be rejected.

(102) In the absence of other comments, the conclusions set out in recitals 124 to 126 of the provisional Regulation are confirmed.

3.4.2.2. Sales volume and market share

(103) Russian exporting producers submitted that the decrease in sales volume cannot be considered evidence of injury as it was broadly in line with the decline in consumption over the period considered. They argued that the decrease was linked to the fall in global raw material prices leading to lower prices of the product concerned, the growing volume of imports from third countries from 2012 and the Union industry's imports of the product concerned.

(104) In this regard it is first noted that the difference between the decrease in sales (~ 4 %) and consumption (~ 9 %) cannot regarded as insignificant. Further, the decrease in global raw material prices cannot be seen as a valid reason for the decrease in sales volume as these elements, i.e. raw material prices and sales volumes, are not directly linked. Further, any decrease in global raw material prices would apply both to the Union industry and to imports. As far as imports from third countries are concerned, the trend has to be analysed over the period considered and not starting in the middle of such period. In this context, it is noted that imports from third
countries have decreased both in absolute (−206,571 tonnes) and relative terms (from 10.9% to 9.1% market share). Furthermore, as far as Union industry imports from the countries concerned are concerned, it is noted that such purchases were stable in the period considered and represented less than 1% of the total sales turnover of the Union industry. On the basis of the above, this claim had to be rejected.

(105) With regard to market share, the same parties questioned how the Commission had provisionally concluded that the decrease in Union industry market share (from 74.8% to 70.8%) was indicative of injury while the 5.4% market share held by imports from India, Iran and Ukraine was incapable of breaking the causal link between alleged injury and imports from the countries concerned.

(106) In this regard it is worth noting that the market share of the countries mentioned above should be analysed over the period considered and not by focusing on a specific one-year period. It follows that the market share held by imports from India, Iran and Ukraine increased from 4% to only 5.4% over the period considered; i.e. by only 1.4% percentage points while as mentioned in recital 105 above, total imports from third countries decreased from 10.9% to 9.1% to the benefit of imports from the countries concerned. It follows from the above that the decrease in market share for the Union industry cannot be compared stricto sensu with the market share held by the countries mentioned above and that this decrease can be regarded as indicative of injury. On the basis of the above, this claim had to be rejected.

(107) In the absence of other comments, the conclusions set out in recitals 127 to 132 of the provisional Regulation are confirmed.

3.4.2.3. Employment, labour cost and productivity

(108) One interested party indicated that the employment decrease should not be linked to dumped imports from the countries concerned but rather to the equipment modernisation which led to the hiring of more skilled staff and resulted in higher labour costs.

(109) In this regard, it is noted that the allegations made with regard to equipment modernisation and hiring of more skilled staff are not supported by any evidence and should therefore be rejected.

(110) Another interested party raised doubts concerning the opposite trend followed by employment (−10%) and labour cost (+11%) over the period considered. It also wondered whether the evolution applied to both captive and free market.

(111) In this regard, reference is made to recital 144 of the provisional Regulation, which provides that the increase in labour cost was indeed linked to severe cuts in employment which led to the payment of severance payments and consequently inflated the labour cost per FTE. It is also noted that the reduction in employment did not relate exclusively to the free or captive market staff but rather affected the overall employment as products destined to free or captive market are produced by the same staff on the same equipment. On the basis of the above, this claim had to be rejected.

(112) In the absence of other comments, the conclusions set out in recitals 133 and 134 of the provisional Regulation are confirmed.

3.4.2.4. Inventories, magnitude of the dumping margin, growth, prices, profitability, cash flow, investments and return on investments

(113) In the absence of comments regarding inventories, magnitude of the dumping margin, growth, prices, profitability, cash flow, investments and return on investments, the conclusions set out in recitals 135 to 151 of the provisional Regulation are confirmed.
3.4.3. Conclusion on injury

(114) Several interested parties indicated that the injury analysis was based only on the negative development of the indicators on the free market and that the conclusions of such analysis were insufficient to justify that the Union industry, as a whole, suffered material injury.

(115) In this regard, and as indicated in recital 96, it is recalled that the Commission did not limit its analysis to the free market in particular but also, where applicable, analysed and concluded on the evolution of the economic situation of Union industry as a whole and in the captive market in particular.

(116) Furthermore, it should be noted that the conclusion that the industry suffered material injury is not solely based on the negative development of micro- and macro-indicators in the free market. While certain micro- and macro-indicators indeed show a negative development in the free market, other indicators relating to the overall performance of the Union industry such as employment, labour cost per FTE, investments and return on investment, also evidence a deterioration of the situation of the Union industry. Considering the respective size of both free and captive markets, it is noted that the positive development of the performance of the Union industry on the captive market (in respect of certain indicators) was not sufficient to outweigh the negative performance on the free market as evidenced by the negative development of the abovementioned indicators relating to the overall activity. In the light of the above, the claim has to be rejected.

(117) On the basis of the analysis of the comments, as summarised in recitals 73 to 115 above, the conclusions set out in recitals 152 to 155 of the provisional Regulation are hereby confirmed.

4. CAUSATION

(118) Several interested parties claimed that the injury could not be attributed to the imports of dumped imports from the countries concerned and that other factors were breaking the causal link. Some of the claims were a mere reiteration of the claims already brought forward at the provisional stage, without any new elements. The new comments are analysed below.

4.1. Recovery of the European economy

(119) One interested party contested the existence of a slow recovery process following the 2012 crisis and claimed that imports from the countries concerned had not hindered the Union industry to benefit from such recovery. In substance, they claimed that the failure to recover from the 2012 crisis was caused by the alleged continuing low demand for cold-rolled flat steel products.

(120) It should first be noted that consumption between 2012 and the investigation period increased by 4.4 %, which, despite the fact that it did not reach its 2011 level, can be regarded as a sign of slow recovery. As far as imports from the countries concerned are concerned, it is worth noting that in a context of slow recovery, their market share increased from 13.5 % in 2012 to 18.7 % in 2013 and even 20.1 % in the investigation period. On the basis of the above, the claim has to be rejected.

4.2. Investments, capacity and production increase

(121) The same interested party claimed that the Union industry had inadvertently made wrong business decisions by making expensive investments in 2011 and 2012 and by increasing capacity in 2011.

(122) On this point, it is reminded that this investigation focused its analysis on the evolution of the economic situation of the Union industry in the period 2011-investigation period. Therefore, the capacity increase that took place between 2010 and 2011 cannot be regarded as being part of the scope of the analysis. Further, it is noted that the claim that the Union industry made allegedly expensive investments in 2011 and 2012 is not supported by any factual evidence. Eventually, it is noted that the investments performed by the sampled Union industry during the period considered represented less than 2.5 % of their net assets and consisted mainly in replacement and rationalisation investments. Given the level of the investments and their nature, such investments cannot be considered as sufficiently significant to have a bearing on the economic performance of the Union industry. The claim therefore has to be rejected.
(123) After the imposition of provisional measures and again after final disclosure, certain interested parties argued that, rather than imports from the countries concerned, the increase in the Union industry's production volume, at a time when consumption was falling, should be considered as the cause of injury.

(124) In this regard and as indicated in recital 152 of the provisional Regulation it is recalled that the Union industry increased its production volume in order to satisfy the increase in captive consumption. As the Union industry mostly produces to order as confirmed by the relatively low stock levels (see recital 136 of the provisional Regulation), such increase cannot be considered as cause of injury. On the basis of the above, the claim has to be rejected.

4.3. Raw material prices

(125) Several interested parties disputed the conclusions reached with regard to the impact of the decreasing raw material prices on the prices charged by the Union industry. First they contested that the decrease in import prices was lower than the decrease in raw material prices and took the example of iron ore. In its submission, this party indicated that the price of iron ore (RMB/tonne) had decreased by 39 % over the period considered. Second, they claimed that the Commission's argumentation in recitals 171 to 175 of the provisional Regulation did not rebut the claim that decreasing raw material prices had led to a fall in prices for the product under investigation and that the Commission had not given proper weight to the global raw material price decrease.

(126) In this regard, it is first recalled that import prices from the countries concerned decreased on average by 20 % over the period considered, which is higher than the decrease in cost of production for the Union industry. Further, as far as iron ore is concerned and after conversion of the submitted price information from RMB to EUR/tonne, it appears that iron ore prices decreased only by ca 31 % over the period considered. Assuming conservatively that the share of iron ore would account for 35 % of the costs in the countries concerned, the raw material price decrease could only lead to less than ca 11 % price decrease, when as explained above, import prices from the countries concerned decreased by 20 %.

(127) As far as the second claim is concerned, it is worth noting that the Commission did not exclude the fact that the decrease in raw material prices affected the price of the product under investigation during the period considered. However, it argued that the price of the product under investigation in the Union did not follow a sole worldwide price trend basically reflecting the evolution of raw material prices. Further, the Commission analysed other factors having a bearing on prices namely regional differences and excess capacities. It also indicated that if the price of the product concerned had not decreased more than the decrease in raw material prices, competition conditions on the market would have remained fair and the Union industry would have been able to reap the benefits of a reduction in costs and reach profitability again. On the basis of the above, the abovementioned claims have to be rejected.

(128) Certain exporting producers returned to this issue in their comments to the definitive disclosure. However, no new arguments were raised.

4.4. Imports by the Union industry

(129) An interested party claimed that the imports of the product concerned by the Union industry were not given enough weight in the Commission's causation assessment leading to an incomplete and inaccurate assessment of causation.

(130) As indicated in recital 104 above, imports from the countries concerned by the Union industry were stable in the period considered and represented less than 1 % of the total sales turnover of the Union industry. Further and as indicated in recital 191 of the provisional Regulation, these purchases were made by trading arms free to purchase cold-rolled flat steel products from multiple sources. These trading arms are driven to offer the cheapest material possible in order to maintain their commercial relationships. In view of the low volumes involved and the fact that such volumes have not increased over the period considered, it is considered that imports from the countries concerned have been given sufficient weight. The claim has therefore to be rejected.
(131) Certain exporting producers returned to this issue in their comments which followed the definitive disclosure and argued that the Commission had reinterpreted the numbers to justify the finding of injury by reassessing the ratio that imports represented in percentage of total sales. As a matter of fact, the Commission did not reinterpret the numbers but rather gave a more precise figure (less than 1 %) than the wider range stated in the provisional Regulation (0 %-5 %).

4.5. Existence of a previously applicable agreement on trade in certain steel products between Russia and the Union

(132) The same interested parties, after provisional disclosure and also after definitive disclosure, repeated the argument that Russian imports remained within the non-injurious quotas set in the previously applicable agreement on trade in certain steel products between Russia and the Union. In particular, it disagreed with the conclusion that the level of the quota was ‘too high’ and indicated that there was a significant overlap between the product scope of this investigation and the category of ‘other flat-rolled products’ (as defined in the agreements).

(133) In this regard, it is reminded that the abovementioned agreement came to an end before the investigation period, i.e. on 22 August 2012 following the accession of the Russian Federation to the World Trade Organisation (WTO). Further it is noted that the agreement did not foresee any provision pertaining to the indexation of the import quota in line with the actual yearly evolution of demand/consumption. In other words, a shrinking market would not result in a corresponding adaption of the quotas. Even more strongly so, Article 10 of the abovementioned agreement provided that quantities should be increased by 2,5 % in every product group with each yearly renewal. It is therefore not surprising that the quota for the product group including the products covered by this investigation was never reached over the period of existence of the agreement.

(134) In the light of the above, it appears that the quotas mentioned in the annexes to such yearly agreements are disconnected from market reality and evolution of consumption as the quota was automatically adjusted upward regardless of the evolution of consumption/demand. Further, as the quota was never exhausted over the period of the existence of the agreement, it can be considered that such quota was indeed ‘too high’ not only for the period of existence of the agreements but also when compared with the development of consumption in the period considered. As a consequence, any comparison between the level of such quota, which was not applicable anymore from 22 August 2012 onwards and the level of imports from Russia during the period considered is meaningless. This claim has therefore to be rejected.

(135) The alleged overlap between the product scope of this investigation and the corresponding ‘other flat-rolled products’ was further analysed. It first appeared that the product scope of the current investigation also concerned products falling in the ‘alloyed cold-rolled and coated sheets’ product group. Second, it appeared that out of the 42 Taric codes covered by the agreement under the abovementioned product groups, only seven match perfectly the codes mentioned in the provisional Regulation (7209 16 90 00, 7209 17 90 00, 7209 18 91 00, 7209 26 90 00, 7209 27 90 00, 7209 28 90 00 and 7225 50 80 00). As a consequence 35 Taric codes reported in the Annex to the agreement are excluded from the product scope of this investigation. On the other hand, approximately 10 Taric codes covered by this investigation were not covered by the abovementioned agreement. On the basis of the above, it appears that the alleged overlap is not supported by factual evidence and such allegations have to be rejected.

4.6. Overcapacity of the Union industry

(136) Another interested party argued that the Union industry was materially affected by its overcapacity which induced oversupply, increased costs and reduced profits but also deterred further investments. It further indicated that in the absence of imports, capacity utilisation would only have exceeded 72 %.

(137) It is first recalled that the Union industry reduced its capacity by 3 % over the period considered in order to adapt to the changing global market situation. While the capacity utilisation rate achieved by the Union industry over the period considered cannot be regarded as satisfactory and it is not disputed that low capacity utilisation levels may have a bearing on the performance of an industry, it is noted that the Union industry was still profitable in 2011 when its installed capacity exceeded that of the investigation period and its utilisation was below that of the investigation period. Therefore, and in view of the improvement of the capacity utilisation linked to the capacity reduction, it is concluded that the level of capacity utilisation cannot be regarded as an element breaking the causal link. On the basis of the above, the claim has to be rejected.
4.7. Imports from third countries

Several parties claimed that the Commission had not assessed properly the impact of imports from third countries. They claimed that the level of their imports was close to the level of Russian imports, imports from Iran and Ukraine were made at prices lower than imports from Russia and China. Additionally and as indicated in recital 105, one interested party claimed that the imports from Ukraine, India and Iran accounting for 5.4% market share in the period considered had not been properly assessed when compared with the decrease in market share of the Union industry.

In this regard, it is first noted that, as indicated in recital 104, the market share of imports from third countries has decreased from 10.9% to 9.1% (from 854 281 to 647 710 tonnes) over the period considered while the market share of imports from Russia, alone, have increased from 5.9% to 9.8% (and from 466 165 to 697 661 tonnes). It follows from the above that imports from Russia and from other third countries followed opposite trends. It is also noted that in the framework of this investigation, imports from Russia have been cumulated with imports from China and that the market share of the countries concerned have increased from 14.3% in 2011 to 20.1% in the investigation period.

Second, while it is not disputed that imports from Iran and Ukraine were indeed made at average prices lower than the average prices of the countries concerned, it is noted that the average price level of such imports undercut imports from the countries concerned over the whole period considered and that there was no significant change in their price behaviour over this period. As their market share only slightly increased from 2.9% to 3.4%, it is unlikely that such imports break the causal link.

Third and as indicated in recital 106, the market share of Ukraine, India and Iran should be analysed over the period considered and not by focusing on a specific one-year period. It follows that the market share held by imports from India, Iran and Ukraine has indeed increased slightly from 4% to 5.4% over the period considered while imports from other third countries (including the ones listed above) have in general decreased from 10.9% to 9.1%. It follows from the above that the decrease in market share for the Union industry (~4%) cannot be compared with the market share held by the countries mentioned above in the investigation period only and that the market share increase cannot be regarded as significant enough to break the causal link.

After definitive disclosure, certain exporting producers claimed that, when assessed in absolute terms, imports from all third countries were comparable to imports from Russia and that they should be equally regarded as being injurious. In this regard, it is first noted that as indicated in recitals 107 to 111 of the provisional Regulation, the conditions to assess Russian and Chinese imports cumulatively were fulfilled. Therefore, Russian imports should not be analysed in isolation. Second, it is also noted that, while the analysis of imports should indeed be made when looking at absolute figures, the evolution of such absolute figures should also be analysed. In this regard and as indicated above, it is noted that imports from all third countries have decreased by 206 571 tonnes over the period considered while imports from Russia increased by 231 496 tonnes. Imports from the countries concerned assessed cumulatively followed a similar trend and increased by 312 224 tonnes. As depicted above, imports from all third countries were much lower than imports from the countries concerned in the period considered. They have also followed an opposite trend to that of Russian imports or imports from the countries concerned. On this basis, it is confirmed that imports from third countries were correctly analysed taking into account their volume, price and market share trends. The claim was therefore rejected.

4.8. Conclusion on causation

On the basis of the above and in the absence of any other comments, the conclusions set out in recitals 202 to 204 of the provisional Regulation are confirmed.

5. UNION INTEREST

5.1. Interest of the Union industry

In the absence of any comments regarding the interest of the Union industry, the conclusion reached in recital 209 of the provisional Regulation is confirmed.
5.2. Interest of importers and users

(145) Following provisional disclosure, several parties claimed that it would not be in the Union interest to impose anti-dumping measures against the countries concerned. They alleged that anti-dumping measures would be against the interests of smaller users because they will have an anti-competitive effect (Union producers will increase their prices) and because Union producers do not produce certain types of cold-rolled flat steel products.

(146) These allegations were already dealt with in recitals 220 to 223 of the provisional Regulation but no substantive additional information for such allegations was provided after the provisional or definitive disclosure. Thus, the argument is rejected.

5.3. Other arguments

(147) Some parties claimed that the Commission was biased towards Union producers and trying to find dumping at all cost.

(148) This above claim was not further substantiated. The Commission underlines that the investigation is conducted within the applicable legal framework with the highest standards for neutrality and transparency.

(149) According to some parties, the fact that Union producers imported the product under investigation shows that they cannot meet demand in the Union.

(150) As also stated in recital 191 of the provisional Regulation, a number of Union producers are part of integrated steel groups with independent trading companies. These traders are free to purchase from whichever source they choose, including the countries concerned. It needs to be reiterated that these purchases represented less than 1% of the sales of the complainants. Apart from reasons of self-defence and maintaining commercial relationships, there is nothing on the file that would suggest that such imports were made due to Union producers not being able to meet demand.

5.4. Conclusion on Union interest

(151) In the absence of any other comments concerning the Union interest, the conclusions reached in recitals 229 to 232 of the provisional Regulation are confirmed.

6. DEFINITIVE ANTI-DUMPING MEASURES

6.1. Injury elimination level

(152) Following provisional disclosure, several parties made comments on the 5% target profit provisionally used for calculating underselling, as explained in recitals 237 to 238 of the provisional Regulation. One interested party claimed that the profit in the sector would not have been more than 5%, whereas another interested party submitted that a 5% target profit was excessive. These claims were not substantiated.

(153) Eurofer considered the 5% target profit far too low. Firstly, it rejected the reference to GOES target profit on the basis that, inter alia, R&D, markets and the steel nature were different. Secondly, Eurofer claimed that available and verifiable evidence from before 2009 showed that the target profit used should be at least 10%. While claiming so, Eurofer based itself partly on the information provided by the complaining producers which had been sampled and which had provided, at the Commission’s request, profitability data for inter alia the period 2005-2008, and partly on the profitability achieved by certain other Union producers in that period. Eurofer added that the target profit should not derive from years affected either by the economic crisis or by dumped imports from the countries concerned. Thirdly, Eurofer claimed that the target profit should be adjusted in light of post-investigation period imports and an ongoing additional unfair price depreciation of the imports concerned. It also pointed out that in the past Union institutions had already relied on a higher than normal profit level to offset the injury caused by dumped imports (1).

These comments were duly analysed. It should first be remembered that, as explained in recital 236 of the provisional Regulation, the investigation had established that throughout the period considered there were significant volumes of imports from the countries concerned which had an adverse effect on, inter alia, the profitability of the Union industry. Therefore, none of the years in the period considered could be deemed indicative for the profit that could be reasonably achieved under normal conditions of competition. As the only submission received in this respect during the provisional stage was not sufficiently substantiated, the Commission chose to provisionally establish the target profit on the basis of findings in investigations concerning other steel products. However, after the imposition of provisional measures the Commission has further looked into this issue not only in view of the comments received following disclosure, but also by requesting and analysing more information in this respect.

Indeed, as already referred to in recital 8 above, following the imposition of provisional measures the Commission requested the sampled Union producers to provide profitability data with regard to the like product when sold on the Union market for the years 2005 to 2010 (the same information for the period 2011 to the investigation period had already been provided through their original questionnaire response). This information was provided and duly verified. The weighted average profitability for the years 2005 to 2008 which could be calculated on that basis was for each of these years in the range of 9 %–15 %. The years 2005 to 2008 appeared to be representative years for establishing a target profit, as they were neither affected by the economic crisis, which impacted the sector strongly as from 2009, nor were they characterised by exceptionally favourable market circumstances. Moreover, the volume of imports from the countries concerned and other countries in these years indicated that competition was strong.

On the basis of the above the Commission therefore considers that the profit margin achieved by the industry in the most recent representative year, i.e. the year 2008, is a more appropriate basis for a target profit, for this industry, than the 5 % target profit provisionally used. That weighted average profit margin amounts to 9,9 % and the underselling calculations have been adjusted accordingly. Given that it is based on actual profitability data for the product concerned it is the best information available for this purpose.

Certain exporting producers returned to the issue of the injury margins used to establish the injury elimination level in their comments which followed the definitive disclosure. Quoting paragraph 60 of the EFMA judgment (1) it was pointed out that 'in calculating the target price that will remove the injury in question [the profit margin to be used] must be limited to the profit margin which the Community industry could reasonably count on under normal conditions of competition, in the absence of dumped imports'. They further indicated that the profit achieved in the year 2011 constitutes a reliable profit margin in the absence of dumped imports. Bearing in mind that the data on file for the period 2009 to the investigation period was clearly not appropriate due to the significant presence of low priced and dumped imports and the 2009 financial crises which impacted the steel sector also in 2010 and 2011, it was evident that the Commission had reasonable grounds to go further back in time (if data was available) in order to identify the most recent representative year and that the period 2005-2008 should therefore be examined. It was concluded from the data available that the year 2008 was the most appropriate year for the reasons stated above. The claim that this constitutes ‘cherry picking’ is baseless since the year 2008 was by no means the highest profit year from the period 2005-2008. 2008 was selected as it was the most recent year with normal conditions of competition. Indeed, an examination of Union market prices, import data and Union consumption showed that a normal competitive market situation existed.

Therefore, the method used to establish a normal profit for the injury elimination level is fully in line with the EFMA judgment and the claim was rejected.

The same exporting producers claimed that, as indicated in recital 122 above, the Commission had disregarded events that took place in 2010 from its analysis of the situation of the Union industry on the ground that they took place before the period of analysis whereas it resorted to the year 2008 to determine target profit. In this regard, it is noted that while the period considered for the analysis of the situation of the Union industry was limited to the period from 2011 to the investigation period, as defined in recital 20 of the provisional Regulation, there are no legal boundaries that prevent the Commission from reverting to periods outside the period considered in order to establish a reasonable target profit, as long as the period chosen is representative of the profit level that could be achieved in the absence of dumped imports. This is duly explained in recital 157 above. Consequently, this claim has to be rejected.

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The same parties claimed that, in the absence of ‘other injury indicators’ for the period 2005-2008, interested parties could not submit meaningful comments on the appropriateness of the level of the target profit. In this regard, it is noted that determining the most recent year where normal market conditions prevailed and assessing the situation of the Union industry over the period considered are two separate exercises whereby the Commission does not require and/or analyse the same set of information. The ‘other injury indicators’ are not relevant in order to determine whether normal market conditions prevail in a certain year. This claim was therefore rejected.

Certain exporting producers claimed that the 2008 profitability data should not have been used because it does not fall within the period 2011 to the investigation period. However, it is clear from the abovementioned EFMA judgment that during the period considered none qualifies for establishing a target profit. As at the provisional stage, the Commission did not avail of reliable, verified and usable profitability information from the industry, it relied on profitability rates used in other investigations. However, as it had obtained and verified additional profitability information after provisional disclosure, and that information proved to be indicative for a profit that could reasonably be achieved under normal conditions of competition in this sector, the use of such profit is more appropriate than the use of a figure tainted by different market circumstances (products, conditions of competition), even if more recent. This claim was therefore rejected.

One Russian exporting producer indicated that no underselling margin calculation had been performed for product types which were processed by related importers on entry to the Union market. As data was available to include such sales, this claim has been accepted and the undercutting and underselling margins have been updated accordingly.

The same Russian exporting producer argued that the determination of the level of underselling was inaccurate. It indicated that the cost of production values of the Union industry which were used for the underselling calculations were, for some product types, very high, when compared to nearly identical product types and that the Commission should have either disregarded or adjusted them to a realistic level. It also stated that although the average CIF export prices for Chinese imports is 3% higher, the underselling margin of Russian exporters is double. Finally, it stated that the volume of comparable products sold by the Union industry represented only 6.4% of its total export volume.

After rechecking, the Commission established however that the cost of production data of the Union industry were accurate. As far as the difference in CIF value and underselling margin is concerned, it is noted that such comparison is simplistic and does not take account of the possible price and cost variations among the product types on the Union or on the exporting producer side. It is further noted that the basic Regulation does not foresee any threshold with regard to the comparison between the volume exported and the corresponding volume sold by the Union industry for similar products. In any case, after taking into account the claim referred to in recital 162, the volume of comparable products sold by the Union industry represented 10% of its total export volume. In this regard, it is also noted that over 90% of the products exported to the Union by this specific exporting producer could be matched with a comparable Union product. On the basis of the above, this claim has to be rejected.

Several exporting producers challenged the application by the Commission of Article 2(9) for the injury calculations, stating that Article 2(9) appears under the dumping provisions of the basic Regulation and could not be used by analogy for calculating injury. They argued that the free circulation price should be based on the price actually charged by its related importers in the Union to the first independent customers in the Union.

The purpose of calculating an injury margin is to determine whether imposing a lower duty rate (than the one based on the dumping margin) to the export price of the dumped imports would be sufficient to remove the injury caused by the dumped imports. This assessment should be based on the export price at the Union frontier level which is considered to be a level comparable to the Union industry ex-works price. In the case of export sales via related importers, by analogy with the approach followed for the dumping margin calculations, the export price is constructed on the basis of the resale price to the first independent customer duly adjusted pursuant to Article 2(9) of the basic Regulation. As the export price is an indispensable element in the injury margin calculation and as this Article is the only Article in the basic Regulation which gives guidance on the construction of the export price, the application of this Article by analogy is justified.
(167) Furthermore, it is considered that the method advocated by this party would lead to unequal treatment in the calculation of its margins and those of other sampled exporting producers selling to independent importers. The methodology employed for the other sampled exporting producers was based on an export price at CIF level which of course excludes SGA and profit for resale in the Union after customs clearance. The Commission considers that the establishment of the relevant import price for undercutting and underselling calculations should not be influenced by whether the exports are made to related or independent operators in the Union. The methodology followed by the Commission ensures that both circumstances receive equal treatment.

(168) Therefore, the Commission considered that the approach followed was accurate and rejected these claims.

(169) After definitive disclosure, one interested party claimed that, due to the deduction of SGA and profit from the sales price, the underselling and dumping rates could no longer be correctly compared as the denominator for the calculation (i.e. the CIF price) would no longer be the same. This claim was rejected as the deductions of SGA and profit only affect the numerator of ratio, not the denominator.

(170) Also further to the definitive disclosure certain interested parties claimed that the deduction of SGA and profit distorted the effect of the lesser duty rule. However, as a comparable methodology was applied to the dumping calculations clearly no distortion of the lesser duty rule exists. This claim was therefore rejected.

(171) One interested party indicated that the so-called lesser-duty rule was not adequate to remove the injury to the Union industry in the present case on the grounds that while the cost of production of the Union industry remained stable after the investigation period, import prices from the Russia and China decreased respectively by 19 % and 22 % from April to December 2015. On this basis, it claimed that the respective level of the provisional anti-dumping duties (26,2 % and 16 %) was insufficient as the duties were already largely or fully absorbed by the abovementioned price decreases. As a consequence of these price decreases, producers in the countries concerned were able to increase their export volume to the Union significantly. It further referred to recital 26 of Council Regulation (EC) 437/2004 (1) where the Commission indicated that findings should be limited to the investigation period except when the effects of new circumstances could be proved to be manifest, undisputed, lasting, not open to manipulation and not stemming from deliberate action by interested parties.

(172) This claim has to be rejected. On the one hand, the claim that Union industry production costs remained stable was not supported by factual evidence. On the other hand, while import prices from the countries concerned have indeed decreased significantly since the end of the investigation period, there are several indications that import prices are again increasing in the second quarter of 2016. Therefore, the decrease in sales prices does not appear to be of a lasting nature and it would therefore be premature to treat it as such.

(173) As the level of cooperation was high, the definitive injury margin for the PRC, applicable to non-sampled cooperating exporting producers, was calculated as the average of the two sampled exporting producers. The definitive injury margin for the PRC, applicable to non-cooperating exporting producers, was established at the level of the highest margin of the two cooperating companies.

(174) For Russia the definitive injury margin applicable to non-cooperating exporting producers was established based on the injury margin of a representative product type by the cooperating exporting producers. This margin applies to PJSC Novolipetsk Steel because its non-cooperation explained above under ‘Dumping’ also related to its export price and therefore to its injury margin.

(175) Taking into account the issues mentioned above in recitals 152 to 172 above, the definitive injury and dumping margins expressed as a percentage of the CIF Union frontier price, duty unpaid, are as follows. Also shown here are definitive duty rates.

### Table 4

**Definitive margins and duty rates**

<table>
<thead>
<tr>
<th>Chinese exporting producers</th>
<th>Definitive dumping margin (%)</th>
<th>Definitive injury margin (%)</th>
<th>Definitive duty rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Angang Group</td>
<td>59,2</td>
<td>19,7</td>
<td>19,7</td>
</tr>
<tr>
<td>Shougang Group</td>
<td>52,7</td>
<td>22,1</td>
<td>22,1</td>
</tr>
<tr>
<td>Other cooperating companies</td>
<td>56,9</td>
<td>20,5</td>
<td>20,5</td>
</tr>
<tr>
<td>All other companies</td>
<td>59,2</td>
<td>22,1</td>
<td>22,1</td>
</tr>
<tr>
<td>Russian exporting producers</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Magnitogorsk Iron &amp; Steel Works OJSC</td>
<td>18,7</td>
<td>26,4</td>
<td>18,7</td>
</tr>
<tr>
<td>PAO Severstal</td>
<td>35,9</td>
<td>34,0</td>
<td>34,0</td>
</tr>
<tr>
<td>PJSC Novolipetsk Steel</td>
<td>38,9</td>
<td>36,1</td>
<td>36,1</td>
</tr>
<tr>
<td>All other companies</td>
<td>38,9</td>
<td>36,1</td>
<td>36,1</td>
</tr>
</tbody>
</table>

(176) The abovementioned injury margins were rounded down, where appropriate, to the nearest tenth of a digit following comments from an exporting producer after the definitive disclosure.

(177) The individual company anti-dumping duty rates specified in this Regulation were established on the basis of the findings of the present investigation. Therefore, they reflect the situation found during this investigation with respect to these companies. These duty rates (as opposed to the country-wide duty applicable to ‘all other companies’) are thus exclusively applicable to imports of product concerned originating in the countries concerned and produced by the companies and thus by the specific legal entities mentioned. Imported product concerned produced by any other company whose name is not specifically mentioned in the operative part of this Regulation, including entities related to those specifically mentioned, should not benefit from these rates and should be subject to the duty rate applicable to ‘all other companies’.

(178) Any claim requesting the application of these individual company anti-dumping duty rates (for example following a change in the name of the entity or following the setting-up of new production or sales entities) should be addressed to the Commission (1) with all relevant information, in particular any modification in the company's activities linked to production, domestic and export sales associated with, for example, that name change or that change in the production and sales entities. If appropriate, the present Regulation will be amended accordingly by updating the list of companies benefitting from individual duty rates.

(179) In order to minimise the risks of circumvention, it is considered that special measures are needed in this case to ensure the proper application of the anti-dumping measures. These special measures include the following: the presentation to the customs authorities of the Member States of a valid commercial invoice which shall conform to the requirements set out in Article 1(3) of this Regulation. Imports not accompanied by such an invoice shall be made subject to the duty rate applicable to all other companies.

(1) European Commission, Directorate-General for Trade, Directorate H, 1049 Brussels, Belgium.
6.2. **Definitive collection of the provisional duties**

(180) 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.

6.3. **Enforceability of the measures**

(181) After provisional disclosure, the complainant claimed that some exporting producers had started absorbing the imposed provisional duties by refusing to increase its prices. This claim cannot be verified in the framework of this investigation. Should a separate anti-absorption request be filed, a review under Article 12(1) of the basic Regulation could be initiated, if prima facie evidence is provided.

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

HAS ADOPTED THIS REGULATION:

### Article 1

1. A definitive anti-dumping duty is imposed on imports of flat-rolled products of iron or non-alloy steel, or other alloy steel but excluding of stainless steel, of all widths, cold-rolled (cold-reduced), not clad, plated or coated and not further worked than cold-rolled (cold-reduced), currently falling within CN ex 7209 15 00 (TARIC code 7209 15 00 90), 7209 16 90, 7209 17 90, 7209 18 91, ex 7209 18 99 (TARIC code 7209 18 99 90), ex 7209 25 00 (TARIC code 7209 25 00 90), 7209 26 90, 7209 27 90, 7209 28 90, 7211 23 30, ex 7211 23 80 (TARIC codes 7211 23 80 19, 7211 23 80 95 and 7211 23 80 99), ex 7211 29 00 (TARIC codes 7211 29 00 19 and 7211 29 00 99), 7225 50 80 and 7226 92 00 and originating in the People's Republic of China and the Russian Federation.

The following product types are excluded from the definition of the product concerned:

— flat-rolled products of iron or non-alloy steel, of all widths, cold-rolled (cold-reduced), not clad, plated or coated, not further worked than cold-rolled, whether or not in coils, of all thickness, electrical,

— flat-rolled products of iron or non-alloy steel, of all widths, cold-rolled (cold-reduced), not clad, plated or coated, in coils, of a thickness of less than 0.35 mm, annealed (known as ‘black plates’),

— flat-rolled products of other alloy steel, of all widths, of silicon-electrical steel, and

— flat-rolled products of alloy steel, not further worked than cold-rolled (cold-reduced), of high-speed steel.

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

<table>
<thead>
<tr>
<th>Country</th>
<th>Company</th>
<th>Definitive duty rate (%)</th>
<th>TARIC Additional Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>PRC</td>
<td>Angang Steel Company Limited, Anshan</td>
<td>19,7</td>
<td>C097</td>
</tr>
<tr>
<td></td>
<td>Tianjin Angang Tiantie Cold Rolled Sheets Co. Ltd., Tianjin</td>
<td>19,7</td>
<td>C098</td>
</tr>
<tr>
<td></td>
<td>Other cooperating companies listed in Annex</td>
<td>20,5</td>
<td></td>
</tr>
<tr>
<td></td>
<td>All other companies</td>
<td>22,1</td>
<td>C999</td>
</tr>
</tbody>
</table>
### Article 2

The amounts secured by way of the provisional anti-dumping duties pursuant to Implementing Regulation (EU) 2016/181 shall be definitively collected. The amounts secured in excess of the definitive rates of anti-dumping duty shall be released.

### Article 3

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, 29 July 2016.

*For the Commission*

*The President*

Jean-Claude JUNCKER
ANNEX

Chinese cooperating exporting producers not sampled

<table>
<thead>
<tr>
<th>Country</th>
<th>Name</th>
<th>TARIC additional code</th>
</tr>
</thead>
<tbody>
<tr>
<td>PRC</td>
<td>Hebei Iron and Steel Co., Ltd, Shijiazhuang</td>
<td>C103</td>
</tr>
<tr>
<td>PRC</td>
<td>Handan Iron &amp; Steel Group Han-Bao Co., Ltd, Handan</td>
<td>C104</td>
</tr>
<tr>
<td>PRC</td>
<td>Baoshan Iron &amp; Steel Co., Ltd, Shanghai</td>
<td>C105</td>
</tr>
<tr>
<td>PRC</td>
<td>Shanghai Meishan Iron &amp; Steel Co., Ltd, Nanjing</td>
<td>C106</td>
</tr>
<tr>
<td>PRC</td>
<td>BX Steel POSCO Cold Rolled Sheet Co., Ltd, Benxi</td>
<td>C107</td>
</tr>
<tr>
<td>PRC</td>
<td>Bengang Steel Plates Co., Ltd, Benxi</td>
<td>C108</td>
</tr>
<tr>
<td>PRC</td>
<td>WISCO International Economic &amp; Trading Co. Ltd, Wuhan</td>
<td>C109</td>
</tr>
<tr>
<td>PRC</td>
<td>Maanshan Iron &amp; Steel Co., Ltd, Maanshan</td>
<td>C110</td>
</tr>
<tr>
<td>PRC</td>
<td>Tianjin Rolling-one Steel Co., Ltd, Tianjin</td>
<td>C111</td>
</tr>
<tr>
<td>PRC</td>
<td>Zhangjiagang Yangtze River Cold Rolled Sheet Co., Ltd, Zhangjiagang</td>
<td>C112</td>
</tr>
<tr>
<td>PRC</td>
<td>Inner Mongolia Baotou Steel Union Co., Ltd, Baotou City</td>
<td>C113</td>
</tr>
</tbody>
</table>