



2025/1506

25.7.2025

COMMISSION IMPLEMENTING REGULATION (EU) 2025/1506

of 24 July 2025

imposing a definitive countervailing duty on imports of certain organic coated steel products 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 ⁽¹⁾ ('the basic Regulation'), and in particular Article 18 thereof,

Whereas:

1. PROCEDURE

1.1. Previous investigations and measures in force

- (1) The Council, by Council Implementing Regulation (EU) No 215/2013 ⁽²⁾, imposed a countervailing duty on imports of certain organic coated steel products originating in the People's Republic of China ('China', 'the PRC', or 'the country concerned') ('the original measures'). The investigation that led to the imposition of the original measures will hereinafter be referred to as 'the original investigation'.
- (2) By Implementing Regulation (EU) No 214/2013 ⁽³⁾, the Council imposed, in parallel, a definitive anti-dumping duty on imports of certain organic coated steel products originating in China. The anti-dumping duties currently in force range from 0 % to 26,1 %.
- (3) Following an expiry review pursuant to Article 18 of the basic Regulation, on 2 May 2019, the Commission re-imposed the definitive countervailing duties on imports of certain organic coated steel products originating in the PRC by Regulation (EU) No 2019/688 (the 'previous expiry review') ⁽⁴⁾. The countervailing duties currently in force range from 13,7 % to 44,7 %.
- (4) The level of the combined anti-dumping and countervailing duties ranges from 13,7 % to 58,3 %.

1.2. Request for an expiry review

- (5) Following the publication of a Notice of impending expiry of the countervailing measures in force ⁽⁵⁾, the Commission received a request for the initiation of an expiry review of the countervailing measures pursuant to Article 18 of the basic Regulation ('the request').

⁽¹⁾ OJ L 176, 30.6.2016, p. 55, ELI: <http://data.europa.eu/eli/reg/2016/1037/oj>, as last amended by Regulation (EU) 2018/825 of the European Parliament and of the Council of 7 June 2018.

⁽²⁾ Council Implementing Regulation (EU) No 215/2013 of 11 March 2013 imposing a countervailing duty on imports of certain organic coated steel products originating in the People's Republic of China (OJ L 73, 15.3.2013, p.16, ELI: http://data.europa.eu/eli/reg_impl/2013/215/oj).

⁽³⁾ Council Implementing Regulation (EU) No 214/2013 of 11 March 2013 imposing a definitive anti-dumping duty and collecting definitively the provisional duty imposed on imports of certain organic coated steel products originating in the People's Republic of China (OJ L 73, 15.3.2013, p.1, ELI: http://data.europa.eu/eli/reg_impl/2013/214/oj).

⁽⁴⁾ Commission Implementing Regulation (EU) 2019/688 of 2 May 2019 imposing a definitive countervailing duty on imports of certain organic coated steel products 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 116, 3.5.2019, p. 39, ELI: http://data.europa.eu/eli/reg_impl/2019/688/oj).

⁽⁵⁾ Notice of impending expiry of certain countervailing measures (OJ C 274, 3.8.2023, p.18).

- (6) The request was submitted on 2 February 2024 by the European Steel Association ('EUROFER' or 'the applicant') on behalf of the Union industry of organic coated steel products in the sense of Article 10(6) of the basic Regulation, representing more than 70 % of the total Union production of certain organic coated steel products. The request was based on the grounds that the expiry of the countervailing measures would likely result in the continuation or recurrence of subsidisation and injury to the Union industry.

1.3. Initiation of an expiry review

- (7) Having determined, after consulting the Committee established by Article 25(1) of the basic Regulation, that sufficient evidence existed for the initiation of an expiry review, the Commission announced on 30 April 2024, by a Notice published in the *Official Journal of the European Union* ⁽⁶⁾ ('the Notice of Initiation'), the initiation of an expiry review of the countervailing measures applicable pursuant to Article 18 of the basic Regulation.
- (8) Prior to the initiation of the expiry review, and in accordance with Article 10(7) of the basic Regulation, the Commission notified the Government of China ('GOC') that it had received a properly documented review request and invited the GOC for consultations in accordance with Article 10(7) of the basic Regulation. The Commission did not receive any request for pre-initiation consultations.

1.4. Parallel investigation

- (9) By a Notice published in the *Official Journal of the European Union* on 30 April 2024 ⁽⁷⁾, the Commission also announced the initiation of an expiry review pursuant to Article 11(2) of Regulation (EU) 2016/1036 ⁽⁸⁾ of the definitive anti-dumping measures in force with regard to imports into the Union of certain organic coated steel products originating in the PRC.

1.5. Review investigation period and period considered

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

1.6. Interested parties

- (11) In the Notice of Initiation, the Commission invited interested parties to contact it in order to participate in the investigation. In addition, the Commission specifically informed the applicant, the known Union producers, the known unrelated importers in the Union, unrelated users in the Union known to be concerned, the known producers in the PRC and the authorities of the PRC about the initiation of the expiry review and invited them to participate.
- (12) Interested parties were invited to make their views known, submit information and provide supporting evidence within the time limits set out in the Notice of Initiation. Interested parties were also granted the opportunity to request in writing a hearing with the Commission investigation services and/or the Hearing Officer in trade proceedings.

⁽⁶⁾ Notice of initiation of an expiry review of the anti-subsidy measures applicable to imports of certain organic coated steel products originating in the People's Republic of China (OJ C, C/2024/2975, 30.4.2024, ELI: <http://data.europa.eu/eli/C/2024/2975/oj>).

⁽⁷⁾ Notice of initiation of an expiry review of the anti-dumping measures applicable to imports of certain organic coated steel products originating in the People's Republic of China (OJ C, C/2024/2970, 30.4.2024, ELI: <http://data.europa.eu/eli/C/2024/2970/oj>).

⁽⁸⁾ Regulation (EU) 2016/1036 of the European Parliament and of the Council of 8 June 2016 on protection against dumped imports from countries not members of the European Union (OJ L 176, 30.06.2016, p. 21, ELI: <http://data.europa.eu/eli/reg/2016/1036/oj>).

1.7. Sampling

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

1.7.1. Sampling of Union producers

- (14) In the Notice of Initiation, the Commission stated that it had provisionally selected a sample of Union producers, in accordance with Article 27 of the basic Regulation. Prior to the initiation, 14 Union producers had provided the information requested for the selection of the sample and expressed their willingness to cooperate with the Commission. On that basis, the Commission provisionally selected a sample of three producers, which were found to be representative of the Union industry in terms of volume of production and sales of the like product in the Union. The sampled Union producers accounted for 26 % of the estimated total production of the Union industry and for 28 % of the total sales volume of the Union industry to unrelated customers in the Union during the review investigation period (RIP). The Commission invited interested parties to comment on the provisional sample. No comments were received and the provisional sample was thus confirmed.

1.7.2. Sampling of importers

- (15) In order to decide whether sampling was necessary and, if so, to select a sample, the Commission asked the ten unrelated importers identified in the request to provide the information specified in the Notice of Initiation. None of them came forward.

1.7.3. Sampling of exporting producers in the PRC

- (16) To decide whether sampling was necessary with regard to the exporting producers and, if so, to select a sample, the Commission asked all known exporting 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 exporting producers, if any, that could be interested in participating in the investigation.
- (17) No exporting producer returned the sampling form. Subsequently, on 2 August 2024 the Commission informed the Government of China ('GOC') that there was no cooperation by exporting producers in the PRC and thus it would apply the provisions of Article 28 of the basic Regulation with regard to the findings of continuation of subsidisation.

1.8. Questionnaires and verification visits

- (18) The Commission sent questionnaires to the three sampled Union producers, the applicant and the GOC. Questionnaires for the Union producers, unrelated importers, users and the exporting producers in the PRC were also made available online ⁽⁹⁾, on the day of initiation of the investigation.
- (19) Replies to the questionnaires were received from the three sampled Union producers and the applicant.
- (20) The Commission sought and verified all the information it deemed necessary for a determination of the likelihood of a continuation or recurrence of subsidisation and injury, and of the Union interest test. Verification visits were carried out at the premises of the following interested parties:
- (a) Union producers:
- ArcelorMittal Belgium, Belgium
 - ThyssenKrupp, Germany
 - Tata Steel Maubeuge SA, France

⁽⁹⁾ Trade Defence Investigations, <https://tron.trade.ec.europa.eu/investigations/case-view?caseId=2720>.

(b) Association of Union producers:

— EUROFER, Belgium

1.9. Subsequent procedure

(21) On 06 June 2025, the Commission disclosed the essential facts and considerations on which basis it intended to maintain the countervailing duties in force. All parties were granted a period within which they could make comments on the disclosure.

(22) No parties made any comments on the final disclosure. No parties requested a hearing.

2. PRODUCT CONCERNED AND LIKE PRODUCT

2.1. Product under review

(23) The product under review is the same as the one in the original investigation, that is certain organic coated steel products, i.e. flat-rolled products of non-alloy and alloy steel (not including stainless steel) which are painted, varnished or coated with plastics on at least one side, excluding so-called 'sandwich panels' of a kind used for building applications and consisting of two outer metal sheets with a stabilising core of insulation material sandwiched between them, excluding those products with a final coating of zinc-dust (a zinc-rich paint, containing by weight 70 % or more of zinc), and excluding those products with a substrate with a metallic coating of chromium or tin, currently falling within CN codes ex 7210 70 80, ex 7212 40 80, ex 7225 99 00 and ex 7226 99 70 (TARIC codes 7210 70 80 11, 7210 70 80 91, 7212 40 80 01, 7212 40 80 21, 7212 40 80 82, 7225 99 00 11, 7225 99 00 91, 7226 99 70 11 and 7226 99 70 91) ('the product under review' or 'OCS').

(24) The product under review is obtained by applying an organic coating to flat-rolled steel products. The organic coating provides protection and aesthetic and functional properties to steel products.

(25) OCS is mainly used in the construction sector and for further processing in products used in construction. Other applications include home appliances.

2.2. Product concerned

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

2.3. Like product

(27) As established in the original investigation and confirmed in the previous expiry review, this expiry review investigation re-confirmed that the following products have the same basic physical, chemical 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 PRC;
- 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.

These products are therefore considered to be like products within the meaning of Article 2(c) of the basic Regulation.

3. LIKELIHOOD OF CONTINUATION OF SUBSIDISATION

- (28) In accordance with Article 18 of the basic Regulation, and as stated in the Notice of Initiation, the Commission examined first 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**

- (29) On 21 May 2024 the Commission sent a questionnaire to the GOC together with specific appendixes which the GOC was asked to forward for banks and other financial institutions known by the GOC to have provided loans to the industry concerned as well as to the producers and distributors of the hot-rolled and cold-rolled steel providing inputs for the production of the product under review.
- (30) The Commission received no reply to above questionnaires either from the GOC nor financial institutions or upstream companies.
- (31) As explained in recital 17, the Commission informed the Chinese authorities by Note Verbale of 2 August 2024, that following non-cooperation from the GOC and the Chinese exporting producers of the product under review, the Commission intended to make its findings on the basis of the facts available, in accordance with Article 28(1) of the basic Regulation. They were also informed that a finding based on facts available may be less favourable than if the GOC and exporting producers cooperated.
- (32) No comments in this regard were received. The Commission, in accordance with Article 28 of the basic Regulation, considered the use of facts available necessary in order to establish the continuation of subsidy practices of China in the organic coated steel industry.
- (33) On the use of facts available, the Appellate Body has recalled that Article 12.7 of the SCM Agreement permits the use of facts on record solely for the purpose of replacing information that may be missing, in order to arrive at an accurate subsidisation or injury determination. In particular, the Appellate Body has explained that *‘there has to be a connection between the “necessary information” that is missing and the particular “facts available” on which a determination under Article 12.7 is based.’* Therefore, *‘an investigating authority must use those “facts available” that “reasonably replace the information that an interested party failed to provide”, with a view to arriving at an accurate determination.’* The Appellate Body has further explained that *‘the facts available’* refers to those facts that are in the possession of the investigating authority and on its written record. As determinations made under Article 12.7 are to be made on the basis of *‘the facts available’*, *‘they cannot be made on the basis of non-factual assumptions or speculation.’* Furthermore, in reasoning and evaluating which facts available can reasonably replace the missing information, *‘all substantiated facts on the record must be taken into account’* by an investigating authority. The Appellate Body has explained that ascertaining the *‘reasonable replacements for the missing “necessary information” involves a process of reasoning and evaluation’* on the part of the investigating authority. Where there are several facts available to an investigating authority that it needs to choose from, *‘it would seem to follow naturally that the process of reasoning and evaluation would involve a degree of comparison’* in order to arrive at an accurate determination. The evaluation of the *‘facts available’* that is required, and the form it may take, depend on the particular circumstances of a given case, including the nature, quality, and amount of evidence on the record and the particular determinations to be made. The nature and extent of the explanation and analysis required will necessarily vary from determination to determination ⁽¹⁰⁾.

⁽¹⁰⁾ WT/DS437/AB/R, United States – Countervailing Duty Measures on Certain Products from China, Appellate Body Report of 18 December 2014, paragraphs 4.178 – 4.179. This Appellate Body Report quoted WT/DS295/AB/R, Mexico – Definitive Anti-Dumping Measures on Beef and Rice, Appellate Body Report of 29 November 2005, paragraph 293; and WT/DS436/AB/R, United States – Countervailing Measures on Certain Hot-Rolled Carbon Steel Flat Products from India, Appellate Body Report of 8 December 2014, paragraphs 4.416-4.421.

(34) Accordingly, the Commission used for its analysis all facts available to it, in particular:

- (a) the request for an expiry review under Article 18 of the basic Regulation concerning anti-subsidy duties on imports of OCS originating in China, of 2 February 2024 ('the request');
- (b) findings of the previous anti-subsidy investigations carried out by the Commission against the same product ('first expiry review') or upstream industries in China such as hot-rolled flat steel products ⁽¹¹⁾ ('the HRF investigation' or 'the HRF Regulation');
- (c) findings of the most recent anti-subsidy investigations carried out by the Commission concerning encouraged industries in China, such as new battery electric vehicles ⁽¹²⁾ ('the BEV investigation') and mobile access equipment ⁽¹³⁾ ('the MAE investigation') where similar subsidisation was examined;
- (d) Commission Staff Working Document on significant distortions in the economy of the PRC for the purpose of trade defence investigation ('the Report on China') ⁽¹⁴⁾;

3.2. General remarks on the steel sector in China

(35) Before analysing the alleged subsidisation in the form of specific subsidies or subsidy programmes (sections 3.4 and following below) the Commission assessed government plans, projects and other documents, which were relevant for more than one of the subsidies or subsidy programmes. It found that all subsidies or subsidy programmes under assessment form part of the implementation of the GOC's central planning for the following reasons.

3.2.1. The 14th Five-Year plan ('14th FYP')

- (36) The Commission in the current investigation established that the main document of relevance during the review investigation period was the 14th FYP on developing the raw materials industry, such as the steel one. Steel industry being an important part of the raw materials industry, it represents a key field that shapes China's international competitive edges, and the 'main battlefield' for the restructuring of the industrial foundation and green industrial development. The Plan carries an emphasis on cultivating a group of leading enterprises in the industrial chain with ecological leadership and core competitiveness.
- (37) The Preamble to China's 14th FYP, published in March 2021 and covering the review investigation period, confirms the strategic role to be played by steel in the Chinese economy:

'The raw material industry ⁽¹⁵⁾ is the foundation of the real economy, a basic industry that supports the development of the national economy and a key field for gaining international competitive advantages. It is the main force in the reengineering of the industrial base and the main battlefield for the green development of the industry. In order to implement the "Fourteenth Five-Year Plan for National Economic and Social Development of the People's Republic of China and the Outline of Long-Term Goals for 2035", and to improve the quality and efficiency of the development of the raw material industry, this plan is formulated'

⁽¹¹⁾ Commission Implementing Regulation (EU) No 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 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 L148, 7.6.2023, p. 84, ELI: http://data.europa.eu/eli/reg_impl/2023/1123/oj).

⁽¹²⁾ Commission Implementing Regulation (EU) No 2024/2754 of 29 October 2024 imposing a definitive countervailing duty on imports of new battery electric vehicles designed for the transport of persons originating in the People's Republic of China (OJ L, L/2024/2754, 29.10.2024, ELI: http://data.europa.eu/eli/reg_impl/2024/2754/oj).

⁽¹³⁾ Commission Implementing Regulation (EU) No 2025/796 of 24 April 2025 imposing a definitive countervailing duty on imports of mobile access equipment originating in the People's Republic of China and amending Implementing Regulation (EU) 2025/45 imposing a definitive anti-dumping duty on imports of mobile access equipment originating in the People's Republic of China (OJ L, L/2025/796, 25.4.2025, ELI: http://data.europa.eu/eli/reg_impl/2025/796/oj).

⁽¹⁴⁾ [https://ec.europa.eu/transparency/documents-register/detail?ref=SWD\(2024\)91&lang=en](https://ec.europa.eu/transparency/documents-register/detail?ref=SWD(2024)91&lang=en).

⁽¹⁵⁾ The raw material industry includes petrochemical, steel, non-ferrous metals, building materials and other industries. Thus, steel is specifically cited as a strategic industry and a beneficiary of all GOC policies to promote favoured industries.

(38) In addition to above, the Commission has examined the 14th FYPs adopted by Regions and Cities throughout China and concluded that these entities, implementing the national China 14th FYP, continue to adopt steel specific support policies. Extracts from some of these documents are cited below to show examples of:

- The long-term nature of the plans
- The focussing of all resources to the policy end
- The support for specific OCS producers
- The use of capital and market tools to achieve coordinated national aims
- The mixing of commercial and military ends
- The willingness to comply with the national strategic ends

(39) The Hebei Province plan from 2023 provides: *'In order to speed up the formation of innovative capacities of steel enterprises, create an important engine for the development of new industrialisation, further enhance core competitiveness, promote the transformation of "steel to materials, manufacturing to services", and promote high-end, smart and green development based on the actual situation of our province*

(40) The Chongqing City plan states:

'Advanced steel materials. Vigorously develop high-quality construction steel, Automobile and motorcycle steel, high-quality special steel, and high-end stainless steel as well as a scrap steel recycling system. [In the field of] high-quality construction steel, concentrate on the development of weathering steel, large-size section steel, steel for offshore engineering as well as high-strength structural steel, and expedite the development of high-strength earthquake-resistant steel bars, high-ductility cold-rolled ribbed steel bars and other products for building structures. Supports applications such as hot-dip galvanised chromium-free passivated sheet and chromium-free colour-coated plates. In the field of automobile and motorcycle steel, expedite R&D and industrialisation of ultra-high-strength steel and hot-formed steel, support the development of bar and wire rod for application in automobiles and motorcycles, and accelerate the development and application of steel for energy-saving and new energy vehicles, advanced rail transit equipment and other products.

In the field of high-quality special steel, focus on the development of high-temperature resistant steel, corrosion-resistant steel, non-oriented silicon steel, bearing steel, high-performance tool and die steel, high-performance oriented electrical steel, low-expansion steel, amorphous alloy, high-temperature alloy, and other products. Cultivate and develop high-quality iron-based alloy powders and steel for application in semiconductor manufacturing. In the field of high-end stainless-steel concentrate on the development of stainless-steel sheet, strip, wire, rod as well as stainless steel used in decorative pipes, fluid welded pipes and seamless pipes. Support the construction of a scrap steel recycling system, vigorously develop the intravenous industry [industries with a special emphasis on the reuse and recycling of waste materials] and encourage short-process smelting to produce high-quality special steel and stainless steel'.

- (41) The Anshan City 14th FYP sets long terms goals up to 2035. The preamble celebrates the achievements of the 13th five-year plan as follows: *The optimisation and upgrading of traditional industries with steel, magnesite, and equipment manufacturing as the “one wing” have achieved remarkable results. Several major projects to promote industrial upgrading, such as Kobe Steel’s high-strength automotive sheets and Zizhu steel rail, have been successfully implemented. [...] Supply-side structural reform has achieved remarkable results. “ditiaogang” [sub-standard steel] enterprises have been dismantled, 4,6 million tonnes of backward production capacity have been eliminated, and the improvement of “many, small, scattered and chaotic” mines has achieved remarkable results’.*
- (42) From now until 2035 the plan for Steel in the Anshan region is to:

‘Enhance the overall competitiveness of the steel industry. Support the optimisation and upgrading of Angang Group’s⁽¹⁶⁾ products, and comprehensively enhance the international and domestic competitiveness of “top” products, such as ship making steel, heavy rail and ultra-high-strength automotive steel. Implement the Anshan private steel enterprise support plan, form an enterprise alliance, actively foster the construction of major projects, such as Houying Group’s capacity replacement and Zizhu Group’s weathering steel for pylons and transmission towers. Guide quality improvement and upgrading, and realise differentiated, characteristic and refined development. Integrate steel and metallurgical enterprises in the provincial economy and that of the whole north-eastern region to build a deep steel processing industry cluster with Angang Group as the leader and “specialised and sophisticated SME making new and unique products” in a supporting role. Extend the steel industry chain and supply chain. Develop the light steel industry, focus on the steel products needed by local specialty markets, such as the pet market, develop final consumption products made from steel materials, and realise the expansion of steel products from heavy bulk products to light, small and refined products. Actively develop the scrap steel industry, vigorously support the development of local scrap steel enterprises in Anshan City, actively introduce scrap steel processing enterprises, promote the localisation of scrap steel resource markets in Northeast China, and, relying on the Lishan Economic Development Zone, build a national-level scrap steel resource recycling base. Further the transformation and upgrading of the steel logistics market and build a modern steel trading market that integrates spot trading, warehousing logistics, e-commerce, supporting services and other functions. Complete and improve the Anshan steel industry development chain, create a complete chain for mining, production and connected services, the most comprehensive steel industry chain supply chain base in the country [...] Comprehensively deepen the “Double Anshan” integration. Fully support the reform and development of Angang Group and actively resolve its legacy issues. Taking charge of 113 transferred enterprises, Anshan Metallurgical Industry Chain Group Company was established to serve Angang Group in expanding its main steel operations. Guide the two-way equity diversification reform between local enterprises and Angang Group, enhance the allocation of mining resources, capital, technology patents, market platforms and other resources to maximise benefits. Jointly develop non-steel industries, actively jointly build industrial parks, and concentrate on promoting the construction of hydrogen energy, scrap steel, coal tar deep processing and other projects. Based on Angang Group’s Value Procurement Platform, establish an exchange and cooperation platform for local enterprises and build an industry-leading third-party online spot trading platform offering comprehensive services for the entire steel industry chain and supply chain. Cooperate with Angang Group to strengthen R&D efforts, project contracting, engineering design, inspection and testing and modern logistics. Encourage the local transformation of Angang Group’s technological achievements. Carry out in-depth investment promotion activities for Angang Group’s industrial chain and supply chain to enhance the variety of products supplied by local enterprises.’

- (43) The Anshan regional plan is to be carried out through subsidisation as seen as follows:

‘Increase policy support. Encourage enterprises to increase R&D investment, and actively implement policies, such as super deductions for R&D funds, post-investment subsidies for R&D, income tax reductions and exemptions for high-tech enterprises and inclusive tax reductions as well as exemptions for small and micro enterprises. Comprehensively implement reform measures related to national support for innovation. Support the research on key core technologies and implement several major projects that reflect the national strategic intentions and highlight Anshan’s scientific and technological advantages. Strive to overcome several key technologies and bottleneck technologies and develop several major innovative products. Give full play to the leading role of corporate innovation, guide Angang Group and local key enterprises to redouble R&D efforts, and expedite product related R&D, process upgrading and other processes. Actively explore new development paths such as “enclave parks” and

⁽¹⁶⁾ A significant OCS producer.

“off-site incubators”, guide the off-site cultivation and local incubation of innovative resources, and support enterprises in setting up R&D bases in Beijing, Shanghai, Nanjing and other regions. Expand financial support channels. Provide solid scientific and technological financial services, give full play to the guiding role of government funds, leverage financial capital and private investment to transform scientific and technological achievements, increase financing support for scientific and technological enterprises, and facilitate the industrialisation and large-scale application of new technologies. Integrate various special funds for scientific and technological support and concentrate financial resources on major technological innovations in key industries, key industries and key fields. Innovatively improve the technology credit model, give full play to the risk compensation function of technology-based credit, and make good use of financial products such as “tech innovation loans”, intellectual property pledge financing and technology insurance to enhance credit, diversify risks, and reduce costs for technology-oriented enterprises. Promote knowledge value credit for technology-based enterprises and explore new debt financing models that are asset-light, credit-based and convenient’.

3.2.2. Order No 35

(44) Order No 35 of the National Development and Reform Commission – Policies for the development of Iron and Steel Industry (2005) (‘Order No 35’) is another policy document that governs the Chinese steel sector. Adopted by the State Council, it covers various aspects of GOC’s control over the industry, including:

- The prohibition of majority foreign ownership of steelmakers in China (Article 1)
- The setting up of goals in terms of output for the biggest steel producers (Article 3)
- The provision of rules for the changes in the corporate structure of steel companies (Article 20)
- The setting up of GOC’s approval procedures for investment in steel producers (Article 22)
- The provision of loans and land-use rights only to steel producers that comply with the national development policies for the sector (Articles 24 and 25)
- State intervention aimed at supporting large backbone enterprise groups to establish overseas production and supplying bases of raw materials (Article 30).

3.2.3. Decision No 40

(45) Decision No 40 is a State Council Order that classifies for investment purpose the industrial sectors into different categories, namely ‘encouraged, restrictive and eliminated projects’. This Decision states that the ‘Guidance Catalogue for the Industrial Structure Adjustment’, which is an implementing measure of Decision No 40 is an important basis for guiding investment directions. It also guides the GOC to administer investment projects, and to formulate and enforce policies on public finance, taxation, credit, land, import and export ⁽¹⁷⁾. The steel industry is indicated as an encouraged industry in Chapter VIII of this Guidance Catalogue. As to its legal nature, the Commission noted that Decision No. 40 is an Order from the State Council, which is the highest administrative body in the PRC. In that regard, the decision is legally binding for other public bodies and the economic operators ⁽¹⁸⁾.

⁽¹⁷⁾ Chapter III, Article 12 of Decision No. 40.

⁽¹⁸⁾ See recital 182 of the original investigation.

3.2.4. *The Revitalization Plan*

(46) The Blueprint for the Adjustment and Revitalisation of the Steel Industry (2009) is an action plan for the steel industry. The plan aims to deal with the international financial crisis and addresses the overall policy requirements of the GOC to maintain growth. It also seeks to 'guarantee the stable operation of the industry' as it is 'regarded as an important pillar industry of the national economy'. The document provides the following:

- an increase in the financial support for 'key backbone' steel producers;
- an acceleration of the structural adjustments and the promotion of industrial upgrading;
- the support of the key companies that go abroad in their development, technical cooperation and Merger and Acquisitions;
- the increase in the scale of the export credit for metallurgical equipment.

3.2.5. *Guiding Catalogue of industrial structure adjustment*

(47) According to chapter VIII of the Guiding Catalogue of industrial structure adjustment (2019), the steel sector is an encouraged sector.

3.2.6. *Overall conclusions on the GOC's intervention in the steel sector*

(48) Taking into account the above-listed documents and their provisions, the Commission reiterated its conclusion from the original investigation that the Chinese steel industry continued to be a key/strategic industry during the review investigation period, the development of which is actively pursued and directed by the GOC as a policy strategic objective.

3.3. **Subsidies and subsidy programmes examined in the current investigation**

(49) In view of the lack of cooperation by the GOC and the Chinese exporting producers specified in recitals 17 and 31, the Commission decided to examine whether there was continuation of subsidisation as follows. First, the Commission examined whether the subsidies countervailed in the first expiry review continued to confer benefit to the organic coated steel industry. Subsequently, the Commission analysed whether that industry benefitted from subsidies which were not countervailed in the first expiry review ('additional subsidies') as alleged in the request.

(50) The Commission has decided that, in view of the findings of existence of continued subsidisation with respect to most of the subsidies countervailed in the first expiry review, there is no need to investigate all the other subsidies alleged to exist by the applicant. Indeed, pursuant to Article 18 of the basic Regulation, the Commission should examine whether there is evidence of continued subsidisation, regardless of its amount.

3.4. Provisions of goods and services for less than adequate remuneration ⁽¹⁹⁾

3.4.1. *The provision of hot-rolled and cold rolled steel for less than adequate remuneration*

3.4.1.1. Findings of the previous investigations

- (51) In the original investigation ⁽²⁰⁾, the Commission established that SOEs providing OCS producers with hot-rolled and cold-rolled steel ('HRS and CRS') were public bodies under the test set out by the WTO Appellate Body ⁽²¹⁾, as they perform governmental functions and, in doing so, they exercise government authority.
- (52) The Commission also established that private producers of HRS and CRS in China are entrusted and directed by the GOC to provide goods in line with Articles 3.1(a)(iii) and 3.1(a)(iv) of the basic Regulation and act in the same way as steel SOEs ⁽²²⁾.
- (53) In the subsequent analysis ⁽²³⁾, the Commission positively concluded on the existence of a benefit within the meaning Article 3(2) of the basic Regulation for the exporting producers of OCS. This benefit resulted from the provision of raw materials for less than adequate remuneration by the HRS and CRS producers, whether SOE's acting as public bodies or private companies entrusted or directed by the GOC within the meaning of Article 3.1(a)(iv) of the basic Regulation.
- (54) In order to calculate this benefit the Commission compared the prices of HRS and CRS paid by the OCS exporting producers concerned to the relevant benchmark. The Appellate Body confirmed that in a case where the market of the country of provision is distorted by the role of the government, the use of external benchmarks is permitted.
- (55) On the basis of the information on file in the original investigation, it was established that the prices of HRS and CRS sold by SOEs in China were distorted. This was a result of the strong predominance of SOEs in the HRS and CRS market in China and because the prices of HRS and CRS of private suppliers were aligned with the prices of SOEs.
- (56) Therefore, the Commission concluded that there were no reliable market prices in China for the HRS and CRS and constructed the benchmark on the basis of the world market prices of HRS and CRS, which are regularly published in various specialised steel journals like Steel Business Briefing, MEPS and CRU.
- (57) A comparison of the prices from HRF and CRS producers to the out-of-country benchmark showed that the prices in China were well below the benchmark prices and consequently resulted in benefit for the Chinese exporting producers of OCS within the meaning of Article 3(2) of the basic Regulation.
- (58) Furthermore, that subsidy programme was found to be specific within the meaning of Article 4(2)(c) of the basic Regulation given that HRS and CRS is only used by a limited number of industries and enterprises in China in their production process.
- (59) The subsidy rate established in the original investigation for the sampled OCS exporting producers varied from 23,02 % to 27,63 %, with the rate for non-cooperating companies being at 32,44 %.

⁽¹⁹⁾ Article 3(1)(a)(iii) of the basic Regulation.

⁽²⁰⁾ Commission Implementing Regulation (EU) 215/2013 of 11 March 2013 imposing a countervailing duty on imports of certain organic coated steel products originating in the People's Republic of China, OJ L 73/16, 15.3.2013. See recitals 49 to 73.

⁽²¹⁾ WT/DS379/AB/R (US — Anti-Dumping and Countervailing Duties on Certain Products from China), Appellate Body Report of 11 March 2011, DS 379, paragraph 318. See also WT/DS436/AB/R (US — Carbon Steel (India)), Appellate Body Report of 8 December 2014, paragraphs 4.9-4.10, 4.17-4.20 and WT/DS437/AB/R (United States — Countervailing Duty Measures on Certain Products from China) Appellate Body Report of 18 December 2014, paragraph 4.92.

⁽²²⁾ See recitals 87 to 98.

⁽²³⁾ See recitals 74 to 83 and 99-100.

- (60) In the first expiry review it was concluded that Chinese OCS producers continued to benefit from the provision of HRS and CRS for less than adequate remuneration for the production of OCS, which covered both the purchases from SOEs and from non-SOEs.

3.4.1.2. Continuation of the subsidy program

- (61) As a first step, the applicant provided evidence that suppliers of HRS and CRS continue to be public bodies under the test set up by the WTO Appellate Body (see recital 51). The applicant indicated that the GOC controls and manages SOEs in the various ways.
- (62) First, the institutional framework allowed the GOC to have a tight control over SOEs through various bodies.
- (63) The State-owned Assets Supervision and Administration Commission of the State Council ("SASAC") is the ultimate owner of all SOEs in China. SASAC directors and managers are all appointed by the Communist Party of China. SASAC has a leading role in the management of SOEs, including disciplinary surveillance, and ensures that SOEs follow the objectives set by the GOC. It is also involved in investment decisions, and stocks and share transactions. Therefore, the SASAC can be considered as the State regulator of SOEs.
- (64) The National Development and Reform Commission ("NDRC") is another regulatory authority that controls SOEs. The NDRC is in charge of elaborating the macro-economic and industrial development strategies and ensuring that the local players properly implement the GOC policy. The NDRC adopts guidelines and directives and approves large investment projects. All investment by steel producers in China must be approved by the NDRC.
- (65) The NDRC works closely with the Chinese Iron and Steel Association ("CISA"). The CISA represents the steel industry before the GOC and other market players. However, CISA has a semi-governmental role whereby it is involved in the preparation of development guidelines and in the approval of transactions that include foreign producers. CISA is the successor of the steel branch of the Ministry of Metallurgical Industries.
- (66) Second, the GOC exercises a strict control over the steel industry by law. The steel sector is classified under the 'basic and pillar industries' where the State must 'maintain relatively strong controlling power' ⁽²⁴⁾. It is also part of the 'encouraged' industries and, thanks to this status, it benefits from various advantages in relation to, for example, loans, land-use rights, and tax preferential policies. That control is further reinforced by the fact that majority foreign ownership, which could lessen GOC control, is prohibited in the steel sector.
- (67) It should be underlined that all the above evidence on the GOC's actual direction, management and control of the SOEs is based on the analysis of the same main documents, laws and regulations as in the original investigation that are still in force during the review investigation period ⁽²⁵⁾. The only major amendment since the original investigation has been the replacement of the 13th FYP with the 14th FYP. However, such a replacement did not modify the GOC's predominant role in the steel sector.

⁽²⁴⁾ *China's status as a non-market economy*, US Department of Commerce A-570-056, 26 October 2017, p. 57, <https://enforcement.trade.gov/download/prc-nme-status/prc-nme-review-final-103017.pdf>.

⁽²⁵⁾ Articles 7 and 15 of the Constitution of the People's Republic of China, Order No 35 of the NDRC – Policies for the development of Iron and Steel Industry (2005), Decision No 40 of the State Council (2011).

- (68) As a second step, the applicant provided evidence of the significant presence and continued domination of SOEs in the steel sector in general and in OCS and HRS sectors in particular. The request summarized recent findings of the investigations conducted by the Australian ⁽²⁶⁾ and US ⁽²⁷⁾ authorities in this regard.
- (69) As a third step, the applicant provided evidence that private companies in the CRS and HRS sector continued to be entrusted and directed by the GOC to provide goods in line with Articles 3.1(a)(iii) and 3.1(a)(iv) of the basic Regulation and that their pricing is similar to that of SOEs. Hence, the Commission findings in the original investigation remain valid during the review investigation period.
- (70) To support its request, the applicant indicated that non-SOE producers were still induced to follow national and local five-year plans and they are subject to strong interference from the GOC on the market and also on their corporate structures. To prove continued strong interactions between the public authorities, the Communist Party and the non-SOE producers, the applicant invoked findings of the recent US anti-subsidy investigation ⁽²⁸⁾ and implementation documents of the 14th FYP at regional levels.
- (71) The above evidence shows continued behaviour of the SOEs in the CRS and HRS sectors as public bodies and the entrustment or direction of the non-SOE producers. In the absence of cooperation from the GOC, no arguments were presented that would question the evidence presented by the applicant in this regard. Therefore, the Commission concluded that the OCS producers continue to benefit from the supply of raw materials from the CRS and HRS producers at less than adequate remuneration as established in the original investigation.
- (72) Furthermore, the Report on China with regard to the steel sector in general ⁽²⁹⁾ confirmed the critical issues in the establishment of this subsidisation programme and its continuation, such as: the behaviour of SOEs as public bodies, their dominance in the sector concerned, the entrustment and direction of the non-SOE producers, and price distortions.

3.4.1.3. Benefit

- (73) The provision, by public bodies, of CRS and HRS for less than adequate remuneration to the OCS producers is a subsidy within the meaning of Article 3(1)(a)(iii) of the basic Regulation. The provision of the same material by private companies triggers a subsidy as per Article 3(1)(a)(iv) as these private bodies are entrusted or directed by the GOC to do so at less than market value.
- (74) This programme entails a benefit for the OCS producers which cannot be measured on the domestic OCS market in China as it is distorted. This benefit must be calculated by using an international benchmark composed of the same countries as in the original case. In the absence of cooperation from the Chinese exporting producers, the Commission had no company-specific information on which it could calculate the amount of subsidy conferred during the review investigation period. However, for the finding of continued subsidisation reached in the current expiry review, the Commission does not consider it necessary to calculate such amounts.

⁽²⁶⁾ Inquiry concerning the continuation of anti-dumping and countervailing measures applying to hollow structural sections exported from the People's Republic of China, Republic of Korea, Malaysia and Taiwan, Anti-Dumping Commission, Australian Government, Final Report No 379, May 2017, p. 89.

⁽²⁷⁾ 1) Countervailing Duty Investigation on Food Domestic Dry Containers from the People's Republic of China: Decision Memorandum for a Preliminary Determination, C-570-015, 22 September 2014, p.14

2) China's status as a non-market economy, United States Department of Commerce, A-570-053, 26 October 2017, p. 65, <https://enforcement.trade.gov/download/prc-nme-status/prc-nme-review-final-103017.pdf>.

3) Issues and Decision Memorandum for the Final Determination in the Countervailing Duty Investigation of Certain Corrosion-Resistant Steel Products from the People's Republic of China, C-570-027, 24 May 2016, p. 15.

⁽²⁸⁾ Ibid. point 2, p. 87.

⁽²⁹⁾ See chapter 14 of the Report.

3.4.1.4. Specificity

- (75) The subsidy in question is specific within the meaning of Article 4(2)(c) of the basic Regulation taking into account limited number of industries China using CRS and HRS in their production.
- (76) With regard to product under review, the subsidy concerns OCS producers which are not vertically integrated steel producers, meaning those that have either only (i) cold rolling line and must buy HRS as a substrate for cold-rolling or (ii) coating line and must purchase CRS as a substrate.

3.4.1.5. Conclusion

- (77) Accordingly, the Commission concluded that there is sufficient evidence showing that the provision of HRS and CRS for less than adequate remuneration as a countervailable subsidy continued during the review investigation period.

3.4.2. *The provision of land-use rights for less than adequate remuneration*

3.4.2.1. Findings of the previous investigations

- (78) In the original investigation ⁽³⁰⁾, the Commission established that the provision of land-use rights ('LUR') by the GOC should be considered a subsidy measure within the meaning of Article 3(1)(a)(iii) and Article 3(2) of the basic Regulation. As there is no market for land functioning in China, the GOC provides land-use rights for less than adequate remuneration, thereby conferring a benefit upon the recipient companies. The use of an external benchmark demonstrated that the amount paid for land-use rights by the producers of OCS is well below the normal market rate.
- (79) The Commission also established that the subsidy is specific under Article 4.2(a) and 4.2(c) of the basic Regulation, because the access to industrial land is by law limited only to companies respecting the industrial policies set by the State. Furthermore, only certain transactions were subject to a bidding process, prices were often being set by the authorities, and government practices in this area are unclear and non-transparent.
- (80) Using the benchmark of prices of land in Taiwan, the subsidy rate with regard to this measure was established in the original investigation for the sampled OCS exporting producers in the range of 0,34 % to 1,12 % with the rate for non-cooperating companies at the level of 1,36 %.
- (81) In the first expiry review it was concluded that Chinese OCS producers continued to benefit from the provision of LUR for less than adequate remuneration.

3.4.2.2. Continuation of the subsidy programme

- (82) In the request the applicant provided evidence that Chinese OCS producers continued to benefit from land-use rights for less than adequate remuneration.
- (83) The applicant indicated that the law governing this matter has not changed since the original investigation. Private ownership of land is prohibited in China. The Land Administration Law, and Article 2 in particular, still provides that all land in China is ultimately owned by the GOC as it belongs collectively to China. The Property Law (Articles 45-48) specifies that land in China is either 'collectively owned' or 'state owned'. No land can be sold but land-use rights can be assigned through public bidding, quotation or auction.

⁽³⁰⁾ See recital 107 to 118.

- (84) Neither the GOC nor the exporting producers provided evidence suggesting the OCS industry stopped benefiting from the provision of land-use rights for less than adequate remuneration.
- (85) On the basis of available information, including the conclusions of the Report on China ⁽³¹⁾ in this regard and findings of HRF investigation with regard to some steel companies producing OCS ⁽³²⁾ as well as the most recent BEV and MAE investigations ⁽³³⁾, the Commission concluded that the rates paid for land use continued to be subsidised because the system imposed by the GOC does not adhere to market principles.

3.4.2.3. Benefit

- (86) Given the lack of the market for land in China, an external benchmark has to be used to determine an appropriate market price and calculate the amount of subsidy granted during the review investigation period in line with Article 6(d)(ii) of the basic Regulation. The above-mentioned Taiwanese prices of land, normally used as benchmark in such calculations, were updated and adjusted upwards following the findings of the most recent countervailing investigations.
- (87) In the absence of cooperation from the GOC and the Chinese exporting producers, the Commission had no company-specific information on the basis of which to calculate the amount of subsidy conferred during the review investigation period. However, for the finding of continued subsidisation reached in the current expiry review, the Commission does not consider it necessary to calculate such amounts. That being said, since the benchmark prices in Taiwan were higher than the ones used in the original investigation and first expiry review, it is likely that at the very least subsidisation continued at the same levels.

3.4.2.4. Specificity

- (88) The subsidy is specific within the meaning of Articles 4(2)(a) and 4(2)(c) of the basic Regulation. Land-use rights are only granted to a limited group of companies. Furthermore, the steel sector, which is part of the encouraged category within the framework of Decision No 40 of the State Council, falls within the sectors that benefit from land-use rights. In addition, the provision of land-use rights in China continues being non-transparent.

3.4.2.5. Conclusion

- (89) Accordingly, the Commission concluded that the provision of land-use rights for less than adequate remuneration is a countervailable subsidy which continued during the review investigation period.

3.4.3. *The provision of electricity for less than adequate remuneration*

3.4.3.1. Findings of the previous investigations

- (90) In the original investigation ⁽³⁴⁾, the Commission established that the NDRC set the prices of electricity applicable in the various provinces. It was found that the local price bureaus merely act as an executive arm of the decision taken at central level by the NDRC. This was also confirmed by the fact that the NDRC issued notices in which it sets the actual prices set for each province. These notices are then formally transposed into local notices adopted by the local price bureaus and implemented at local level.

⁽³¹⁾ See chapter 9 of the Report.

⁽³²⁾ See recitals 68 to 74.

⁽³³⁾ See recitals 437 to 450 and 357 to 361 respectively.

⁽³⁴⁾ See recital 144.

- (91) Additionally, the original investigation established that differential electricity rates applicable for certain sectors and/or at provincial and local level are set in accordance with certain factors, including the pursuit of the industrial policy goals set by the central and local governments in their 5-year plans as well as in the sectoral plans.
- (92) Furthermore, the Commission established that one of the cooperating sampled exporting producers benefited from an electricity rate lower than the rate generally applicable for large industrial users. It was found that in the specific area where this exporter was located a sub-category of certain industrial users, including those producing the product under review, were entitled to this lower rate. The company thus received a financial contribution in the sense of Article 3(1)(a)(iii) of the basic Regulation, in that the government provided electricity through the local public electricity supply company. This constituted a government contribution in the form of provision of goods other than general infrastructure within the meaning of the basic Regulation.
- (93) The subsidy was found to be specific within the meaning of Article 4(2)(a) and 4(3) of the basic Regulation. The lower electricity rate was set out in the relevant NDRC Notice and incorporated in the Notice issued by the local Price Bureau. Thus, it was mandated by a central authority and administered at local level. This lower rate was limited to certain enterprises in certain specified sectors. The subsidy was also limited to a certain region in that it only applies in a limited designated geographical area where the exporting producer was located.
- (94) In the first expiry review the Commission confirmed that the law on the pricing of the electricity had not changed ⁽³⁵⁾ and the OCS producers continued to pay benefit from low electricity prices.

3.4.3.2. Continuation of the subsidy programme

- (95) In the request, the applicant indicated that the law governing this matter has not changed since the original investigation and the expiry review.
- (96) Neither the GOC nor the Chinese exporting producers provided evidence suggesting the OCS industry stopped benefiting from the provision of electricity for less than adequate remuneration.
- (97) On the basis of available information, including the conclusions of the Report on China ⁽³⁶⁾, the Commission concluded that the electricity rates paid are preferential depending on the individual enterprises, sector of industry, or their geographical location.

3.4.3.3. Benefit

- (98) In the absence of cooperation from the GOC and the Chinese exporting producers, the Commission had no company-specific information on which to calculate the amount of subsidy conferred during the review investigation period. However, for the finding of continued subsidisation reached in the current expiry review investigation, the Commission does not consider it necessary to calculate such amounts. That being said, the level of subsidisation does not appear to have decreased when compared to the original investigation.

3.4.3.4. Specificity

- (99) As explained in recital 93, the scheme was specific within the meaning of Article 4(2)(a) and 4(3) of the basic Regulation.

⁽³⁵⁾ See recital 95.

⁽³⁶⁾ See chapter 10 of the Report.

3.4.3.5. Conclusion

- (100) Accordingly, the Commission concluded that there is sufficient evidence showing that the provision of electricity for less than adequate remuneration as a countervailable subsidy continued during the review investigation period.

3.5. Direct transfer of funds ⁽³⁷⁾

3.5.1. Preferential lending and interest rates

3.5.1.1. Findings of the previous investigations

- (101) In the original investigation ⁽³⁸⁾, the Commission established that State-owned banks ('SOBs') were public bodies as they performed governmental functions and, in doing so, they exercised government authority. Furthermore, it was concluded that in the original investigation period the five largest State-owned commercial banks represented more than half of the Chinese banking sector.
- (102) With respect to the banks that provided loans to the cooperating exporting OCS producers, the great majority was State-owned. The available information showed that at least 14 out of the 17 reported banks were State-owned banks, including the major commercial banks in China, like the Bank of China, the China Construction Bank and the Industrial and Commercial Bank of China. Furthermore, it was also found that these State-owned commercial banks held a predominant place in the market and in their capacity as public bodies were engaged in offering lending at below-market interest rates. Accordingly, it was concluded that the GOC had a policy to provide preferential lending to the OCS sector.
- (103) The Commission also established, on the basis of inter alia Articles 34 and 38 of the Commercial Banking Law and Articles 24 and 25 of Order No. 35 - Policies for the development of Iron and Steel Industry, that privately owned commercial banks in China were entrusted and directed by the GOC to provide preferential loans to the OCS producers in line with Article 3.1(a)(iv) of the basic Regulation.
- (104) Therefore, the Commission concluded that: there was a financial contribution to the OCS producers in the form of a direct transfer of funds from the government within the meaning of Article 3(1)(a)(i) of the basic Regulation; and privately owned banks were also entrusted or directed by the government to provide financial contributions to the same producers within the meaning of Article 3(1)(a)(iv) of the basic Regulation.
- (105) 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 government loans were granted on terms more favourable than the recipient could actually obtain on the market. Since it was established that non-government loans in China do not provide an appropriate market benchmark (privately owned banks being entrusted and directed by the GOC), such a benchmark was constructed on the basis of standard lending rate of the People's Bank of China. This rate was adjusted to reflect normal market risk by adding the appropriate premium expected on bonds issued by firms with rating of 'non-investment grade' bonds (at BB rate).

⁽³⁷⁾ Article 3(1)(a)(i) of the basic Regulation.

⁽³⁸⁾ See recitals 165 to 180.

- (106) In the original investigation ⁽³⁹⁾, this subsidy programme was found to be specific within the meaning of Article 4(2)(a) of the basic Regulation, as the steel industry belonged to the encouraged category according to the Decision No. 40 and the provisions of loans were limited only to steel enterprises which fully complied with the development policies for the iron and steel industry (Order No. 35).
- (107) Furthermore, the programme was found to be specific under the Article 4(2)(b) of the basic Regulation, as certain government plans and documents were encouraging and instructing to provide financial support to steel industry also in specific geographical regions of China.
- (108) The subsidy rate established in the original investigation for the sampled OCS exporting producers varied from 0,25 % to 0,89 % with the rate for non-cooperating companies being at a level of 0,97 %.
- (109) In the first expiry review the applicant provided evidence that SOBs continued to be public bodies and kept their significant presence and market dominance in the Chinese banking system, while private banks continued to be entrusted and directed by the GOC to provide subsidized loans. Furthermore, the applicant provided evidence that banking industry complied with national strategic objectives laid down in the various binding guidelines and recommendations including 13th FYP for steel sector. On this basis it was concluded that Chinese OCS producers continued to benefit from the preferential lending and interest rates.

3.5.1.2. Continuation of the subsidy programme

- (110) The findings of the recent anti-subsidy investigations concerning HRF, BEV and MAE ⁽⁴⁰⁾ and respective conclusions in the Report on China ⁽⁴¹⁾ confirmed that above findings with regard to the distortions in the Chinese banking sector referred to in the recital 109 are still in place.
- (111) Furthermore, in the request and corresponding annex ⁽⁴²⁾, the applicant provided evidence that Chinese OCS producers continued to benefit from preferential lending and below-market interest rates from domestic banks in China. The body of evidence is based on press releases from the OCS producers and SOBs lending to the OCS producer announcing their mutual credit arrangements. This evidence not only shows that SOBs continue to provide funds to OCS producers but that funding is done so as to comply with State policy to support steel manufacturing in China.
- (112) On 20 February 2020, the Shanghai Branch of the Export-Import Bank of China announced that it had made a RMB 1,5 billion loan to Baoshan Iron and Steel Co. Ltd. ⁽⁴³⁾

'The Shanghai Branch of the Export-Import Bank of China recently issued a RMB 1,5 billion loan to Baoshan Iron and Steel Co., Ltd. to provide liquidity needed for resuming production and supplementary production during the pandemic.'

⁽³⁹⁾ See recitals 182 to 185.

⁽⁴⁰⁾ See recitals 57 to 61, recitals 168 to 216 and recitals 116 to 172 respectively.

⁽⁴¹⁾ See chapter 6.3 of the Report.

⁽⁴²⁾ See recitals 95 to 104 and annex 3.3-1 of the request.

⁽⁴³⁾ https://www.shanghai.gov.cn/nw31406/20200820/0001-31406_1426769.html.

The press release further stated:

‘After learning about the customer’s financial needs, the Shanghai Branch of the Export-Import Bank of China set up a green channel, efficiently coordinated with multiple departments, accelerated the progress of loan disbursement, and provided a loan of RMB 1,5 billion to Baosteel Co., Ltd. in a relatively short period of time to meet the company’s production capital needs during the epidemic and to ensure that the enterprises can resume production in an orderly manner. In the next step, the Shanghai Branch of the Export-Import Bank of China will continue to strengthen the responsibilities of financial institutions during the pandemic, increase loan funding support, and help companies fight the pandemic and resume production.’

- (113) On 20 January 2023, the Export Import Bank of China revealed ⁽⁴⁴⁾ that it had made CNY 1,5 trillion loans 80 % of which were to the manufacturing sector. It then went on to state that the whole focus of its lending policy to manufacturing was based on State policy to support manufacturing both domestically and internationally.

‘Behind it is the great importance that the party committee of the Export-Import Bank of China [i.e. the CCP committee that by law must be consulted on all decisions within enterprises] attaches to supporting the development of the manufacturing industry.’ Fulin Wu, chairman of the Export-Import Bank, said: ‘Manufacturing is the foundation of a country and the requisite of a strong country. The Export-Import Bank always puts the work of supporting high-quality development of the manufacturing industry in a prominent position, and works hard focusing on it. [...] Through a series of policy “combinations” such as formulating special service plans, arranging special credit plans, creating exclusive credit products and refining industry policies, the Export-Import Bank of China has prioritised the allocation of credit resources in manufacturing and other real economic fields. [It] Continues to provide stable and efficient credit supply, help enterprises strengthen their international expansion capabilities in technology, brand, market and other aspects, and enhance their international competitiveness.’

There can be no doubt that this funding was made available to, and taken up by, the OCS industry, which is encouraged sector within Chinese manufacturing. The Export Import Bank of China announced a seminar in a press release on 23 October 2023 ⁽⁴⁵⁾:

‘On October 20th, the Export-Import Bank of China successfully held a seminar on high-quality development of the steel industry. This event aims to implement the decisions and arrangements of the Central Economic Work Conference, support the smooth operation of the steel industry, and explore how to promote the high-quality development of the industry.’

- (114) Lending by the Export Import Bank of China to HBIS, an OCS producer, was confirmed in an article from the China Metallurgical News from 5 January 2022 ⁽⁴⁶⁾:

‘On the first working day of 2022, January 4, the signing ceremony of the HBIS Group, China Development Bank-China, Export-Import Bank to support the transformation and upgrading project of HBIS Group was held at the headquarters of HBIS Group. This signing is a powerful move by the three parties to deepen the integration of industry and finance and coordinate development. The three parties will actively build a new type of cooperative relationship and create a new benchmark and model for bank-enterprise and bank-bank cooperation. Mr. Yong Yu, secretary of the party committee and chairman of HBIS Group, Hongyan Guan, secretary of the party committee and president of the Hebei branch of China Development Bank, and Xiaoyong Xu, secretary of the party committee and president of the Hebei branch of China Export-Import Bank attended the signing ceremony and delivered speeches.’

⁽⁴⁴⁾ http://www.eximbank.gov.cn/info/circus/202301/t20230120_46359.html.

⁽⁴⁵⁾ https://finance.hebnews.cn/2023-10/23/content_9087341.htm.

⁽⁴⁶⁾ http://www.csteelnews.com/qypd/qydt/202201/t20220105_58447.html.

- (115) Finally, the applicant provided evidence the the credit rating system in China is still not reliable ⁽⁴⁷⁾.
- (116) According to the Working Paper of the International Monetary Fund from 2016 ⁽⁴⁸⁾ over 90 % of Chinese bonds are rated at AA to AAA by local credit agencies in China. The IMF noted that in the USA only 2 % of firms had this rating.
- (117) A Market Insight paper from Bloomberg from 2021 showed ⁽⁴⁹⁾ that 90 % of bonds are rated AAA by five named local ratings agencies. The Standard and Poor ratings for the same instruments are A to BBB. Ratings are determined not by the credit risk but by the strategic importance to the GOC or the CCP.
- (118) The applicant provided the listing of the credit ratings enjoyed by the Chinese OCS producers under the local Chinese rating system. For 2023 the lowest rating of those companies was AA+ while the weighted average rating was AAA. The ratings were stated to be 'stable'. For these reasons, the applicant considered that the interest rates charged on loans from the public body or entrusted and directed banks and based on unreliable credit ratings could not be the basis for determining the market cost of the loans themselves.
- (119) The issue of not reliable credit rating system in China was confirmed by the findings of the recent anti-subsidy BEV and MAE investigations ⁽⁵⁰⁾.
- (120) In the absence of cooperation from the GOC, no arguments were presented which would question the evidence presented by the applicant with regard to the current situation of the Chinese banking system and continuation of the provisions of preferential lending for the OCS producers.

3.5.1.3. Benefit

- (121) In the absence of cooperation from the Chinese exporting producers, the Commission had no company-specific information on which the amount of subsidy conferred during the review investigation period could be calculated. However, for the finding of continued subsidisation reached in the current expiry review, the Commission does not consider it necessary to calculate such amounts. Nothing on the record indicates, however, that the level of subsidisation has decreased when compared to the original investigation.

3.5.1.4. Specificity

- (122) The subsidy programme in question was still specific within the meaning of Articles 4(2)(a) and 4(2)(b) of the basic Regulation, given that the legal situation described in recital 106 had not changed and in the light of the new 14th FYP confirming the steel industry as an encouraged industry.

3.5.1.5. Conclusion

- (123) Accordingly, the Commission concluded that there is sufficient evidence showing that the preferential lending as a countervailable subsidy continued in the review investigation period.

3.5.2. Grants and ad-hoc subsidies

3.5.2.1. Findings of the previous investigations

- (124) In the original investigation ⁽⁵¹⁾, the Commission concluded that several steel producers, including producers of OCS, received grants under four schemes: China World Top Brand programme, Famous Brands programme, the State Key Technology Project fund, and programmes to rebate anti-dumping legal fees. Furthermore, several grants were found to be awarded to OCS producers under the regional programmes (among others in Liaoning, Jiangsu, and Hebei provinces).

⁽⁴⁷⁾ See recitals 105 to 107 and annex 3.3-2 of the request.

⁽⁴⁸⁾ IMF Working Paper 'Resolving China's Corporate Debt Problem', by Wojciech Maliszewski, Serkan Arslanalp, John Caparusso, José Garrido, Si Guo, Joong Shik Kang, W. Raphael Lam, T. Daniel Law, Wei Liao, Nadia Rendak, Philippe Wingender, Jiangyan, October 2016, WP/16/203.

⁽⁴⁹⁾ China bond market insight 2021, <https://assets.bbhuh.io/professional/sites/10/China-bond-market-booklet.pdf>.

⁽⁵⁰⁾ See recitals 217 to 243 and recitals 173 to 184 respectively.

⁽⁵¹⁾ See recitals 316 to 344.

- (125) Given that the GOC failed to provide any information on this programme, the original investigation based its findings on these programmes on the information contained in the request, findings of the US authorities in other anti-subsidy investigations ⁽³²⁾, and the Commission's own findings in the coated fine paper investigation ⁽³³⁾.
- (126) The original investigation also positively concluded on the existence of a number of ad hoc subsidies granted to certain OCS producers that were listed in the request, based on the analysis of the audited accounts of the companies in question. These subsidies were either grants or other tax exemptions or reductions in order to finance particular projects or assets. According to the request, they were granted in the context of the general strategic policy to upgrade the steel industry.
- (127) These grants and other ad hoc subsidies were found to constitute a subsidy in the meaning of Article 3(1)(a)(i) of the basic Regulation in the form of a direct transfer of funds with regard to the grants and similar transfers of resources. Furthermore, they constituted a subsidy in the meaning of Article 3(1)(a)(ii) of the basic Regulation in the form of revenue forgone for the various exemptions or reductions of taxes and/or fees at central, provincial, or municipal level otherwise due.
- (128) They were also found to be specific either under Article 4(2)(a) of the basic Regulation, due to limits in access for only specific enterprises, or under Article 4(2)(b), given the apparent absence of objective criteria and conditions for the application of these programmes by the granting authority.
- (129) Some of these subsidies were found to be specific pursuant to Article 4(3) of the basic Regulation, since their access was limited to certain enterprises located in designated geographical regions in a certain province, or pursuant to Article 4(4)(a), as the benefit was found to be contingent upon export performance (for example in the case of 'famous brand' products).
- (130) In the first expiry review the applicant provided detailed list of ad hoc subsidies per the OCS producer, including references to the specific lines of the audited annual reports of the companies in question. The subsidies in question were essentially grants pertinent to assets or pertinent to incomes. On that basis it was concluded that OCS producers continued receiving grants as countervailable subsidies during the review investigation period of the the first expiry review.

3.5.2.2. Continuation of the subsidy programmes

- (131) In the expiry review request, the applicant provided evidence that at least 23 OCS producers continued to benefit from grant programmes although the main schemes used are sometimes different than those found in the original investigation and first expiry review.
- (132) The subsidies in question were essentially grants pertinent to assets or pertinent to incomes.
- (133) Subsidies pertinent to assets are credited to a deferred income account. They are released to the current income statement/the current profit and losses ('P&L') as non-operating income over the expected useful life of the relevant asset by equal annual instalments, or deducted from the carrying amount of the asset and released to the income statement by way of reduced depreciation charges.

⁽³²⁾ See recitals 322, 329, 337 of the original Regulation.

⁽³³⁾ Council Implementing Regulation (EU) No 452/2011 of 6 May 2011 imposing a definitive anti-subsidy duty on imports of coated fine paper originating in the People's Republic of China (OJ L128, 14.5.2011, p. 18).

- (134) Subsidies pertinent to income and use for compensating the related future expenses or losses are recognized as deferred income and include in the current P&L, while those used for compensating the related expenses or losses incurred are directly included in the current P&L of the relevant accounting period.
- (135) Subsidies given to compensate past expenses or losses are recognised in the income statement in the period during which the subsidy is received. The positive balance between the compensation payments and the compensation amount transferred to deferred income should be considered as capital reserve.
- (136) Depending on type of the grant the applicant provided in the request quantification of the benefit obtained by each of the OCS producer in order to demonstrate that the subsidies in the form of grants received by the OCS producers did not diminish since the original investigation.
- (137) All grants and other ad hoc subsidies analysed above constituted a subsidy in the meaning of Article 3(1)(a)(i) of the basic Regulation in the form of a direct transfer of funds with regard to the grants and similar transfers of resources.
- (138) In the absence of cooperation from the GOC, no arguments were presented which would challenge the evidence presented by the applicant with regard to the continued benefits of the OCS producers from grants, whether given to reduce overcapacity or under specific programmes, or awarded ad hoc.

3.5.2.3. Benefit

- (139) In the absence of cooperation from the GOC and the Chinese exporting producers, the Commission had no company-specific information on the basis of which to calculate the amount of subsidy conferred during the review investigation period. However, for the finding of continued subsidisation reached in the current expiry review investigation, the Commission does not consider it necessary to calculate such amounts. That being said, on the basis of the Annual Reports of the OCS producers, such amounts are not negligible.

3.5.2.4. Specificity

- (140) These subsidies were considered to be specific in law or in fact, within the terms of Article 4(2) of the basic Regulation. In the absence of cooperation from the GOC, they are deemed to be granted to a limited number of steel companies in the encouraged steel sector, and/or because of the manner in which discretion of the granting authorities has been exercised for their granting.

3.5.2.5. Conclusion

- (141) Accordingly, the Commission concluded that there is sufficient evidence showing that the OCS producers continued receiving grants as countervailable subsidies during the review investigation period.

3.6. Government revenue forgone or not collected that is otherwise due

3.6.1. Findings of the previous investigations

- (142) In the original investigation, the Commission established that OCS producers were receiving countervailable subsidies related with preferential treatment under income and other direct tax programmes and policies.

- (143) With regard to two specific programmes: Tax Policies for the Deduction of Research and Development Expenses, and Tax Concessions for Central and Western Regions, the Commission, having sufficient cooperation of the GOC and the Chinese exporting producers, based its findings as to the legal basis, eligibility, nature of the subsidy and its specificity on the verified questionnaire replies and was able to calculate individual subsidy rates for the sampled companies.
- (144) With regard to other eight programmes and policies, due to the lack of the cooperation of the GOC, the Commission based its findings on the evidence provided in the request and results of the anti-subsidy investigations of the US authorities on circular welded carbon quality steel line pipe ⁽⁵⁴⁾, certain steel wheels ⁽⁵⁵⁾, wire decking ⁽⁵⁶⁾, certain tow behind lawn groomers ⁽⁵⁷⁾, and the Commission's own investigation on coated fine paper. It should be mentioned that two out of these eight programmes were found not to be countervailable.
- (145) In the first expiry review the Commission concluded that many Chinese steel producers, including at least three OCS producers, continue to benefit from at least two of the direct tax subsidy programmes countervailed in the original investigation, namely Preferential Tax Policies for the Companies that are Encouraged as High and New Technology, and Tax Policies for the Deduction of Research and Development Expenses. It was also confirmed that the schemes are still based on the same legal basis and thus there are no changes in the conclusions as to the eligibility, practical application of the schemes, the benefits conferred upon their use and their specificity.
- (146) In the first expiry review the applicant also provided evidence that some OCS producers were benefiting from three additional preferential income tax policies, not countervailed in the original investigation, namely Enterprise Income Tax Privileges for Resource Products from Synergic Utilization, Land Use Tax Exemption and Tax Reduction on Iron Ore. The evidence in this regard was based on the findings of the original HFR investigation and the audited accounts of the companies in question.
- (147) Due to insufficient cooperation of the GOC and the fact that sampled companies were not benefiting from these schemes in the original investigation, the Commission based its findings as to the legal basis, eligibility, nature of the subsidy and its specificity on the evidence provided in the request and results of the anti-subsidy investigation of the US authorities on coated free sheet ⁽⁵⁸⁾ and the Commission own investigation in coated fine paper ⁽⁵⁹⁾.
- (148) In the original investigation, the Commission established that OCS producers were also receiving countervailable subsidies related with preferential treatment under two indirect tax and import tariff programs:
- (a) Import tariff and VAT exemptions foreign-invested enterprises ('FIE') and certain domestic enterprises using imported equipment in encouraged enterprises, and
 - (b) VAT refunds to FIE purchasing domestically produced equipment.
- (149) Additionally, one more regional scheme and several other ad-hoc tax privileges related with indirect taxes were countervailed.
- (150) In the first expiry review, on the basis of the original HRF investigation, it was concluded that certain companies being at the same time HRF and OCS producers continued to benefit from at least the first scheme listed in the recital 148. It was also confirmed that legal basis of the scheme did not change and thus there are no changes in the conclusions as to the eligibility, practical application of the scheme, benefits conferred upon its use and its specificity.

⁽⁵⁴⁾ Federal Register Vol.73, No 227, page 70961 of 24 November 2008.

⁽⁵⁵⁾ Preliminary Affirmative Countervailing Duty Determination of 6 September 2011. Federal Register 2011-22720.

⁽⁵⁶⁾ Federal Register Vol.75, No.111, page 32902 of 10 June 2010.

⁽⁵⁷⁾ Federal Register Vol.74, No.117, page 29180 of 19 June 2009.

⁽⁵⁸⁾ Issues and Decision Memorandum for the Final Determination in the Countervailing Duty Investigation of 17 October 2007; Federal Register C-570-907.

⁽⁵⁹⁾ See recitals 95 to 113.

- (151) The direct and indirect tax and import tariff programmes described above were found to be subsidies within the meaning of Articles 3(1)(a)(ii) and 3(2) of the basic Regulation in the form of foregone government revenue which confers a benefit upon the recipient companies.
- (152) The subsidy schemes were also found to be specific within the meaning of Article 4(2)(a) of the basic Regulation given that the legislations pursuant to which the granting authority operated, limited the access to the schemes only to certain enterprises and industries. In addition, the lack of cooperation from the GOC did not permit the Commission to reach the conclusion to whether objective criteria of eligibility to certain schemes existed which made them also specific under the Article 4(2)(b) of the basic Regulation.
- (153) The second scheme referred to in recital 148 was additionally found specific with the terms of Article 4(4)(b) of the basic Regulation as contingent upon use of domestic over imported goods, while regional scheme and ad-hoc privileges were additionally found specific under the terms of Article 4(3) of that Regulation as their eligibility was limited to certain designated areas and municipalities within the jurisdiction of the authority of granting the subsidy.

3.6.2. *Continuation of the subsidy programme*

- (154) In the expiry review request the applicant provided evidence that at least 27 OCS producers (groups of) continued to benefit from several EIT and VAT privileges.
- (155) The analysis and data provided in the request cover period 2018-June 2023 and are based on the financial reports of the companies under review and to the extent possible report specific companies, type of tax benefit and year of benefit.
- (156) Furthermore, recent HRF investigation confirmed that HRF producers (being often also OCS producers) continued to benefit from direct and indirect tax subsidy schemes in the review investigation period of the HRF procedure which covered year 2021 ⁽⁶⁰⁾.
- (157) The findings of this investigation as well as the most recent BEV and MAR investigations confirmed that the main tax schemes are still based on the same legal basis and thus there are no changes in the conclusions as to the eligibility, practical application of the schemes, the benefits conferred upon their use and their specificity.
- (158) In the absence of cooperation from the GOC, no arguments were presented which would challenge the evidence presented by the applicant with regard to the continued benefits of the OCS producers from income and other direct tax programmes as well as indirect tax programmes and policies.
- (159) The schemes in question are considered to be subsidies within the meaning of Articles 3(1)(a)(ii) and 3(2) of the basic Regulation in the form of foregone government revenue which confers a benefit upon the recipient companies.

3.6.3. *Benefit*

- (160) In the absence of cooperation from the GOC and the Chinese exporting producers, the Commission had no company-specific information on the basis of which to calculate the amount of subsidy conferred during the review investigation period. However, for the finding of continued subsidisation reached in the current expiry review, the Commission does not consider it necessary to calculate such amounts.

3.6.4. *Specificity*

- (161) The schemes are specific within the meaning of Article 4(2)(a) of the basic Regulation given that the legislations pursuant to which the granting authority operated, limited the access to the schemes only to certain enterprises and industries.

⁽⁶⁰⁾ See recitals 80 to 85 and recitals 91 to 93.

(162) In addition, the lack of cooperation from the GOC did not permit the Commission to reach the conclusion to whether objective criteria of eligibility to certain schemes existed which made them also specific under the Article 4(2)(b) of the basic Regulation.

3.6.5. Conclusion

(163) Accordingly, the Commission concludes that there is sufficient evidence showing that some of the direct and indirect tax programmes continued being as countervailable subsidies during the review investigation period.

3.7. Overall conclusion regarding the continuation of the subsidisation

(164) Therefore, the Commission concluded that the OCS producers in China continued to benefit from countervailable subsidies during the review investigation period.

3.8. Development of imports should the measures be repealed

(165) Further to the finding of the existence of subsidisation during the review investigation period, the Commission investigated the likelihood of continuation of subsidized imports from the country concerned, should the measures be repealed. The following additional elements were analysed: the production capacity and spare capacity in China, the availability of other markets, and the attractiveness of the Union market.

3.8.1. Production capacity and spare capacity in the PRC

(166) Given the non-cooperation, production capacity and spare capacity in the PRC were established on the basis of facts available in accordance with Article 28 of the basic Regulation.

(167) The production capacity of OCS in China gradually increased during the period considered as vertically integrated steel mills invested in the manufacturing of downstream products, such as colour-coated steel products. Total production capacity of OCS rose from 50 million tonnes in 2020 to over 55 million tonnes in 2023 ⁽⁶¹⁾.

(168) In 2020, eight new colour-coated production lines were added, with a total capacity of 1,59 million tonnes. Five new production lines were put into operation in 2021, with a capacity of 800 000 tonnes. In 2022, an additional capacity of 2,3 million tonnes spread over 11 new production lines was expected to be built in several provinces including Tianjin, Liaoning, Fujian, Guangdong, Hebei, and Fujian ⁽⁶²⁾. Some of the projects were however delayed due to a stagnant domestic demand for colour-coated coils. In 2023, eight new production lines were launched with a total capacity of 1,9 million tonnes. The Chinese OCS industry was supposed to further grow also in 2024 with an additional capacity of 2,07 million tonnes planned for eight new production lines ⁽⁶³⁾.

(169) Production capacity in China continues to grow at a massive scale despite its utilisation rate. The new capacity added during the period considered alone would be able to fully serve the demand on the Union market.

(170) The additional investments in OCS production lines were carried out despite the capacity utilisation remaining continuously low. During the period considered the capacity utilisation dropped from 68 % in 2020 ⁽⁶⁴⁾ to approximately 50 % in 2022 and 2023 ⁽⁶⁵⁾. Thus, in the review investigation period, the Chinese OCS producers had available a spare capacity that equalled almost seven times the demand for OCS in the Union.

⁽⁶¹⁾ MySteel Annual Report: Market review of colour-coated coils in 2022 and outlook for 2023 ('MySteel Annual Report 2022'). Available at https://m.mysteel.com/23/0110/11/2D53D06744974F96_abc.html (last viewed 24 April 2025). MySteel Annual Report: Market review of colour-coated coils in 2023 and outlook for 2024 ('MySteel Annual Report 2023'). Available at https://m.mysteel.com/a/24010418/66232834598618F7_abc.html (last viewed 24 April 2025).

⁽⁶²⁾ MySteel Annual Report 2022.

⁽⁶³⁾ MySteel Annual Report 2023.

⁽⁶⁴⁾ MySteel Annual Report 2022.

⁽⁶⁵⁾ MySteel Annual Report 2023.

- (171) Consequently, the Commission considered that should the measures be repealed, the Chinese OCS producers would be able to flood the Union market with their product.

3.8.2. *Availability of other markets*

- (172) Trade defence measures against Chinese OCS exports are in place in Australia, India, Malaysia, Mexico, Pakistan, and Türkiye.
- (173) In addition, imports of *inter alia* Chinese OCS are subject to safeguard measures in Canada, India, Morocco, Türkiye, United Kingdom, Zambia, as well as in the countries of the Gulf Cooperation Council and of the Southern African Customs Union.
- (174) Therefore, the Commission considered that, should the current measures be repealed, it is likely that the Chinese OCS producers would redirect exports towards the Union.

3.8.3. *Attractiveness of the Union market*

- (175) As described in section 3.5, Chinese producers of OCS possess a vast spare production capacity. The Union market represents an attractive opportunity to serve a market of significant size at prices that considerably exceed the domestic Chinese prices of OCS as well as export prices charged to customers in China's major export markets, and thus increase the overall capacity utilisation. This remains particularly valid as a number of third countries regulates the access to their market for Chinese coated steel using safeguards and trade defence measures.

Size of the Union market

- (176) According to MySteel Annual Reports 2022 and 2023, total annual volume of exports of colour-coated steel from China remained above 6 million tonnes since 2018, reaching 6,4 million tonnes in 2023.
- (177) The Union with a consumption of 3,9 million tonnes of OCS in the review investigation period thus represents an attractive opportunity to increase exports by more than 60 %.
- (178) Therefore, the Commission considered that the size of the Union market would likely motivate the Chinese producers to reactivate their unused production capacities and increase exports targeting the Union market.

Relation between export prices to third countries and the price level in the Union

- (179) In the review investigation period, the price of the Union producers' price was by 30 to 60 % higher than the export price charged by the Chinese OCS exporters on the five key export markets adjusted to CIF Union frontier price.
- (180) In addition, the import prices of OCS originating in India and Korea, were also higher the Chinese export prices on the main export markets, namely by 10 to 35 % for Indian origin and 30 to 60 % for Korean origin.
- (181) Therefore, the Commission considered that the price levels prevailing on the Union market represent an incentive for the Chinese exporters of OCS to redirect their exports from third countries to the Union should the measures cease to exist.

3.9. **Conclusion on the likelihood of continuation of subsidisation**

- (182) The Commission, on the basis of facts available, conclude that there is sufficient evidence that subsidisation of the OCS industry in the PRC continued during the review investigation period and is likely to continue in the future.

(183) The subsidisation of the OCS industry allows the Chinese producers to increase their production capacities to a level by far exceeding domestic demand. This enormous capacity remains largely unused due to stagnant domestic demand. The existing spare capacity is sufficient to flood the Union market with subsidised products. The Union market was found to be attractive for the Chinese OCS producers in terms of its size, as well as in terms of prices. Total consumption of OCS in the Union offers an opportunity for the PRC to significantly enlarge its exports. In addition, the prices prevailing on the Union market are considerably higher than the domestic Chinese prices and Chinese export prices to the main export markets. The fact that a number of third markets remain closed or with limited accessibility due to trade defence measures in place contributes to the attractiveness of the Union market. All the above serves as a strong incentive for the Chinese producers to (a) reactivate idle production capacity and/or (b) redirect their domestic sales or sales to third markets to the Union. Such exports to the Union would be likely at prices that are higher than those charged domestically or for exports to third markets while still undercutting the price of the Union producers. Chinese OCS could thus easily push Union producers out of the Union market and gain significant market share.

(184) The Commission therefore found that the repeal of the countervailing measures is likely to result in a redirection of significant volumes of subsidised imports of the product under review to the Union market. Various subsidy programmes continue to be offered by the GOC to the OCS industry and the Commission determined that the OCS industry benefited from a number of them during the review investigation period.

4. INJURY

4.1. Union production and Union industry

(185) During the review investigation period OCS was manufactured by more than 20 known producers in the Union, some of them related to one another. Several of these producers belong to steelmaking groups.

(186) The total Union production was estimated at 3 981 155 tonnes during the review investigation period on the basis of the questionnaire responses submitted by the sampled Union producers and data submitted the applicant. The Union producers accounting for the total Union production constitute the Union industry within the meaning of Articles 9(1) of the basic Regulation.

4.2. Union consumption

(187) The investigation found that a share of the Union industry uses its production for captive use, that is it is often simply transferred (without invoice) and/or delivered at transfer prices within the same company or group of companies for further downstream processing. As in the original investigation (in the recitals 462-463 of Implementing Regulation (EU) 2019/688), it was considered that economic indicators such as production, capacity, capacity utilisation, investments, stocks, employment, productivity, wages and ability to raise capital depend upon the whole activity, whether the production is for captive use or sold on the free market. However, sales volume and sales prices on the Union market, market share, growth, export volume and prices focus on the situation prevailing on the free market (and thus, excluding captive activities). Thus, the injury indicators were corrected for the known captive use and sales in the Union industry. As a result of this calculation, given that, on one hand, the volume used captively was in itself limited (between 5 and 10 % of production) and, on the other, it had developed in line with the volumes sold on the free market, it was not further analysed separately.

(188) The Union consumption was established on the basis of (i) Eurostat import statistics and (ii) sales volumes of the Union industry in the Union as submitted by the applicant. These sales volumes were cross-checked and updated when necessary as regards sampled Union producers as a result of the verification visits to their premises.

(189) During the period considered the Union consumption developed as follows:

Table 1

Union consumption (tonnes)

	2020	2021	2022	RIP
Total Union consumption	4 626 291	5 109 594	4 794 716	4 240 902
Index (2020=100)	100	110	104	92

Source: Verified questionnaire replies and Eurostat.

(190) During the period considered, the Union consumption decreased by 6 %. The sampled Union producers explained the decrease of Union consumption in the review investigation period by to the lower economic performance of Germany and accompanying lower demand of OCS.

4.3. Imports from China

4.3.1. Volume and market share of the imports from the country concerned

(191) The Commission established the volume of imports and prices on the basis of import statistics at TARIC level using information collected on the grounds of Article 14(6) of the basic Regulation.

(192) Over the period considered imports from China into the Union developed as follows:

Table 2

Import quantity (tonnes) and market share

	2020	2021	2022	RIP
Quantity of imports from China (tonnes)	4 331	1 083	2 432	2 554
Index (2020=100)	100	25	56	59
Market share (%)	0,09 %	0,02 %	0,05 %	0,06 %
Index (2020=100)	100	22	53	63

Source: Verified questionnaire replies and Eurostat.

(193) The volume of imports from China was negligible over the whole period considered.

4.3.2. Prices of the imports from China and price undercutting

(194) Over the period considered the price of imports from China into the Union developed as follows:

Table 3

Import prices (EUR/ tonne)

	2020	2021	2022	RIP
China	594	1 639	1 675	1 167
Index (2020=100)	100	276	282	197

Source: Eurostat.

(195) Over the period considered the prices of Chinese imports increased by 97 %, however they applied all the time to minimal volumes of imports. Those minimal volumes of imports cannot be considered representative and they do not allow for any meaningful price undercutting calculation.

4.4. Imports from third countries other than China

(196) The imports of organic coated steel from third countries other than China were mainly from India, South Korea, United Kingdom, Vietnam, Türkiye, Taiwan, North Macedonia and Russia.

(197) The volume of imports into the Union as well as the market share and price trends for imports of organic coated steel from other third countries developed as follows:

Table 4

Imports from third countries

Country		2020	2021	2022	RIP
India	Volume (tonnes)	89 242	152 445	266 726	211 683
	Index (2020=100)	100	171	299	237
	Market share	1,9 %	3,0 %	5,6 %	5,0 %
	Average price (EUR/tonne)	759	1 109	1 389	1 038
	Index (2020=100)	100	146	183	137
Republic of Korea	Volume (tonnes)	95 319	128 150	204 542	197 508
	Index (2020=100)	100	134	215	207
	Market share	2,1 %	2,5 %	4,3 %	4,7 %
	Average price (EUR/tonne)	863	1 113	1 659	1 230
	Index (2020=100)	100	129	192	143

Country		2020	2021	2022	RIP
United Kingdom (*)	Volume (tonnes)	93 266	90 602	81 935	107 261
	<i>Index (2020=100)</i>	100	97	88	115
	Market share	2,0 %	1,8 %	1,7 %	2,5 %
	Average price (EUR/tonne)	1 787	1 647	2 040	1 712
	<i>Index (2020=100)</i>	100	92	114	96
Other third countries	Volume (tonnes)	198 850	256 840	310 654	181 455
	<i>Index (2020=100)</i>	100	129	156	91
	Market share	4,3 %	5,0 %	6,5 %	4,3 %
	Average price (EUR/tonne)	747	1 044	1 435	1 102
	<i>Index (2020=100)</i>	100	140	192	148
Total of all third countries except China	Volume (tonnes)	476 677	628 037	863 857	697 907
	<i>Index (2020=100)</i>	100	132	181	146
	Market share	10,3 %	12,3 %	18,0 %	16,5 %
	Average price (EUR/tonne)	779	1 161	1 531	1 212
	<i>Index (2020=100)</i>	100	149	197	156

Source: Eurostat.

(*) Absence of statistical data for 2020 – the indicated volume and value for 2020 is an estimation, representing the arithmetic average of the period 2021-RIP.

(198) Over the period considered, the volume of imports from third countries increased to reach a market share of 16,5 %. Most of these imports were from India and Korea, followed by United Kingdom, Vietnam, Türkiye and Taiwan. Imports from India and the Republic of Korea increased significantly and their combined market share almost doubled to reach 9,7 % in the review investigation period. Average prices of imports from India and the Republic of Korea were below the Union industry's sales prices and they exerted price pressure on the prices of OCS prevailing on the Union market.

4.5. Economic situation of the Union industry

4.5.1. General remarks

(199) Pursuant to Article 8(4) of the basic Regulation, the examination of the impact of the subsidised imports on the Union industry included an evaluation of all economic factors and indices having a bearing on the state of the Union industry during the period considered.

(200) As mentioned in recital 16, sampling was used for the assessment of the economic situation of the Union industry.

(201) For the injury determination, the Commission distinguished between macroeconomic and microeconomic injury indicators. The Commission evaluated the macroeconomic indicators on the basis of data contained in the verified questionnaire reply of the applicant, cross-checked with the verified questionnaire replies of the sampled Union producers. The Commission evaluated the microeconomic indicators on the basis of data contained in the questionnaire replies from the sampled Union producers (see recital 20). Both sets of data were found to be representative of the economic situation of the Union industry.

(202) The macroeconomic indicators (production, production capacity, capacity utilisation, sales volume, market share, employment, productivity, growth, magnitude of subsidisation margins and recovery from the effects of past subsidisation) were assessed at the level of the whole Union industry. The assessment was based on the information provided by the applicant, cross-checked with the verified questionnaire replies of the sampled Union producers.

(203) The analysis of microeconomic indicators (stocks, sale prices, profitability, cash flow, investments, return on investments, ability to raise capital, and wages) was carried out at the level of the sampled Union producers. The assessment was based on their information which was duly verified during an on-spot verification visit.

4.5.2. Macroeconomic indicators

4.5.2.1. Production, production capacity and capacity utilisation

(204) Over the period considered production, production capacity and capacity utilisation of the Union industry developed as follows:

Table 5

Production, production capacity and capacity utilisation

	2020	2021	2022	RIP
Production volume (tonnes)	4 721 729	5 251 800	4 396 916	3 981 155
Index (2020=100)	100	111	93	84
Production capacity (tonnes)	6 311 442	6 335 399	6 492 638	6 420 797

	2020	2021	2022	RIP
<i>Index (2020=100)</i>	100	100	103	102
Capacity utilisation	74,8 %	82,9 %	67,7 %	62,0 %
<i>Index (2020=100)</i>	100	111	91	83

Source: Verified questionnaire replies.

(205) The production volume first increased in 2021, as the construction sector performed well during the Covid-19 pandemics in 2020 and 2021. The production capacity increased as well. Over the period considered there was, however, an overall decrease in production volume (- 16 %) and the capacity utilisation (- 17 %) as, since 2022, the Union economy faced decreased economic performance, rising inflation and increased cost of production (increasing wages and increasing prices for building materials).

4.5.2.2. Sales volume and market share in the Union

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

Table 6

Sales volume (tonnes) and market share

	2020	2021	2022	RIP
Total sales volume on the Union market	4 145 282	4 480 473	3 928 427	3 540 441
<i>Index (2020=100)</i>	100	108	95	85
Market share	89,6 %	87,7 %	81,9 %	83,5 %
<i>Index (2020=100)</i>	100	98	91	93

Source: Verified questionnaire replies.

(207) The sales by the Union industry on the Union market decreased by 15 % during the period considered following the economic trend described in recitals 190 and 205.

(208) As shown in table 6, the market share of the Union industry decreased during the period considered from 89,6 % to 83,5 %.

4.5.2.3. Growth

(209) The Union industry managed to benefit temporarily from growth on the Union market with regard to the higher performance of the construction sector and higher demand for steel products in 2020 and 2021. The Union industry kept significant market shares during the whole period considered. However, following the economic challenges described in recital 205 the future ability for growth is put at risk.

4.5.2.4. Employment and productivity

(210) Over the period considered employment level and productivity within the Union industry developed as follows:

Table 7

Employment and productivity

	2020	2021	2022	RIP
Number of employees	7 257	7 576	7 341	6 801
<i>Index (2020=100)</i>	100	104	101	94
Productivity (tonnes/FTE)	651	693	599	585
<i>Index (2020=100)</i>	100	107	92	90

Source: Verified questionnaire replies.

(211) Both employment and productivity of the Union producers' workforce, measured as output (tonnes) per person employed per year, decreased during the period considered. Those decreasing trends reflect the overall decrease in production and sales volume.

4.5.2.5. Magnitude of subsidisation and recovery from past subsidisation

(212) Subsidisation continued during the review investigation period at a significant level, as explained under Section 3 above. It is noted that Chinese producers undercut Union industry's sales prices to a significant extent and that the Union industry is still suffering injury.

(213) Since the volumes of the subsidised imports from China were much lower than during the original investigation period, the Commission concluded that the impact of the magnitude of the subsidisation margin on the Union industry was significantly less pronounced than in the original investigation.

4.5.3. Microeconomic indicators

4.5.3.1. Prices and factors affecting prices

(214) 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/tonnes)

	2020	2021	2022	RIP
Average unit sales price in the Union on the total market	891	1 239	1 668	1 241
<i>Index (2020=100)</i>	100	139	187	139

	2020	2021	2022	RIP
Unit cost of production	897	1 117	1 447	1 365
<i>Index (2020=100)</i>	100	124	161	152

Source: Verified questionnaire replies of the sampled Union producers.

(215) Over the period considered, the Union industry's cost of production increased by 52 %. This increase in cost was particularly strong in 2021 and 2022, due to Russia's unjustified and unprovoked war of aggression against Ukraine which caused energy prices to reach unprecedentedly high levels, rise in certain other raw material prices, rising inflation and increasing wages. In addition, the significant decrease in Union demand in 2022 and the review investigation period resulted in significantly lower production volumes which in addition added to the fixed unit costs. In 2023 this trend reversed slightly and cost of production went down by 6 % compared to 2022.

(216) However, whereas the Union industry had been able in 2021 and 2022 to increase its sales prices even more than by passing on these additional costs, this was not anymore possible in 2023. The decrease in Union demand in the review investigation period, in conjunction with the low prices of imports from in particular India and the Republic of Korea, caused the Union industry to sell below its cost of production in review investigation period.

4.5.3.2. Labour costs

(217) 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	RIP
Average labour costs per employee (EUR)	86 061	92 649	92 432	96 544
<i>Index (2020=100)</i>	100	108	107	112

Source: Verified questionnaire replies of the sampled Union producers.

(218) The average wage levels increased slightly over the period considered (+ 12 %), but less than the unit cost of production.

4.5.3.3. Inventories

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

Table 10

Inventories

	2020	2021	2022	RIP
Closing stocks (tonnes)	72 564	70 446	60 451	64 790
<i>Index (2020=100)</i>	100	97	83	89
Closing stocks as a percentage of production	1,5 %	1,4 %	1,4 %	1,6 %
<i>Index (2020=100)</i>	100	87	102	188

Source: Verified questionnaire replies of the sampled Union producers.

(220) The Union producers decreased their stock in the period considered, in line with the decreases in production and sales. This indicator, however, is not considered to be very relevant to assess the economic situation of the Union producers. OCS is mostly produced on the basis of orders. In any event, the stocks represented less than 2 % of the total sales during the review investigation period.

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

(221) 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	RIP
Profitability of sales in the Union to unrelated customers (% of sales turnover)	- 0,6 %	13,4 %	16,2 %	- 5,7 %
<i>Index (2020=100)</i>	- 100	2 322	2 808	- 993

	2020	2021	2022	RIP
Cash flow (EUR)	54 308 572	176 906 495	317 026 060	- 28 263 914
<i>Index (2020=100)</i>	100	326	584	- 52
Investments (EUR)	18 760 581	24 443 392	23 277 582	30 845 548
<i>Index (2020=100)</i>	100	130	124	164
Return on investments	- 0,5 %	6,9 %	9,9 %	- 2,4 %
<i>Index (2020=100)</i>	- 100	1 470	2 160	- 523

Source: Verified questionnaire replies of the sampled Union producers.

(222) 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.

(223) During the period considered the Union industry was profitable in 2021 and 2022. Overall, the construction sector performed well during the Covid-19 pandemics in 2020 and the aftermath in 2021 and 2022. Low interest rates, short lockdowns in construction section, increased investments and works on property renovations stimulated demand for construction products. As a result, the Union industry managed to increase its sales and production volume as well as sales prices and reached significant profit margins, all in the years following the imposition of the original measures. However, after consumption had started to slow down in 2022 and that fall continued in 2023, the Union industry's profitability became negative and the Union industry incurred a significant loss of 5,7 % in the review investigation period.

(224) The net cash flow is the ability of the Union producers to self-finance their activities. The trend in net cash followed the development of the overall profitability of the Union industry.

(225) The return on investments is the profit in percentage of the net book value of investments. During the period considered the Union industry, highly capital-intensive, made regular investments for the optimisation, and upgrading of the existing production machinery. In addition, significant investments were made in order to comply with legal requirements for energy-efficiency, environment protection and increased work safety. Depending on the company, there were investments aimed at costs reduction, energy optimisation and/or also at revamping facilities that had been negatively affected by the lower capacity utilisation observed during the original investigation period.

(226) The return on investments during the period considered followed closely the profitability trend. Since the imposition of measures the ability to raise capital has improved.

4.6. Conclusion on injury

(227) The investigation found that the Union industry as a whole showed recovery from past subsidy during 2021 and 2022. This recovery, however, was due to exceptional circumstances, in particular the boom in the construction sector caused by the Covid-19 pandemic. Once the market situation went back to normal, there was a reverse of this recovery.

(228) This is particularly evident in the Union industry's profitability, as, given its inability to increase prices in line with rising costs, the Union industry went into losses in the review investigation period. The injury is also visible in other important indicators, such as a significant loss of production and sales volumes and also of market share.

- (229) Based on the above, the Commission concluded that the Union industry suffered material injury within the meaning of Article 8(1) of the basic Regulation during the review investigation period.

5. CAUSATION

- (230) During the period considered, the Union industry lost significant sales volumes on the Union market, as its Union sales decreased by 15 %. As consumption dropped by 6 %, the Union industry's market share also decreased significantly, by 6,1 percentage points from 89,6 % to 83,5 %.
- (231) Chinese imports did not play a role in the Union industry's injury. As indicated at recital 195, the level of imports from China was negligible throughout the period considered. Imports from other countries did play a role: they held a market share of 10,3 % in 2020 and in the review investigation period, their share of the Union market had increased to 16,5 %. Moreover, prices from the two most important sources of imports which each had a market share of around 5 % in the review investigation period, India and the Republic of Korea, dragged down prices of the Union industry. Their low prices made it impossible for the Union industry to reflect their full cost of production in its sales prices in the review investigation period.
- (232) The Union industry had been confronted with a strong increase in prices of energy and key input materials following the start of the Russian war of aggression against Ukraine. The Union industry could initially cope with that, taking advantage of the booming construction market in the post-Covid-19 pandemic years 2021 and 2022 and therefore reflect these costs in its selling prices. However, in 2023 this was not anymore possible.
- (233) The Commission therefore concluded that Chinese imports did not contribute to the material injury to the Union industry, but that other factors, in particular the increase in cost of production, the drop in consumption and the increase of imports from other countries, in particular India and the Republic of Korea, caused that injury.
- (234) Therefore, the Commission decided to further assess, in accordance with Article 18 of the basic Regulation, whether there would be a likelihood of recurrence of injury originally caused by the subsidised imports from the PRC if the measures against such imports were allowed to lapse.

6. LIKELIHOOD OF RECURRENCE OF INJURY

- (235) As shown in section 4.5 above, the Union industry has recovered from the past injury caused by the Chinese dumped imports, but found itself in a material injury situation in the review investigation period cause by factors described in recitals 215 and 216. Nonetheless, this section will examine whether the precarious situation of the Union industry will further deteriorate leading to recurrence of material injury should the measure lapse.
- (236) Should the measures be repealed, the volume of imports from China is expected to increase dramatically. It is recalled that imports during the original investigation period amounted to more than 702 000 tonnes, while they amounted to 2 554 tonnes during the review investigation period.

- (237) China's overcapacity in steel production is well established. The applicant submitted data gathered by the Organisation for Economic Co-operation and Development (OECD), which showed that the nominal crude steelmaking capacity of China in 2022 was 1 149 million tonnes ⁽⁶⁶⁾, amounting in 2022 to 47 % of the worldwide steel capacity. In comparison, the Union steelmaking capacity amounted to 213 million tonnes. According to a subsequent OECD report ⁽⁶⁷⁾, the nominal crude steelmaking capacity of China in 2023 decreased slightly to 1 141 million tonnes but maintained 47 % of the worldwide steel capacity and was projected to increase the capacities further.
- (238) The complainant submitted data from GMK Center ⁽⁶⁸⁾, demonstrating that China's steel production has been gradually increasing over the past 10 years. In 2021, it peaked at 1 033 billion tonnes and decreased in 2022 to increase again in 2023 reaching 1 019 billion tonnes compared to 1 013 billion tonnes in 2022 ⁽⁶⁹⁾. The data is confirmed by the World Steel Association's crude steel production data ⁽⁷⁰⁾.
- (239) According to the OECD ⁽⁷¹⁾, steelmaking capacity in China exceeded the domestic demand for steel by 191 million tonnes in 2022. According to a Chinese source on OCS production, in 2023, the OCS production capacity was 55,26 million tonnes, and the production reached 27,63 million tonnes, showing a year-on-year increase of 7,46 % ⁽⁷²⁾. Furthermore, from January to November 2023, Chinese's total exports of OCS totalled 5,98 million tonnes, and was expected to be around 6,4 million tonnes for 2023.
- (240) However, as important as export markets are for Chinese industry, China faces more and more difficulties accessing them. Between 2018 and 2025 countries such as USA, Canada, Australia, the United Kingdom, Malaysia, Pakistan and Thailand imposed trade defence measures that affect OCS originating in China. As to the USA, since April 2025, steel (OCS included) originating in China is subject to a 125 % tariff.
- (241) The Union is the largest OCS market after the Asian and the North/Central America ones.
- (242) The Chinese database shows that in the recent past China exported significant volumes to countries outside the Union at low prices. In 2020-2023 Chinese FOB prices to the Union were between 27 % and 63 % higher than for instance to Türkiye (the former) or Thailand (the latter), China's main export market for this product. During the review investigation period, the volumes exported to countries outside the Union were bigger than the total Union industry production and the apparent consumption in the Union. Because of the attractiveness of the Union market in terms of pricing, openness (there are no customs duties for this product) and increased apparent consumption, it is considered that if the measures are terminated, Chinese exporters are likely to re-direct significant volumes of OCS to the more lucrative Union market. The fact that the Union recently adopted safeguards on certain steel products, including OCS, does not alter this conclusion. The import volumes under the tariff rate quotas are set at levels which may allow China to export significant amounts of OCS.
- (243) The market for OCS products is very price competitive as the competition mainly takes place on the basis of prices. The potential pressure on the Union industry's prices is further exacerbated by the fact that, according to the request, Chinese sales usually take place for relatively big quantities. If cheap and subsidised imports are sold in significant quantities on the Union market, the Union producers will lose large sales volumes. The ability to raise capital and to invest could be hindered if the profitability of Union producers drops further or becomes negative.

⁽⁶⁶⁾ Latest developments in steelmaking capacity, OECD: pdf.

⁽⁶⁷⁾ Latest developments in steelmaking capacity and outlook until 2026, ref.: [https://one.oecd.org/document/DSTI/SC\(2024\)3/FINAL/en/pdf](https://one.oecd.org/document/DSTI/SC(2024)3/FINAL/en/pdf).

⁽⁶⁸⁾ GMK Center provides consulting, analysis and sustainability services for the steel industry, ref.: <https://gmk.center/en/>

⁽⁶⁹⁾ Steel consumption in China may reach 960 million tonnes in 2023 — Global steel news.

⁽⁷⁰⁾ https://worldsteel.org/data/annual-production-steel-data/?ind=P1_crude_steel_total_pub/CHN/IND.

⁽⁷¹⁾ Latest developments in steelmaking capacity, OECD: pdf.

⁽⁷²⁾ Mysteel (Chinese source), OCS capacity research , ref.: https://m.mysteel.com/a/24010418/66232834598618F7_abc.html.

6.1. Conclusion

(244) In view of the above, it is concluded that the absence of measures would in all likelihood result in a significant increase of subsidised imports from China at injurious prices, and therefore further aggravate the injurious situation of the Union industry.

7. UNION INTEREST

(245) In accordance with Article 31 of the basic Regulation, the Commission examined whether maintaining the existing countervailing 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.

7.1. Interest of the Union industry

(246) The investigation showed that should the measures expire, this would likely have a significant negative effect on the Union industry. The Union industry's situation would quickly deteriorate in terms of lower sales volumes and sales prices resulting in a strong decrease in profitability. The continuation of measures would allow the Union industry to further exploiting its potential on a Union market that is a level-playing field.

(247) Therefore, maintaining the countervailing measures in force is in the interest of the Union industry.

7.2. Interest of importers

(248) As mentioned in recital 15 above, ten known importers were contacted in this investigation and invited to cooperate. None came forward or cooperated in any way in the investigation.

(249) It is recalled that in the original investigation it was found that, given the importers' profits and sources of supply, any negative impact of the imposition of measures on importers, if any, would not be disproportionate.

(250) In the current investigation there is no evidence on file suggesting the opposite, and it can thus accordingly be confirmed that the measures currently in force had no substantial negative effect on the financial situation of importers and that the continuation of the measures would not unduly affect them.

7.3. Interest of users

(251) 59 known users were contacted in this investigation and invited to cooperate. No user came forward or cooperated in any way in the investigation.

(252) It is recalled that in the original investigation ten users submitted questionnaire replies. At that time it was found that, given the users' profits and sources of supply, the impact of the imposition of measures on users, if any, would not be disproportionate.

(253) In the current investigation there is no evidence on file suggesting that the measures in force affected them in any negative way. In fact the applicant submitted evidence that key users experienced improvements in profitability during the period under review. According to the request, the measures in place do not have a sizeable impact on users and consumers as OCS represents a negligible part of the cost of downstream products (e.g. 0,42 EUR of the cost of producing a washing machine or 0,4 % of the investment of an empty factory building).

(254) On that basis it is confirmed that the measures currently in force had no substantial negative effect on the financial situation of users and that the continuation of the measures would not unduly affect them.

7.4. Conclusion

(255) Therefore, the Commission concluded that there are no compelling reasons of Union interest against the maintenance of the definitive countervailing measures on imports of organic coated steel originating in China.

8. COUNTERVAILING MEASURES

- (256) On the basis of the conclusions reached by the Commission on recurrence of subsidy, recurrence of injury and Union interest, the countervailing measures on organic coated steel from China should be maintained.
- (257) To minimise the risks of circumvention due to the difference 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 in the People's Republic of China'.
- (258) 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.
- (259) Should the exports 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.
- (260) The individual company countervailing duty rates specified in this Regulation are exclusively applicable to imports of the product under review originating in China and produced by the named legal entities. Imports of the organic coated steel 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 People's Republic of China'. They should not be subject to any of the individual countervailing duty rates.
- (261) A company may request the application of these individual countervailing duty rates if it changes subsequently the name of its entity. The request must be addressed to the Commission. The request must contain all the relevant information enabling to demonstrate that the change does not affect the right of the company to benefit from the duty rate which applies to it. If the change of name of the company does not affect its right to benefit from the duty rate which applies to it, a regulation about the change of name will be published in the *Official Journal of the European Union*.
- (262) In view of Article 109 of Regulation (EU, Euratom) 2024/2509 of the European Parliament and of the Council ⁽⁷³⁾ 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.
- (263) 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,

⁽⁷³⁾ 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>).

HAS ADOPTED THIS REGULATION:

Article 1

1. A definitive countervailing duty is imposed on imports of certain organic coated steel products, i.e. flat-rolled products of non-alloy and alloy steel (not including stainless steel) which are painted, varnished or coated with plastics on at least one side, excluding so-called 'sandwich panels' of a kind used for building applications and consisting of two outer metal sheets with a stabilising core of insulation material sandwiched between them, excluding those products with a final coating of zinc-dust (a zinc-rich paint, containing by weight 70 % or more of zinc), and excluding those products with a substrate with a metallic coating of chromium or tin, currently falling within CN codes ex 7210 70 80, ex 7212 40 80, ex 7225 99 00, ex 7226 99 70 (TARIC codes 7210 70 80 11, 7210 70 80 91, 7212 40 80 01, 7212 40 80 21, 7212 40 80 82, 7225 99 00 11, 7225 99 00 91, 7226 99 70 11 and 7226 99 70 91), and originating in the People's Republic of China.

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

Company	Duty (%)	TARIC Additional Code
Union Steel China	13,7	B311
Zhangjiagang Panhua Steel Strip Co., Ltd, Chongqing Wanda Steel Strip Co., Ltd, and Zhangjiagang Free Trade Zone Jiaxinda International Trade Co., Ltd.	29,7	B312
Zhejiang Huadong Light Steel Building Material Co. Ltd and Hangzhou P.R.P.T. Metal Material Company, Ltd.	23,8	B313
Angang Steel Company Limited	26,8	B314
Anyang Iron Steel Co., Ltd.	26,8	B315
Baoshan Iron & Steel Co., Ltd.	26,8	B316
Baoutou City Jialong Metal Works Co.,Ltd.	26,8	B317
Changshu Everbright Material Technology Co.,Ltd.	26,8	B318
Changzhou Changsong Metal Composite Material Co.,Ltd.	26,8	B319
Cibao Modern Steel Sheet Jiangsu Co., Ltd.	26,8	B320
Inner Mongolia Baotou Steel Union Co.,Ltd.	26,8	B321
Jiangyin Ninesky Technology Co.,Ltd.	26,8	B322
Jiangyin Zhongjiang Prepainted Steel Mfg Co.,Ltd.	26,8	B323
Jigang Group Co., Ltd.	26,8	B324
Maanshan Iron&Steel Company Limited	26,8	B325
Qingdao Hangang Color Coated Sheet Co., Ltd.	26,8	B326
Shandong Guanzhou Co., Ltd.	26,8	B327
Shenzen Sino Master Steel Sheet Co.,Ltd.	26,8	B328
Tangshan Iron And Steel Group Co.,Ltd.	26,8	B329
Tianjin Xinyu Color Plate Co.,Ltd.	26,8	B330

Company	Duty (%)	TARIC Additional Code
Wuhan Iron And Steel Company Limited	26,8	B331
Wuxi Zhongcai New Materials Co.,Ltd.	26,8	B332
Xinyu Iron And Steel Co.,Ltd.	26,8	B333
Zhejiang Tiannu Color Steel Co., Ltd.	26,8	B334
All other imports originating in the People's Republic of China	44,7	B999

3. The application of the individual countervailing 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 in tonnes) of organic coated steel products sold for export to the European Union covered by this invoice was manufactured by (company name and address) (TARIC additional code) in the People's Republic of China. I declare that the information provided in this invoice is complete and correct.'* Until such invoice is presented, the duty applicable to all other companies shall apply.

4. Should the definitive countervailing duties imposed by Article 1(2) be modified or removed, the duties specified in paragraph 2 will be increased by the same proportion limited to the actual dumping margin found or the injury margin found as appropriate per company and from the entry into force of this Regulation.

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, 24 July 2025.

For the Commission
The President
Ursula VON DER LEYEN