

## EXECUTIVE SUMMARY OF THE REQUEST FOR AN EXPIRY REVIEW OF THE COUNTERVAILING DUTY APPLICABLE TO IMPORTS OF ORGANIC COATED STEEL PRODUCTS ORIGINATING IN CHINA

### A. THE PRODUCT CONCERNED

1. The product concerned is “organic coated steel” (“**OCS**”) originating in the People’s Republic of China.
2. These are flat-rolled products of non-alloy and alloy steel (not including stainless steel) which are painted, varnished or coated with plastics on at least one side. The following products are excluded:
  - the so-called 'sandwich panels' of a kind used for building applications and consisting of two outer metal sheets with a stabilising core of insulation material sandwiched between them;
  - those products with a final coating of zinc-dust (a zinc-rich paint, containing by weight 70 % or more of zinc), and;
  - products with a substrate with a metallic coating of chromium or tin.
3. The product concerned is currently falling within the following CN codes: ex 7210 70 80, ex 7212 40 80, ex 7225 99 00, and ex 7226 99 70.
4. OCS is produced by coating flat rolled steel coils according to the following process steps: (i) degreasing to prepare the strip surface for coating; (ii) applying a surface treatment in order to reinforce the adherence of the paint and the corrosion resistance; (iii) applying liquid paint to both sides of the coil (first coating head), usually primer on the topside and back coat on the underside; (iv) curing of the coating in an oven (PMT around 240°C) where the solvents are extracted and destroyed at 750°C (incinerator); (v) cooling of the strip; and (vi) applying the topcoat (second coating head) plus curing and cooling.
5. The main application of the OCS is in the construction industry, also for further processing in various products used in construction (like ‘sandwich panels’, roofing, cladding, *etc.*). Other applications include home appliance production (white and brown goods) or equipment for construction (doors, radiators, lights, *etc.*).

### B. CASE SUMMARY

6. **Standing:** this expiry review request is submitted by the European Steel Association (“**Eurofer**”) on behalf of EU producers of OCS products, a specific subgroup of the coated flat steel product family, representing the vast majority (over 70%) of the EU’s OCS production (the “**applicants**”).
7. **Subsidisation:** OCS producers continue to benefit from subsidisation. The Chinese government and regional/local authorities still provide subsidies distorting the cost of production in China. These subsidies cover many factors needed for OCS production including electricity, land, the provision of intermediate steel products as well as capital through cheap loans and reduced tax rates. All these subsidies were found to be countervailable in the

original investigation and they still apply today. New countervailable subsidies have also been introduced by China and have been added to the file such as the de-facto state guarantee against bankruptcy, the provision of grants to address the steel overcapacity as well as export subsidies. Accordingly, the Commission should extend the existing measures for a further five years as it is likely that subsidisation would continue or recur in case the countervailing duties expire.

8. **Injury:** removal of the measure would be likely to lead to recurrence of injury. Although the EU industry's position has recovered since the imposition of the countervailing duty in 2013, the industry still experiences the lingering effects of previous Chinese subsidisation and remains vulnerable to further harm if the measures are removed. This is clearly seen in the current profitability and capacity utilisation, which even after 5 years of recovery are not at long-term sustainable levels.

9. **Causation:** no other factor, apart from subsidised Chinese imports, is likely to cause recurrence of injury to the EU industry.

10. **Union Interest:** there is a strong EU interest in the continuation of the measures to prevent continuation or recurrence of subsidisation causing injury to the EU industry. Continuing the measures will preserve fair market conditions on the EU market, and will ensure a steady domestic supply of OCS to downstream users. At the same time, the measures have not had any negative impact on users in the EU as supplies have been readily available at competitive prices coming from EU producers and also imports from other countries.

### C. INTERESTED PARTIES

11. **The Applicants:** ArcelorMittal Poland S.A., ArcelorMittal Romania, ArcelorMittal Belgium, ArcelorMittal France, ArcelorMittal Germany, ArcelorMittal Italy, ArcelorMittal Spain, ArcelorMittal Construction France, Tata Steel Europe Ltd., Voestalpine, Salzgitter AG, ThyssenKrupp Steel Europe AG.

12. **The Exporting Producers:** Panhua Group Co Ltd., Baoshan I&S Co Ltd., Yieh Phui Technomaterial Co Ltd., Benxi Iron & Steel, Anshan Iron & Steel, Maanshan Iron & Steel Co, Tangshan I&S Co, Yichang Three Gorges, Quantong Co Ltd., Wuhan I&S Co, Handan I&S Co Ltd., Hengtong Jungmi Sheet, Suzhou Hesheng Special Material, Tianjin Xinyu Color Sheet Ltd., Sutor Technology, Tonghua Mingbang, Union Steel China, Xindazhong Sheet, Shougang I&S Group, Fujian New Material, Anyang I&S Group, Dalian Posco CFM, Guanzhou Holding Co Ltd., Tianjin Ansteel Tiantie Cold Rolled Sheet, Dongnan Ganggou, Xinyu I&S Co, Chengdu Steel & Vanadium (Pangang), Chongqing I&S Co, Kunming I&S Co Ltd., Panzhihua I&S Group Co, Shunde Posco Coated Steel, Zhongshan Zhongyue Tinplate, Zhangjiagang Gangxing New Material.