



**COMMISSION IMPLEMENTING REGULATION (EU) 2025/114**

**of 23 January 2025**

**imposing a definitive countervailing duty on imports of electric bicycles originating in the People's Republic of China following an expiry review pursuant to Article 18 of Regulation (EU) 2016/1037 of the European Parliament and of the Council**

THE EUROPEAN COMMISSION,

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

Having regard to Regulation (EU) 2016/1037 of the European Parliament and of the Council of 8 June 2016 on protection against subsidised imports from countries not members of the European Union <sup>(1)</sup> ('the basic Regulation'), and in particular Article 18 thereof,

Whereas:

**1. PROCEDURE**

**1.1. Measures in force**

- (1) By Commission Implementing Regulation (EU) 2019/72 <sup>(2)</sup> ('the original Regulation'), the European Commission ('the Commission'), imposed a countervailing duty on imports of electric bicycles originating in People's Republic of China (PRC or 'the country concerned' or 'China'). The countervailing duties currently in force range from 3,9 % to 17,2 % ('the original measures'). The investigation that led to the imposition of the original measures will hereinafter be referred to as 'the original investigation'.
- (2) Following the judgment of the General Court in case T-243/19, the countervailing duties were reimposed on Giant Electric Vehicle (Kunshan) Co., Ltd in March 2023 by Commission Implementing Regulation (EU) 2023/610 <sup>(3)</sup>. The re-imposed duty was set at the same level as in the original Regulation. Hence, the countervailing duty rates currently in place are those that were established by Implementing Regulation (EU) 2019/72.
- (3) By Commission Implementing Regulation (EU) 2019/73 <sup>(4)</sup>, the Commission also imposed definitive anti-dumping measures on imports of electric bicycles originating in China. The anti-dumping duties currently in force range from 9,9 % to 70,1 %.

**1.2. Initiation of an expiry review**

- (4) On 17 January 2024, the Commission initiated an expiry review with regard to imports to the Union of electric bicycles originating in the People's Republic of China on the basis of Article 18 of the basic Regulation. It published a Notice of Initiation in the *Official Journal of the European Union* <sup>(5)</sup> ('the Notice of Initiation').

<sup>(1)</sup> OJ L 176, 30.6.2016, p. 55, ELI: <http://data.europa.eu/eli/reg/2016/1037/oj>.

<sup>(2)</sup> Commission Implementing Regulation (EU) 2019/72 of 17 January 2019 imposing a definitive countervailing duty on imports of electric bicycles originating in the People's Republic of China (OJ L 16, 18.1.2019, p. 5, ELI: [http://data.europa.eu/eli/reg\\_impl/2019/72/oj](http://data.europa.eu/eli/reg_impl/2019/72/oj)).

<sup>(3)</sup> Commission Implementing Regulation (EU) 2023/610 of 17 March 2023 reimposing a definitive countervailing duty on imports of electric bicycles originating in the People's Republic of China as regards Giant Electric Vehicle (Kunshan) Co., Ltd following the judgment of the General Court in case T-243/19 (OJ L 80, 20.3.2023, p. 54, ELI: [http://data.europa.eu/eli/reg\\_impl/2023/610/oj](http://data.europa.eu/eli/reg_impl/2023/610/oj)).

<sup>(4)</sup> Commission Implementing Regulation (EU) 2019/73 of 17 January 2019 imposing a definitive anti-dumping duty and collection the provisional duty on imports of electric bicycles originating in the People's Republic of China (OJ L 16, 18.1.2019, p. 108, ELI: [http://data.europa.eu/eli/reg\\_impl/2019/73/oj](http://data.europa.eu/eli/reg_impl/2019/73/oj)).

<sup>(5)</sup> Notice of initiation of an expiry review of the anti-subsidy measures applicable to imports of electric bicycles originating in the People's Republic of China (OJ C/2024/798, 17.1.2024, ELI: <http://data.europa.eu/eli/C/2024/798/oj>).

- (5) The Commission initiated the investigation following a review request lodged on 16 October 2023 by the European Bicycle Manufacturers Association ('the request' and 'the applicant') on behalf of the Union industry of electric bicycles in the sense of Article 10(6) of the basic Regulation. The request contained evidence of likelihood of continuation of subsidisation and recurrence of injury to the Union industry that was sufficient to justify the initiation of the investigation.
- (6) Prior to the initiation of the expiry review, the Commission notified the Government of China ('GOC') <sup>(9)</sup> that it had received a properly documented request, and invited the GOC for consultations in accordance with Article 10(7) of the basic Regulation. The GOC did not respond and therefore consultations did not take place.

### 1.3. Review investigation period and period considered

- (7) The investigation about subsidisation and injury covered the period from 1 January 2023 to 31 December 2023 ('review investigation period' or 'RIP'). The examination of trends relevant for the assessment of the likelihood of a continuation or recurrence of injury covered the period from 1 January 2020 to the end of the review investigation period ('the period considered').

### 1.4. Interested parties

- (8) In the Notice of Initiation, interested parties were invited to contact the Commission in order to participate in the investigation. In addition, the Commission specifically informed the applicant, all known Union producers, the known producers in PRC as well as the authorities of the PRC, known importers, users, as well as associations known to be concerned about the initiation of the expiry and invited them to participate.
- (9) Interested parties had an opportunity to comment on the initiation of the expiry review and to request a hearing with the Commission and/or the Hearing Officer in trade proceedings. An ad hoc Group, on behalf of 8 companies in the Union which assemble e-bike parts imported from China and other third countries, came forward and provided comments. These comments did not concern the initiation as such and were addressed in the section 6 on Union interest below. This group also requested a hearing with the Commission, which took place on 30 April 2024.

### 1.5. Sampling

- (10) In the Notice of Initiation, the Commission stated that it might sample the interested parties in accordance with Article 27 of the basic Regulation.

#### 1.5.1. Sampling of Union producers

- (11) In the Notice of Initiation, the Commission stated that it had decided to limit the investigation to a reasonable number of Union producers by applying sampling. The Commission selected the sample on the basis of the highest representative quantity of production which could reasonably be investigated within the time available.
- (12) In accordance with Article 27 of the basic Regulation, the Commission invited interested parties to comment on the provisional sample. No comments on the provisional sample were received. The sample was considered representative of the Union industry.

#### 1.5.2. Sampling of importers

- (13) To decide whether sampling was necessary and, if so, to select a sample, the Commission asked unrelated importers to provide the information specified in the Notice of Initiation.
- (14) No unrelated importer replied to the sampling form.

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<sup>(9)</sup> The term 'GOC' is used in this Regulation in a broad sense, including the State Council, as well as all Ministries, Departments, Agencies and Administrations at central, regional or local level.

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

- (15) To decide whether sampling was necessary and, if so, to select a sample, the Commission asked all known producers in the PRC to provide the information specified in the Notice of Initiation. In addition, the Commission asked the Mission of the People's Republic of China to the European Union to identify and/or contact other producers, if any, that could be interested in participating in the investigation.
- (16) Only two exporting producers from the People's Republic of China provided a sampling reply and sampling was therefore not deemed necessary. However, these two companies accounted together for less than 0,1 % of the Chinese electric bicycle industry in terms of (i) exports to the Union, (ii) domestic sales and, (iii) Chinese production capacity in the review investigation period. The Commission therefore considered that those two companies could not be considered representative of the Chinese electric bicycle industry for the purpose of the expiry review investigation and that their company-specific information was not susceptible to form a basis for representative findings regarding all exports from the PRC to the Union.
- (17) Accordingly, the Commission concluded that cooperation from electric bicycle producers in the PRC was insufficient to make representative findings and informed the two companies, as well as the authorities of the People's Republic of China, that the Commission intended to apply Article 28 of the basic Regulation and base its findings on continuation or recurrence of subsidy and injury with regard to imports from the People's Republic of China on facts available.

### 1.6. Questionnaire replies and verification visits

- (18) The Commission invited the two companies that had provided sampling reply to contact the Commission services in case they intended to fill out a questionnaire reply notwithstanding their lack of representativity of the e-bike industry the PRC (see above). At the initiation of the investigation a copy of the questionnaires was made available in the file for inspection by interested parties and on DG Trade's website. No questionnaire reply was submitted.
- (19) On 12 February 2024 the Commission sent a questionnaire to the government of China ('GOC'). The GOC was also asked to forward specific questionnaires to (i) the Chinese Export & Credit Insurance Corporation ('Sinasure'), (ii) producers and distributors of E-bike engines, batteries and other E-bike parts and components and (iii) banks and other financial institutions known by the GOC to have provided loans to the industry concerned.
- (20) The Commission received no replies to the abovementioned questionnaires. Accordingly, the Commission informed the GOC by Note Verbale of 5 April 2024 that it intended to apply Article 28 of the basic Regulation with respect to the information requested in the questionnaires sent to GOC and invited the GOC to comment thereupon. No comments were received.
- (21) The Commission sought and verified all the information deemed necessary for the determination of likelihood of continuation or recurrence of dumping and injury and of the Union interest. Verification visits pursuant to Article 26 of the basic Regulation were carried out at the premises of the following companies:

#### **Union producers**

- Cube Bikes, Germany;
- Accell Hunland, Hungary;
- Cross, Bulgaria.

### 1.7. Disclosure

- (22) On 25 October 2024, the Commission disclosed the essential facts and considerations on the basis of which it intended to maintain the countervailing duties in force. All parties were granted a period within which they could make comments on the disclosure.
- (23) Several interested parties submitted comments, which were considered by the Commission and addressed in sections 2.3, 3.9 and 6 below. One party who so requested was granted a hearing.

## 2. PRODUCT UNDER REVIEW, PRODUCT CONCERNED AND LIKE PRODUCT

### 2.1. Product under review

- (24) The product under review is the same as in the original investigation namely cycles, with pedal assistance, with an auxiliary electric motor ('electric bicycles' or 'e-bikes, currently falling under CN codes 8711 60 10 and ex 8711 60 90 (TARIC code 8711 60 90 10).

### 2.2. Product concerned

- (25) The product concerned by this investigation is the product under review originating in the People's Republic of China.

### 2.3. Like product

- (26) As established in the original investigation, this expiry review investigation confirmed that the following products have the same basic physical and technical characteristics as well as the same basic uses:
- the product concerned when exported to the Union;
  - the product under review produced and sold on the domestic market of the People's Republic of China;
  - the product under review produced and sold by the exporting producers to the rest of the world; and
  - the product under review produced and sold in the Union by the Union industry.
- (27) These products are therefore considered to be like products within the meaning of Article 2(c) of the basic Regulation.
- (28) Following disclosure, one party submitted that the Commission should specify that the parts imported by the exempted importers and/or from exempted foreign exporters under Commission Implementing Decision (EU) 2024/1279 <sup>(7)</sup> should not be regarded as product concerned. According to this party, it should be clarified that parts of the product concerned to be used for the product concerned are not subject to countervailing duties if imported separately.
- (29) The Commission considered that such clarification was not warranted since parts are not covered by the measures that are subject of this review. On this basis, this claim was rejected.

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<sup>(7)</sup> Commission Implementing Decision (EU) 2024/1279 of 8 May 2024 concerning exemptions from the extended anti-dumping duty on certain bicycle parts originating in the People's Republic of China pursuant to Commission Regulation (EC) No 88/97 (OJ L, 2024/1279, 21.5.2024, ELI: [http://data.europa.eu/eli/dec\\_impl/2024/1279/oj](http://data.europa.eu/eli/dec_impl/2024/1279/oj)).

### 3. LIKELIHOOD OF CONTINUATION OF SUBSIDISATION

- (30) In accordance with Article 18 of the basic Regulation, and as stated in the Notice of Initiation, the Commission examined whether the expiry of the existing measures would be likely to lead to a continuation of subsidisation.

#### 3.1. **Non-cooperation and the use of facts available in accordance with Article 28(1) of the basic Regulation**

- (31) On 12 February 2024 the Commission sent a questionnaire to the government of China ('GOC'). The GOC was also asked to forward specific questionnaires to (i) the Chinese Export & Credit Insurance Corporation ('Sinasure'), (ii) producers and distributors of E-bike engines, batteries and other E-bike parts and components and (iii) banks and other financial institutions known by the GOC to have provided loans to the industry concerned.
- (32) The Commission received no replies to the abovementioned questionnaires. Accordingly, the Commission informed the GOC by Note Verbale of 5 April 2024 that it intended to apply Article 28 of the basic Regulation with respect to the information requested in the questionnaires sent to GOC and invited the GOC to comment thereupon. No comments were received.
- (33) Given that cooperation from electric bicycle producers in the PRC was insufficient for making representative findings for the purpose of this expiry review (see recitals (16) and (17) above) and the lack of cooperation from the GOC and other relevant parties in the PRC that had been asked to provide information as described above, the Commission, in accordance with Article 28 of the basic Regulation, resorted to the use of facts available to establish the likelihood of continuation of subsidisation of the electrical bikes industry in the PRC.
- (34) Accordingly, the Commission used for its analysis all facts available to it, in particular:
- (a) the information contained in the request;
  - (b) the Commission's findings in the original investigation as set out in Implementing Regulation (EU) 2019/72;
  - (c) findings of the most recent anti-subsidy investigations carried out by the Commission concerning encouraged industries in China, such as, coated fine paper<sup>(8)</sup> (CFP investigation), hot-rolled flat steel<sup>(9)</sup> (HRF investigation), filament fibre glass (GFR investigation)<sup>(10)</sup>, and optical fibre cables (OFC investigation)<sup>(11)</sup> where similar subsidies were examined;
  - (d) Commission Staff Working Document on Significant Distortions in the Economy of the People's Republic of China for the purpose of trade defence investigations ('the China Report')<sup>(12)</sup>.

<sup>(8)</sup> Commission Implementing Regulation (EU) 2023/1647 of 21 August 2023 imposing a definitive countervailing duty on imports of certain coated fine paper originating in the people's Republic of China following an expiry review pursuant to Article 18 of Regulation (EU) 2016/1037 of the European Parliament and of the Council (OJ L 207, 22.8.2023, p. 1, ELI: [http://data.europa.eu/eli/reg\\_impl/2023/1647/oj](http://data.europa.eu/eli/reg_impl/2023/1647/oj)).

<sup>(9)</sup> Commission Implementing Regulation (EU) 2023/1123 of 7 June 2023 imposing a definitive countervailing duty on imports of certain hot-rolled flat products of iron, non-alloy or other alloy steel originating in the People's Republic of China following an expiry review pursuant to Article 18 of Regulation (EU) 2016/1037 of the European Parliament and of the Council (OJ L 148, 8.6.2023, p. 84, ELI: [http://data.europa.eu/eli/reg\\_impl/2023/1123/oj](http://data.europa.eu/eli/reg_impl/2023/1123/oj)).

<sup>(10)</sup> Commission Implementing Regulation (EU) 2021/328 of 24 February 2021 imposing a definitive countervailing duty on imports of continuous filament fibre glass products originating from the People's Republic of China following an expiry review pursuant to Article 18 of Regulation (EU) 2016/1037 of the European Parliament and of the Council (OJ L 65, 25.2.2021, p. 1, ELI: [http://data.europa.eu/eli/reg\\_impl/2021/328/oj](http://data.europa.eu/eli/reg_impl/2021/328/oj)).

<sup>(11)</sup> Commission Implementing Regulation (EU) 2022/72 of 18 January 2022 imposing definitive countervailing duties on imports of optical fibre cables originating in the People's Republic of China and amending Implementing Regulation (EU) 2021/2011 imposing a definitive anti-dumping duty on imports of optical fibre cables originating in the People's Republic of China (OJ L 12, 19.1.2022, p 34, ELI: [http://data.europa.eu/eli/reg\\_impl/2022/72/oj](http://data.europa.eu/eli/reg_impl/2022/72/oj)).

<sup>(12)</sup> SWD (2024)91 final, 10.4.2024.

### 3.2. Introductory remarks on the electric bicycle industry in the PRC

- (35) In the original investigation the Commission established the GOC's vision for improvement and promotion of key industries, such as the electric bicycles industry, through the implementation of several plans on national, local and sectorial level. In particular, the 13<sup>th</sup> Five Year plan for National Economic and Social Development of the PRC covering the years 2016-2020 ('the 13<sup>th</sup> Five Year Plan') included new-energy vehicles as a strategic industry <sup>(13)</sup>, whilst the Light Industry Development Plan for the same period (2016-2020), which was prepared by GOC to implement the 13<sup>th</sup> Five Year Plan, and the Made in China 2025, specifically identifies the bicycles and battery industry as key industries.
- (36) As described in the original Regulation <sup>(14)</sup>, under the Light Industry Development Plan, the bicycles and electric bicycle industry required 'Technology Reformation Engineering' through the 'Industrialization of new-material bicycle, technical transformation of the intelligent, environment-friendly and efficient electric bicycle production line and crucial parts'. This Plan also recommended to 'Promote the bicycle industry to develop in a lightweight, diversified, fashionable and intelligent direction. Speed up the R & D and application of high-strength light material, transmission, drive system, new energy, intelligent sensing technology and internet of Things technology. Focus on developing diversified bicycles suitable for fashionable and casual purposes, exercise and fitness, long-distance country crossing and high-performance folding, and the electric bicycle complied with standard and intelligent electric bicycle with lithium-ion battery'. Moreover, the Light Industry Development Plan listed some concrete policy measures to promote key industries, such as electric bicycles and battery industries. It referred in particular to measures such as increase of market access reform, increase of financial tax policy support as well as financial support.
- (37) Furthermore, on the specific bicycle industry sector level, the 13<sup>th</sup> Five Year Plan for Bicycle and Electric Bicycle Industry (2016-2020), issued by the China Bicycle Association ('CBA') included the bicycles industry among the emerging industries and stated: *'the emerging industries have been promoted to the level of national strategy, such as, new energy, new material, internet, energy conservation and environmental protection, and information technology, so it has become an inevitable trend for traditional industries to enter the mid-end and high-end community. Especially after the Fifth Plenary Session put forward to "promote the low-carbon development of traffic and transportation and encourage the green travel by bicycle", the bicycle industry will certainly enjoy the new historic opportunities for development.'* The 13th Bicycle Plan further stated that *'the export scale of bicycles and spare parts will be kept stable and the export of electric bicycles will be dramatically increased. The industry integration will be further strengthened and the contribution of leading enterprises to the output volume will exceed 50 %. The industry will nurture, jointly construct and improve 3-5 industry clusters and characteristic regions. The proportion of mid-end and high-end bicycle and lithium battery bicycle will increase yearly'*. One of the main tasks in the Plan was to *'continue promoting the development of diverse, branded and high-end bicycles in the industry, and gradually increase the proportion of people travelling by bicycle and the proportion of mid-end and high-end bicycles; realize the lightweight, lithium battery and smart electric bicycles, and constantly improve the market share of lithium battery bicycles and the export proportion of electric bicycles'* <sup>(15)</sup>.
- (38) Furthermore, in the 'Catalogue of Investment Projects subject to Government Verification and Approval', the GOC had signalled an increased prioritisation of alternative energy vehicles, including electric bicycles: 'Production capacity that increases the number of traditional fuel-powered vehicles shall be strictly controlled such that in principle new manufacturers of traditional fuel-powered vehicles shall no longer be verified and approved for construction. Efforts shall be made to actively guide the healthy and orderly development of alternative energy vehicles' <sup>(16)</sup>.
- (39) Also, the Made in China 2025, Decision No 40 and The National Outline for the Medium and Long-term Science and Technology Development (2006-2020) identified the electric bicycles industry as a strategic/encouraged key industry whose development should be prioritised and supported <sup>(17)</sup>.

<sup>(13)</sup> Implementing Regulation (EU) 2019/72, recitals (97) to (100).

<sup>(14)</sup> Implementing Regulation (EU) 2019/72, recitals (101) to (106).

<sup>(15)</sup> Implementing Regulation (EU) 2019/72, recitals 109 to 113.

<sup>(16)</sup> Ibid, recital (114).

<sup>(17)</sup> Ibid, recital (129).

- (40) Furthermore, the original investigation also established that GOC not only promoted the electric bicycles industry but also their parts, notably engines and batteries <sup>(18)</sup> through various plans at national, regional and sectorial level. Notably, the 13<sup>th</sup> Five Year Plan explicitly referred to support to the development of high-efficiency energy storage whilst the Light Industry Development Plan listed the battery industry as a key industry. In addition bicycle parts, specifically batteries and light metals for frames were listed as encouraged industries in the 'Catalogue of the Guidance of Foreign Investment Industries as well as in the Catalogue of Priority Industries for Foreign Investment in Central and Western China. Finally, lithium-ion batteries were part of the encouraged industry list in the Catalogue for Guiding Industry Restructuring.
- (41) The Commission thus concluded in the original regulation that the electric bicycle industry and its parts were regarded as key/strategic industries, whose development was actively pursued by the GOC as a policy objective <sup>(19)</sup>.
- (42) The expiry review request confirmed that that the GOC has continued to actively support the development of the electric bicycle and parts industry, which are still regarded as key industries in China through various policy documents and legislation, as set out below.

#### **14<sup>th</sup> Five Year Plan**

- (43) The 14th Five Year Plan ('14th FYP') for the period 2021 to 2025 highlights the strategic vision of the GOC for improvement and promotion of key industries <sup>(20)</sup>. According to its Chapter I, one of the main development lines is to promote the upgrading of the traditional industrial structure and deepen the 'technological revolution and industrial transformation'. This idea is further elaborated in Chapter IV, which aims at developing an optimised modern industrial system with the objective of making China a 'manufacturing powerhouse'. In order for emerging industries to 'accelerate and expand', the plan supports the development and promotes the production of 'new-energy vehicles and green and environmentally friendly products', as was already the case in the 13th Five Year Plan.
- (44) The 14<sup>th</sup> FYP is further implemented through local and sectoral plans, which set the direction of policies to be implemented for the development of strategic industries and sectors.
- (45) On top of the 14th FYP, each sub-central level implements it with provincial and local plans as to ensure effective action. In particular:
- (46) The Tianjin province in its 14th Five Year Plan for high-quality development of the manufacturing industry foresees the accelerated transformation into a 'strong manufacturing city' <sup>(21)</sup>. Tianjin regards the bicycle/e-bike sector as an 'advantageous industry', which has to be 'vigorously' developed <sup>(22)</sup>. New energy vehicles are also a top priority for Tianjin, since the province wishes to develop energy-saving and new energy vehicles. The Tianjin Province plan expects to expand the lithium-ion battery industry through the development of materials, such as nickel, graphite and carbon silicon, in order to accelerate their application in new energy vehicles. Other materials relevant to e-bike production, such as magnesium aluminium alloy sheets for parts, e.g. wheel hubs, high-end steel for steel rods and steel wires, are also a focus support area <sup>(23)</sup>. In support of the 14th 5-Year Plan, the Foreign Affairs Office of Tianjin Municipal People's Government published a list of 33 policy incentives for economic improvement in 2023 Q1, including subsidies of up to ¥50 million per company <sup>(24)</sup>.

<sup>(18)</sup> Implementing Regulation (EU) 2019/72, recitals 116 to 128.

<sup>(19)</sup> Ibid. recital (130).

<sup>(20)</sup> NPC, 2021, Outline of the 14th Five-Year Programme for National Economic and Social Development of the People's Republic of China and 2035 Long-term Vision, available from: [http://www.gov.cn/xinwen/2021-03/13/content\\_5592681.htm](http://www.gov.cn/xinwen/2021-03/13/content_5592681.htm) (accessed: 22.11.2023) (in Chinese).

<sup>(21)</sup> '14th Five Year Plan' for High-quality Development of Manufacturing Industry in Tianjin.

<sup>(22)</sup> Ibid, pages 23-24.

<sup>(23)</sup> Ibid, pages 14-20.

<sup>(24)</sup> 33 Policy Incentives by Tianjin for Economic Improvement in 2023 Q1, paragraphs 10, 17, 18.

- (47) The High-quality development plan of manufacturing industry in Jiangsu Province during the 14th Five Year Plan sets as target to thrive in the development of manufacturing industries. New energy vehicles are one of the key industrial priorities, which will be supported by R & D programs and though the encouragement of mergers and acquisitions <sup>(25)</sup>. Lithium-ion batteries are regarded as core products for electric vehicles and their development is to be supported through the provision of R & D programs <sup>(26)</sup>.
- (48) The action plan for promoting steady progress and quality improvement of industrial economy in Zhejiang Province foresees the reinforcement of the industrial chain with a focus on certain industries, including new energy vehicles. New energy vehicles are one of the twenty-seven sectors that are to receive financial support from Zhejiang Province <sup>(27)</sup>.
- (49) The Action plan for developing strategic pillar industry clusters of Modern Light Industry and Textile in Guangdong Province (2021-2025) lists bicycle transmission systems among the key technologies and materials in key industries of modern light industry and textile. The plan lists five cities of Guangdong Province as Chinese 'bike valleys' (i.e. Guangzhou, Shenzhen, Huizhou, Dongguan and Zhongshan) <sup>(28)</sup>.
- (50) On the particular industry sector level, the China Bicycle Association ('CBA') issued the 14th Five Year Plan for Bicycles and Electric Bicycles to pave the way for the Chinese bicycle and e-bike expansion to foreign markets. As was also confirmed in the original investigation <sup>(29)</sup>, CBA is a public body within the meaning of Article 2(b) of the basic Regulation. CBA is a subsidiary of the China National Light Industry Council ('CNLIC'), the former Ministry of the Light Industry. Also, the Board of Directors of CBA has tight links with the GOC. Moreover, the CEO or Chairman of a State-Owned Enterprise or bike association is always to be a member of the Chinese Communist Party ('CCP'). Even in the Board of private e-bike companies, which are CBA members and are in the CBA Board, there must always be a CCP member, something that confirms the nature of CBA as a public body.
- (51) According to the 14<sup>th</sup> Bicycle Plan, the overall situation for development of the bicycle/e-bike industry is to be managed through reforms in a 'centralized manner', and through focus on the general goal of quality improvement, efficiency enhancement, and the upgrade and building up of a country with a powerful bicycle/e-bike industry. The Plan also sets targets for the maintenance of a strong export volume of bicycles/e-bikes and the improvement of Chinese producers' international market shares <sup>(30)</sup>. Those goals should be achieved through the implementation of supporting policies, such as the granting of special funds to support the development of the bicycle/e-bike industry <sup>(31)</sup>.
- (52) The 14th Five Year Plan for Bicycles and Electric Bicycles describes three aspects of the development of the Chinese bicycle/e-bike industry for a period beyond the 14th 5-year period: (i) by 2025, the creation of a large bicycle/e-bike nation is to be consolidated through modernization; (ii) by 2035, the Chinese bicycle/e-bike industry will become the predominant power in the international market; (iii) by the middle of the century, China will have become a bicycle/e-bike producer bearing 'the status of a strong bicycle/e-bike nation' <sup>(32)</sup>. In addition to the general national plan for the bicycle/e-bike industry, the 14th Five Year Plan for Bicycles and Electric Bicycles provides for 'regional coordinated development strategies' <sup>(33)</sup>. Ten regions and provinces <sup>(34)</sup> are directed to carry out the foreseen industrial layout in order to promote electric bicycle, bicycle and bike parts production with a view to going global.

<sup>(25)</sup> High-quality development plan of manufacturing industry in Jiangsu Province, page 42.

<sup>(26)</sup> *Ibidem*, page 27.

<sup>(27)</sup> The Action Plan for Promoting Steady Progress and Quality Improvement of Industrial Economy in Zhejiang Province, pages 2 and 15.

<sup>(28)</sup> Action Plan for Developing Strategic Pillar Industry Clusters of Modern Light Industry and Textile in Guangdong Province (2021-2025), pages 12 and 15.

<sup>(29)</sup> Implementing Regulation (EU) 2019/72 ('the original E-bikes from China investigation').

<sup>(30)</sup> 14th 5-Year Plan for Bicycles and Electric Bicycles, pages 3-4 and 13-14. Available online at: <https://m.fx361.com/news/2021/1104/9062073.html>.

<sup>(31)</sup> *Ibid*, pages 59 and 62-63.

<sup>(32)</sup> *Ibid*, pages 27 and 28.

<sup>(33)</sup> *Ibid*, pages 35-37.

<sup>(34)</sup> Tianjin, Wuqing Bicycle and Parts Co-development Zone, Hebei Province, Jiangsu Province, Suzhou Bicycle Export Base, Zhejiang Province, Taizhou Electric Bicycle Production and Export Concentration Zone, Guangdong Province, Foshan Sports Bike R & D and Design Industrial Base and Guangxi Province.



- (53) Another important policy document is the Guiding Opinions on Promoting the High-Quality Development of the Light Industry, which foresees several support measures for the Chinese bicycle, e-bike and components industry<sup>(35)</sup>. The Opinions aim to encourage innovation and manufacturing of all types of bicycles and e-bikes and develop the production of batteries for the digital and green transformation. This is to be achieved through fiscal and financial support measures, the creation of integrated industrial clusters, and the grant of advantages via the Belt and Road and Going Global policies<sup>(36)</sup>.

### **Made in China 2025**

- (54) Made in China 2025 is a State-led industrial policy that seeks to make the PRC dominant in global high-tech manufacturing through government subsidies, State-Owned Enterprises, and intellectual property acquisition, thereby replacing foreign capacity<sup>(37)</sup>. The Office of the United States' Trade Representative ('USTR') also found that the Chinese State established funds with over USD 500 billion available to support the identified industries<sup>(38)</sup>.
- (55) The Made in China 2025 Policy includes measures directly relevant to the manufacturing of e-bikes, by listing the strategic tasks to implement by 2025, including intensifying the 'efforts in research and development of advanced energy-saving and environmental protection technology, process and equipment', strengthening the 'research and development of green product, generalise techniques of light weight, low power consumption and easy recovery, constantly promote energy efficiency of terminal energy-using products including motor, boiler, internal combustion engine and electric appliance, [...] and energetically promote green and low-carbon development of new material industry, new energy industry, high-end equipment industry'<sup>(39)</sup>.

### **Decision No 40**

- (56) Decision No 40 of the State Council is a legal document issued in 2005 aiming to promote industrial structure adjustments in China by encouraging the development of high-tech industries and the elimination of outdated production capacity<sup>(40)</sup>. The 'Guidance Catalogue for the Industrial Structure Adjustment', which is a measure for the implementation of Decision No 40, provides crucial guidance to the GOC for investment projects and formulate and enforce policies on public finance, taxation, credit, import and export, as well as land<sup>(41)</sup>.
- (57) Decision No 40, which is legally binding on public bodies and economic operators in the PRC, classifies different industrial sectors into three categories, namely: encouraged, restricted and prohibited projects. Under Decision No 40, several sectors of relevance are identified as encouraged, which then receive several subsidies (the State Council instructs all Chinese financial institutions to provide credit support and promises the implementation of 'other preferential policies on the encouraged projects'). In particular, batteries and lightweight materials are classified under the 'encouraged' category (under Chapter XIX) in the 2019 edition of the Guidance Catalogue for the Industrial Structure Adjustment<sup>(42)</sup>.

<sup>(35)</sup> Guiding Opinions on Promoting the High-Quality Development of the Light Industry, 2022, available online at: [http://www.gov.cn/zhengce/zhengceku/2022-06/19/content\\_5696665.htm](http://www.gov.cn/zhengce/zhengceku/2022-06/19/content_5696665.htm).

<sup>(36)</sup> *Ibidem*, points 17, 18, 20, 21 and 23.

<sup>(37)</sup> Notice of the State Council on the Publication of Made in China 2025, available at: [https://cset.georgetown.edu/wp-content/uploads/t0432\\_made\\_in\\_china\\_2025\\_EN.pdf](https://cset.georgetown.edu/wp-content/uploads/t0432_made_in_china_2025_EN.pdf).

<sup>(38)</sup> USTR, '2019 Report to Congress On China's WTO Compliance', March 2020, p. 31 (available at: [https://ustr.gov/sites/default/files/2019\\_Report\\_on\\_China%E2%80%99s\\_WTO\\_Compliance.pdf](https://ustr.gov/sites/default/files/2019_Report_on_China%E2%80%99s_WTO_Compliance.pdf)).

<sup>(39)</sup> Notice of the State Council on the Publication of 'Made in China 2025' (available at: [https://cset.georgetown.edu/wp-content/uploads/t0432\\_made\\_in\\_china\\_2025\\_EN.pdf](https://cset.georgetown.edu/wp-content/uploads/t0432_made_in_china_2025_EN.pdf)).

<sup>(40)</sup> Available at <http://www.asianlii.org/cn/legis/cen/laws/tpopisa783/>.

<sup>(41)</sup> Decision of the State Council on Promulgating and Implementing the Temporary Provisions on Promoting Industrial Structure Adjustment No 40 (2005); Guidance Catalogue for the Industrial Structure Adjustment (2019) (available at: <https://www.gov.cn/xinwen/2019-11/06/5449193/files/26c9d25f713f4ed5b8dc51ae40ef37af.pdf>).

<sup>(42)</sup> Guidance Catalogue for the Industrial Structure Adjustment (2019), p. 17 (available at: <https://www.gov.cn/xinwen/2019-11/06/5449193/files/26c9d25f713f4ed5b8dc51ae40ef37af.pdf>).

- (58) Moreover, bicycle parts and, in specific, battery and light metals for frames are part of the list of 'encouraged industries' in the Catalogue of Industries for Encouraging Foreign Investment (2020 Version) <sup>(43)</sup>.

### **Conclusions**

- (59) Based on the foregoing and absent any information indicating otherwise, it follows that e-bikes and their supply chain continue to be part of the industries 'encouraged' by the GOC and, as a result, beneficiary of the GOC's continued support which includes access to preferential financing, tax exemptions, inputs for less than adequate remuneration (land, batteries, engines, etc.) as well as access to grant programmes at both national, regional and local level.

### **3.3. Subsidies and subsidy programmes examined in the current expiry review**

- (60) In view of the lack of cooperation the Commission decided to examine under Article 28 of the basic Regulation, first, whether the subsidies countervailed in the original investigation and which are referred to in the expiry review request continued to confer a benefit to the electric bicycle industry in the PRC during the review investigation period and, second, the likelihood of the subsidisation to continue should the measures be allowed to lapse.

- (61) Those subsidies or subsidy programmes are the following:

- (a) Preferential financing

*Loans and credit lines*

- (b) Export credit insurance

- (c) Government provision of goods for less than adequate remuneration

*Provision of engines for less than adequate remuneration*

*Provision of batteries for less than adequate remuneration*

*Provision of land use rights for less than adequate remuneration*

- (d) Direct tax exemption and reduction programmes

*Enterprise Income Tax ('EIT') privileges for High and New Technology Enterprises*

*EIT offset for research and development expenses*

*Exemption from tax on dividend income between qualified resident enterprises*

- (e) Indirect Tax and Import Tariff Programmes

*VAT exemptions and import tariff rebates for the use of imported equipment and technology*

- (f) Grant programmes

*Ad hoc grants provided by municipal/regional authorities*

### **3.4. Preferential financing (loans, credit lines)**

#### **3.4.1. Findings of the original investigation**

- (62) In the original investigation <sup>(44)</sup> the Commission established that State-owned banks ('SOBs') were public bodies, as they performed governmental functions and, in doing so, exercised government authority. In the alternative, the Commission also found that these banks in any case were entrusted and directed by the GOC to carry out functions normally vested in the government within the meaning of Article 3(1)(a)(iv) of the basic Regulation.

<sup>(43)</sup> Catalogue of Encouraged Industries for Foreign Investment, points 129, 268, 269, 271 and 304 (2022 Edition, available at: <https://www.china-briefing.com/news/wp-content/uploads/2021/01/Catalogue-of-Encouraged-Industries-for-Foreign-Investment-Edition-2020.pdf>).

<sup>(44)</sup> Implementing Regulation (EU) 2019/72, Section 3.5.1.

- (63) The Commission also established, on the basis of the normative legal framework applying to the financial sector in the PRC, notably Article 34 of the Commercial Banking Law, Article 15 of the General Rules on Loans and Decision No 40, that privately owned commercial banks in China were entrusted or directed within the meaning of Article 3(1)(a)(iv) of the basic Regulation to pursue government policies <sup>(43)</sup>.
- (64) The Commission thus concluded in the original investigation that all financial institutions operating in the PRC pursued government policies and provided loans, as well as credit lines <sup>(46)</sup>, at preferential rates to the electric bicycle industry, which was considered an encouraged industry.
- (65) A benefit within the meaning of Articles 3(2) and 6(b) of the basic Regulation was found to exist to the extent that the loans and credit lines were granted on terms more favourable than the recipient could obtain on a free market. The benefit conferred on the recipients was the difference between the amount of interest that the company actually paid and the amount that the company would pay for a comparable commercial loan/credit line obtainable on the free market <sup>(47)</sup>.
- (66) This subsidy programme was found to be specific within the meaning of Article 4(2)(a) of the basic Regulation, as the lending institutions only provided preferential loans and credit lines to a limited number of companies/industries which are considered as key/strategic industries by the GOC, of which the electric bicycles industry is one.
- (67) The subsidy rate established in the original investigation with regard to this scheme ranged from 0,23 % to 2,77 % for the sampled cooperating companies.

#### 3.4.2. Continuation of the subsidy programme

- (68) The applicant provided in the expiry review request evidence that the electric bicycle industry in the PRC continued to benefit from preferential financing following the imposition of the original measures <sup>(48)</sup>.
- (69) According to the applicant, Chinese State-owned banks continue to dominate the Chinese banking system and therefore play a central role in supporting and financing the industries identified as encouraged by the GOC. It also claims that preferential financing by State-owned banks has increased since 2021, in particular in relation to the promotion of clean energy, green transportation, reduction of carbon and energy saving transformation of tradition industries <sup>(49)</sup>.
- (70) Evidence provided gathered by the applicant showed that E-bike producers have continued to receive preferential loans and credit lines from Chinese banks. Such loans and credit lines are shown in the Annual Reports of a number of the producing companies. For instance, the e-bike producer Yadea reports in its 2022 financial statements, two interest-free loans from local governments for the construction of new production facilities in the amounts of CNY 460 million and CNY 39 million, respectively <sup>(50)</sup>. Moreover, another E-bike producer, JoyKie obtained credit lines from several Chinese banks in 2022 <sup>(51)</sup>. Although the terms and conditions of both loans and credit lines are confidential commercial documents the applicant contends that, similar to the original investigation, such loans and credit lines have continued to be provided at preferential conditions given that the e-bikes industry continues to be an encouraged industry.

<sup>(43)</sup> Ibid. recitals (218)-(222).

<sup>(46)</sup> Ibid. recitals (222) and (297).

<sup>(47)</sup> Implementing Regulation (EU) 2019/72, Sections 3.5.4.2 and 3.5.4.3.

<sup>(48)</sup> See points 63-87 and corresponding annexes of the Open version of expiry review request.

<sup>(49)</sup> Expiry review request, Annex 40.

<sup>(50)</sup> Expiry review request Annex 11, Yadea 2022 Annual Report, p. 179 and 184.

<sup>(51)</sup> Expiry review request, Annex 11, JoyKie 2022 Annual Report, p. 107 et seq and 508.

- (71) The Commission established that during the review investigation period, the general legal framework that existed during the original investigation and which served to direct financial institutions to align with industrial policy objectives when taking financial decisions was still prevailing in China. Indeed, since the original investigation the Chinese State has further strengthened its control over the financial market to better serve the interests of the real economy and comply with the goals of China's industrial policies, not least by channelling funds to priority industries. This is in particular demonstrated by (i) Article 34 of the Banking Law which states that '*Commercial banks shall conduct their business of lending in accordance with the needs of the national economic and social development and under the guidance of the industrial policies of the State*', (ii) Article 15 of the General Rules on Loans which establishes that interest on loans may be subsidized when in accordance with the State's policy to promote the growth of certain industries and economic areas and, (iii) Decision No 40 which designates certain industrial sectors as 'encouraged' that should benefit from privileged access to credit <sup>(52)</sup>.
- (72) In this respect the Commission recalled that it had found in this investigation (see recital (59)) that the electric bicycle industry continues to be an encouraged industry in the PRC.
- (73) The systematic instrumentalization of the Chinese financing sector for the purposes of pursuing industrial policies and provide preferential financing to encouraged industries is further corroborated by the Commission's findings in several recent anti-subsidy investigations <sup>(53)</sup>.

### **Specificity**

- (74) Given that this subsidy programme is limited to companies in encouraged industries only and not available to all economic sectors, the Commission found that it is specific within the meaning of Article 4(2)(a) of the basic Regulation.

### **Benefit**

- (75) In the absence of cooperation from the Chinese producers, the GOC and financial institutions in China, the Commission had no company-specific information on which the amount of subsidy received during the review investigation period could be calculated.
- (76) However, in an expiry review it is not necessary to quantify the exact amount of subsidies received. Based on the evidence available, the Commission could conclude that the GOC continued to provide loans and credit lines the E-bikes industry on preferential terms in line with the policy stipulated in various plans and other legal acts referring to the electric bicycle industry as an encouraged industry. The direct transfer of funds in the form of preferential financing continued to be available to companies in the E-bikes industry during the review investigation period.

### **Conclusion**

- (77) In light of the above considerations, and absent any arguments to the contrary, the Commission concluded that the electric bicycle industry in China continued to benefit from subsidies in the form of preferential loans and credit lines during the review investigation period. In view of the existence of financial contributions, a benefit conferred and specificity, these subsidy programmes continues to be considered countervailable.

<sup>(52)</sup> Commission Staff Working Document on Significant Distortions in the Economy of the People's Republic of China for the purpose of trade defence investigations, SWD (2024) 91 final, 10.4.2024 ('the China Report'), Section 6.

<sup>(53)</sup> Regulation (EU) 2023/1647, Regulation (EU) 2023/1123 and Regulation (EU) 2021/328.

### 3.5. Export credit insurance

#### 3.5.1. Findings of the original investigation

- (78) In the original investigation the Commission established that Chinese e-bike producers received subsidies in the form of export credit insurance on preferential terms <sup>(54)</sup>.
- (79) In particular, the Commission established that the sole supplier in China of export credit insurances, the China Export & Credit Insurance Corporation ('Sinasure') was a public body, which exercised government functions with respect to the electrical bicycle sector.
- (80) The Commission also established that Sinasure provided export credit insurances to exporters of electric bicycles at preferential terms, i.e. below market conditions, thus conferring a benefit to the exporting producers. The benefit conferred on the recipients was considered to be the difference between the amount of the premium that the company paid on the short-term insurance provided by Sinasure and the amount of the premium that the company would pay for comparable export-credit insurance obtainable at the market conditions <sup>(55)</sup>.
- (81) Finally, as this subsidy scheme was export contingent, the Commission concluded it was specific under Article 4(4)(a) of the basic Regulation and hence countervailable.
- (82) The subsidy rate established in the original investigation with regard to this scheme ranged from 0 % to 0,50 % for the sampled cooperating companies.

#### 3.5.2. Continuation of the subsidy programme

- (83) Similar to the situation in the original investigation Sinasure continues to be fully owned by the Chinese State. According to the applicant, Sinasure is mandated, in accordance with the GOC diplomatic, international trade, industrial, fiscal and financial policies, to promote Chinese exports and investments, especially exports of high-tech or high-value-added capital goods, by offering export credit insurance against non-payment risks.
- (84) The legal bases for Sinasure's activities are the same as those applicable during the original investigation, notably the Notice on the Implementation of the Strategy of promoting Trade through Science and Technology by Utilising Export Credit Insurance (Shang Ji Fa [2004] No 368) issued jointly by MOFCOM and Sinasure, and, Notice on Issuing the 2006 Export Catalogue of High-Tech products of China, (Guo Ke Fa Ji Zi [2006] No 16.
- (85) According to Sinasure's own website <sup>(56)</sup> it is a state-funded and policy-oriented insurance company established and supported by the State to promote China's foreign economic and trade development and cooperation. It promotes Chinese exports of goods, technologies and services, especially the exporting of high-tech and high-value-added capital goods, such as mechanical and electrical products and thereby effectively serve national strategies, accurately supports the development of enterprises and ensures financial sustainability. As it is a policy-oriented financial institution established to meet the demands of economic globalization and the development of China's foreign economy and trade, it explicitly states that it will closely focus on the goal of serving the national strategies.
- (86) Furthermore, the continued role of Sinasure as a platform for supporting Government policies remains unchanged, as apparent from a joint 2022 call by MOFCOM and Sinasure to 'support to enterprises to deepen traditional export destinations and tap into diversified markets, with a focus on providing credit insurance services for exports to countries along the Belt and Road, emerging markets, and free-trade zone partners' <sup>(57)</sup>.

<sup>(54)</sup> Implementing Regulation (EU) 2019/72, Section 3.6.

<sup>(55)</sup> Implementing Regulation (EU) 2019/72, recital (362).

<sup>(56)</sup> Expiry review request, Annex 46, Sinasure Profile.  
See also [sinasure.com.cn/en/Sinasure/Profile/index.shtml](http://sinasure.com.cn/en/Sinasure/Profile/index.shtml).

<sup>(57)</sup> China report, Section 6.6.

- (87) It follows that Sinosure continues to be a public body exercising government functions, in particular with regard to encouraged industries. It provides export credit insurance on terms more favourable than the recipient could normally obtain on the market or provides insurance cover that would otherwise not be available at all on the market. Given that the Chinese e-bike industry, as part of the electric vehicle and green transportation industry, is an encouraged and export-oriented industry the Commission concluded that it continues to be supported by Sinosure. The finding that Sinosure continues to provide credit insurance to encouraged industries is further corroborated by the Commission's findings in several recent anti-subsidy investigations <sup>(58)</sup>.

### **Specificity**

- (88) Subsidies provided under the export credit insurance scheme are specific as they cannot be obtained without exporting and are thus export contingent within the meaning of Article 4(4)(a) of the basic Regulation.

### **Benefit**

- (89) In the absence of questionnaire replies from the Chinese producers, the GOC and Sinosure, the Commission had no company-specific information on which the amount of subsidy received during the review investigation period could be calculated.
- (90) However, in an expiry review it is not necessary to quantify the exact amount of subsidies received. Based on the evidence available, the Commission could conclude that Sinosure continued during the review investigation period to provide export credit insurance on preferential terms in line with the policy stipulated in various plans and other legal acts referring to the electric bicycle industry as an encouraged industry.

### **Conclusion**

- (91) In light of the above considerations, and absent any argument to the contrary, the Commission concluded that the electric bicycle industry in China has continued to benefit from subsidies in the form of export credit insurance on preferential terms. In view of the existence of financial contributions, a benefit conferred and specificity, this subsidy programmes continues to be considered countervailable.

## **3.6. Government provision of goods for less than adequate remuneration**

### **3.6.1. Provision of electric engines**

#### **3.6.1.1. Findings of the original investigation**

- (92) The original investigation found that Chinese producers of e-bikes received subsidies in the form of engines for less than adequate remuneration <sup>(59)</sup>.
- (93) First, the Commission confirmed that the Chinese domestic market for engines was largely dominated by the Chinese domestic suppliers that had over 90 % market share. Those suppliers were either State-owned companies or members of the China Bicycle Association (CBA) and as such subordinated key operators that were entrusted to implement national policy in order to achieve the broader objectives related to the production of electric bicycles <sup>(60)</sup>.
- (94) Second, the Commission established, on the basis of various legal documents, in particular the 12<sup>th</sup> Five Year Plan for Bicycles and Electric Bicycles, the 13<sup>th</sup> Five Year Plan for Bicycles and Electric Bicycles and the Light Industry Development Plan (2016-2020), the GOC's policy to improve the quality and performance of crucial inputs to the electric bicycle industry, of which engines are an integral part, and to complete the bicycle industrial supply chain so that a vertically integrated and autonomous electric bike production chain can be established in China <sup>(61)</sup>.

<sup>(58)</sup> Regulation (EU) 2023/1647, Regulation (EU) 2022/72 and Regulation (EU) 2021/328.

<sup>(59)</sup> Implementing Regulation (EU) 2019/72, Section 3.7.2.

<sup>(60)</sup> *Ibid.*, recitals (382)-(383).

<sup>(61)</sup> *Ibid.*, recitals (390)-(393).

- (95) Third, the Commission found that the electric bicycle industry and engine industry are interlinked and that the development of the engine industry is key to the development of the electric bicycle industry. In this respect the Commission also found that GOC provided subsidies to the engines industry with the aim at enhancing the competitiveness of the entire industry chain, including the electric bicycle industry. The Commission accordingly concluded that GOC entrusted or directed Chinese producers of engines to supply engines to the e-bikes industry for less than adequate remuneration.
- (96) The Commission also established in the original investigation that the subsidies in the form of engines for less than adequate remuneration was specific under Article 4(2)(b) of the basic Regulation as only a limited number of companies/industries could benefit from the scheme and that a benefit had been conferred. The benefit for the sampled companies was calculated in the original investigation by comparing the domestic with the export prices of engines from the largest domestic supplier of engines. The difference, expressed as a percentage, were applied to the prices paid by the sampled exporting producers for purchases of engines from domestic suppliers <sup>(62)</sup>.
- (97) The subsidy rate established in the original investigation with regard to this scheme ranged from 0,78 % to 5,44 % for the sampled cooperating companies.

### 3.6.1.2. Continuation of the subsidy programme

- (98) The applicant claimed that the Chinese engine industry has continued to be entrusted or directed by the GOC to provide engines at less than adequate remuneration to the e-bikes industry <sup>(63)</sup>.
- (99) According to the applicant, Chinese producers of engines continued, similar to the situation during the original investigation period, to be subject to various policy plans, in which the GOC indicates public support to the industry of engines due to its position in the e-bike industrial supply chain in China.
- (100) The 14th Five Year Plan for Bicycles and Electric Bicycles <sup>(64)</sup> refers to the development of the auxiliary electric motor for e-bikes as one of the main research projects for CBA members. Moreover, the 2022-2027 Analysis Report on China's Electric Bicycle Motor Industry Market Depth Research and Development Prospects Investment Feasibility <sup>(65)</sup> also confirms that the GOC provides subsidies to the engines which aim at enhancing the competitiveness of the entire industry chain including the e-bike industry <sup>(66)</sup>. Moreover, the 14th 5-Year Plan for National Economic and Social Development of the People's Republic of China and the Outline of Long-term Goals for 2035 also provide strong support for the high-end, intelligent and green intelligent manufacturing industry, such as electric bicycles and e-bike motors. In addition, as mentioned in recital (55) above, the Made In China 2025 strategy envisages a strengthening *'in research and development of advanced energy-saving and environmental protection technology, process and equipment'*, strengthening the *'research and development of green product, generalise techniques of light weight, low power consumption and easy recovery, constantly promote energy efficiency of terminal energy-using products including motor, boiler, internal combustion engine and electric appliance, [...] and energetically promote green and low-carbon development of new material industry, new energy industry, high-end equipment industry'*.
- (101) The applicant has also provided evidence that Chinese producers of engines have continued to receive significant subsidies in the form of grants, tax reductions, preferential financing, etc. <sup>(67)</sup>.
- (102) In the absence of cooperation from the GOC or any Chinese engine manufacturer, the Commission concluded that the market structure for engines in China has not changed since the original investigation. Therefore, and given the crucial and integral importance of the engines industry for the development of the encouraged e-bikes industry, the Commission concluded that producers of engines in China are still entrusted or directed by GOC to provide engines to the e-bikes industry for less than adequate remuneration, as was the case in the original investigation.

<sup>(62)</sup> Implementing Regulation (EU) 2019/72, Section 3.7.2.7.

<sup>(63)</sup> Expiry review request, Section 6.4(b)(ii) and corresponding Annexes.

<sup>(64)</sup> Expiry review request, Annex 29.

<sup>(65)</sup> Expiry review request, Annex 60.

<sup>(66)</sup> Expiry review request, Annex 60.

<sup>(67)</sup> Expiry review request para. 236 and Annex 11.

### ***Specificity***

- (103) Subsidies provided under this scheme is specific under Article 4(2)(a) of the basic Regulation as only a limited number of companies/industries could benefit from the scheme.

### ***Benefit***

- (104) In the absence of questionnaire replies from Chinese producers of e-bikes, Chinese engine producers and the GOC, the Commission had no company-specific information on which the amount of subsidy received during the review investigation period could be calculated.
- (105) However, in an expiry review it is not necessary to quantify the exact amount of subsidies received. Based on the evidence available, the Commission could nonetheless conclude that GOC continued to entrust or direct engine producers in China to provide e-bikes producers with engines for less than adequate remuneration, which constitute a financial contribution conferring a benefit under Article 3(1)(a)(iv) and Article 6(d) of the basic Regulation.

### ***Conclusion***

- (106) In light of the above considerations the Commission concluded that the electric bicycle industry in China has continued to benefit from subsidies in the form of the provision of engines for less than adequate remuneration. As this constitute a financial contribution conferring a benefit and is specific, subsidies under this scheme are countervailable.

### ***3.6.2. Provision of batteries***

#### ***3.6.2.1. Findings of the original investigation***

- (107) The original investigation found that Chinese producers of e-bikes received subsidies in the form of batteries for less than adequate remuneration <sup>(68)</sup>.
- (108) First, the Commission confirmed that a large portion of batteries supplied to the E-bikes industry was produced in China by (partially) State-owned producers and CBA members and as such subordinated key operators that were entrusted to implement national policy in order to achieve the broader objectives related to the production of electric bicycles <sup>(69)</sup>.
- (109) Second, the Commission also established, on the basis of various legal (policy) documents, in particular the Light Industry Development Plan (2016-2020), the Made in China 2025 plan, the 12<sup>th</sup> and 13<sup>th</sup> Five Year Plans for the battery industry and the report ('In-depth analysis lithium-ion battery industry for electric bicycles in 2018-2023 and guidance report on the 13<sup>th</sup> Five Year development plan'), the GOC policy to support the battery industry and to further integrate the battery and electric bicycle industries through advanced cooperation and alliances. These policy documents further acknowledged the existence of a battery electric bicycle subsidy policy to promote the popularisation and export of electric bicycles. The Commission thus concluded in the original investigation that the battery industry is a supported industry that can benefit from various subsidies and is closely linked to that of the electric bicycles industry <sup>(70)</sup>.
- (110) Third, the Commission also found that the electric bicycle industry and the lithium-ion battery industries are interlinked and that GOC pursued a policy by which the battery industry should reduce its costs and prices through subsidies in order to promote the electric bicycle industry. The Commission accordingly concluded that GOC entrusted or directed Chinese producers of batteries to supply the e-bikes industry with batteries for less than adequate remuneration.

<sup>(68)</sup> Implementing Regulation (EU) 2019/72, Section 3.7.3.

<sup>(69)</sup> *Ibid.*, recitals (443)-(445).

<sup>(70)</sup> *Ibid.*, recitals (452)-(461).



- (111) The benefit for the sampled companies was calculated in the original investigation by comparing the domestic with the export prices of batteries engines from the sole cooperating domestic battery supplier. The difference, expressed as a percentage, were applied to the prices paid by the sampled exporting producers for purchases of batteries from domestic suppliers <sup>(71)</sup>.
- (112) The Commission also established in the original investigation that the subsidies in the form of batteries for less than adequate remuneration was specific under Article 4(2)(a) of the basic Regulation as only a limited number of companies/industries could benefit from the scheme.
- (113) The subsidy rate established in the original investigation with regard to this scheme ranged from 0,38 % to 8,97 % for the sampled cooperating companies.

#### 3.6.2.2. Continuation of the subsidy programme

- (114) The applicant claimed that the Chinese battery industry has continued to be entrusted or directed by the GOC to provide batteries at less than adequate remuneration to the e-bikes industry <sup>(72)</sup>.
- (115) According to the applicant, Chinese producers of batteries continued, similar to the situation during the original investigation period, to be subject to various policy plans, in which the GOC indicates public support to the lithium-ion battery industry due to their position in the e-bike industrial supply chain in China.
- (116) The applicant refers to the 14th Five Year Plan for Bicycles and Electric Bicycles (2012-2025), which lists the development of lithium-ion batteries for e-bikes as a core priority for the CBA members. In this respect it is recalled that several battery producers in China are members of the CBA. The Chinese battery industry is also supported under the Made in China 2025 Strategy and the 13th Five Year Plan for the Battery industry adopted by the China Chemical and Physical Power Industry Association <sup>(73)</sup>. The 2022-2027 China Electric Bicycle Lithium-ion Battery Industry Market Depth Research and Development Prospects Investment Feasibility Analysis Report confirms the continuing support of the Chinese battery industry <sup>(74)</sup>.
- (117) The applicant has also provided evidence that Chinese producers of batteries have continued to receive significant subsidies in the form of grants, tax reductions, preferential financing, etc. <sup>(75)</sup>.
- (118) It follows that the battery industry in China continued to be a supported industry that can benefit from various subsidies and is closely interlinked to the development of the electric bicycles industry.
- (119) In the absence of cooperation from the GOC or any Chinese battery manufacturer, the Commission concluded that the market structure for batteries in China has not changed since the original investigation. Therefore, and given the integral importance of the batteries industry for the development of the encouraged e-bikes industry, the Commission concluded that producers of batteries in China are still entrusted or directed by GOC to provide batteries to the e-bikes industry for less than adequate remuneration, as was the case in the original investigation.

#### **Specificity**

- (120) Subsidies provided under this scheme is specific under Article 4(2)(a) of the basic Regulation as only a limited number of companies/industries could benefit from the scheme.

<sup>(71)</sup> Implementing Regulation (EU) 2019/72, Section 3.7.3.7.

<sup>(72)</sup> Expiry review request, Section 6.4(b)(iii) and corresponding Annexes.

<sup>(73)</sup> 13th 5-Year Plan for the battery industry adopted by the China Chemical and Physical Power Industry Association, Chapter V, Section I.

<sup>(74)</sup> 2022-2027 China Electric Bicycle Lithium-ion Battery Industry Market Depth Research and Development Prospects Investment Feasibility Analysis Report.

<sup>(75)</sup> Expiry review request, various annual reports in Annex 11.

### **Benefit**

- (121) In the absence of questionnaire replies from Chinese producers of e-bikes, Chinese battery producers and the GOC, the Commission had no company-specific information on which the amount of subsidy received during the review investigation period could be calculated.
- (122) However, in an expiry review it is not necessary to quantify the exact amount of subsidies received. Based on the evidence available, the Commission could nonetheless conclude that GOC continued to entrust or direct battery producers in China to provide E-bikes producers with batteries for less than adequate remuneration, which constitute a financial contribution conferring a benefit under Article 3(1)(a)(iv) and Article 6(d) of the basic Regulation.

### **Conclusion**

- (123) In view of the above considerations, and absent any arguments to the contrary, the Commission concluded that the electric bicycle industry in China has continued to benefit from subsidies in the form of the provision of batteries for less than adequate remuneration. As this constitute a financial contribution conferring a benefit and is specific, subsidies under this scheme are countervailable.

#### **3.6.3. Land use rights (LUR)**

##### **3.6.3.1. Findings of the original investigation**

- (124) The original investigation found that Chinese producers of e-bikes received subsidies in the form of land use rights for less than adequate remuneration <sup>(76)</sup>.
- (125) More specifically, the Commission established that there was no functioning market for land in the PRC and that the use of an external benchmark demonstrated that the prizes paid for land use rights was well below market rates. Given that the e-bikes industry was an encouraged industry and that local authorities, when setting prices, had to take into account the GOC's overriding policy objectives, including providing preferential access to land for encouraged industries the Commission concluded that the sampled companies in the original investigation received land for less than adequate remuneration. The provision of land use right for less than adequate remuneration was hence considered a subsidy conferring a benefit and within the meaning of Article 3(1)(a)(iii) and Article 3(2) of the basic Regulation.
- (126) The benefit was calculated in the original investigation by taking into consideration the difference between the amount actually paid by each of the sampled exporting producers for land use rights and the amount that should normally have been paid on the basis of prices from the Chinese Taipei, which was used as an external benchmark price. The total subsidy amount was allocated to the investigation period using the normal lifetime of the land use right for industrial use land, i.e. 50 years <sup>(77)</sup>.
- (127) The Commission also established that the subsidy was specific under Article 4(2)(a) of the basic Regulation as only a limited number of companies/industries could benefit from the scheme.
- (128) In the original investigation the Commission established an *ad valorem* subsidy amount with regard to this scheme between 0,43 % and 1,46 % for the sampled cooperating companies.

##### **3.6.3.2. Continuation of the subsidy programme**

- (129) In the expiry review request and corresponding annexes <sup>(78)</sup>, the applicant provided evidence that Chinese E-bikes producers continued to benefit from land use rights for less than adequate remuneration.

<sup>(76)</sup> Implementing Regulation (EU) 2019/72, Section 3.7.4.

<sup>(77)</sup> Ibid., Section 3.7.4(e).

<sup>(78)</sup> Expiry review request, Section 6.4.a.

- (130) The legal framework governing the provision of land use rights in the PRC has remained unchanged and such rights can only be obtained from the relevant authorities, which would need to take into account the GOC's industrial policy when attributing land use rights rather than strictly adhering to free market principles <sup>(79)</sup>.
- (131) Furthermore, the Commission has in recent anti-subsidy investigations established that encouraged industries, of which the e-bikes industry is one, continue to receive land use right for less than adequate remuneration <sup>(80)</sup>.
- (132) Finally, neither the GOC, nor any exporting producer provided any evidence indicating that the encouraged e-bikes industry has stopped benefitting from land use right for less than adequate remuneration.
- (133) Therefore, the Commission concluded the producers of e-bikes in China continue to benefit from subsidies in the form of land use rights for less than adequate remuneration thus conferring a benefit upon the recipient companies.

### ***Specificity***

- (134) Subsidies provided under this scheme is specific under Article 4(2)(a) of the basic Regulation as only a limited number of companies/industries could benefit from the scheme.

### ***Benefit***

- (135) In the absence of questionnaire replies from Chinese producers of e-bikes and the GOC, the Commission had no company-specific information on which the amount of subsidy received during the review investigation period could be calculated.
- (136) However, in an expiry review it is not necessary to quantify the exact amount of subsidies received. Based on the evidence available, the Commission could nonetheless conclude that GOC continued to provide land use rights to producers of E-bikes for less than adequate remuneration, which constitute a financial contribution conferring a benefit under Article 3(1)(a)(iii) and Article 6(d) of the basic Regulation.

### ***Conclusion***

- (137) In view of the above considerations and absent any arguments to the contrary, the Commission concluded that the electric bicycle industry in China has continued to benefit from subsidies in the form of the provision of land use rights for less than adequate remuneration. As this constitute a financial contribution conferring a benefit and is specific, subsidies under this scheme are countervailable.

## **3.7. Direct tax exemption and reduction programmes**

### ***3.7.1. EIT privileges for High and New Technology Enterprises***

#### ***3.7.1.1. Findings of the original investigation***

- (138) According to Article 28 of the Chinese Enterprise Income Tax law ('EIT'), high and new technology enterprises can benefit from a reduced income tax rate of 15 % instead of the standard rate of 25 %.
- (139) In the original investigation the Commission established that this tax reduction was a subsidy within the meaning of Article 3(1)(a)(ii) and Article 3(2) of the basic Regulation because it entails a financial contribution in the form of revenue foregone by the GOC that confers a benefit to the companies concerned. Given that only companies that are recognised as high and new technology enterprises in sectors supported by the State, the Commission also concluded that the subsidy was specific and therefore countervailable.

<sup>(79)</sup> China Report, Chapter 9.

<sup>(80)</sup> Regulation (EU) 2023/1647, Regulation (EU) 2023/1123, Regulation (EU) 2022/72 and Regulation (EU) 2021/328.

- (140) The original investigation established that several e-bike producers had benefitted from this subsidy scheme. The benefit was calculated as the difference between the total tax payable according to the standard tax rate and the total tax payable under the reduced tax rate.
- (141) The subsidy rate established in the original investigation with regard to this subsidy scheme was established between 0 % and 0,70 % for the sampled cooperating companies.

#### 3.7.1.2. Continuation of the subsidy programme

- (142) The applicant claimed that the producers of e-bikes in China have continued to benefit from this subsidy scheme and provided evidence that numerous E-bike producers are considered as high and new technology enterprises and thus eligible for the subsidy <sup>(81)</sup>. The applicant also provided evidence in the form of annual reports that several e-bike producers have *de facto* benefitted from the scheme after the original investigation period <sup>(82)</sup>.
- (143) Furthermore, the Commission did not have any evidence or indications suggesting that the subsidy scheme would not have been applicable during the review investigation period.
- (144) Therefore, the Commission concluded the producers of e-bikes in China continued to benefit from subsidies in the form of a tax rebate for high and new technology enterprises conferring a benefit upon these enterprises.

#### **Specificity**

- (145) Subsidies provided under this scheme is specific under Article 4(2)(a) of the basic Regulation as only a limited number of companies/industries could benefit from the scheme.

#### **Benefit**

- (146) In the absence of questionnaire replies from Chinese producers of E-bikes and the GOC, the Commission had no company-specific information on which the amount of subsidy received during the review investigation period could be calculated.
- (147) However, in an expiry review it is not necessary to quantify the exact amount of subsidies received. Nonetheless, based on the evidence available, the Commission concluded that GOC continued to provide an income tax reduction, which constituted a financial contribution conferring a benefit under Articles 3(1)(a)(ii) and 3(2) of the basic Regulation.

#### **Conclusion**

- (148) In view of the above considerations and absent any arguments to the contrary, the Commission concluded that the electric bicycle industry in China has continued to benefit from subsidies in the form of government revenue forgone. As this constitute a financial contribution conferring a benefit and is specific, subsidies under this scheme are countervailable.

#### 3.7.2. EIT offset for research and development expenses

##### 3.7.2.1. Findings of the original investigation

- (149) Article 30(1) of the Chinese Enterprise Income Tax law ("EIT") provides for a tax offset for research and development and entitles companies to preferential tax treatment for R & D expenses incurred to develop new technologies, new products and new crafts in certain high technology priority areas determined by the State.

<sup>(81)</sup> Expiry review request, Annex 52.

<sup>(82)</sup> Expiry review request, Annex 11.

- (150) In the original investigation the Commission established that the R & D tax offset was a subsidy within the meaning of Articles 3(a)(ii) and 3(2) of the basic Regulation because it entails a financial contribution in the form of revenue foregone by the GOC that confers a benefit, equal to the tax saving, to the companies concerned.
- (151) The Commission also found that the subsidy was specific as it was limited to enterprises that incurred R & D expenses in certain high technology priority areas determined by the State, of which the e-bikes industry is one.
- (152) The subsidy rate established in the original investigation with regard to this subsidy scheme was established between 0 % and 0,51 % for the sampled cooperating companies.

#### 3.7.2.2. Continuation of the subsidy programme

- (153) The applicant provided evidence that e-bike producers continue to be recognised as high and new technology enterprises (see recital (142) above) that are active in an encouraged industry. The applicant also provided ample evidence that several e-bike producers incur significant R & D expenses that has increased since the original investigation.
- (154) Moreover, the Commission did not receive any evidence or indications suggesting that the subsidy scheme would not have been applicable during the review investigation period or that legal provisions governing it would have changed.
- (155) Therefore, the Commission concluded the producers of e-bikes in China continued to benefit from subsidies in the form of preferential tax treatment for R & D expenses.

#### **Specificity**

- (156) Subsidies provided under this scheme is specific under Article 4(2)(a) of the basic Regulation as only a limited number of companies/industries could benefit from the scheme.

#### **Benefit**

- (157) In the absence of questionnaire replies from Chinese producers of e-bikes and the GOC, the Commission had no company-specific information on which the amount of subsidy received during the review investigation period could be calculated.
- (158) However, in an expiry review it is not necessary to quantify the exact amount of subsidies received. Nonetheless, based on the evidence available, the Commission considered that the e-bikes industry in China continued to benefit from subsidies in the form of preferential tax treatment for R & D expenses, which constituted a financial contribution conferring a benefit under Articles 3(1)(a)(ii) and 3(2) of the basic Regulation.

#### **Conclusion**

- (159) In view of the above considerations and absent any arguments to the contrary, the Commission concluded that the electric bicycle industry in China has continued to benefit from subsidies in the form of government revenue forgone. As this constitute a financial contribution conferring a benefit and is specific, subsidies under this scheme are countervailable.

#### 3.7.3. *Exemption from tax on dividend income between qualified resident enterprises*

##### 3.7.3.1. Findings of the original investigation

- (160) The tax exemption from dividend income is provided for in Articles 25-26 of the EIT law and Article 83 of the Regulations on the Implementation of Enterprise Income Tax.

- (161) In the original investigation the Commission established that this tax exemption is a subsidy under Article 3(1)(a)(ii) and Article 3(2) of the basic Regulation because there is a financial contribution in the form of revenue foregone by the GOC that confers a benefit to the company concerned, equal to the difference between the amount of tax normally collected and the amount of tax actually paid by the company concerned. The Commission also found that the subsidy is specific as the legislation limits the application to certain companies.
- (162) The Commission established the ad valorem subsidy amount for this subsidy scheme between 0 % and 0,04 % for the sampled cooperating companies.

#### 3.7.3.2. Continuation of the subsidy programme

- (163) The applicant has provided evidence in the expiry review request that some e-bike producers in China are large corporate groups composed of several Chinese companies and legal entities and would therefore be entitled continue using this subsidy scheme.
- (164) Moreover, the Commission did not receive any evidence or indications suggesting that the subsidy scheme would not have been applicable during the review investigation period or that legal provisions governing it would have changed.
- (165) Therefore, the Commission concluded the producers of e-bikes in China continued to benefit from subsidies in the form of exemption from tax on dividend income between qualified resident enterprises.

#### **Specificity**

- (166) Subsidies provided under this scheme is specific under Article 4(2)(a) of the basic Regulation as only a limited number of companies/industries could benefit from the scheme.

#### **Benefit**

- (167) In the absence of questionnaire replies from Chinese producers of e-bikes and the GOC, the Commission had no company-specific information on which the amount of subsidy received during the review investigation period could be calculated.
- (168) However, in an expiry review it is not necessary to quantify the exact amount of subsidies received. Nonetheless, based on the evidence available and absent any information to the contrary, the Commission considered that that the e-bikes industry in China continued to benefit from subsidies in the form tax exemption of dividend income between qualified resident enterprises, which constituted a financial contribution conferring a benefit under Articles 3(1)(a)(ii) and 3(2) of the basic Regulation.

#### **Conclusion**

- (169) In view of the above considerations the Commission concluded that the electric bicycle industry in China has continued to benefit from subsidies in the form of government revenue forgone. As this constitutes a financial contribution conferring a benefit and is specific, subsidies under this scheme are countervailable.

### 3.8. Grant Programmes

#### 3.8.1. *Ad hoc grants provided by municipal/regional/national authorities*

##### 3.8.1.1. Findings of the original investigation

- (170) The Commission established in the original investigation that e-bike producers in the PRC had received numerous individual *ad hoc* grants by authorities at various levels, i.e. national, provincial, city, country or district government level. These grants had been awarded for a variety of reasons and purposes, e.g. patent funds, science and technology funds and awards, business development funds, export promotion funds, grants to participate in exhibitions, upgrading of manufacturing equipment, vocational training and other various general support funds.

- (171) The grants were considered subsidies under Articles 3(1)(a)(ii) and 3(2) of the basic Regulation. They were also found to be specific as the Commission considered that they were limited to certain companies or specific projects in specific regions and/or the electric bicycle industry. Some grants were also found to be export contingent.
- (172) The benefit was calculated in the original investigation as the amount received in the investigation period, or allocated to the investigation period where the amount was depreciated over the useful life of the fixed asset to which the grant was related. <sup>(83)</sup>
- (173) The Commission established the subsidy rate with regard to this measure between 0,07 % and 0,25 % for the sampled cooperating companies.

#### 3.8.1.2. Continuation of the subsidy programme

- (174) The applicant has provided evidence in the expiry review request that e-bike producers in China continued to receive individual *ad hoc* grants from municipal and regional authorities <sup>(84)</sup> for significant amounts, demonstrating that the government support for the e-bike industry in China is comprehensive, nationwide and systemic.
- (175) Furthermore, neither the GOC or any exporting producer provide any evidence or indications suggesting that the e-bike industry in China would no longer benefit from these grants. Indeed, given that the industry in question is an encouraged industry and its development a priority for the GOC, the Commission considered it inconceivable that the e-bike producer have not continued to receive numerous and various *ad hoc* grants from authorities at various administrative levels to ensure the continuing development of the industry in line with national industrial policy.
- (176) Therefore, the Commission concluded the producers of e-bikes in China continued to benefit from subsidies in the form of various grants.

#### **Specificity**

- (177) Absent any evidence to the contrary, the Commission concluded that the *ad hoc* grants are specific on the same grounds as in the original investigation (see recital (171)).

#### **Benefit**

- (178) In the absence of questionnaire replies from Chinese producers of e-bikes and the GOC, the Commission had no company-specific information on which the amount of subsidy received during the review investigation period could be calculated.
- (179) However, in an expiry review it is not necessary to quantify the exact amount of subsidies received. Nonetheless, based on the evidence available and absent any information to the contrary, the Commission considered that the E-bikes industry in China continued to benefit from subsidies in the form of *ad hoc* grants from various level of government authorities, which constituted a financial contribution conferring a benefit under Articles 3(1)(a)(i) and 3(2) of the basic Regulation.

#### **Conclusion**

- (180) In light of the above considerations the Commission concluded that the electric bicycle industry in China has continued to benefit from subsidies in the form of grants. As this constitute a financial contribution conferring a benefit and is specific, subsidies under this scheme are countervailable.

<sup>(83)</sup> Implementing Regulation (EU) 2019/72, recital (571).

<sup>(84)</sup> Expiry review request, Section 6.2.e. and corresponding Annexes.

### 3.9. Overall conclusion on continuation of subsidisation

- (181) In the original investigation the Commission established a total amount of countervailable *ad valorem* subsidy amount ranging from 3,9 % and 17,2 % for the sampled cooperating companies. It further established an amount of countervailable subsidies for non-sampled cooperating companies of 9,2 % and a country wide duty rate for all other exporting producers of 17,2 %.
- (182) Given the Commission's findings in respect of the various subsidy schemes and programmes examined above, the Commission concluded that electric bicycle producers in China continued to benefit from countervailable subsidies at a level exceeding de minimis during the review investigation period.
- (183) Following disclosure, one interested party claimed that the conclusion that the electric bicycle industry in China continued to benefit from subsidies was wrong. In order to substantiate this claim, submissions of three representatives of Chinese electric bicycle producers were attached, containing statements that no subsidies were received. The Commission considered that, in view of the fact that these producers had not come forward in the investigation and had not cooperated, the statements of these producers, which were submitted without any underlying evidence, could not be accepted. Hence the claim was rejected.

### 3.10. Development of imports should measures be repealed

- (184) Further to the finding of the existence of continued subsidisation during the review investigation period, the Commission investigated the likelihood of continuation of subsidised imports from the country concerned, should the measures be repealed. The following additional elements were analysed; the production capacity and spare capacity in the PRC and the attractiveness of the Union market.

#### 3.10.1. Production capacity and spare capacity in the PRC

- (185) In the absence of cooperation by the GOC and the Chinese exporting producers, the Commission based its findings regarding production capacity and spare capacity in the PRC on the information provided by the applicant in its request for review.
- (186) The available information has shown that there is a general overcapacity in the production of e-bikes in China during the period considered. The production capacity<sup>(85)</sup> in China during this period was estimated to be 130 million pieces per year. In addition, Chinese production of standard bicycles can be easily switched to producing e-bikes, with a potential total capacity of over 400 million pieces<sup>(86)</sup>. According to the applicant's market intelligence, Chinese actual production and sales amounted to 57 million pieces per year, which indicated an estimated spare capacity of 73 million pieces during the review investigation period<sup>(87)</sup>. This spare capacity, which was almost fifteen times the total Union consumption during the same period, could be exported to the Union if the current measures would be allowed to lapse.
- (187) Based on the above, the Commission concluded that the Chinese exporting producers have significant spare capacities, which could be used for exports to the Union in large quantities at subsidised prices if the measures were allowed to lapse.

<sup>(85)</sup> According to information provided by the applicant based on its market knowledge, information from the websites of a large number of Chinese e-bike producers and the 'White Paper on China's Two-Wheeled Electric Vehicle Industry', available at [https://m.thepaper.cn/baijiahao\\_17589803](https://m.thepaper.cn/baijiahao_17589803) (last viewed on 7 October 2024). See Annex 8 of the request, available in Tron at Tron.tdi t24.000756.

<sup>(86)</sup> Based on the applicant's market knowledge and the websites of the known Chinese e-bike producers. See Annex 4 of the request, available in Tron at Tron.tdi t24.000756.

<sup>(87)</sup> Based on the sources mentioned in footnotes 85 and 96. See Annexes 8 and 9 of the request, available in Tron at Tron.tdi t24.000756.



### 3.10.2. *Attractiveness of the Union market*

- (188) Based on the information provided in the request, the Union market for e-bikes remained attractive to Chinese exporters. Since the original investigation, imports from the PRC have decreased both in absolute and in relative terms. However, since 2020, when imports volume from China were at its lowest, imports increased significantly and almost doubled despite the measures in place (see table 2 below). The market share previously held by the PRC has in part been taken over by other third countries such as Taiwan, which has increased its export volumes of the product under review to the Union since the previous investigation. At the same time, the PRC was still the second largest exporter of e-bikes to the Union during the review investigation period. This shows that the Union remained an attractive market for exporters from the PRC.
- (189) The Union market for e-bikes is one of the largest in the world, with a consumption of 4 979 000 pieces during the review investigation period. In addition, as explained in the expiry review request, e-bike demand is expected to grow in the coming years due to (among other things) environmental policies in the Union.
- (190) Furthermore, even with the measures in place, Chinese exports to the Union continued and have a non-negligible market share which showed that the Union market remained and will remain attractive to Chinese exporting producers.
- (191) Therefore, based on the significant overcapacity in the PRC and the attractiveness of the Union market, the Commission concluded that, should the current measures lapse, it is likely that the Chinese exporting producers would continue and increase its exports of subsidised e-bikes to the Union in large quantities.

### 3.10.3. *Conclusion on the continuation of subsidisation*

- (192) In view of its findings on the continuation of subsidisation during the review investigation period and on the likely development of increasing exports to the Union should the measures lapse, the Commission concluded that there is a strong likelihood that the expiry of the countervailing measures on imports of e-bikes from PRC would result in the continuation of subsidised imports.

## 4. INJURY

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

- (193) The like product was manufactured by 67 producers in the Union during the period considered. They constitute the 'Union industry' within the meaning of Article 9(1) of the basic Regulation.
- (194) The total Union production in the review investigation period was established at around 4 560 000 pieces. This number was established on the basis of available information concerning the Union industry, such as The European Bicycle Industry & Market Profile report, and an economic study carried out by the Confederation of the European Bicycle Industry ('CONEBI'). As indicated in recital (11), 3 Union producers were selected in the sample representing 23,4 % of the total Union production of the like product.

### 4.2. **Union consumption**

- (195) The Commission established the Union consumption on the basis of Eurostat import statistics and sales volume of the Union industry in the Union, as submitted by CONEBI.

(196) Union consumption developed as follows:

Table 1

**Union consumption (pieces)**

|                                  | 2020      | 2021      | 2022      | Review investigation period |
|----------------------------------|-----------|-----------|-----------|-----------------------------|
| Total Union Consumption (pieces) | 4 377 000 | 4 892 000 | 5 325 000 | 4 979 000                   |
| <i>Index</i>                     | 100       | 112       | 122       | 114                         |

Source: Eurostat and CONEBI.

(197) The total consumption of e-bikes in the EU increased from approximately 4,3 million e-bikes in 2020 to 5,3 million e-bikes in 2022. Design and performance improvements, combined with a greater environmental awareness among EU citizens, has led to a constant increase in e-bike consumption. However, in the review investigation period the consumption of e-bikes in the EU decreased by 346 000 pieces in comparison to 2022 following a drop in demand that occurred sometime after the lifting of the last COVID-19 measures in the first half of 2022.

#### 4.3. Imports from the PRC

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

(198) The Commission established the volume of imports on the basis of Eurostat data.

(199) The market share of the imports was then established by comparing import volumes with the Union consumption as shown in Table 1.

(200) Imports into the Union from the PRC developed as follows:

Table 2

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

|                                         | 2020    | 2021    | 2022    | Review investigation period |
|-----------------------------------------|---------|---------|---------|-----------------------------|
| Volume of imports from the PRC (pieces) | 102 757 | 210 806 | 268 148 | 220 914                     |
| <i>Index</i>                            | 100     | 205     | 261     | 215                         |
| Market share (%)                        | 2,3     | 4,3     | 5,0     | 4,4                         |
| <i>Index</i>                            | 100     | 184     | 214     | 189                         |

Source: Eurostat and CONEBI.

(201) Even with the measures in place, the market share of Chinese imports increased from 2,3 % in 2020 to 4,4 % in the review investigation period.

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

(202) The Commission established the prices of imports on the basis of Eurostat data.

(203) The average price of imports into the Union from the PRC developed as follows:

Table 3

**Import prices (EUR/ piece)**

|              | 2020 | 2021 | 2022 | Review investigation period |
|--------------|------|------|------|-----------------------------|
| The PRC      | 294  | 354  | 449  | 298                         |
| <i>Index</i> | 100  | 120  | 153  | 101                         |

Source: Eurostat.

(204) The average prices of imports from the PRC have continued to be extremely low during the period considered. In 2020 and 2021, the prices reported by Eurostat were even lower than the average prices found in the initial investigation (i.e. between EUR 422 and EUR 477).

(205) Based on Eurostat data, prices in 2022 were temporarily higher, but still lower than Chinese import prices in 2016 (i.e. EUR 477).

(206) Since there was no cooperation from exporting producers in the PRC, the Commission determined the price undercutting during the review investigation period by comparing:

- (1) the weighted average sales prices of the product under review of the sampled Union producers charged to unrelated customers on the Union market, adjusted to an ex-works level; and
- (2) the corresponding weighted average prices of the product under review from PRC to the Union market, established on a Cost, insurance, freight (CIF) basis, including the anti-dumping duty (all other companies 62,1 %) and the countervailing duty (all other companies 17,2 %), with appropriate adjustments for customs duties (6 %) and post-importation costs (2 %).

(207) The result of the comparison was expressed as a percentage of the sampled Union producers' turnover during the review investigation period. The price undercutting ranged from 68 % to 80 %. Without the duties, the price undercutting amounted to 82,8 %.

#### 4.3.3. Imports from third countries other than the PRC

(208) The imports of e-bikes from third countries other than the PRC were mainly from Taiwan and Vietnam.

(209) The (aggregated) volume of imports into the Union as well as the market share and price trends for imports of e-bikes from other third countries developed as follows:

Table 4

**Imports from third countries**

| Country |                  | 2020    | 2021    | 2022    | Review investigation period |
|---------|------------------|---------|---------|---------|-----------------------------|
| Taiwan  | Volume (pieces)  | 506 822 | 539 473 | 598 920 | 435 315                     |
|         | <i>Index</i>     | 100     | 106     | 118     | 86                          |
|         | Market share (%) | 11,6    | 11,0    | 11,2    | 8,7                         |

| Country                                                   |                           | 2020    | 2021    | 2022      | Review investigation period |
|-----------------------------------------------------------|---------------------------|---------|---------|-----------|-----------------------------|
|                                                           | Average price (EUR/piece) | 1 092   | 1 046   | 1 168     | 1 393                       |
|                                                           | <i>Index</i>              | 100     | 96      | 107       | 128                         |
| Vietnam                                                   | Volume (pieces)           | 162 787 | 173 204 | 210 321   | 199 070                     |
|                                                           | <i>Index</i>              | 100     | 106     | 129       | 122                         |
|                                                           | Market share (%)          | 3,7     | 3,5     | 3,9       | 4,0                         |
|                                                           | Average price (EUR/piece) | 542     | 585     | 762       | 790                         |
|                                                           | <i>Index</i>              | 100     | 108     | 140       | 146                         |
| Total of all third countries except the country concerned | Volume (pieces)           | 827 640 | 960 338 | 1 081 033 | 812 356                     |
|                                                           | <i>Index</i>              | 100     | 116     | 131       | 98                          |
|                                                           | Market share (%)          | 18,9    | 19,6    | 20,3      | 16,3                        |
|                                                           | Average price (EUR/piece) | 966     | 935     | 1 082     | 1 258                       |
|                                                           | <i>Index</i>              | 100     | 97      | 112       | 130                         |

Source: Eurostat.

- (210) The market shares of total imports of the product under review from third countries other than the PRC increased between 2020-2022 and reached 20,3 % in 2022. However, in the review investigation period it dropped to 16,3 %, a lower level than in 2020.

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

##### 4.4.1. General remarks

- (211) The assessment of the economic situation of the Union industry included an evaluation of all economic indicators having a bearing on the state of the Union industry during the period considered.
- (212) As mentioned in recital (11), sampling was used for the assessment of the economic situation of the Union industry.
- (213) For the injury determination, the Commission distinguished between macroeconomic and microeconomic injury indicators. The Commission evaluated the macroeconomic indicators on the basis of the information provided by CONEBI. The data related to all Union producers. The Commission evaluated the microeconomic indicators on the basis of data contained in the questionnaire replies from the sampled Union producers.
- (214) The macroeconomic indicators are: production, production capacity, capacity utilisation, sales volume, market share, employment, productivity, magnitude of the subsidy margin, and recovery from past subsidisation.

- (215) The microeconomic indicators are: average unit prices, unit cost, labour costs, inventories, profitability, cash flow, investments, return on investments, and ability to raise capital.

#### 4.4.2. Macroeconomic indicators

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

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

Table 5

#### Production, production capacity and capacity utilisation

|                              | 2020      | 2021      | 2022      | Review investigation period |
|------------------------------|-----------|-----------|-----------|-----------------------------|
| Production volume (pieces)   | 3 428 000 | 4 284 000 | 5 145 000 | 4 560 000                   |
| <i>Index</i>                 | 100       | 125       | 150       | 133                         |
| Production capacity (pieces) | 5 801 885 | 7 501 519 | 7 550 464 | 7 103 289                   |
| <i>Index</i>                 | 100       | 129       | 130       | 122                         |
| Capacity utilisation (%)     | 59        | 57        | 68        | 64                          |
| <i>Index</i>                 | 100       | 97        | 115       | 109                         |

Source: CONEBI, sampled Union producers.

- (217) The production capacity and production in the Union increased steadily in the period from 2020 to 2022 as a consequence of an increased demand during the COVID-19 pandemic. However, in the review investigation period there was a decrease in production volumes and capacities due to increased stock buildup during COVID-19, where Union producers anticipated continued sales at accelerated level, which did not happen as, after COVID-19, demand fell significantly.

##### 4.4.2.2. Sales volume and market share

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

Table 6

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

|                                        | 2020      | 2021      | 2022      | Review investigation period |
|----------------------------------------|-----------|-----------|-----------|-----------------------------|
| Total Sales volume on the Union market | 3 446 603 | 3 720 856 | 3 975 819 | 3 945 730                   |
| <i>Index</i>                           | 100       | 108       | 115       | 114                         |
| Market share (%)                       | 78,7      | 76,1      | 74,7      | 79,2                        |
| <i>Index</i>                           | 100       | 97        | 95        | 101                         |

Source: CONEBI, sampled Union producers.

- (219) Sales increased over the period considered, especially because of an increased demand during the COVID-19 pandemic. However, once COVID-19 measures were lifted, the demand for e-bikes dropped which resulted in lower sales figures in the review investigation period. Furthermore, the economic situation in 2022 and in the review investigation period (higher energy costs, inflation, in particular) had an effect not only on the Union industry but also on consumers, in particular those with less purchasing power. Therefore, the Union industry's sales stagnated in the review investigation period compared to 2022, while market share of the Union industry increased by 4,5 percentage points.

#### 4.4.2.3. Employment and productivity

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

Table 7

#### Employment and productivity

|                                | 2020  | 2021   | 2022   | Review investigation period |
|--------------------------------|-------|--------|--------|-----------------------------|
| Number of employees            | 8 354 | 10 972 | 12 125 | 10 716                      |
| <i>Index</i>                   | 100   | 131    | 145    | 128                         |
| Productivity (pieces/employee) | 410   | 390    | 424    | 426                         |
| <i>Index</i>                   | 100   | 95     | 103    | 104                         |

Source: CONEBI, sampled Union producers.

- (221) The Union industry increased the level of employment by 28 % in the period considered. Most of this increase occurred between 2020 and 2022 as a consequence of an increased demand during the COVID-19 pandemic. In 2023 there was a drop in number of employees due to the decrease in production volumes. Productivity remained rather stable in the period considered.

#### 4.4.2.4. Growth

- (222) As sales remained stable in the review investigation period in comparison to 2022, while consumption decreased, the Union industry managed to increase its market share by 4,5 % in that period.

#### 4.4.2.5. Magnitude of the subsidy margin and recovery from past subsidisation

- (223) The level of imports from the PRC during the review investigation period was relatively limited, representing 4,4 % of Union consumption. Therefore, the impact of the magnitude of subsidization on the Union industry was rather limited.

#### 4.4.3. Microeconomic indicators

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

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

Table 8

**Sales prices and cost of production in the Union (EUR/piece)**

|                                       | 2020  | 2021  | 2022  | Review investigation period |
|---------------------------------------|-------|-------|-------|-----------------------------|
| Average unit sales price in the Union | 1 533 | 1 633 | 1 719 | 1 871                       |
| <i>Index</i>                          | 100   | 107   | 112   | 122                         |
| Unit cost of production               | 1 419 | 1 516 | 1 589 | 1 786                       |
| <i>Index</i>                          | 100   | 107   | 112   | 126                         |

Source: Sampled Union producers.

- (225) The average sales prices of the sampled Union producers, as well as the production costs, increased in the period considered, which in 2020 and 2021 mainly reflected a change in the product mix and the technological advancements in e-bike motors and batteries, while in 2022 and the review investigation period that increase also reflected increased production costs due to the general economic situation marked with inflation and higher energy costs.

## 4.4.3.2. Labour costs

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

Table 9

**Average labour costs per employee**

|                                         | 2020   | 2021   | 2022   | Review investigation period |
|-----------------------------------------|--------|--------|--------|-----------------------------|
| Average labour costs per employee (EUR) | 28 793 | 31 722 | 32 122 | 35 447                      |
| <i>Index</i>                            | 100    | 110    | 112    | 123                         |

Source: Sampled Union producers.

- (227) Even though there a decrease in number of employees in the review investigation period in comparison to 2022 following a drop in demand, the average labours costs per employee steadily increased in the period considered.

## 4.4.3.3. Inventories

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

Table 10

**Inventories**

|                         | 2020   | 2021   | 2022   | Review investigation period |
|-------------------------|--------|--------|--------|-----------------------------|
| Closing stocks (pieces) | 37 309 | 30 236 | 77 734 | 198 958                     |
| Index                   | 100    | 81     | 208    | 533                         |

Source: Sampled Union producers.

(229) The increases in the inventories were due to the increased stock buildup during COVID-19 where there was a significant increase in demand, combined with the supply chain issues as Union producers were overordering raw materials and components to meet production requirements. However, once supply chain issues have been resolved Union producers received more raw materials and components than they needed. This was followed up with drop in demand for e-bikes in the review investigation period in comparison to 2022 which left the Union producers with very high numbers of inventories at the end of the review investigation period.

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

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

Table 11

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

|                                                                                  | 2020        | 2021       | 2022       | Review investigation period |
|----------------------------------------------------------------------------------|-------------|------------|------------|-----------------------------|
| Profitability of sales in the Union to unrelated customers (% of sales turnover) | 7,5         | 7,4        | 7,8        | 5,4                         |
| Index                                                                            | 100         | 98         | 104        | 72                          |
| Cash flow (EUR)                                                                  | 145 777 915 | 96 187 869 | 68 459 937 | - 86 504 717                |
| Index                                                                            | 100         | 66         | 47         | - 59                        |
| Investments (EUR)                                                                | 5 545 607   | 12 373 944 | 11 588 325 | 5 781 801                   |
| Index                                                                            | 100         | 223        | 209        | 104                         |
| Return on investments (%)                                                        | 147         | 127        | 163        | 111                         |
| Index                                                                            | 100         | 86         | 111        | 75                          |

Source: Sampled Union producers.



- (231) The Commission established the profitability of the sampled Union producers by expressing the pre-tax net profit of the sales of the like product to unrelated customers in the Union as a percentage of the turnover of those sales. The sampled Union producers remained profitable over the period considered. In the review investigation period, the profitability, however, dropped due to increased costs.
- (232) The overall stable profitability in the period considered allowed the Union industry to make large investments.
- (233) The net cash flow is the ability of the Union producers to self-finance their activities. The cash flow decreased significantly over the period considered and turned negative in 2023. The return on investments also deteriorated, which made it more difficult for the Union industry to raise capital and grow. This resulted in a drop in investments of 50 % in the review investigation period in comparison to 2022.

#### 4.5. Conclusion on injury

- (234) Macro indicators such as Union production, sales and employment steadily increased in the period from 2020 to 2022, as a consequence of an increased demand during the COVID-19 pandemic. However, in the review investigation period production volumes, capacities, sales and employment decreased, due to increased stock buildup during the COVID-19 pandemic, followed by a decrease in demand as a result of the lifting of the COVID-19 measures and the change in the economic situation in the Union, marked by in particular high energy costs and inflation.
- (235) As regards the microeconomic indicators, the investigation established that the profitability of the sampled Union producers in period from 2020 to 2022 remained above 7 %. However, in the review investigation period, the Union industry's profitability dropped to 5,4 %. Cash flow decreased from 2020 to 2022 and turned negative in 2023. The return on investments also deteriorated, which made it more difficult for the Union industry to raise capital and grow.
- (236) On the basis of the above, the Commission concluded that the Union industry had recovered from past material injury within the meaning of Article 8 of the basic Regulation, caused by subsidized imports from the PRC. However, during the period considered, a number of injury indicators deteriorated, and the Union industry returned to an economically fragile situation. Therefore, the Commission further examined the likelihood of recurrence of injury originally caused by subsidized imports from the PRC if the measures were to be repealed.

### 5. LIKELIHOOD OF RECURRENCE OF INJURY

- (237) The Commission analysed the following elements to establish the likelihood of recurrence of injury should the measures be repealed: the production capacity and spare capacity in the PRC, the relation between export prices to third countries and the price level in the Union and the impact of potential imports and price levels of such imports from these countries on the Union industry's situation.

#### 5.1. Spare capacity in the PRC and the attractiveness of the Union market

- (238) As already described and detailed in section 3.10.1 above, the exporting producers in the PRC have significant spare capacities which could be used to produce the product under review for export to the Union if measures were allowed to lapse. The quantities that could be exported by Chinese exporting producers amount to 73 million pieces, exceeding by far the size of the Union market.
- (239) As described and detailed in section 3.10.2 above, the Union market for e-bikes is one of the largest in the world and e-bike demand is expected to grow in the coming years due to, among other points, environmental policies in the Union. The Chinese exporting producers exported to their main third markets at prices significantly below the average sales prices of the Union producers on the Union market during the review investigation period. Therefore, exporting to the Union is potentially much more attractive for Chinese exporters. Consequently, it can be reasonably expected that, should the measures be repealed, Chinese exporting producers would start to export high volumes of the product under review to the Union.

## 5.2. Likely import prices and impact on the Union industry

- (240) In order to establish how the imports from the PRC would affect the Union industry should the measures be terminated, the Commission performed a comparative price analysis without the existence of anti-subsidy measures.
- (241) In order to estimate the likely price at which Chinese producers would sell when exporting to the Union market, the Commission made a price comparison between the sampled Union producers average price (ex-works) to the corresponding average price of the product under review from the PRC when exported to third countries such as the United Kingdom, Türkiye, Norway or Serbia, which have separate codes for e-bikes and no measures in place.
- (242) The result of the comparison showed that the average price of Chinese exports of the product concerned to the above countries varied from EUR 210 to EUR 650, i.e. significantly lower than the Union industry's price on the Union market. Therefore, should the measures be allowed to lapse it would thus be likely that imports from the PRC would enter the market in high volumes, as in the investigation period of the original investigation and at low prices which would cause injury.
- (243) In view of the above, the conclusion is that the repeal of the measures would in all likelihood result in a significant increase of subsidized imports from the PRC at injurious price levels. As a consequence, the viability of the Union industry would be at serious risk.

## 6. UNION INTEREST

- (244) In accordance with Article 31 of the basic Regulation, the Commission examined whether maintaining the existing anti-subsidy measures would be against the interest of the Union as whole. The determination of the Union interest was based on an appreciation of all the various interests involved, including those of the Union industry, importers and users.

### 6.1. Interest of the Union industry

- (245) The investigation showed that should the measures expire it would have a negative effect on the Union industry. The measures have re-established a level playing field on the Union market. This has allowed new companies to enter the market, especially in the entry level and mid-range segments. The number of known e-bike Union producers almost doubled from approximately 37 in 2020 to 67 in 2023, despite challenges resulting from the economic situation in 2022-2023. The number of e-bikes produced in the Union increased by more than 1 million between 2020 (3,4 million) and 2023 (4,5 million) and is forecasted to increase further. The number of direct employees has increased from around 3 500 in the original investigation period to almost 11 000 in the review investigation period.
- (246) A termination of the countervailing measures would put Union producers at high-risk, especially those serving the entry-level and mid-range e-bike segments, which include many smaller producers across the Union industry.
- (247) Compounding the vulnerable situation is the fact that the production of e-bikes is a highly capital intense business, because substantial stocks of bicycle parts are required at all times to maintain production. In addition, Union producers have made large investments in sustainable and environmentally friendly production and product improvements over the last years. Termination of the anti-subsidy measures would block development of practical engineering know-how for the application of ultimate high technologies, including automation and new materials.
- (248) In addition, according to the expiry review request, the Union e-bikes industry is one of the largest green industries, with more than 1 000 small and medium-sized enterprises (SMEs) having provided approximately 80 000 jobs according to The European Bicycle Industry & Market Profile report 2024. This includes jobs in direct and indirect production jobs, upstream industries, bicycle accessories, bicycle dealerships, etc.
- (249) On the basis of the above, the extension of the measures is in the interest of the Union industry.

## 6.2. Interest of assemblers

- (250) The Commission contacted all known users and unrelated importers.
- (251) Following initiation, the only party that came forward and provided comments was an ad hoc Group, on behalf of 8 small companies in the Union which assemble e-bike parts imported from China and other third countries. Their main comment related to the implementation of the measures against imports of (conventional) bicycle parts from China, which creates uncertainty about the legal rules of the import of e-bike components and, hence, renders it difficult to import parts of e-bikes, which are not subject to measures. The group opposed the extension of the measures, mainly due to the current problems with the imports of components, coupled with the risk of extension of the measures to these e-bikes components, and argued that using market surveillance to scrutinize compliance of imports from the PRC with all pertinent regulations would be more efficient to address imports of unfairly traded e-bikes from China which are often illegal and unsafe.
- (252) The Commission considered, however, that it is not realistic that market surveillance and regulatory measures only can prevent injury caused by imports of subsidized e-bikes from the PRC. Also, customs enforcement issues in relation to the imports of e-bikes components cannot justify the termination of the measures, which have achieved the intended effect. In any event, the enforcement of measures falls outside the scope of the investigation.
- (253) Following disclosure, the ad hoc Group reiterated the same claims. It argued that the Commission should focus on strengthening market surveillance rather than extending trade defence measures to address the root causes of market distortions and ensure a level playing field for all stakeholders. According to the ad hoc Group, trade defence measures inadvertently create a regulatory framework that fosters imports of sub standardised and unsafe bikes while making the life of serious e-bikes manufacturers from the PRC with long-term ambitions on Union market difficult.
- (254) The Commission considered that the arguments raised by the ad hoc Group were already addressed in recital (251). Since no new comments of substance on these matters were brought forward, the conclusion in recital (252) was confirmed.
- (255) The ad hoc Group also argued that repealing the trade defence measures would not lead to a significant increase in injurious imports as, according to them, a modest 4,4 % market share of Chinese imports during the RIP undermined the claim that Chinese imports pose a significant threat.
- (256) The Commission considered that the increase of market share to 4,4 % in the RIP took place in a situation with trade defence measures in place. Because of the trade defence measures, Chinese imports only gained 2,1 percentage points market share during the period considered. Considering the attractiveness of the Union market, the production capacity and spare capacity in the PRC and the relation between export prices to third countries and the price level in the Union, the Commission concluded that if measures are to be repealed there would be a significant increase of dumped imports from the PRC at injurious price levels. On this basis, this claim was rejected.
- (257) Furthermore, the ad hoc Group claimed that the Commission relied on unverified information and claims which compromises the impartiality of the investigation, especially those coming from the applicant.
- (258) As mentioned in recitals (33) and (34), the Commission applied Article 28 of basic Regulation since cooperation from electric bicycle producers in the PRC was insufficient for making representative findings for the purpose of this expiry review and given the lack of cooperation from the GOC and other relevant parties in the PRC, the Commission, in accordance with Article 28 of the basic Regulation, resorted to the use of facts available. Consequently, the findings in relation to the likelihood of continuation of subsidisation and likelihood of recurrence of injury were based on facts available, in particular information submitted with the request for review, information obtained from cooperating parties in the course of the investigation (namely, the applicant and the sampled Union producers), information from the Commission's findings in the original investigation, findings of the most recent anti-subsidy investigations carried out by the Commission concerning encouraged industries in China and Commission Staff Working Document on Significant Distortions. All information submitted by the sampled Union producers was thoroughly verified. On this basis, this claim was rejected.

### 6.3. Interest of users and unrelated importers

- (259) No users or unrelated importers came forward and cooperated in this investigation by submitting a questionnaire reply apart from the above-mentioned submission. On the basis of the information available to the Commission, it found that there was no evidence contradicting the conclusion in the original investigation that the negative effects on unrelated importers could not be considered disproportionate and was mitigated by the availability of alternative sources of supply. The positive effects of the countervailing measures on the Union market, in particular on the Union industry, outweighed the potential negative effect on the other interest groups. Indeed, the investigation confirmed that, in addition to China, there are increasingly other source of supply from third countries. Therefore, the Commission concluded that the continuation of measures would not be disproportionately detrimental to users and importers.
- (260) Following disclosure, one interested party claimed that if the measures are not repealed e-bikes will continue to be unnecessarily overpriced and less available for users. It claimed if the measures are repealed that reduction in the price of e-bikes would lead to significant increase in sales of e-bikes. The Commission considered that lower prices not necessarily lead to an increase in sales, since safety, quality, reliability and service, in addition to prices, are also criteria when users consider the purchase of an e-bike. Also, if the measures were to be repealed, this would have a negative impact on the economic situation of the Union industry, which would affect innovation and product variety and result in less choice for users. On this basis, this claim was rejected.

### 6.4. Conclusion on Union interest

- (261) On the basis of the above, the Commission concluded that there were no compelling reasons of Union interest against the maintenance of the existing measures on imports of the product under review originating in the PRC.

## 7. ANTI-SUBSIDY MEASURES

- (262) On the basis of the conclusions reached by the Commission on continuation of subsidisation, recurrence of injury and Union interest, the anti-subsidy measures on imports of electric bicycles originating in the PRC should be maintained.
- (263) To minimise the risks of circumvention due to the differences in duty rates, special measures are needed to ensure the application of the individual countervailing duties. The application of individual countervailing duties is only applicable upon presentation of a valid commercial invoice to the customs authorities of the Member States. The invoice must conform to the requirements set out in Article 1(3) of this regulation. Until such invoice is presented, imports should be subject to the countervailing duty applicable to 'all other imports originating the PRC'.
- (264) While presentation of this invoice is necessary for the customs authorities of the Member States to apply the individual rates of countervailing duty to imports, it is not the only element to be taken into account by the customs authorities. Indeed, even if presented with an invoice meeting all the requirements set out in Article 1(3) of this Regulation, the customs authorities of Member States must carry out their usual checks and may, like in all other cases, require additional documents (shipping documents, etc.) for the purpose of verifying the accuracy of the particulars contained in the declaration and ensure that the subsequent application of the lower rate of duty is justified, in compliance with customs law.

- (265) Should the imports to the Union by one of the companies benefiting from lower individual duty rates increase significantly in volume after the imposition of the measures concerned, such an increase in volume could be considered as constituting, in itself, a change in the pattern of trade due to the imposition of measures within the meaning of Article 23(1) of the basic Regulation. In such circumstances and provided the conditions are met, an anti-circumvention investigation may be initiated. This investigation may, inter alia, examine the need for the removal of individual duty rate(s) and the consequent imposition of a country-wide duty.
- (266) The individual company countervailing duty rates specified in this Regulation are exclusively applicable to imports of the product under review originating in the PRC and produced by the named legal entities. Imports of the product under review produced by any other company not specifically mentioned in the operative part of this Regulation, including entities related to those specifically mentioned, should be subject to the duty rate applicable to 'All other imports originating in the People's Republic of China'. They should not be subject to any of the individual countervailing duty rates.
- (267) A company may request the application of the individual duty rate if it changes subsequently the name of its entity. The request must be addressed to the Commission<sup>(88)</sup>. The request must contain all the relevant information enabling to demonstrate that the change does not affect the right of the company to benefit from the duty rate which applies to it. If the change of name of the company does not affect its right to benefit from the duty rate which applies to it, an amending regulation informing about the change of name will be published in the *Official Journal of the European Union*.
- (268) In view of Article 109 of Regulation (EU, Euratom) 2024/2509<sup>(89)</sup> of the European Parliament and of the Council on the financial rules applicable to the general budget of the Union when an amount is to be reimbursed following a judgment of the Court of Justice of the European Union, the interest to be paid should be the rate applied by the European Central Bank to its principal refinancing operations, as published in the C series of the *Official Journal of the European Union* on the first calendar day of each month.
- (269) The measures provided for in this regulation are in accordance with the opinion of the Committee established by Article 15(1) Regulation (EU) 2016/1036,

HAS ADOPTED THIS REGULATION:

#### Article 1

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

| Country of origin          | Company                                    | Definitive countervailing duty | TARIC additional code |
|----------------------------|--------------------------------------------|--------------------------------|-----------------------|
| People's Republic of China | Bodo Vehicle Group Co., Ltd.               | 15,1 %                         | C382                  |
|                            | Giant Electric Vehicle (Kunshan) Co., Ltd. | 3,9 %                          | C383                  |

<sup>(88)</sup> European Commission, Directorate-General for Trade, Directorate G, Rue de la Loi 170, 1040 Brussels, Belgium.

<sup>(89)</sup> Regulation (EU, Euratom) 2024/2509 of the European Parliament and of the Council of 23 September 2024 on the financial rules applicable to the general budget of the Union (OJ L, 2024/2509, 26.9.2024, ELI: <http://data.europa.eu/eli/reg/2024/2509/oj>).

| Country of origin | Company                                                                                                                                                   | Definitive countervailing duty | TARIC additional code |
|-------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|-----------------------|
|                   | Jinhua Vision Industry Co., Ltd and Yongkang Hulong Electric Vehicle Co., Ltd                                                                             | 8,5 %                          | C384                  |
|                   | Suzhou Rununion Motivity Co., Ltd                                                                                                                         | 17,2 %                         | C385                  |
|                   | Yadea Technology Group Co., Ltd                                                                                                                           | 10,7 %                         | C463                  |
|                   | Other cooperating companies listed in Annex I                                                                                                             | 9,2 %                          | See Annex I           |
|                   | Non-cooperating companies in the original anti-subsidy regulation, but cooperating in the parallel original anti-dumping investigation listed in Annex II | 17,2 %                         | See Annex II          |
|                   | All other imports originating in the People's Republic of China                                                                                           | 17,2 %                         | C999                  |

3. The application of the individual duty rates specified for the companies mentioned in paragraph 2 shall be conditional upon presentation to the Member States' customs authorities of a valid commercial invoice, on which shall appear a declaration dated and signed by an official of the entity issuing such invoice, identified by his/her name and function, drafted as follows: 'I, the undersigned, certify that the (volume) of (product under review) sold for export to the European Union covered by this invoice was manufactured by (company name and address) (TARIC additional code) in [country concerned]. I declare that the information provided in this invoice is complete and correct.' If no such invoice is presented, the duty applicable to all other companies shall apply.

4. In cases where the countervailing duty has been subtracted from the anti-dumping duty for certain exporting producers, refund requests under Article 21 of Regulation (EU) 2016/1037 shall also trigger the assessment of the dumping margin for that exporting producer prevailing during the refund investigation period. The amount to be reimbursed to the applicant for refund cannot exceed the difference between the duty collected and the combined countervailing and anti-dumping duty established in the refund investigation.

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

#### Article 2

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

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

Done at Brussels, 23 January 2025.

For the Commission  
The President  
Ursula VON DER LEYEN

## ANNEX I

| Name                                                                            | Province  | TARIC additional code |
|---------------------------------------------------------------------------------|-----------|-----------------------|
| Acetrikes Bicycles (Taicang) Co., Ltd.                                          | Jiangsu   | C386                  |
| Active Cycles Co., Ltd.                                                         | Jiangsu   | C387                  |
| Aigeni Technology Co., Ltd.                                                     | Jiangsu   | C388                  |
| Alco Electronics (Dongguan) Limited                                             | Guangdong | C390                  |
| Changzhou Airwheel Technology Co., Ltd.                                         | Jiangsu   | C392                  |
| Changzhou Bisek Cycle Co., Ltd.                                                 | Jiangsu   | C393                  |
| Changzhou Fujiang Vehicle Co. Ltd                                               | Jiangsu   | C484                  |
| Changzhou Rich Vehicle Technology Co., Ltd                                      | Jiangsu   | C395                  |
| Changzhou Sobowo Vehicle Co., Ltd.                                              | Jiangsu   | C397                  |
| Changzhou Steamoon Intelligent Technology Co., Ltd.                             | Jiangsu   | C398                  |
| Cycleman E-Vehicle Co., Ltd.                                                    | Jiangsu   | C400                  |
| Dongguan Benling Vehicle Technology Co., Ltd.                                   | Guangdong | C401                  |
| Dongguan Honglin Industrial Co., Ltd,<br>Melton Industrial (Dong Guan) Co., Ltd | Guangdong | C402                  |
| Easy Electricity Technology Co., Ltd.                                           | Tianjin   | C451                  |
| Enjoycare Technology (Zhejiang) Co., Ltd.                                       | Zhejiang  | C419                  |
| Foshan Lano Bike Co., Ltd.                                                      | Guangdong | C405                  |
| Foshan Zenith Sports Co., Ltd.                                                  | Guangdong | C406                  |
| Guangzhou Symbol Bicycle Co., Ltd.                                              | Guangdong | C410                  |
| Hangzhou Fanzhou Technology Co., Ltd.                                           | Zhejiang  | C411                  |
| Jiangsu Imi Electric Vehicle Technology Co., Ltd.                               | Jiangsu   | C415                  |
| Jiangsu Lvneng Electrical Bicycle Technology Co., Ltd.                          | Jiangsu   | C416                  |
| Jiangsu Stareyes Bicycle Industrial Co., Ltd.                                   | Jiangsu   | C417                  |
| Jiaxing Onway Ev Tech Co., Ltd.                                                 | Zhejiang  | C418                  |
| Jinhua Feirui Vehicle Co., Ltd.                                                 | Zhejiang  | C420                  |
| Jinhua Jobo Technology Co., Ltd.                                                | Zhejiang  | C421                  |
| Jinhua Lvobao Vehicles Co. Ltd                                                  | Zhejiang  | C486                  |
| Jinhua Suntide Vehicle Co., Ltd.                                                | Zhejiang  | C422                  |
| Jinhua Zodin E-Vehicle Co., Ltd.                                                | Zhejiang  | C424                  |
| Kenstone Metal (Kunshan) Co., Ltd.                                              | Jiangsu   | C425                  |
| Komda Industrial (Dongguan) Co., Ltd.                                           | Guangdong | C426                  |
| Kunshan Sevenone Cycle Co., Ltd.                                                | Jiangsu   | C427                  |
| Nantong Tianyuan Automatic Vehicle Co., Ltd.                                    | Jiangsu   | C429                  |
| Ningbo Bestar Co., Ltd.                                                         | Zhejiang  | C430                  |
| Ningbo Lv Kang Vehicle Co., Ltd.                                                | Zhejiang  | C431                  |
| Ningbo Nanyang Vehicle Co., Ltd.                                                | Zhejiang  | C432                  |
| Ningbo Oner Bike Co., Ltd.                                                      | Zhejiang  | C433                  |

| Name                                                                                                                                           | Province  | TARIC additional code |
|------------------------------------------------------------------------------------------------------------------------------------------------|-----------|-----------------------|
| Ningbo Roadsan New Energy Technology Co., Ltd.                                                                                                 | Zhejiang  | C435                  |
| Ningbo Zixin Bicycle Industry Co., Ltd.                                                                                                        | Zhejiang  | C437                  |
| Pronordic E-Bikes Limited Company                                                                                                              | Jiangsu   | C438                  |
| Shenzhen Shenling Car Co., Ltd.                                                                                                                | Guangdong | C442                  |
| Sino Lithium (Suzhou) Electric Technology Co., Ltd.                                                                                            | Jiangsu   | C443                  |
| Skyland Sport Tech Co., Ltd.                                                                                                                   | Tianjin   | C444                  |
| Suzhou Guoxin Group Fengyuan Imp & Exp. Co., Ltd.                                                                                              | Jiangsu   | C446                  |
| Suzhou Leisger Vehicle Co. Ltd                                                                                                                 | Jiangsu   | C487                  |
| Tianjin Luodeshengda Bicycle Co., Ltd.                                                                                                         | Tianjin   | C449                  |
| Tianjin Upland Bicycle Co., Ltd.                                                                                                               | Tianjin   | C450                  |
| Ubchoice Co., Ltd.                                                                                                                             | Guangdong | C452                  |
| Wettsen Corporation                                                                                                                            | Shandong  | C454                  |
| Wuxi Shengda Bicycle Co., Ltd. and Wuxi Shengda Vehicle Technology Co.,Ltd                                                                     | Jiangsu   | C458                  |
| Wuxi United Mobility Technology Inc                                                                                                            | Jiangsu   | C459                  |
| Xiangjin (Tianjin) Cycle Co., Ltd.                                                                                                             | Tianjin   | C462                  |
| Yong Qi (China) Bicycle Industrial Corp                                                                                                        | Jiangsu   | C464                  |
| Yongkang Juxiang Vehicle Co, Ltd.                                                                                                              | Zhejiang  | C466                  |
| Yongkang Lohas Vehicle Co., Ltd.                                                                                                               | Zhejiang  | C467                  |
| Yongkang Mars Vehicle Co., Ltd.                                                                                                                | Zhejiang  | C468                  |
| Zhejiang Apollo Motorcycle Manufacturer Co., Ltd.                                                                                              | Zhejiang  | C469                  |
| Zhejiang Baoguilai Vehicle Co., Ltd.                                                                                                           | Zhejiang  | C470                  |
| Zhejiang Goccia Electric Technology Co., Ltd.                                                                                                  | Zhejiang  | C472                  |
| Zhejiang Hangpai Electric Vehicle Co. Ltd                                                                                                      | Zhejiang  | C488                  |
| Zhejiang Jsl Vehicle Co., Ltd.                                                                                                                 | Zhejiang  | C473                  |
| Zhejiang Kaiyi New Material Technology Co., Ltd.                                                                                               | Zhejiang  | C474                  |
| Zhejiang Lianmei Industrial Co., Ltd.                                                                                                          | Zhejiang  | C475                  |
| Zhejiang Tuer Vehicle Industry Co., Ltd.                                                                                                       | Zhejiang  | C477                  |
| Zhejiang Xingyue Electric Vehicle Co., Ltd.<br>Zhejiang Xingyue Overfly Electric Vehicle Co., Ltd., and<br>Zhejiang Xingyue Vehicle Co., Ltd., | Zhejiang  | C478                  |
| Zhongxin Power (Tianjin) Bicycle Co., Ltd.                                                                                                     | Tianjin   | C480                  |



## ANNEX II

| Name                                                        | Province  | TARIC additional code |
|-------------------------------------------------------------|-----------|-----------------------|
| Aima Technology Group Co., Ltd.                             | Tianjin   | C389                  |
| Beijing Tsinova Technology Co., Ltd.                        | Beijing   | C391                  |
| Changzhou Hj Pedal Co., Ltd.                                | Jiangsu   | C394                  |
| Changzhou Merry Ebike Co., Ltd.                             | Jiangsu   | C456                  |
| Changzhou Ristar Cycle Co., Ltd.                            | Jiangsu   | C396                  |
| Cutting Edge Power Vehicle Int'l TJ Co., Ltd.               | Tianjin   | C399                  |
| Eco International Elebike Co., Ltd.                         | Jiangsu   | C403                  |
| Everest International Industries Ltd.                       | Jiangsu   | C404                  |
| Geoby Advance Technology Co., Ltd.                          | Jiangsu   | C407                  |
| Guangdong Commercial Trading Imp. & Exp. Corp., Ltd.        | Guangdong | C408                  |
| Guangdong Shunde Junhao Technology Development Co., Ltd.    | Guangdong | C409                  |
| Hangzhou Morakot E-Bike Manufacture Co., Ltd.               | Zhejiang  | C412                  |
| Hangzhou TOP Mechanical And Electrical Technology, Co. Ltd. | Zhejiang  | C413                  |
| Hua Chin Bicycle & Fitness (H.Z.) Co., Ltd.                 | Guangdong | C414                  |
| Jinhua Yifei Electric Science And Technology Co., Ltd.      | Zhejiang  | C423                  |
| Nanjing Jincheng Machinery Co., Ltd.                        | Jiangsu   | C428                  |
| Ningbo Pugonying Vehicle Technology Co., Ltd.               | Zhejiang  | C434                  |
| Ningbo Shenchima Vehicle Industry Co., Ltd.                 | Zhejiang  | C436                  |
| Shandong Eco Friendly Technology Co., Ltd.                  | Shandong  | C439                  |
| Shanghai Promising Int'l Trade & Logistics Co., Ltd.        | Shanghai  | C440                  |
| Shenzhen SanDin Cycle Co., Ltd.                             | Guangdong | C441                  |
| Suzhou Dynavolt Intelligent Vehicle Technology Co., Ltd.    | Jiangsu   | C445                  |
| Suzhou Joydeer E-Bicycle Co., Ltd.                          | Jiangsu   | C447                  |
| Taioku Manufacturing (Jiangsu) Co., Ltd.                    | Jiangsu   | C448                  |
| Universal Cycle Corporation (Guang Zhou)                    | Guangdong | C453                  |
| Wuxi Bashan E-Vehicle Co., Ltd.                             | Jiangsu   | C455                  |
| Wuxi METUO Vehicle Co., Ltd.                                | Jiangsu   | C457                  |
| Wuyi Simino Industry & Trade Co., Ltd.                      | Zhejiang  | C460                  |
| Wuyi Yuema Leisure Articles Co., Ltd.                       | Zhejiang  | C461                  |
| Yongkang Aijiu Industry & Trade Co., Ltd.                   | Zhejiang  | C465                  |
| Zhejiang Enze Vehicle Co., Ltd.                             | Zhejiang  | C471                  |
| Zhejiang Luyuan Electric Vehicle Co., Ltd.                  | Zhejiang  | C476                  |
| Zhongshan Qiangli Electronics Factory                       | Guangdong | C479                  |