Official Journal
of the European Union

EN
L series

2026/1929

10.8.2026

COMMISSION IMPLEMENTING REGULATION (EU) 2026/1929

of 7 August 2026

imposing a provisional anti-dumping duty on imports of certain wires of silico-manganese steel originating in the People's Republic of China

THE EUROPEAN COMMISSION,

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

Having regard to Regulation (EU) 2016/1036 of the European Parliament and of the Council of 8 June 2016 on protection against dumped imports from countries not members of the European Union [1] ('the basic Regulation'), and in particular Article 7 thereof,

After consulting the Member States,

Whereas:

1. PROCEDURE

1.1. Initiation

(1) On 11 December 2025, the European Commission ('the Commission') initiated an anti-dumping investigation with regard to imports of certain wires of silico-manganese steel originating in the People's Republic of China ('China' or 'the country concerned') on the basis of Article 5 of the basic Regulation. It published a Notice of Initiation in the *Official Journal of the European Union* [2] ('the Notice of Initiation').

(2) The Commission initiated the investigation following a complaint lodged on 29 October 2025 by ELBOR S.p.a. Electroda Zagreb d.d., Electro Portugal Lda., Hermann Fliess & Co. GmbH, Italfil Spa, Multimet Sp. z o.o., S.I.A.T. Società Italiana Acciai Trafilati S.p.A., and Westfälische Drahtindustrie GmbH ('the complainants').

(3) The complaint was made by the Union industry of silico-manganese welding wire in the sense of Article 5(4) of the basic Regulation. The complaint contained evidence of dumping and of resulting material injury that was sufficient to justify the initiation of the investigation.

1.2. Registration

(4) The Commission made imports of the product concerned subject to registration by Commission Implementing Regulation (EU) 2026/297 of 9 February 2026 ('the registration Regulation') [3].

1.3. Interested parties

(5) 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 complainants, other known Union producers, the known exporting producers and the Government of the People's Republic of China ('GOC'), known importers and users about the initiation of the investigation and invited them to participate.

(6) Interested parties had an opportunity to comment on the initiation of the investigation and to request a hearing with the Commission and/or the Hearing Officer in trade proceedings.

---

[1] OJ L 176, 30.6.2016, p. 21, ELI: http://data.europa.eu/eli/reg/2016/1036/oj.
[2] Notice of initiation of an anti-dumping proceeding concerning imports of certain wires of silico-manganese steel originating in the People's Republic of China (OJ C, C/2025/6555, 11.12.2025, ELI: http://data.europa.eu/eli/C/2025/6555/oj).
[3] Commission Implementing Regulation (EU) 2026/297 of 9 February 2026 making imports of certain wires of silico-manganese steel (welding wire) originating in the People's Republic of China subject to registration with a view to allowing the levy of anti-dumping duties on the imports subject to registration (OJ L, 2026/297, 10.2.2026, ELI: http://data.europa.eu/eli/reg_impl/2026/297/oj).

1.4. **Sampling**

(7) In the Notice of Initiation, the Commission stated that it might sample the interested parties in accordance with Article 17 of the basic Regulation.

Sampling of Union producers

(8) In its Notice of Initiation, the Commission stated that it had provisionally selected a sample of four Union producers. In accordance with Article 17 of the basic Regulation, the criteria used in the selection of the sample were representativity in terms of production and sales in the period 1 October 2024 to 30 September 2025.

(9) The proposed sample accounted for 29 % of production and 24 % of sales in the Union. The Commission invited interested parties to comment on the provisional sample. One sampled producer informed the Commission that it was unable to cooperate with the investigation. The remaining sample of three producers was confirmed. The definitive sample was found to be representative of the Union industry, covering 16 % of production and 17 % of sales in the Union.

Sampling of unrelated importers

(10) To decide whether sampling was necessary and, if so, to select a sample, the Commission asked unrelated importers to provide the information specified in the Notice of Initiation.

(11) Three unrelated importers provided the requested information and agreed to be included in the sample. In view of the low number of replies, the Commission decided that sampling was not necessary.

Sampling of exporting producers

(12) To decide whether sampling was necessary and, if so, to select a sample, the Commission asked all exporting producers in China to provide the information specified in the Notice of Initiation. In addition, the Commission asked the Mission 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.

(13) Thirteen exporting producers provided the requested information and agreed to be included in the sample. In view of the large number of exporting producers, the Commission decided to apply sampling, in accordance with Article 17 of the basic Regulation.

(14) In accordance with Article 17(1) of the basic Regulation, the Commission selected a sample of three exporting producers belonging to two separate corporate groups. This selection was based on the largest representative volume of exports to the Union that could reasonably be investigated within the time available. The sample accounted for over 50 % of the estimated total export quantity of the product concerned to the Union from China in the investigation period. In accordance with Article 17(2) of the basic Regulation, the Commission consulted all known exporting producers and the authorities of the countries concerned on the selection. The Commission did not receive any comments on the selection.

1.5. **Questionnaire replies and verification visits**

(15) The Commission sent a questionnaire concerning the existence of significant distortions in China within the meaning of Article 2(6a)(b) of the basic Regulation to the GOC.

(16) Furthermore, the complainant provided in the complaint sufficient evidence of raw material distortions in China regarding the product concerned. Therefore, as announced in the Notice of Initiation, the investigation covered those raw material distortions to determine whether to apply the provisions of Article 7(2a) and 7(2b) of the basic Regulation with regard to China. For this reason, the Commission sent additional questionnaires in this regard to the GOC.

(17) The Commission received questionnaire replies from the three sampled Union producers, the two sampled groups of Chinese exporting producers, and three importers. No user submitted a questionnaire reply. The Commission did not receive either of the questionnaire replies from the GOC.

(18) The Commission sought and verified all the information deemed necessary for a provisional determination of dumping, resulting injury and Union interest. Verification visits pursuant to Article 16 of the basic Regulation were carried out at the premises of the following companies:

Union producers

— Westfälische Drathindustrie GmbH, Hamm, Germany,

— ELBOR Italy S.p.A, Avellino, Italy,

— ITALFIL S.p.A, Gazzo, Italy.

Exporting producers in China

— Changzhou City Yunhe Welding Material Co., Ltd. ('Yunhe'), Jiangsu, China

— Juli group: Juli New Material Technology (Rizhao) Co., Ltd and Shandong Juli Welding Co., Ltd ('Juli'), Shandong, China.

1.6. Investigation period and period considered

(19) The investigation of dumping and injury covered the period from 1 October 2024 to 30 September 2025 ('the investigation period' or 'IP'). The examination of trends relevant for the assessment of injury covered the period from 1 January 2022 to the end of the investigation period ('the period considered').

2. PRODUCT UNDER INVESTIGATION, PRODUCT CONCERNED AND LIKE PRODUCT

2.1. Product under investigation

(20) The product under investigation is wire of silico-manganese steel with a cross section with a diameter of 0,6 mm to 4 mm, containing by weight not more than 0,2 % of carbon, 0,6 % or more but not more than 1,4 % of silicon, and 0,9 % or more but not more than 1,9 % of manganese, but no other element in a proportion that would give the steel the characteristics of another alloy steel, whether coated with copper or bronze or wax/oil based lubricant or not, currently falling under CN code ex 7229 20 00 (TARIC code 7229 20 00 10) ('silico-manganese welding wire', 'SMWW', or 'the product under investigation').

(21) SMWW acts as a filler material that is melted and fused with the base metal during welding. The wire is fed into the weld pool, where it helps to form the joint between the pieces being welded. SMWW are used in various industry sectors, including construction, automotive, shipbuilding and aviation, sustainable energy (e.g. wind), defence, power generation, electronics and electrical applications.

2.2. Product concerned

(22) The product concerned is the product under investigation originating in the People's Republic of China.

2.3. Like product

(23) The investigation showed 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 investigation produced and sold on the domestic market of China; and

— the product under investigation produced and sold in the Union by the Union industry.

(24) The Commission decided at this stage that those products are therefore like products within the meaning of Article 1(4) of the basic Regulation.

3. DUMPING

3.1. Procedure for the determination of the normal value under Article 2(6a) of the basic Regulation

(25) In view of the sufficient evidence available at the initiation of the investigation pointing to the existence of significant distortions within the meaning of point (b) of Article 2(6a) of the basic Regulation with regard to China, the Commission considered it appropriate to initiate the investigation with regard to the exporting producers from China having regard to Article 2(6a) of the basic Regulation.

(26) Consequently, to collect the necessary data for the eventual application of Article 2(6a) of the basic Regulation, in the Notice of Initiation the Commission invited all exporting producers in China to provide information regarding the inputs used for producing SMWW. Out of the thirteen exporting producers which came forward by filling in the sampling forms, only seven exporting producers submitted the relevant information.

(27) To obtain information it deemed necessary for its investigation with regard to the alleged significant distortions, the Commission sent a questionnaire to the GOC. In addition, in point 5.3.2 of the Notice of Initiation, the Commission invited all interested parties to make their views known, submit information and provide supporting evidence regarding the application of Article 2(6a) of the basic Regulation within 37 days of the date of publication of the Notice of Initiation in the Official Journal of the European Union. No questionnaire reply was received from the GOC. Subsequently, the Commission informed the GOC that it would use facts available within the meaning of Article 18 of the basic Regulation for the determination of the existence of the significant distortions in China.

(28) In the Notice of Initiation, the Commission also specified that, in view of the evidence available, it may need to select an appropriate representative country pursuant to Article 2(6a)(a) of the basic Regulation for the purpose of determining the normal value based on undistorted prices or benchmarks.

(29) On 1 April 2026, the Commission informed by a note ('the FoP Note') interested parties on the relevant sources it intended to use for the determination of the normal value. In that note, the Commission provided a list of all factors of production such as raw materials, labour and energy used in the production of SMWW. In addition, based on the criteria guiding the choice of undistorted prices or benchmarks, the Commission identified Malaysia as an appropriate representative country. Other potential representative countries (Argentina, Mexico, Brazil and Türkiye) were disregarded, as there were no imports (Argentina, Mexico) or essentially non-existent imports (less than 10 tonnes in Brazil and Türkiye) of the wire rod, i.e. the main input for SMWW production, into the abovementioned countries The Commission also informed interested parties that it would establish selling, general and administrative costs ('SG&A costs') and profits based on available information for KISWEL SDN. BHD. ('Kiswel'), ([4]) a producer of SMWW in Malaysia. The Commission received comments on the FoP Note, which are addressed in Section 3.2.4.2 below.

(30) After having analysed the comments and information received, the Commission concluded that Malaysia was an appropriate representative country from which undistorted prices and costs would be sourced for the determination of the normal value. The underlying reasons for that choice are further described in detail in Section 3.2.3 below.

3.2. Normal value

(31) According to Article 2(1) of the basic Regulation, '*the normal value shall normally be based on the prices paid or payable, in the ordinary course of trade, by independent customers in the exporting country*'.

(32) However, according to Article 2(6a)(a) of the basic Regulation, '*in case it is determined … that it is not appropriate to use domestic prices and costs in the exporting country due to the existence in that country of significant distortions within the meaning of point (b), the normal value shall be constructed exclusively on the basis of costs of production and sale reflecting undistorted prices or benchmarks*', and '*shall include an undistorted and reasonable amount of administrative, selling and general costs and for profits*' ('*administrative, selling and general costs*' is referred hereinafter as 'SG&A costs').

([4]) https://en.kiswel.com/company/network.asp.

(33) As further explained below, the Commission concluded in the present investigation that, based on the evidence available, the application of Article 2(6a) of the basic Regulation was appropriate.

3.2.1. *Existence of significant distortions*

(34) In recent investigations concerning the steel sector in China ([5]), the Commission found that significant distortions in the sense of Article 2(6a)(b) of the basic Regulation were present.

(35) In those investigations, the Commission found that there is substantial government intervention in China resulting in a distortion of the effective allocation of resources in line with market principles ([6]). In particular, the Commission concluded that in the steel sector, which is the main raw material to produce the product under investigation, not only does a substantial degree of ownership by the GOC persist in the sense of Article 2(6a)(b), first indent of the basic Regulation ([7]), but the GOC is also in a position to interfere with prices and costs through State presence in firms in the sense of Article 2(6a)(b), second indent of the basic Regulation ([8]). The Commission further found that the State's presence and intervention in the financial markets, as well as in the provision of raw materials and inputs have an additional distorting effect on the market. Indeed, overall, the system of planning in China results in resources being concentrated in sectors designated as strategic or otherwise politically important

([5]) Commission Implementing Regulation (EU) 2025/780 of 16 April 2025 imposing a provisional anti-dumping duty on imports of steel track shoes originating in the People's Republic of China, https://eur-lex.europa.eu/eli/reg_impl/2025/780/oj/eng; Commission Implementing Regulation (EU) 2024/1666 of 6 June 2024 imposing a definitive anti-dumping duty on imports of steel ropes and cables originating in the People's Republic of China as extended to imports of steel ropes and cables consigned from Morocco and the Republic of Korea, whether declared as originating in these countries or not, following an expiry review pursuant to Article 11(2) of Regulation (EU) 2016/1036 of the European Parliament and of the Council, http://data.europa.eu/eli/reg_impl/2024/1666/oj; Commission Implementing Regulation (EU) 2023/1444 of 11 July 2023 imposing a provisional anti-dumping duty on imports of steel bulb flats originating in the People's Republic of China and Türkiye; Commission Implementing Regulation (EU) 2023/100 of 11 January 2023 imposing a provisional anti-dumping duty on imports of stainless steel refillable kegs originating in the People's Republic of China, http://data.europa.eu/eli/reg_impl/2023/1444/oj; Commission Implementing Regulation (EU) 2022/2068 of 26 October 2022 imposing a definitive anti-dumping duty on imports of certain cold-rolled flat steel products originating in the People's Republic of China and the Russian Federation following an expiry review pursuant to Article 11(2) of Regulation (EU) 2016/1036 of the European Parliament and of the Council, http://data.europa.eu/eli/reg_impl/2022/2068/oj; Commission Implementing Regulation (EU) 2022/191 of 16 February 2022 imposing a definitive anti-dumping duty on imports of certain iron or steel fasteners originating in the People's Republic of China, http://data.europa.eu/eli/reg_impl/2022/191/oj.

([6]) See Commission Implementing Regulation (EU) 2025/780, recital 83; Commission Implementing Regulation (EU) 2024/1666, recital 76; Commission Implementing Regulation (EU) 2023/1444, recital 66; Commission Implementing Regulation (EU) 2023/100 recital 58; Commission Implementing Regulation (EU) 2022/2068, recital 80; Commission Implementing Regulation (EU) 2022/191, recital 208.

([7]) See Commission Implementing Regulation (EU) 2025/780, recital 50; Commission Implementing Regulation (EU) 2024/1666, recital 60; Commission Implementing Regulation (EU) 2023/1444, recital 45; Commission Implementing Regulation (EU) 2023/100, recital 38; Commission Implementing Regulation (EU) 2022/2068, recital 64; Commission Implementing Regulation (EU) 2022/191, recital 192.

([8]) See Commission Implementing Regulation (EU) 2025/780, recitals 62-71; Commission Implementing Regulation (EU) 2024/1666, recitals 66-68; Commission Implementing Regulation (EU) 2023/1444, recital 58; Commission Implementing Regulation (EU) 2023/100, recital 40; Commission Implementing Regulation (EU) 2022/2068, recital 66; Commission Implementing Regulation (EU) 2022/191, recitals 193-194. While the right to appoint and to remove key management personnel in SOEs by the relevant State authorities, as provided for in the Chinese legislation, can be considered to reflect the corresponding ownership rights, CCP cells in enterprises, state owned and private alike, represent another important channel through which the State can interfere with business decisions. According to the PRC's company law, a CCP organisation is to be established in every company (with at least three CCP members as specified in the CCP Constitution) and the company shall provide the necessary conditions for the activities of the party organisation. In the past, this requirement appears not to have always been followed or strictly enforced. However, since at least 2016 the CCP has reinforced its claims to control business decisions in SOEs as a matter of political principle. The CCP is also reported to exercise pressure on private companies to put 'patriotism' first and to follow party discipline. In 2017, it was reported that party cells existed in 70 % of some 1,86 million privately owned companies, with growing pressure for the CCP organisations to have a final say over the business decisions within their respective companies. These rules are of general application throughout the Chinese economy, across all sectors, including to the producers of the product under review and the suppliers of their inputs.

by the GOC, rather than being allocated in line with market forces [9]. Moreover, the Commission concluded that the Chinese bankruptcy and property laws do not work properly in the sense of Article 2(6a)(b), fourth indent of the basic Regulation, thus generating distortions in particular when maintaining insolvent firms afloat and when allocating land use rights in China [10]. In the same vein, the Commission found distortions of wage costs in the steel sector in the sense of Article 2(6a)(b), fifth indent of the basic Regulation [11], as well as distortions in the financial markets in the sense of Article 2(6a)(b), sixth indent of the basic Regulation, in particular concerning access to capital for corporate actors in China [12].

(36) Like in previous investigations concerning the iron and steel sector in China, the Commission examined in the present investigation whether it was appropriate or not to use domestic prices and costs in China, due to the existence of significant distortions within the meaning of point (b) of Article 2(6a) of the basic Regulation. The Commission did so on the basis of the evidence available on the file, including the evidence contained in the complaint, as well as in the Commission Staff Working Document on Significant Distortions in the Economy of the People's Republic of China for the Purposes of Trade Defence Investigations [13] ('Report'), which relies on publicly available sources. That analysis covered the examination of the substantial government interventions in China's economy in general, but also the specific market situation in the relevant sector including the product under investigation. The Commission further supplemented these evidentiary elements with its own research on the various criteria relevant to confirm the existence of significant distortions in China as also found by its previous investigations in this respect.

(37) The complaint, referring to the Report, alleged that market conditions, in particular costs and prices, in Chinese steel industry are not driven by market forces of supply and demand, but instead are distorted by State intervention in the economy.

(38) In this regard, the complaint provided examples of elements pointing to the existence of distortions, as listed in the first to sixth indent of Article 2(6a)(b) of the basic Regulation. The complaint also referred to the Commission's findings in several recent investigations concerning the steel sector in China, which confirmed the existence of significant distortions with regard to the Chinese wire rod [14], certain steel wires and strands [15], and the steel ropes and cables sectors [16].

---

[9] See Commission Implementing Regulation (EU) 2025/780, recitals 72-77; Commission Implementing Regulation (EU) 2024/1666 recitals 61-65; Commission Implementing Regulation (EU) 2023/1444, recital 59; Commission Implementing Regulation (EU) 2023/100, recital 43; Commission Implementing Regulation (EU) 2022/2068, recital 68; Commission Implementing Regulation (EU) 2022/191, recitals 195-201.

[10] See Commission Implementing Regulation (EU) 2025/780, recital 78; Commission Implementing Regulation (EU) 2023/1444 recital 62; Commission Implementing Regulation (EU) 2023/100 recital 52; Commission Implementing Regulation (EU) 2022/2068 recital 74; Commission Implementing Regulation (EU) 2022/191 recital 202.

[11] See Commission Implementing Regulation (EU) 2025/780, recital 79; Commission Implementing Regulation (EU) 2024/1666, recital 72; Commission Implementing Regulation (EU) 2023/1444, recital 45; Commission Implementing Regulation (EU) 2023/100, recital 33; Commission Implementing Regulation (EU) 2022/2068, recital 75; Commission Implementing Regulation (EU) 2022/191, recital 203.

[12] See Commission Implementing Regulation (EU) 2025/780, recital 80; Commission Implementing Regulation (EU) 2024/1666, recital 73; Commission Implementing Regulation (EU) 2023/1444, recital 64; Commission Implementing Regulation (EU) 2023/100, recital 54; Commission Implementing Regulation (EU) 2022/2068, recital 76; Commission Implementing Regulation (EU) 2022/191, recital 204.

[13] Commission staff working document SWD (2024)91, 10 April 2024, available at: https://ec.europa.eu/transparency/documents-register/detail?ref=SWD(2024)91&lang=en.

[14] Commission Implementing Regulation (EU) 2021/1805 of 12 October 2021 imposing a definitive anti-dumping duty on imports of wire rod originating in the People's Republic of China following an expiry review pursuant to Article 11(2) of Regulation (EU) 2016/1036 of the European Parliament and of the Council (OJ 2021, L 364/14).

[15] Commission Implementing Regulation (EU) 2021/1432 of 1 September 2021 imposing a definitive anti-dumping duty on imports of certain pre- and post-stressing wires and wire strands of non-alloy steel (PSC wires and strands) originating in the People's Republic of China following an expiry review pursuant to Article 11(2) of the Regulation (EU) 2016/1036 of the European Parliament and of the Council (OJ 2021 L 309/8).

[16] Commission Implementing Regulation (EU) 2024/1666 of 6 June 2024 imposing a definitive anti-dumping duty on imports of steel ropes and cables originating in the People's Republic of China as extended to imports of steel ropes and cables consigned from Morocco and the Republic of Korea, whether declared as originating in these countries or not, following an expiry review pursuant to Article 11(2) of Regulation (EU) 2016/1036 of the European Parliament and of the Council (OJ 2024 L2024/1666).

(39) The complaint recalled the following elements resulting in significant distortions affecting the Chinese wire sector.

(40) First, the Chinese wire sector, including SMWW, is being served to a significant extent by enterprises that operate under the ownership, control or policy supervision or guidance of the GOC authorities.

(41) The GOC and the Chinese Communist Party ('CCP') maintain structures that ensure their continued influence and control over enterprises and in particular State-owned enterprises ('SOEs'). The State not only actively formulates and oversees the implementation of general economic policies, but it also claims the right to participate in operational decision-making in individual companies through the rotation of cadres between governmental authorities and companies, the presence of party members in executive bodies, and through the shaping of the corporate structure. The steel and steel wire industry is particularly characterized by a significant State presence in SOEs which account for half of the steel producers. For instance, Baowu Steel Ltd ('Baowu') is a major Chinese State-owned enterprise that engages in steel manufacturing and is part of the recently consolidated China Baowu Steel Group. Baowu is also a majority shareholder in the large steel producing SOE Shanxi Taiyuan Iron & Steel Co. Ltd ('TISCO'), which is in turn majority owned by the Central State-owned Assets Supervision and Administration Commission of the State Council ('SASAC'). ([17])

(42) Furthermore, the complaint also argued that the CCP interventions into operational decision-making have also become the norm in private companies. For example, Article 33 of the CCP Constitution foresees a CCP presence in the non-public sector to implement the Party's principles and policies and to guide and oversee their enterprises' observance of State laws and regulations. The GOC also exerts influence in privately owned companies through personal connections in firms allowing the State to interfere with respect to prices or costs. The complaint relies on the Commission's findings that several important steel companies have CCP members in their senior management or board of directors. ([18]) Additionally, CCP cells in both State-owned and private enterprises represent another important channel through which the State can interfere with business decisions. Specifically, many Chinese SMWW producers explicitly emphasize their support for the GOC and CCP's policy plans and the GOC maintains close links with the SMWW producers via representative associations, such as the China Iron and Steel Association ('CISA') ([19]). The complainant added that steel wire companies receive subsidies and funding from various government agencies.

(43) Second, the complaint argued that the GOC pursues public policies or measures discriminating in favour of domestic suppliers or otherwise influencing free market forces.

(44) The direction of the Chinese economy is to a significant degree determined by a system of planning, which sets out priorities and prescribes the goals on which the central and local governments must focus. The Chinese steel sector is regarded as a key industry by the GOC which is reflected in the 14th General Five-Year Plan ('FYP') and the 14th FYP on Developing the Raw Material Industry. Additionally, the steel sector overall, including the steel wire industry, is an encouraged industry under the Made in China 2025 initiative and thereby eligible to benefit from considerable State funding. The complaint relies on similar examples at the provincial level to highlight the intention of the Chinese authorities to supervise and guide the developments of the steel industry. The complainant concluded that such policy support and plans lead to significant distortions in the Chinese steel wire industry and disseminates in favour of domestic suppliers or otherwise influences free market forces. ([20])

(45) Third, the State presence in Chinese SMWW companies also allows the GOC authorities to interfere with prices and/or costs of all production factors in the SMWW industry:

— The complainant argues that raw materials costs are distorted. In particular, the complaint relies on the Commission's finding that the price of steel wire rod, the main raw material for SMWW, is impacted by irregularities and significant distortions, leading to an artificially low price. Furthermore, the GOC recently removed the VAT refund for the export of wire rod, which constitutes a raw material distortion within the meaning of Article 7(2a) of the basic Regulation ([21]).

([17]) Complaint (open version), paras. 29-32.
([18]) Complaint (open version), para. 34.
([19]) Complaint (open version), paras. 33-39.
([20]) Complaint (open version), paras. 40-53.
([21]) Complaint (open version), para. 55.

— Regarding energy prices, the complainant indicated that the GOC intervenes significantly and systematically in the market by regulating the domestic prices of electricity and gas. Key users of electricity are allowed to purchase a certain quantity of electricity at preferential prices. In the steel sector, Chinese producers have been found to benefit from extensive subsidies ([22]).

— According to the complaint, machinery costs for the production of SMWW in China are also distorted. Several State policies bring down costs of equipment and machinery for encouraged industries such as the steel sector, including the steel wire sector and thus also SMWW ([23]).

— All land in China is owned by the Chinese State, and land allocation remains solely dependent on the State. Certain buyers obtain land for free or below the market rates ([24]).

— The Commission has consistently found that wage costs in the Chinese steel sector are distorted. A system of market wages cannot fully develop in China as workers and employers are impeded in their rights to collective organisation. China has not ratified several essential conventions of the International Labour Organisation ('ILO'). Under national law, only one trade union organisation is active. The organisation lacks independence from State authorities, and its involvement in collective bargaining and protection of workers' rights remains rudimentary. Moreover, the mobility of the Chinese workforce is restricted by the household registration system which typically results in workers who are not in possession of the local residence registration being in vulnerable employment position and receiving lower income than the holders of the residence registration ([25]).

(46) Fourth, according to the complainant, the SMWW producers have access to finance granted by institutions which implement public policy objectives or otherwise are not acting independently from the State. ([26])

(47) The complainant argued that the Chinese financial system is characterised by the strong position of State-owned banks that take into consideration criteria other than economic viability of a project when granting access to financing. The banks are connected to the State not only through ownership but also via personal relations through the appointment of top executives by the CCP. Chinese banks regularly implement public policies designed by the State. Indeed, the banks are legally obligated to conduct their business in accordance with the needs of national economic and social development, and under the guidance of the industrial policies of the State. Furthermore, bonds and credit ratings are often distorted for a variety of reasons such as the fact that the risk assessment is influenced by the firm's strategic importance to the GOC and the strength of any implicit guarantee by the government ([27]).

(48) In addition, borrowing costs have been kept artificially low to stimulate investment growth. This has led to the excessive use of capital investment with ever lower returns on investment. The complainant also argued that although nominal interest rate liberalisation was achieved in October 2015, price signals are still not the result of free market forces but are influenced by government-induced distortions ([28]).

(49) Fifth, much like in any other sector in the Chinese economy, the steel wire sector is subject to the distortions resulting from the discriminatory application or inadequate enforcement of Chinese bankruptcy, corporate and property rules.

([22]) Complaint (open version), para. 56.
([23]) Complaint (open version), para. 57.
([24]) Complaint (open version), para. 58.
([25]) Complaint (open version), para. 59.
([26]) Complaint (open version), para. 61.
([27]) Complaint (open version), paras. 61-65.
([28]) Complaint (open version), paras. 66-69.

(50) As the Chinese steel sector (including the steel wire sector) is an encouraged industrial sector, several Chinese policy documents are specifically targeted at companies in the steel sector. Furthermore, the complaint relies on Commission's findings that the Chinese bankruptcy laws are not strictly enforced in the steel sector, of which the wire sector is part, thus generating distortions by maintaining insolvent firms afloat and when land use rights are allocated in China. The number of bankruptcies remains notoriously low in relation to the size of the country's economy. Moreover, the role of the State in insolvency proceedings remains strong and active, often having a direct influence on the outcome of the proceedings ([29])

(51) In conclusion, the complainant considered that, due to these distortions from substantial government intervention, the costs and prices in China are not reliable for the purpose of determining the normal value. As such, the normal value should be established by using non-distorted production costs in an appropriate representative country.

(52) The Commission's investigation confirmed that in the sector of SMWW, which is part of the downstream steel sector, a substantial degree of ownership by the GOC persists in the sense of Article 2(6a)(b), first indent of the basic Regulation. Both public and privately owned enterprises in the sector are subject to policy supervision and guidance. Producers of SMWW include private companies such as Shandong Solid Solder Co. Ltd. ([30]) or Tianjin Golden Bridge Welding Materials Group Co., Ltd ([31]).

(53) While the Commission did not identify more specific information on State ownership in the steel wire sector, this sector is a sub-sector of the steel sector and the findings concerning State ownership in the steel sector are therefore relevant for SMWW. Examples of SOEs active in the steel sector and producing wire rod, the main input to produce SMWW, include: the Ansteel Group ([32]) and the Baowu Steel Group (also often referred to as 'Baosteel') ([33]), which are both SOEs ([34]) under the central SASAC, as well as the Hebei Iron and Steel Group ('HBIS') ([35]), an SOE ultimately controlled by the SASAC of the Hebei province ([36]).

(54) Furthermore, the latest Chinese policy documents concerning the steel sector confirm the continued importance which the GOC attributes to the sector, including the intention to intervene in the sector to shape it in line with government policies. This is exemplified by the Ministry of Industry and Information Technology ('MIIT') Guiding Opinion on Fostering a High-Quality Development of the Steel Industry, which calls for further consolidation of the industrial foundation and significant improvement in the modernization level of the industrial chain ([37]). Specifically, this Guiding Opinion requires to '*[p]romote mergers and reorganizations of enterprises. Encourage leading enterprises in the industry to implement mergers and reorganizations and create a number of world-class super-large steel enterprise groups*'. Further, it explicitly requires to '[s]*upport steel companies to target the upgrading of downstream industries and the development direction of strategic emerging industries, focus on the development of small batches and multiple varieties of key steels such as high-quality special steels, special alloy steels for high-end equipment, and steel for core basic parts*' ([38]).

([29]) Complaint (open version), paras. 70-72.
([30]) See Shandong Solid Solder CO. Ltd.'s half year report, p. 14, available at: https://pdf.dfcfw.com/pdf/H2_AN202508121726159580_1.pdf?1755016440000.pdf (accessed on 29 April 2026).
([31]) See: https://en.tjgoldenbridge.com/class/8 (accessed on 29 April 2026).
([32]) See: https://www.ansteel.cn/ (accessed on 30 April 2026).
([33]) See: https://www.baowugroup.com/en/home (accessed on 30 April 2026).
([34]) See: http://wap.sasac.gov.cn/n2588045/n27271785/n27271792/c14159097/content.html (accessed on 30 April 2026).
([35]) See: https://www.hbisco.com/ (accessed on 30 April 2026).
([36]) See HBIS summary annual report 2024, p. 4, available at: https://file.finance.qq.com/finance/hs/pdf/2025/04/25/1223280450.PDF (accessed on 30 April 2026).
([37]) See: https://www.gov.cn/zhengce/zhengceku/2022-02/08/content_5672513.htm (accessed on 30 April 2026).
([38]) Ibid.

(55) Another example of the GOC's intention to intervene in the steel sector can be found in the 14th FYP on Developing the Raw Material Industry according to which the sector will '*adhere to the combination of market leadership and government promotion*' and will '*cultivate a group of leading companies with ecological leadership and core competitiveness*' ([39]).

(56) Additionally, the MIIT 2023 Work Plan on the Stable Growth of the Steel Industry ([40]) sets the following objectives: '*In 2023,* […] *the investment in fixed assets in the entire industry shall maintain a steady growth, and the economic benefits shall be significantly improved; the industry's R&D investment shall eventually reach 1,5 %; the industry's added value growth shall reach about 3,5 %; in 2024, the industry development environment and industry structure shall be further optimized, the move towards high-end, intelligent, and green products shall continue, and the industry added value growth shall exceed 4 %*', and foresees government mandated corporate consolidation of the steel sector: '[e]*ncourage industry-leading enterprises to implement mergers and acquisitions, build world-class super-large iron and steel enterprise groups, and foster the optimal layout of national iron and steel production capacity. Support specialized enterprises with leading power in particular steel market segments to further integrate resources and create a steel industry ecosystem. Encourage iron and steel enterprises to carry out cross-regional* […] *mergers and reorganizations* […]. *Consider giving greater policy support for capacity replacement to iron and steel enterprises that have completed substantive mergers and reorganizations*'.

(57) More recently, the MIIT 2025-2026 Work Plan on the Steady Growth of the Steel Industry ([41]) seeks to '*implement precise control of the production capacity and output*' as well as '*to enhance the supply capacity of high-end products*' ([42]). It also requires '*main steel-producing provinces* [to] *play a leading role and accelerate the industry optimization and upgrading*', as well as '*industry associations* [to] *take proactive measures to curb cutthroat competition,* […] *and strictly implement national policies on capacity and output control*' ([43]).

(58) Similar examples of the GOC's intention to supervise and guide the developments of the steel sector can be seen at the provincial level, such as in Hebei, where the provincial government released the Three-Year Action Plan on Cluster Development in the Steel Industry Chain in 2020. This plan requires to '*steadily implement the group development of organizations, accelerate the reform of mixed ownership of state-owned enterprises, focus on promoting the cross-regional merger and reorganization of private iron and steel enterprises, and strive to establish 1-2 world-class large groups, 3-5 large groups with domestic influence*' ([44]). Moreover, Hebei's plan in the steel sector states: '*Adhere to structural adjustment and highlight product diversification. Unswervingly promote the structural adjustment and layout optimization of the iron and steel industry, promote the consolidation, reorganization, transformation and upgrading of enterprises, and comprehensively promote the development of the iron and steel industry in the direction of large-scale enterprises, modernization of technical equipment, diversification of production processes, and diversification of downstream products*' ([45]).

(59) More specifically as regards SMWW and the inputs used to produce it Hebei's Plan requires to '[c]*onsolidate the market advantages of wire rod and bar products. Encourage wire rod and bar manufacturers to conduct research and development and production of hot-rolled ribbed steel bars with a strength of 500 MPa or higher, leading product upgrades. Promote the deep processing of steel bars and wire rod products, establish and improve processing and distribution centers, and provide construction companies with processing and distribution services for end-products such as […] welding wire mesh*' ([46]).

(60) Likewise, the Henan Implementation Plan for the Transformation and Upgrade of the Steel Industry during the 14th FYP requires to '*focus on national strategic needs, guide enterprises to promote the optimization and upgrading of product structure, develop high-quality special steel, high-performance marine engineering steel, special alloy steel for high-end equipment, core basic parts steel and other "special, fine, high" key varieties, and enhance the added value and competitiveness of steel products*' ([47]).

([39]) See: http://www.cnsmq.com/uploadfile/2023/0726/20230726110450488.pdf, Section IV, Subsection 3 (accessed on 4 May 2026).
([40]) See: https://www.miit.gov.cn/zwgk/zcwj/wjfb/tz/art/2023/art_2a4233d696984ab59610e7498e333920.html (accessed on 4 May 2026).
([41]) See: https://picpolicy.mofcom.gov.cn/file/20250930/95341759198867369.pdf (accessed on 4 May 2026).
([42]) Ibid., Sections III.1.1 and III.2.3.
([43]) Ibid., Section IV.1.
([44]) See: https://huanbao.bjx.com.cn/news/20200717/1089773.shtml, Chapter II.3.8 (accessed on 4 May 2026).
([45]) Ibid., Chapter I, Section 2.
([46]) Ibid., Chapter II.4.14.
([47]) See: https://huanbao.bjx.com.cn/news/20211210/1192881.shtml, Chapter II.7 (accessed on 4 May 2026).

(61) Further, it mandates to '*establish specialised steel production bases*[,] *encourage qualified steel enterprises to integrate upstream and downstream resources and to develop as clusters, extend the industrial chain, and develop specialized steel products*' and to support the building of a '*high-quality special steel bar and wire rod production base and regional processing center*' ([48]).

(62) Similar industrial policy objectives can also be found in the planning documents of other provinces, such as Jiangsu ([49]), Shandong ([50]), Shanxi ([51])or Zhejiang ([52]).

(63) In this regard, another example of effective steering by the GOC through the plans is the Notice of the Ansteel Group Co., Ltd.'s Party Committee on conscientiously studying, publicizing and implementing the spirit of the Party's 20th National Congress ([53]). The notice claims that the Ansteel Group will conscientiously implement the guiding plans and better introduce them to Party members, cadres and employees of the entire group.

(64) As to the GOC being in a position to interfere with prices and costs through State presence in firms in the sense of Article 2(6a)(b), second indent of the basic Regulation, the investigation confirmed that overlaps between managerial positions and CCP membership / Party functions exist also in the SMWW sector.

(65) By way of example, the Articles of Association of Shandong Solid Solder Co. Ltd. stipulate in their Article 11 that '[t]*he company shall establish an organization of the Communist Party of China and carry out Party activities in accordance with the provisions of the Constitution of the Communist Party of China and the Company Law*' ([54]).

(66) Similarly, Tianjin Golden Bridge Welding Materials Group Co., Ltd. reports that '[f]*or many years, the Group has adhered to the integration of Party and enterprise and has consistently used Party building to strengthen management. It has comprehensively implemented a system where top Party and government leaders are responsible for key positions, ensuring full coverage of Party members in key roles*' ([55]).

(67) The Chairman of the Board of Tianjin Golden Bridge Welding Materials Group Co., Ltd. is also the Secretary of the Party Committee ([56]) as well as a Member of the Tianjin Municipal People's Congress ([57]).

(68) Additionally, given that the steel wire sector, including SMWW, represents a sub-sector of the steel sector, the information available with respect to steel producers is relevant also to the product under investigation.

(69) For instance, the Chairman of the Board of Directors and the General Manager of Baosteel also serve as the company's Party Committee Secretary and Deputy Secretary respectively ([58]).

([48]) Ibid., Chapter II.3.
([49]) Jiangsu Province's Work Plan Steel Sector Transformation and Upgrade and Layout Optimisation 2019-2025; available at: http://www.jiangsu.gov.cn/art/2019/5/5/art_46144_8322422.html (accessed on 4 May 2026).
([50]) Shandong Province's 14 FYP on the Steel Industry Development; available at: https://m.mysteel.com/21/1119/11/DFD9D26D73D90F7D_abc.html (accessed on 4 May 2026).
([51]) Shanxi Province's 2020 Steel Industry Transformation and Upgrade Action Plan; available at: https://m.mysteel.com/20/0715/11/7BF7729C99CEB3EA_abc.html (accessed on 4 May 2026).
([52]) Zhejiang Province's Action Plan to Foster a High Quality Development of the Steel Industry: '*Foster enterprise mergers and reorganisation, accelerate the concentration process, reduce the number of steel smelting enterprises to approximately 10 enterprises*'; available at: https://www.jiaxing.gov.cn/art/2022/4/20/art_1228922756_59529426.html (accessed on 6 February 2025).
([53]) See: http://www.ansteel.cn/dangdejianshe/dangjiandongtai/2023-03-17/12429.html (accessed on 6 February 2025).
([54]) See: https://qxb-pdf-osscache.qixin.com/AnBaseinfo/d964f46cb636fadef6a5c70d105e93bc.pdf, (accessed on 4 May 2026).
([55]) See: https://www.tjgoldenbridge.com/class/2?page=3 (accessed on 4 May 2026).
([56]) See: https://www.tjgoldenbridge.com/article/391 (accessed on 4 May 2026).
([57]) See: https://www.tjgoldenbridge.com/article/182 (accessed on 4 May 2026).
([58]) See Baoshan Iron and Steel Ltd.'s 2025 Annual Report, page 38 available at: http://file.finance.sina.com.cn/211.154.219.97:9494/MRGG/CNSESH_STOCK/2026/2026-4/2026-04-30/12277876.PDF (accessed on 4 May 2026).

(70) Furthermore, the Chairman of the Board of Directors and Executive Director of the Ansteel Group also serves as the company's Party Secretary. Similarly, the Executive Manager and General Manager of the Ansteel Group is the Deputy Party Secretary ([59]).

(71) Government control and policy supervision can be also observed at the level of the relevant industry associations ([60]), in particular the CISA ([61]).

(72) The CISA states in Article 3 of its Articles of Association that the organisation '*adheres to the overall leadership of the Communist Party of China and, in accordance with the provisions of the Constitution of the Communist Party of China, establishes organizations of the Communist Party of China to carry out party activities and provide necessary conditions for the activities of party organizations. The entity in charge of registration and management of this association is the Ministry of Civil Affairs of the People's Republic of China, and the entity in charge of the industry management is the Ministry of Industry and Information Technology ("MIIT")* ([62])'. Article 36 of the CISA Articles of Association provides that the persons in charge of the association needs to '[a]*dhere to the leadership of the Communist Party of China, support socialism with Chinese characteristics, resolutely implement the Party's line, principles, and policies, and have good political qualities*' ([63]).

(73) Ansteel Group and Baosteel are members of CISA ([64]).

(74) Further, policies discriminating in favour of domestic producers or otherwise influencing the market in the sense of Article 2(6a)(b), third indent of the basic Regulation are in place in the Chinese steel sector, and these are generally applicable to the product under investigation given that the steel wire sector is a sub-sector of the steel sector.

(75) The steel industry is consistently considered as a key industry by the GOC ([65]). This is confirmed in the numerous plans, directives and other documents focused on the sector, which are issued at national, regional and municipal level. Under the 14th FYP, the GOC earmarked the steel industry for transformation and upgrade, as well as optimization and structural adjustment ([66]). Similarly, the 14th FYP on Developing the Raw Materials Industry, applicable also to the steel industry, lists the sector as the '*bedrock of the real economy*' and '*a key field that shapes China's international competitive edge*' and sets a number of objectives and working methods which would drive the development of the sector in the time period 2021-2025, such as technological upgrade, improving the structure of the sector (not least by means of further corporate concentrations) or digital transformation ([67]).

(76) Moreover, the abovementioned Work Plan on the Stable Growth of the Steel Industry (see recitals (55)-(56)) demonstrates how the focus of the Chinese authorities on the sector is put into the wider context of the GOC steering the Chinese economy: '[s]*upport steel companies to closely follow the needs of new infrastructure, new urbanization, rural revitalization, and emerging industries, dock with major engineering projects related to the "14th Five-Year Plan" in various regions, and make every effort to ensure steel supply. Establish and deepen upstream and downstream cooperation mechanisms between steel and key steel-using sectors such as shipbuilding, transportation, construction, energy, automobiles, home appliances, agricultural machinery, and heavy equipment, carry out production-demand docking activities, and actively expand steel application fields*' ([68]).

([59]) See Ansteel Group's annual report 2025, available at: http://file.finance.sina.com.cn/211.154.219.97:9494/MRGG/CNSESZ_STOCK/2026/2026-3/2026-03-31/12047371.PDF (accessed on 4 May 2026).
([60]) Updated Report – Chapter 2, p. 24-27.
([61]) See: https://www.chinaisa.org.cn/gxportal/xfgl/portal/index.html (accessed on 4 May 2026).
([62]) See: : https://www.chinaisa.org.cn/gxportal/xfgl/portal/content.html?articleId=5fd873219bb8b13ffedb8c5f6b9c9761bbcab5c25754679099671bfacd56283e&columnId=0227750914a0f2a722c5b71b220e0aa19ceb0ee2cd7a7e325a35f6591cdbf66a (accessed on 4 May 2026).
([63]) Ibid.
([64]) See: https://www.chinaisa.org.cn/gxportal/xfgl/portal/contentpdf.html?articleId=782bc7b139df560f4e0600bc7c11f745499500c01a195d9f013445a1c7a6cbb6&columnId=b4e3620ae0d50dc84f60d8ba3c75a2f0d7473f7aa7ef0b480472fc221624f180 (accessed on 6 May 2026).
([65]) Report, Part III, Chapter 14, p. 346 ff.
([66]) See: the People's Republic of China 14th Five-Year Plan for National Economic and Social Development and Long-Range Objectives for 2035, Part III, Article VIII, available at: https://cset.georgetown.edu/publication/china-14th-five-year-plan/ (accessed on 5 May 2026).
([67]) See: http://www.cnsmq.com/uploadfile/2023/0726/20230726110450488.pdf, Sections I and II (accessed on 5 May 2026).
([68]) See: https://www.miit.gov.cn/zwgk/zcwj/wjfb/tz/art/2023/art_2a4233d696984ab59610e7498e333920.html (accessed on 5 May 2026).

(77) At local level, such as in the Shandong province, where Shandong Solid Solder Co. Ltd. is located, the Shandong 14th FYP for the iron and steel industry development requires focusing '[o]*n developing […] special welding steel, spring steel, and engineering machinery steel, among other special steel materials*' ([69]).

(78) Moreover, in the Liaoning province, where the Ansteel Group is located, measures are in place to ensure preferential treatment to '*promote the transformation and upgrading of traditional industries*' ([70]). Liaoning '*actively cultivates and develops new quality productive forces according to local conditions*' ([71]) and the Ansteel Group is one of them.

(79) In sum, the GOC has measures in place to induce operators to comply with the public policy objectives of supporting encouraged industries, including the production of the main raw materials used to manufacture SMWW. Such measures impede market forces from operating freely.

(80) The present investigation has not revealed any evidence that the discriminatory application or inadequate enforcement of bankruptcy and property laws in the steel sector, according to Article 2(6a)(b), fourth indent of the basic Regulation would not affect the manufacturers of the product under investigation.

(81) The steel wire sector, including SMWW, is also affected by the distortions of wage costs in the sense of Article 2(6a)(b), fifth indent of the basic Regulation, as also referred to above in recital (35). Those distortions affect the sector both directly (when producing the product under investigation or the main inputs), as well as indirectly (when having access to inputs from companies subject to the same labour system in China).

(82) Moreover, no evidence was submitted in the present investigation demonstrating that the sector of the product under investigation is not affected by the government intervention in the financial system in the sense of Article 2(6a)(b), sixth indent of the basic Regulation, as also referred to above in recital (35). The abovementioned (see recitals (55)-(56)) Work Plan on the Stable Growth exemplifies also this type of government intervention very well: '*Encourage financial institutions to actively provide financial services to steel companies that implement mergers and reorganizations, layout adjustments, transformation and upgrading, in accordance with the principles of risk control and business sustainability*.' Therefore, the substantial government intervention in the financial system leads to the market conditions being severely affected at all levels.

(83) Finally, the Commission recalls that a number of inputs are needed to produce SMWW. When SMWW producers purchase/contract these inputs, the prices they pay (and which are recorded as their costs) are clearly exposed to the same systemic distortions mentioned before. For instance, suppliers of inputs employ labour that is subject to the distortions. They may borrow money that is subject to the distortions on the financial sector/capital allocation. In addition, they are subject to the planning system that applies across all levels of government and sectors.

(84) As a consequence, not only the domestic sales prices of the product under investigation are not appropriate for use within the meaning of Article 2(6a)(a) of the basic Regulation, but all the input costs (including raw materials, energy, land, financing, labour, etc.) are also affected because their price formation is affected by substantial government intervention, as described in Parts I and II of the Report. Indeed, the government interventions described in relation to the allocation of capital, land, labour, energy and raw materials are present throughout China. This means, for instance, that an input that in itself was produced in China by combining a range of factors of production is exposed to significant distortions. The same applies for the input to the input and so forth.

(85) In sum, the evidence available showed that prices or costs of the steel wire sector and thus also SMWW, including the costs of raw materials, energy and labour, are not the result of free market forces because they are affected by substantial government intervention within the meaning of Article 2(6a)(b) of the basic Regulation, as shown by the actual or potential impact of one or more of the relevant elements listed therein. On that basis, the Commission concluded that it is not appropriate to use domestic prices and costs to establish normal value in this case.

([69]) See: : http://gxt.shandong.gov.cn/module/download/downfile.jsp?classid=0&filename=1f79d908601e479f83707e67b133e347.pdf, Section IV.1.1 (accessed on 5 May 2026).

([70]) See: https://www.ln.gov.cn/web/qmzx/yhyshjzt/dt/2026012216261228813/index.shtml (accessed on 5 May 2026).

([71]) Ibid.

3.2.2. *Arguments raised by interested parties*

(86) The GOC did not comment or provide evidence supporting or rebutting the existing evidence on the case file, including the Report and the additional evidence provided by the complainant, on the existence of significant distortions and/or appropriateness of the application of Article 2(6a) of the basic Regulation in the case at hand.

(87) The Commission received comments from interested parties in relation to the existence of significant distortions in China.

(88) Juli Group submitted as part of its questionnaire reply that its domestic purchases of raw materials and energy were not affected by distortions. It did not further substantiate its claim. In this regard, the Commission recalled that once it has determined that due to the existence significant distortions in the country concerned in accordance with Article 2(6a)(b) of the basic Regulation it is not appropriate to use domestic prices and costs in the country concerned, the normal value is constructed for each exporting producer by reference to undistorted prices or benchmarks in an appropriate representative country according to Article 2(6a)(a) of the basic Regulation. Article 2(6a)(a) allows the use of domestic costs only if they are positively established not to be distorted. However, no costs of production and sale of the product under investigation could be established as undistorted in light of the evidence available on the factors of production of individual exporting producers. For this reason, the claim was dismissed.

(89) On 10 April 2026, Yunhe submitted arguments concerning the existence of significant distortions as part of its comments on the FOP Note. First, Yunhe argued that Article 2(6a) of the basic Regulation is inapplicable in the present investigation as the provision is incompatible with the EU's commitments under the WTO agreements and the WTO Dispute Settlement Body's ruling in *European Union – Anti-dumping measures on biodiesel from Argentina*.

(90) Second, Yunhe argued that the significant distortions are not well evidenced and that, even if they would exist, they do not affect all aspects of the production costs of SMWW. They indicated that the complainants failed to adduce the substantive evidence required to demonstrate that the SMWW market in China is under significant distortions affecting the production and sale of the exporting producers under investigation within the meaning of Article 2(6a) of the basic Regulation.

(91) First, the Commission considered that the provisions of Article 2(6a) of the basic Regulation are fully consistent with the European Union's WTO obligations and the jurisprudence cited above. At the outset, the Commission notes that the WTO Report on *EU – Biodiesel* did not concern the application of Article 2(6a) of the basic Regulation, but a specific provision of Article 2(5) of the basic Regulation. In any event, WTO law as interpreted by the WTO Panel and the Appellate Body *in EU – Biodiesel* allows the use of data from a third country, duly adjusted when such adjustment is necessary and substantiated. The existence of significant distortions renders costs and prices in the exporting country inappropriate for the construction of normal value. In these circumstances, Article 2(6a) envisages the construction of costs of production and sale on the basis of undistorted prices or benchmarks, including those in an appropriate representative country with a similar level of development as the exporting country. The claims by Yunhe on the incompatibility Article 2(6a) of the basic Regulation with the EU's commitments under the WTO agreements were therefore rejected.

(92) Second, as regards the body of evidence supporting the Commission's finding of the existence of significant distortions affecting the Chinese SMWW sector, the Commission notes that Yunhe did not submit any evidence proving that there are no significant distortions in the SMWW market in China. The Commission also recalled that point 3 of the Notice of Initiation referred to a number of *prima facie* elements in the Chinese steel wire sector to substantiate that the sector was affected by distortions across the steel wire value chain in China. The Commission considered that the evidence listed in the Notice of Initiation was sufficient to warrant initiation of an investigation on the basis of Article 2(6a) of the basic Regulation. Indeed, while the determination on the actual existence of significant distortions and the consequent use of the methodology prescribed by Article 2(6a)(a) only occurs at the time of the provisional and/or definitive disclosure, Article 2(6a)(e) lays down an obligation to collect the data necessary for the application of this methodology when the investigation has been initiated on this basis. In this case, the Commission deemed the *prima facie* evidence submitted by the complainant on the significant distortions

sufficient to initiate the investigation on this basis. The Notice of Initiation clearly specified this at point 3 in accordance with the obligation stated in Article 2(6a)(e) of the basic Regulation. Therefore, the Commission took the steps necessary to enable it to apply the methodology under Article 2(6a) of the basic Regulation in case the existence of significant distortions would be confirmed during the investigation.

(93) Furthermore, as regards the evidentiary value of the Report, the Commission recalled that it is a comprehensive document based on extensive objective evidence, including legislation, regulations and other official policy documents published by the GOC, third party reports from international organisations, academic studies and articles by scholars, and other reliable independent sources. The Report was first published in December 2017 and thoroughly updated in April 2024. All parties had ample opportunity to rebut, supplement, or submit comments on the Report in accordance with Article 2(6a)(c) of the basic Regulation, but the Commission received no such comments or evidence which would invalidate the Report.

(94) Additionally, the Commission recalled that the existence of the significant distortions giving rise to the application of Article 2(6a) of the basic Regulation is not linked to the existence, in the Report, of a specific sectoral chapter or information regarding a specific market covering the product under investigation, or specific companies. The Report describes different types of distortions present in China, which are cross-cutting and applicable throughout the Chinese economy ([72]) and affect the prices and/or the raw materials and costs of production of the product under investigation ([73]). Additionally, the Report includes a chapter on the steel sector, which is relevant for the Commission's assessment on the steel wire sector, which is a subsector of the steel sector. Furthermore, the Report is not the only source of evidence used by the Commission for its determination, as there are additional probationary elements used for this purpose. As explained in Section 3.2.1 above, the SMWW industry is subject to a number of governmental interventions (such as State presence and supervision in key industry actors, coverage by the FYPs and other documents, and interventions in the financial sector), which also affect the costs of production of SMWW, including raw materials, energy, land, capital and labour. This argument was therefore dismissed.

(95) In view of the above, the Commission proceeded to construct the normal value exclusively on the basis of costs of production and sale reflecting undistorted prices or benchmarks, that is, in this case, on the basis of corresponding costs of production and sale in an appropriate representative country, in accordance with Article 2(6a)(a) of the basic Regulation, as described in the following section.

3.2.3. *Representative country*

3.2.3.1. General remarks

(96) The choice of the representative country was based on the following criteria pursuant to Article 2(6a)(a) of the basic Regulation:

— A level of economic development similar to China. For this purpose, the Commission used countries with a gross national income per capita similar to China on the basis of the database of the World Bank ([74]);

— Production of the product under investigation in that country;

— Existence of relevant readily available data in the representative country.

— Where there is more than one possible representative country, preference was given, where appropriate, to the country with an adequate level of social and environmental protection.

([72]) Part I of the Report.
([73]) Part II of the Report.
([74]) World Bank Open Data – Upper Middle Income, https://data.worldbank.org/income-level/upper-middle-income.

(97) As explained in recital (29), the Commission issued the FoP Note on 1 April 2026. This note described the facts and evidence underlying the relevant criteria and the Commission informed interested parties of its intention to consider Malaysia as an appropriate representative country in the present case if the existence of significant distortions pursuant to Article 2(6a)(a) of the basic Regulation would be confirmed.

3.2.3.2. A level of economic development similar to China

(98) In the FoP Note, the Commission identified Brazil, Mexico, Malaysia, Argentina and Türkiye as countries with a similar level of economic development as China according to the World Bank, i.e. they are all classified by the World Bank as 'upper-middle income' countries on a gross national income basis where production of the product under investigation was known to take place.

3.2.3.3. Existence of relevant readily available data in the representative country

(99) For the countries considered and mentioned above, the Commission further verified the readily available data, including the data on imports of factors of production as well as of financial data from the producers of the product under investigation in these potential representative countries.

(100) The Commission analysis showed that only for Malaysia, data on representative undistorted volumes of the principal raw material (silicone-manganese wire rod) were available, as opposed to Brazil, Mexico, Argentina or Türkiye, where no or negligible (less than 10 tonnes) imports of wire rod were identified. Moreover, Malaysian imports of wire rod were not materially affected by imports from China or any of the countries listed in Annex I to Regulation (EU) 2015/755 of the European Parliament and of the Council ([75]) and no particular trade distortions on wire rod are known to exist in the country. Furthermore, representative company data showing a reasonable amount for profitability and for SG&A costs for part of the investigation period were available for Malaysia. It is further noted that no interested party argued against the use of Malaysia as a representative country.

(101) Regarding the producers in Malaysia and the availability of their data, the Commission identified one SMWW producer, Kiswel, (see recital (29)) for which financial results showing reasonable amount for profit and for SG&A costs were available for 2024, a period partially overlapping with the investigation period.

(102) Interested parties were invited to comment on the appropriateness of Malaysia as a representative country and the overall Commission assessment set out in the FoP Note. The comments from interested parties are set out in Section 3.2.4.2 below.

3.2.3.4. Level of social and environmental protection

(103) As explained above the Commission initially considered five potential representative countries: Malaysia, Argentina, Mexico, Brazil and Türkiye. As explained in recital (29) above, countries other than Malaysia were found not to be appropriate representative countries in this case as there were essentially no imports of the main input identified into the said countries. It follows that Malaysia was the only appropriate representative country.

(104) Having established that Malaysia was the only appropriate representative country, based on all of the above elements, there was no need to carry out an assessment of the level of social and environmental protection in accordance with the last sentence of Article 2(6a)(a) first indent of the basic Regulation.

([75]) Regulation (EU) 2015/755 of the European Parliament and of the Council of 29 April 2015 on common rules for imports from certain third countries (OJ L 123, 19.5.2015, p. 33).

3.2.3.5. Conclusion

(105) In view of the above analysis, only Malaysia met the criteria laid down in Article 2(6a)(a), first indent of the basic Regulation in order to be considered as an appropriate representative country.

3.2.4. *Sources used to establish undistorted costs*

(106) In the FoP Note, the Commission listed the factors of production used in the production of SMWW by the exporting producers, namely the silicone-manganese wire rod ('wire rod'), electricity and labour. In the FoP Note, the Commission also informed the interested parties that due to the negligible weight (around 1 %) of some of the raw materials in the total cost of production, these negligible items were grouped under consumables.

(107) The Commission stated that, to construct the normal value in accordance with Article 2(6a)(a) of the basic Regulation, it would use Malaysian import data from Global Trade Atlas ('GTA') to establish the undistorted cost of wire rod.

(108) In addition, the Commission stated that it would use the Malaysian Department of Statistics ([76]) and Tenaga Nasional Berhad (Malaysia's largest electricity utility company) ([77]) data for establishing undistorted costs of labour and electricity respectively.

3.2.4.1. Factors of production

(109) Considering all the information submitted by the interested parties and collected during the verification visits, the following factors of production and their sources have been identified in order to determine the normal value in accordance with Article 2(6a)(a) of the basic Regulation:

Table 1

Factors of production of SMWW

Factor of Production	Commodity Code	Undistorted value	Unit of measurement
Wire rod of silico-manganese steel	722720	6,91 CNY	kg
Labour	n/a	38,55 CNY	hour
Electricity	n/a	0,82 – 0,98 CNY	kWh

Raw materials

(110) To establish the undistorted price of wire rod as delivered at the gate of a representative country producer, the Commission used as a basis the weighted average import price to the representative country as reported in the GTA to which import duties and transport costs were added.

(111) An import price in the representative country was determined as a weighted average of unit prices of imports from all third countries excluding China and countries which are not members of the WTO, listed in Annex 1 of Regulation (EU) 2015/755 of the European Parliament and the Council ([78]).

([76]) https://www.dosm.gov.my/uploads/release-content/file_20260219132223.pdf.
([77]) https://www.mytnb.com.my/tariff/index.html?v=1.1.48.
([78]) Regulation (EU) 2015/755 of the European Parliament and of the Council of 29 April 2015 on common rules for imports from certain third countries (OJ L 123, 19.5.2015, p. 33, ELI: http://data.europa.eu/eli/reg/2015/755/oj). Article 2(7) of the basic Regulation considers that domestic prices in those countries cannot be used for the purpose of determining normal value.

(112) The Commission decided to exclude imports from China into the representative country as it concluded in recital (85) that it is not appropriate to use domestic prices and costs in China due to the existence of significant distortions in accordance with Article 2(6a)(b) of the basic Regulation. Given that there is no evidence showing that the same distortions do not equally affect products intended for export, the Commission considered that the same distortions affected export prices.

(113) The Commission expressed the transport cost incurred by the cooperating exporting producers for the supply of raw materials as a percentage of the actual cost of such raw materials and then applied the same percentage to the undistorted cost of the same raw materials to obtain the undistorted transport cost. The Commission considered that, in the context of this investigation, the ratio between the exporting producer's raw material and the reported transport costs could be reasonably used as an indication to estimate the undistorted transport costs of raw materials when delivered to the company's factory.

(114) Furthermore, for consumables (see recital (106)), the Commission calculated the percentage of the consumables on the total cost of raw materials and applied this percentage to the recalculated cost of raw materials when using the established undistorted prices.

Labour

(115) With respect to labour costs, the Commission used the data published by the Malaysian Department of Statistics on manufacturing wages in the Monthly Manufacturing Statistics December 2025, released 9 February 2026 ([79]). The Department of Statistics Malaysia report shows monthly salaries and wages in the manufacturing sector, for which the subcategory 25: *Manufacture of fabricated metal products, except machinery and equipment* seems the most appropriate in this case. The average monthly value in the investigation period was duly adjusted for other contributions as set out in the FoP Note.

Electricity

(116) In relation to the electricity benchmark, the Commission used the prices for industrial users in Malaysia applicable in the investigation period, as published by Tenaga Nasional Berhad ([80]), Malaysia's largest electricity utility company and disclosed in the FoP Note. The exact benchmark per sampled exporting producer is based on that company's actual electricity usage and split per peak, flat or off-peak period usage, where applicable.

Manufacturing overhead costs, SG&A costs and profits

(117) According to Article 2(6a)(a) of the basic Regulation, "*the constructed normal value shall include an undistorted and reasonable amount for administrative, selling and general costs and for profits*". In addition, a value for manufacturing overhead costs needs to be established to cover costs not included in the factors of production referred to above.

(118) The manufacturing overheads incurred by the cooperating exporting producers were expressed as a share of the costs of manufacturing actually incurred by the exporting producers. This percentage was applied to the undistorted costs of manufacturing.

(119) For establishing an undistorted and reasonable amount for SG&A costs and profit, the Commission relied on the financial data for 2024 for Kiswel as extracted from Orbis database ([81]) and disclosed as an annex with the FoP Note.

([79]) dosm.gov.my/uploads/release-content/file_20260219132223.pdf.
([80]) https://www.mytnb.com.my/tariff/index.html?v=1.1.48.
([81]) https://login.bvdinfo.com/R1/Orbis.

3.2.4.2. Arguments of the parties

(120) In response to the FoP Note and in relation to the benchmark for wire rod, Yunhe argued that the Commission should have used prices specifically for the grade used by Yunhe, rather than general wire rod price of Malaysian imports. Juli also argued further to the FoP Note that the benchmark for wire rod is unreasonable, as the Malaysian import statistics for HS code 722720 encompass also other categories of wire rod that are irrelevant to the manufacturing of SMWW. More specifically, Juli claimed that HS code 722720 includes, in addition to the carbon steel wire rod used by Juli, also more expensive low-alloy steel wire rods incorporating additional alloying elements (e.g. Ni, Cr, Mo, Ti, V etc.).

(121) First, the data on import prices of wire rod in Malaysia are readily available in GTA at a sufficiently high level of granularity that allowed the Commission to isolate and distinguish the statistics on silico-manganese steel used by the Chinese exporting producers for manufacturing of SMWW from other types of raw material. Similar to the EU Combined Nomenclature, the Malaysian customs code 722720 is reserved specifically for silico-manganese steel. The rods that would contain other alloying elements such as chromium fall under a different customs code, namely HS 722790. Second, the undistorted quantities of wire rod imports into Malaysia are large and, therefore, any resulting final average thus automatically reduces the impact of any potentially abnormal prices for grades at higher or lower end of the price range. Moreover, the Malaysian import prices of the wire rod are consistent with the purchasing prices of wire rod by the Union producers of SMWW. In any event, Yunhe as well as Juli failed to demonstrate that the Malaysian import statistics for HS code 722720 would include wire rods of grades different from those used by the exporting producers or types of wire rod other than silico-manganese wire rod, and to what extent. As argued by the complainant, Yunhe and Juli also did not provide any alternative appropriate sources of pricing data distinguishing silico-manganese wire rods by grade.

(122) Moreover, Yunhe submitted that the wire rod information used by the Commission reflects unit prices calculated based on Malaysia's import data, not the unit prices of products manufactured and sold domestically in Malaysia.

(123) Regarding the use of domestic prices for the wire rod in Malaysia, the Commission noted that Article 2(6a)(a) of the basic Regulation prescribes the use of corresponding data in an appropriate representative country "provided that the relevant data are readily available." In the present case, the Commission did not have at its disposal data on domestic raw material prices in Malaysia and such data are not readily available. By contrast, data on import prices in Malaysia are readily available and the Commission used GTA as the source of this data.

(124) Yunhe further suggested that the Commission should in fact use for the benchmark export prices from countries exporting wire rod to Malaysia (such as South Korea, the biggest importer of wire rod into Malaysia), further adjusted to an ex-works basis, instead of import prices into Malaysia.

(125) The Commission used consistently in its previous anti-dumping investigations GTA import statistics at CIF level, adjusted for import taxes, to establish a purchase price of the inputs available on the domestic market of the representative country. In fact, these duly adjusted CIF import prices reflect the situation on the domestic market as they are in direct competition with the domestic prices in the representative country. Yunhe did not provide any plausible explanation as to why the Commission should deviate from the consistent practice of using import prices from the representative country. Nor did Yunhe explain why solely export prices of South Korea should be considered. Moreover, by taking into account only South Korean prices of wire rod, the Commission would neglect to take account of other imports into Malaysia, notably Brazil, thereby applying a selective method without objective justification. Yunhe's argument was therefore rejected.

(126) Finally, Yunhe invited the Commission to use market price information provided by the Malaysian complainant in an anti-dumping case on imports of wire rod from China, conducted by the Malaysian authorities in 2024 ([82]).

([82]) see https://www.miti.gov.my/miti/resources/Media%20Release/CLEAR_INITIATION_Media_Release_SWR_(English).pdf, last accessed on 10 July 2026.

(127) It was noted by the Commission that the specific pricing data from Malaysian anti-dumping investigation referred to by Yunhe is not available in the public domain. Moreover, the investigation in question covered a different time period than the investigation period and importantly, as raised by the complainant, concerned imports of wire rod falling under customs codes ([83]) other than those attributed to the wire rod used by the exporting producers in manufacturing SMWW. Yunhe's argument was therefore dismissed.

(128) In relation to labour cost, according to Yunhe, the benchmark for Malaysia proposed by the Commission should be adjusted to account for capacity utilisation rates across the exporting companies. The Commission established the total labour cost of the sampled Chinese producers based on the hourly labour costs established in Malaysia multiplied by the number of man hours attributable to the production of SMWW and its various product types, as reported and verified for each sampled exporting producer. The Commission therefore duly took into account the actual operating hours and hence capacity utilisation at each individual exporting producer. Consequently, there is no justification for further adjustment of labour cost benchmark on the grounds of limited operating rates.

(129) Lastly, Yunhe claimed that given the different power generation structures of Malaysia and China, where Malaysia is more reliant on natural gas (price of which is rising) for power generation than China, a downward adjustment to the electricity cost benchmark is justified.

(130) The Commission found in the context of this investigation that significant distortions affected the welding wire industry in China, including the energy sector, in accordance with Article 2(6a) of the basic Regulation (see Section 3.2.1). Therefore, the Commission did not find it adequate to use domestic prices and costs in China (including any adjustments to benchmark prices to actually reflect the domestic prices) and the electricity cost was constructed by reference to the price in Malaysia, the representative country in this case.

3.3. **Normal value calculation**

(131) On the basis of the above, the Commission constructed the normal value per product type on an ex-works basis in accordance with Article 2(6a)(a) of the basic Regulation.

(132) First, the Commission established the undistorted manufacturing costs. The Commission applied the undistorted unit costs to the actual consumption of the individual factors of production of the cooperating exporting producers. These consumption rates were verified during the verification. The Commission multiplied the usage factors by the undistorted costs per unit observed in the representative country, as described in Section 3.2.4.1. Once the undistorted manufacturing cost was established, the Commission applied the manufacturing overheads as noted in recital (118).

(133) To the costs of production established as described in the previous recital, the Commission applied SG&A costs and profit of Kiswel as explained in recital (119). SG&A costs expressed as a percentage of the Costs of Goods Sold ('COGS') and applied to the undistorted costs of production, amounted to 12,6 %. The profit expressed as a percentage of the COGS and applied to the undistorted costs of production, amounted to 5,6 %.

(134) On that basis, the Commission constructed the normal value per product type on an ex-works basis in accordance with Article 2(6a)(a) of the basic Regulation.

3.4. **Export price**

(135) The sampled exporting producers exported the product concerned directly to independent customers in the Union. The export price for both exporting groups was therefore the price actually paid or payable for the product concerned when sold for export to the Union, in accordance with Article 2(8) of the basic Regulation.

([83]) see https://lom.agc.gov.my/act-view.php?language=BI&type=pub&no=P.U.%20(B)%20145/2025.

3.5. **Comparison**

(136) Article 2(10) of the basic Regulation requires the Commission to make a fair comparison between the normal value and the export price at the same level of trade and to make allowances for differences in factors which affect prices and price comparability.

(137) The normal value and the export price of the sampled exporting producers were compared at the *ex-works* level of trade. As further explained below, where appropriate, the normal value and the export price were adjusted in order to: (i) net them back to the *ex-works* level; and (ii) make allowances for differences in factors which were claimed, and demonstrated, to affect prices and price comparability.

3.5.1. *Adjustments made to the normal value*

(138) As explained in recital (131), the normal value was established at the ex-works level of trade by using costs of production together with amounts for SG&A expenses and for profit, which were considered to be reasonable for that level of trade. Therefore, no adjustments were necessary to net the normal value back to the ex-works level.

(139) The Commission found no reasons for making any allowances to the normal value, nor were such allowances claimed by any of the sampled exporting producers.

3.5.2. *Adjustments made to the export price*

(140) To net the export price back to the ex-works level of trade, adjustments were made on the account of freight, insurance, handling, loading and ancillary expenses.

(141) In addition to direct sales, one of the producers within the Juli group, also sold the product concerned through the other related producer in the group. The Commission established that the related company in question performed functions similar to those of an agent working on commission basis. This entity operated alongside the exporting producer’s sales department and received a markup for its services. Meanwhile, the exporting producer also conducted direct sales of the product to the Union, maintaining its own export department.

(142) For these transactions, the export price was adjusted in accordance with Article 2(10)(i) of the basic Regulation, by deducting the respective SG&A expenses of the selling entity and a reasonable profit. This profit was established at 3 %, based on the information provided by cooperating unrelated importers.

(143) Allowances were made for the following factors affecting prices and price comparability: credit cost, bank charges and packing costs.

3.6. **Dumping margins**

(144) For the sampled cooperating exporting producers, the Commission compared the weighted average normal value of each type of the like product with the weighted average export price of the corresponding type of the product concerned, in accordance with Article 2(11) and (12) of the basic Regulation.

(145) For the cooperating exporting producers not included in the sample, the Commission calculated the weighted average dumping margin, in accordance with Article 9(6) of the basic Regulation. Therefore, that margin was established on the basis of the margins of the sampled exporting producers, disregarding the margins of the exporting producers with zero and *de minimis* dumping margins, as well as margins established in the circumstances referred to in Article 18 of the basic Regulation.

(146) For all other exporting producers in China, the Commission established the dumping margin on the basis of the facts available, in accordance with Article 18 of the basic Regulation. To this end, the Commission determined the level of cooperation of the exporting producers. The level of cooperation is the volume of exports of the cooperating exporting producers to the Union expressed as proportion of the total imports from the country concerned to the Union in the investigation period, that were established on the basis of Eurostat.

(147) The level of cooperation in this case is high because the exports of the cooperating exporting producers constituted over 90 % of the total imports during the investigation period. On this basis, the Commission decided to establish the dumping margin for non-cooperating exporting producers at the level of the cooperating sampled individually examined company with the highest dumping margin.

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

Company	Provisional dumping margin
Changzhou City Yunhe Welding Material Co., Ltd.	75,3 %
Juli group: — Juli New Material Technology (Rizhao) Co., Ltd — Shandong Juli Welding Co., Ltd	102,4 %
Other cooperating companies	93,1 %
All other imports originating in country concerned	102,4 %

4. INJURY

4.1. Definition of the Union industry and Union production

(149) According to the available information, the like product was manufactured by 18 producers in the Union during the investigation period. They constitute the 'Union industry' within the meaning of Article 4(1) of the basic Regulation.

(150) The total Union production during the investigation period was established at around 260 995 tonnes, based on the reply to the macroeconomic questionnaire sent to the Union industry (the 'macro questionnaire').

(151) As indicated in recital (9), the three sampled Union producers represented 16 % of the total Union production of the like product.

4.2. Union consumption

(152) The Commission established the Union consumption based on the verified reply to the macro questionnaire submitted by the complainant and Eurostat data.

(153) As proposed by the complainant ([84]), import volumes and values from Eurostat were decreased by 5 %, to account for silico-manganese wire which might be imported under the CN code 7229 2000, but which is not the product under investigation.

(154) Union consumption developed as follows:

Table 2

Union consumption (tonnes)

	2022	2023	2024	IP
Total Union consumption	334 163	332 556	310 326	303 028
Index	*100*	*100*	*93*	*91*

Source: macro questionnaire reply of the Union industry and Eurostat data.

([84]) Point 10 of the open version of the complaint, Tron save number: t25.011982.

(155) Union consumption declined by 9 percent during the period considered, as demand somewhat decreased in the second half of the period considered, since the producing industries in many sectors in the Union reduced their operations in an economically challenging environment.

4.3. **Imports from China**

4.3.1. *Quantity and market share of the imports from China*

(156) The Commission established the quantity of imports on the basis of Eurostat data, adjusted by 5 % as explained in recital (153) above. The market share of the imports was established on the basis of a percentage of the consumption set out in Table 2.

(157) Imports into the Union from China developed as follows:

Table 3

Import quantity (tonnes) and market share

	2022	2023	2024	IP
Quantity of imports from China	52 845	74 948	79 992	81 515
Index	*100*	*142*	*151*	*154*
Market share	16 %	23 %	26 %	27 %

Source: Eurostat.

(158) Imports from China increased in quantity during the period considered, even with Union consumption decreasing. The market share of Chinese imports thus increased from 16 % to 27 % over the period considered.

4.4. **Import prices from China and price undercutting**

(159) The Commission established import prices on the basis of Eurostat data. Price undercutting of the imports was established on the basis of the verified questionnaire replies of the sampled exporting producers in China and the price data from the sampled Union producers.

(160) The weighted average price of imports into the Union from China developed as follows:

Table 4

Import prices (EUR/ tonne)

	2022	2023	2024	IP
Price from China	1 382	930	940	845
Index	*100*	*67*	*68*	*61*

Source: Eurostat.

(161) During the period considered, import prices from China fell sharply, decreasing by one third between 2022 and 2023. While the prices remained relatively stable in 2024, they fell by another 7 percentage points in the IP.

(162) The Commission determined the price undercutting during the investigation period by comparing:

(1) the weighted average sales prices per product type of the sampled Union producers charged to unrelated customers on the Union market, adjusted to an ex-works level; and

(2) the corresponding weighted average prices per product type of the imports from the sampled cooperating Chinese producers to the first independent customer on the Union market, established on a Cost, insurance, freight (CIF) basis, with appropriate adjustments for customs duties and post-importation costs.

(163) The price comparison was made on a type-by-type basis for transactions at the same level of trade, duly adjusted where necessary, and after deduction of rebates and discounts. The result of the comparison was expressed as a percentage of the sampled Union producers' theoretical turnover during the investigation period. It showed a weighted average undercutting margin of between 43,2 % and 52,0 % by the imports from the country concerned on the Union market. 100 % of import volumes of the product under investigation were found to be undercutting Union industry's prices.

(164) In addition, the Commission established the existence of price suppression throughout the period considered, and price depression in all years of the period considered. Dumped imports were sold into the Union at prices below the Union industry's costs of production and sales prices in all years of the period considered.

(165) The price of said dumped imports was also continuously decreasing. Faced with a strong presence of ever cheaper dumped imports in the market and a continuous loss of market share to said imports, Union producers were unable to set or increase their prices above their cost of production in any year of the period considered. To the contrary, Union producers were forced to keep reducing their prices to maintain at least some market share.

(166) As shown in Table 8 below, the year-on-year price reduction by the Union industry was of a much larger magnitude than the moderate decrease in its cost of production. In the years 2023 to the investigation period, Union producers were forced to reduce their prices ever below their cost of production, resulting in a lossmaking situation.

4.5. **Economic situation of the Union industry**

4.5.1. *General remarks*

(167) In accordance with Article 3(5) of the basic Regulation, the examination of the impact of the dumped imports on the Union industry included an evaluation of all economic indicators having a bearing on the state of the Union industry during the period considered.

(168) As mentioned in recital (9), sampling was used for the determination of possible injury suffered by the Union industry.

(169) 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 reply to the macro questionnaire. The data related to all Union producers.

(170) The Commission evaluated the microeconomic indicators on the basis of data contained in the questionnaire replies from the sampled Union producers.

(171) Both sets of data were found to be representative of the economic situation of the Union industry.

(172) The macroeconomic indicators are: production, production capacity, capacity utilisation, sales volume, market share, growth, employment, productivity, magnitude of the dumping margin, and recovery from past dumping.

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

4.5.2. *Macroeconomic indicators*

4.5.2.1. Production, production capacity and capacity utilisation

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

Table 5

Production, production capacity and capacity utilisation

	2022	2023	2024	IP
Production quantity (tonnes)	292 219	278 429	256 691	260 995
Index	*100*	*95*	*88*	*89*
Production capacity (tonnes)	379 470	403 187	403 187	403 187
Index	*100*	*106*	*106*	*106*
Capacity utilisation	77 %	69 %	64 %	65 %

Source: macro questionnaire reply.

(175) Production in the Union fell during the period considered by 11 percentage points, in line with the fall in consumption. The Union industry increased its capacity to produce between 2022 to 2023 due to the opening of another production site in Portugal. In the same year, however, one production site in Italy closed down.

(176) Given the fall in production and the increase in capacity, the capacity utilisation of the Union industry also fell as a result.

4.5.2.2. Sales quantity and market share

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

Table 6

Sales quantity and market share

	2022	2023	2024	IP
Total sales quantity on the Union market (tonnes)	246 182	230 409	206 084	197 970
Index	*100*	*94*	*84*	*80*
Market share	74 %	69 %	66 %	65 %

Source: macro questionnaire reply.

(178) The Union industry saw a clear reduction in sales quantity on the Union market during the period considered, with the largest fall between 2022 and 2023. The reduction in the sales of the Union industry (-20 %) was significantly higher than the reduction in consumption (-9 %) during the period considered and was due to the increased penetration of imports from China into the Union market (see Table 3 above). For the same reason, the Union industry also lost 9 percentage points of the market share, which was seized by Chinese imports.

4.5.2.3. Growth

(179) As explained above, Union consumption experienced a moderate contraction, decreasing by 9 % over the period considered. The decline in Union industry performance, however, was much more pronounced.

(180) Union industry's sales volumes decreased by 20 % over the period considered, losing 9 percentage points of the market share. In contrast, the volume of dumped Chinese imports increased by 54 % over the period considered, growing its market share from 16 % to 27 % (a 70 % increase).

(181) While the Union industry's production capacity increased somewhat in 2023, this was due to opening just one facility, a project which was already initiated before the market started being distorted by dumped imports.

(182) As shown in Table 11 below, the Union industry's level of investments also fell sharply in 2024 and the investigation period, as it was becoming increasingly loss-making.

(183) At the same time, despite mounting losses (see Table 11 below), the Union industry managed to retain a stable workforce (see Table 7 below) for the time being. However, should the unfavourable market conditions continue, the decrease in workforce is expected to follow.

(184) Considering all these elements, and especially the much more pronounced loss of sales volumes and market shares than the observed contraction of the market, the Commission concluded that the Union industry was shrinking, thus suffering injury.

4.5.2.4. Employment and productivity

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

Table 7

Employment and productivity

	2022	2023	2024	IP
Number of employees	1 749	1 787	1 796	1 768
Index	*100*	*102*	*103*	*101*
Productivity (tonnes/employee)	167	156	143	148
Index	*100*	*93*	*86*	*88*

Source: macro questionnaire reply.

(186) The Union industry was able to keep their employment levels stable across the period considered, with a modest increase compared to 2022. The increase was mostly driven by the opening of one new production plant, as mentioned in recital (175) above. However, given the reduction in production quantities, this led to lower productivity.

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

(187) All dumping margins were significantly above the *de minimis* level. The effect of the level of the margins of dumping on the Union industry was substantial, given the quantity and prices of imports from China.

(188) This is the first anti-dumping investigation regarding the product concerned. Therefore, no data were available to assess the effects of possible past dumping.

4.5.3. *Microeconomic indicators*

4.5.3.1. Prices and factors affecting prices

(189) 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 in the Union

	2022	2023	2024	IP
Average unit sales price in the Union (EUR/ tonne)	1 868	1 758	1 548	1 512
Index	*100*	*94*	*83*	*81*
Unit cost of production (EUR/ tonne)	1 817	1 779	1 771	1 719
Index	*100*	*98*	*97*	*95*

Source: questionnaire replies of the sampled Union producers.

(190) The data from the sampled Union producers showed a gentle decrease in the cost of production, driven mainly by the decrease in energy and raw material costs.

(191) Sampled Union producers' sales prices in the Union also fell during the period considered. However, the decrease in prices of -19 % was much sharper than the decrease in costs of production of -5 %, and was in fact driven by increasing presence of ever cheaper imports from China.

(192) As a result, the Union producers were unable to recover their cost of production from their sales in the Union during the period considered.

4.5.3.2. Labour costs

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

Table 9

Average labour costs per employee

	2022	2023	2024	IP
Average labour costs per employee (EUR)	43 472	43 358	44 200	46 520
Index	*100*	*100*	*102*	*107*

Source: questionnaire replies of the sampled Union producers.

(194) The sampled Union producers saw stable labour costs over the period considered, which increased by 5 percentage points between 2024 and the investigation period, driven by an increase in salaries in one of the sampled Union producers.

4.5.3.3. Inventories

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

Table 10

Stocks

	2022	2023	2024	IP
Closing stock (tonnes)	1 902	2 314	3 274	2 390
Index	*100*	*122*	*172*	*126*
Closing stock as a percentage of production	4 %	5 %	8 %	5 %

Source: questionnaire replies of the sampled Union producers.

(196) The sampled Union producers saw an increase in their stock between 2022 and 2024, which then fell in the investigation period.

(197) Closing stocks were not abnormally high for this industry throughout the period considered, fluctuating between 4 % and 8 % of production volume.

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

(198) 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, investment and return on investment

	2022	2023	2024	IP
Profitability (loss) of sales in the Union to unrelated customers	4,6 %	0,6 %	- 8,0 %	- 7,8 %
Cash flow (EUR)	8 480 505	3 910 736	- 2 367 760	- 1 244 649
Index	*100*	*46*	*- 28*	*- 15*
Investment (EUR)	3 447 980	7 537 330	2 190 777	1 556 736
Index	*100*	*219*	*64*	*45*
Return on investment	18 %	1 %	- 17 %	- 16
Index	*100*	*7*	*- 93*	*- 87*

Source: questionnaire replies of the sampled Union producers.

(199) 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.

(200) The sampled producers were slightly profitable at the start of the period considered but moved to a break even position in 2023 and to a loss making position in 2024 and the investigation period. Between 2023 and 2024 their position deteriorated considerably, with losses of 7,8 % by the end of the period considered, as they were unable to recover their costs of production with their sales prices, which were being pushed lower in each year of the period considered (see Table 8 above).

(201) The net cash flow is the ability of the Union producers to self-finance their activities. The trend showed a fall of more than 50 % between 2022 and 2023 and then the cash flow became negative in 2024 and the investigation period, as a result of decreasing revenues. Between 2024 and the end of the investigation period cash flow somewhat improved, but remained negative.

(202) The sampled Union producers were able to invest in their activity throughout the period considered, although the amounts they were able to invest decreased over the period considered, as their revenues decreased and cash flow turned into negative, all of which also constrained their ability to raise capital. Total investments in the investigation period were 45 % of what they were in 2022.

(203) Given the relationship between the level of investment, and the losses made in the period, the return on investment deteriorated as a result of increasing losses and decreasing investment.

(204) The sampled Union producers' ability to raise capital was significantly negatively impacted by declining profitability and negative cash flows.

4.6. **Conclusion on injury**

(205) In Sections 4.2 to 4.5 the Commission set out the data submitted by the sampled Union producers and the Union industry as a whole, verified by the Commission during the investigation.

(206) The data was collected to allow the Commission to decide whether the Union industry can be considered to be suffering injury during the period considered. If the Union industry is suffering injury, the Commission will then make a judgement as to the cause of the injury.

(207) Firstly, the data in Tables 3 and 4 show that imports from China increased in quantity by 54 % over the period considered, while their prices fell by 39 % over the same period.

(208) Some data shows a positive trend during the period considered. Table 5 shows that the Union industry as a whole was able to increase its production capacity, although this was limited to the opening of just one facility, which was already initiated before the market started being distorted by dumped imports from China.

(209) However, the Union industry was unable to use this capacity increase, as its production volume kept decreasing, falling by 20 % over the period considered, and its ability to keep its workforce was not reflected in production volumes or productivity increases.

(210) In any case, the other injury indicators clearly show a negative trend, in particular production and sales volume, market share, sales prices, and profitability. Despite the moderate decrease in costs, the industry was making significant losses by the end of the period considered as it was forced to sell below its costs of production to retain at least some market share.

(211) On the basis of the above, the Commission concluded at this stage that the Union industry suffered material injury within the meaning of Article 3(5) of the basic Regulation.

5. **CAUSATION**

(212) In accordance with Article 3(6) of the basic Regulation, the Commission examined whether the dumped imports from China caused material injury to the Union industry. In accordance with Article 3(7) of the basic Regulation, the Commission also examined whether other known factors could at the same time have injured the Union industry. The Commission ensured that any possible injury caused by factors other than the dumped imports from China was not attributed to the dumped imports. These factors were: imports from other third countries and the exports of the Union industry.

5.1. **Effect of the dumped imports**

(213) As shown in Table 2 above, consumption in the Union was stable in 2022 and 2023, before decreasing by 7 % in 2024, and by another 2 percentage points in the investigation period, showing signs of moderate contraction.

(214) As shown in the Table 5 above, Union production volumes fell by 5 percentage points in 2023 and another 7 percentage points in 2023, before increasing by a modest 1 percentage point in the investigation period, as a result of equally modest improvement in export performance at the macro level. ([85]) Overall production volumes of the Union industry decreased by 11 % over the period considered.

(215) The volume of sales to the Union market, as shown in Table 6 above, suffered an even more pronounced decline, decreasing in every year of the period considered, which amounted to a total decline of 20 % between 2022 and the investigation period, more than twice the rate of contraction of Union consumption over the same period. The Union industry's market share also fell from 74 % to 65 % over the period considered.

(216) At the same time, imports from China continuously increased in terms of volume and market share over the period considered. The volume of imports from China increased by 54 % in absolute terms and their market share rose from 16 % to 27 % (almost by a 70 % increase) from 2022 to the investigation period.

(217) The trends in sales volumes and market shares between Union producers and Chinese imports are thus effectively inverse, resulting in the Union industry loss of 9 percentage points of market share to Chinese imports.

(218) The prices of these imports were also decreasing throughout the period considered and were consistently below both the Union industry's average sales prices and their average unit cost of production. This gap was also widening; despite the decreasing production costs in the Union, the prices of Chinese imports were 25 % below Union industry's cost of production, and even 52 % below costs in the investigation period.

(219) Chinese imports were thus exerting enormous price pressure onto Union producers. As established in recital (163) above, Chinese imports were undercutting Union industry prices in the investigation period by a large margin. The prices of Chinese imports were also well below Union industry's average sales prices, and decreasing in each year of the period considered.

(220) As a result, Union producers were forced to keep decreasing their prices even more below their costs of production, resulting in mounting loses over the period considered. Dumped imports from China were thus causing price suppression and price depression to the Union industry.

(221) In conclusion, both during the period of stable demand in 2022 and 2023, and the moderately decreased demand in the second half of the period considered, dumped imports from China kept increasing in volume and were sold into the Union at decreasing prices, far below Union industry's cost of production. The Union industry was at the same time losing sales volumes and market share, and was forced to reduce their prices ever further to retain at least some market share, incurring ever increasing losses.

([85]) See verified macro questionnaire reply, available in the file for inspection by interested parties under save number t26.000532.

5.2. **Effect of other factors**

5.2.1. *Decline in Union consumption*

(222) As described in section 4.2 above, Union consumption decreased in the second half of the period considered. However, the Commission found that such a decrease in demand of 9 % was modest, and did not attenuate the causal link.

(223) In any event, the sales volumes of the Union industry decreased by a much more significant 20 % over the period considered, while the volume of Chinese dumped imports increased by 57 %, even as the market was shrinking, and seized 11 percentage points of market share (see Table 3 above).

(224) On top of that, the decline in performance of the Union industry started already in 2023, when the demand was still stable; the Union industry turned from being profitable in 2022 to barely breaking even in 2023.

5.2.2. *Imports from third countries*

(225) The quantity of imports from other third countries developed over the period considered as follows:

Table 12

Imports from third countries (tonnes)

Country		2022	2023	2024	IP
Türkiye	Quantity	15 014	11 729	9 414	6 097
	Index	*100*	*78*	*63*	*41*
	Market share	4 %	4 %	3 %	2 %
	Average price	1 573	1 556	1 357	1 317
	Index	*100*	*99*	*86*	*84*
Other third countries	Quantity	20 122	15 470	14 835	17 447
	Index	*100*	*77*	*74*	*84*
	Market share	6 %	5 %	5 %	6 %
	Average price	1 696	1 573	1 500	1 522
	Index	*100*	*93*	*88*	*90*
Total of all third countries except China	Quantity	35 135	27 199	24 249	23 544
	Index	*100*	*77*	*69*	*67*
	Market share	11 %	8 %	8 %	8 %
	Average price	1 643	1 566	1 445	1 469
	Index	*100*	*95*	*88*	*89*

Source: Eurostat.

(226) The Commission did not find any evidence that imports from other countries would be a cause of injury to the Union industry. Imports from Türkiye were the highest in terms of volume and market share of other third countries' imports in the Union (i.e., not including China). Yet, they have been decreasing on both metrics in each year of the period considered.

(227) When imports from Türkiye are taken together with all other third countries' imports (except China), even all of these imports were much smaller in terms of quantity and market share than those from China. The quantity of these imports fell consistently throughout the period considered, with their market share declining in 2023 and remaining stable thereafter. Chinese imports also took 3 percentage point of market share from other third counties' imports.

(228) Although the prices of these imports also fell during the period considered, they remain significantly higher than the import price from China, as set out in Table 4. In light of that fact, and the above-described trends of volumes and market share of all other third countries' imports, these imports could not have attenuated the causal links between dumped imports from China and the injury suffered by the Union industry.

5.2.3. *Export performance of the Union industry*

(229) The volume of exports of the sampled Union producers developed over the period considered as follows:

Table 13

Export performance of the sampled Union producers

	2022	2023	2024	IP
Exports (tonnes)	6 531	5 863	4 297	3 670
Index	*100*	*90*	*66*	*56*
Average price (EUR/tonne)	1 991	1 849	1 427	1 649
Index	*100*	*92*	*71*	*82*

Source: questionnaire replies of the sampled Union producers.

(230) The sampled Union producers' exports sales decreased in each year of the period considered, resulting in an overall 44 % decrease between 2022 and the investigation period.

(231) While the sampled Union producers lost a share of their exports, these were not found to meaningfully contribute to the injury suffered by the Union industry. Export sales represented around 13 % of total Union sales in 2022 and 10 % of total Union sales in the investigation period.

(232) At the same time, data provided in the verified macro questionnaire showed that the overall Union industry's export performance remained stable through the period considered. Also the Union producers managed to achieve a higher price on the export markets than in the Union in all years of the period considered except in 2024.

5.3. **Conclusion on causation**

(233) Even as the Union demand for SMWW contracted somewhat during the second half of the period considered, imports from China were increasing in volume and gaining market share throughout this period, at the expense of sales volumes and market share of the Union industry, which were decreasing in step. The Union industry lost 9 percentage points of the market share, which were squarely captured by the Chinese imports.

(234) Such Chinese imports were coming into the Union at prices which undercut Union prices, and far below its costs of production, causing price suppression and depression. The Chinese dumped imports were dragging down Union industry's profitability, which was barely breaking even at the beginning of the period considered.

(235) No other factors were found to be causing such injury to the Union industry. The Commission distinguished and separated the effects of all known factors on the situation of the Union industry from the injurious effects of the dumped imports. The effect of decrease in consumption, imports from other third countries, and export performance of the Union industry on the Union industry's negative developments in terms of loss of sales volumes, prices, and declining profitability were minimal, if any.

(236) On the basis of the above, the Commission concluded at this stage that the dumped imports from China caused material injury to the Union industry and that the other factors, considered individually or collectively, did not attenuate the causal link between the dumped imports and the material injury. The injury consisted mainly of loss of market share, price suppression and depression, and falling profitability.

6. **LEVEL OF MEASURES**

(237) In the present case, the complainants claimed the existence of raw material distortions within the meaning of Article 7(2a) of the basic Regulation. Thus, in order to conduct the assessment on the appropriate level of measures, the Commission first established the amount of duty necessary to eliminate the injury suffered by the Union industry in the absence of distortions under Article 7(2a) of the basic Regulation. Then it examined whether the dumping margin of sampled exporting producers would be higher than their injury margin (see recitals (247) to (248) below).

6.1. **Injury margin**

(238) The injury would be removed if the Union industry were able to obtain a target profit by selling at a target price in the sense of Articles 7(2c) and 7(2d) of the basic Regulation.

(239) In accordance with Article 7(2c) of the basic Regulation, for establishing the target profit, the Commission took into account the following factors: the level of profitability before the increase of imports from the country under investigation, the level of profitability needed to cover full costs and investments, research and development (R & D) and innovation, and the level of profitability to be expected under normal conditions of competition. Such profit margin should not be lower than 6 %

(240) As a first step, the Commission established a basic profit covering full costs under normal conditions of competition. Sampled Union producers demonstrated that they were able to achieve profits of 7,5 % under normal conditions of competition. Specifically, the Union producers provided reliable data to show profitability on sales of SMWW to unrelated customers in the Union before the increase of imports from the country concerned, in 2021.

(241) On this basis, the non-injurious price was calculated, by applying the above-mentioned profit margin of 7,5 % to the cost of production during the investigation period of the sampled Union producers.

(242) The EU industry provided evidence that its level of investments, research and development ('R&D') and innovation during the period considered would have been higher under normal conditions of competition. The Commission verified this information, checking documents pertaining to companies' investment plans, purchase price and depreciation schedules of specific assets, agreements with energy providers, and so on]. The claims of the Union industry were found to be warranted. To reflect this in the target profit, the Commission calculated the difference between investments, R&D and innovation ('IRI') expenses under normal conditions of competition as provided by the Union industry and verified by the Commission with actual IRI expenses over the period considered. Such difference, expressed as a percentage of turnover, was [0 – 2 %]. This percentage was added to the non-injurious price mentioned in recital (241) above,

(243) In accordance with article 7(2d) of the basic Regulation, as a final step, the Commission assessed the future costs resulting from Multilateral Environmental Agreements, and protocols thereunder, to which the Union is a party, and of ILO Conventions listed in Annex Ia that the Union industry will incur during the period of the application of the measure pursuant to Article 11(2). Based on the evidence presented by the sampled Union producers, the Commission established an additional cost for one Union producer which demonstrated that it will incur such costs, from which it deducted the actual cost of compliance with such conventions during the investigation period for the respective producer, leading to a result of [0 – 10] EUR/tonne.

(244) On this basis, the Commission calculated a non-injurious price of ranging from 1 708 to 4 348 EUR/tonne for the like product of the Union industry by applying the above-mentioned target profit margin to the cost of production of the sampled Union producers during the investigation period on a type-by-type basis and then adding the adjustments under Article 7(2d).

(245) The Commission then determined the injury margin level on the basis of a comparison of the weighted average import price of the sampled cooperating exporting producers in China, as established for the price undercutting calculations, with the weighted average non-injurious price of the like product sold by the sampled Union producers on the Union market during the investigation period. Any difference resulting from this comparison was expressed as a percentage of the weighted average import CIF value.

(246) The injury elimination level for 'other cooperating companies' and for 'all other imports originating in the People's Republic of China' is defined in the same manner as the dumping margin for these companies and imports.

Company	Dumping margin	Injury margin
Changzhou City Yunhe Welding Material Co., Ltd.	75,3 %	115,4 %
Juli group: — Juli New Material Technology (Rizhao) Co., Ltd — Shandong Juli Welding Co., Ltd	102,4 %	156,7 %
Other cooperating companies	93,1 %	141,4 %
All other imports originating in country concerned	102,4 %	156,7 %

6.2. **Examination of the margin adequate to remove the injury to the Union industry**

(247) As explained in the Notice of Initiation, the complainant provided the Commission sufficient evidence that there are raw material distortions in the country concerned regarding the product under investigation. Therefore, in accordance with Article 7(2a) of the basic Regulation, this investigation examined the alleged distortions to assess whether, if relevant, a duty lower than the margin of dumping would be sufficient to remove injury.

(248) However, as the margins adequate to remove injury are higher than the dumping margins, the Commission considered that, at this stage, it was not necessary to conclude on this request at this stage.

6.3. **Conclusion on the level of measures**

(249) Following the above assessment, provisional anti-dumping duties should be set as below in accordance with Article 7(2) of the basic Regulation:

Company	Provisional anti-dumping duty
Changzhou City Yunhe Welding Material Co., Ltd.	75,3 %
Juli group: — Juli New Material Technology (Rizhao) Co., Ltd — Shandong Juli Welding Co., Ltd	102,4 %
Other cooperating companies	93,1 %
All other imports originating in country concerned	102,4 %

7. **UNION INTEREST**

(250) Having decided to apply Article 7(2) of the basic Regulation, the Commission examined whether it could clearly conclude that it was not in the Union interest to adopt measures in this case, despite the determination of injurious dumping, in accordance with Article 21 of the basic Regulation. The determination of the Union interest was based on an appreciation of all the various interests involved, including those of the Union industry, their suppliers, as well as of importers and users of SMWW.

7.1. **Interest of the Union industry**

(251) According to available information, the Union industry consists of 18 producers, whose sales and market share deteriorated throughout the period considered, with a consequent negative impact on its profitability, investments, ability to raise capital, and employment. The Commission concluded at this stage that the Union industry suffered material injury caused by the dumped imports from the country concerned.

(252) If provisional measures are not imposed it is likely that, as a result of the price pressure from the dumped imports, loss of market share, and accumulated losses, the Union industry will face closures and layoffs of workforce. However, following the imposition of provisional anti-dumping measures it is expected that the sales volumes and prices of the Union industry on the Union market will rise, thus improving profitability and other financial indicators of the industry and preventing closure of production facilities.

(253) The Commission therefore concluded that the imposition of measures is in the interest of the Union industry.

7.2. **Interest of unrelated importers**

(254) Three unrelated importers cooperated with the investigation, providing questionnaire replies, which have not been verified at this stage. However, even such unverified data showed that imports of welding wire represent one fifth or less of their total turnover. All of these importers were also profitable in the investigation period.

(255) In addition, large quantities of SMWW that these companies resold were also coming from the Union industry. On top of that, sufficient sources of welding wire form other third countries are available and can also be imported in the Union market. Therefore, even in the extremely unlikely scenario that Chinese imports would disappear completely from the market, these importers would still be able to resume operating a profitable business.

(256) The Commission concluded that the duties are not likely to have a significant negative effect importers and traders in the Union.

7.3. **Interest of users**

(257) No users came forward to oppose this investigation or potential measures. According to the information provided by the Union producers, their customers are mainly large construction companies and producers of machinery and vehicles, large companies in high value-added industries, where welding wire makes up an insignificant part of the costs.

(258) With that in mind and considering that no users came forward to participate in this investigation, it suggests that they are not concerned with potential duties on Chinese SMWW. The Commission therefore concluded that users would not be adversely affected by the measures.

7.4. **Interests of suppliers to the Union industry**

(259) On the other hand, eight suppliers to the Union industry, supplying either raw materials, consumable goods, or machinery to the Union producers, came forward to support the case and the imposition of corrective measures should dumping be found. An association of German producers of consumable goods for the SMWW industry also came forward in support of the case.

(260) These parties indicated that unfairly priced imports of SMWW from China are having a negative effect on their business also, as the difficult situation of the Union industry results in decreasing orders for their products.

(261) The Commission therefore concluded that the duties would be also in the interest of the suppliers to the Union SMWW industry.

7.5. **Conclusion on Union interest**

(262) On the basis of the above, the Commission concluded that there were no compelling reasons that it was not in the Union interest to impose measures on imports of SMWW originating in China at this stage of the investigation.

8. **PROVISIONAL ANTI-DUMPING MEASURES**

(263) On the basis of the conclusions reached by the Commission on dumping, injury, causation, level of measures and Union interest, provisional measures should be imposed to prevent further injury being caused to the Union industry by the dumped imports.

(264) Provisional anti-dumping measures should be imposed on imports of SMWW originating in China, in accordance with the lesser duty rule in Article 7(2) of the basic Regulation. The Commission compared the injury margins and the dumping margins and the amount of the duties was set at the level of the lower of the dumping and the injury margins.

(265) On the basis of the above, the provisional anti-dumping duty rates, expressed on the CIF Union border price, customs duty unpaid, should be as follows:

Company	Provisional anti-dumping duty
Changzhou City Yunhe Welding Material Co., Ltd.	75,3 %
Juli group: — Juli New Material Technology (Rizhao) Co., Ltd — Shandong Juli Welding Co., Ltd	102,4 %
Other cooperating companies	93,1 %
All other imports originating in country concerned	102,4 %

(266) The individual company anti-dumping duty rates specified in this Regulation were established on the basis of the findings of this investigation. Therefore, they reflect the situation found during this investigation with respect to these companies. These duty rates are exclusively applicable to imports of the product concerned originating in the country concerned and produced by the named legal entities. Imports of the product concerned 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 country concerned'. They should not be subject to any of the individual anti-dumping duty rates.:

(267) To minimise the risks of circumvention due to the difference in duty rates, special measures are needed to ensure the application of the individual anti-dumping duties. The application of individual anti-dumping 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 anti-dumping duty applicable to 'all other imports originating in country concerned'.

(268) While presentation of this invoice is necessary for the customs authorities of the Member States to apply the individual rates of anti-dumping 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.

(269) 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 13(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 rates and the consequent imposition of a country-wide duty.

9. **REGISTRATION**

(270) As mentioned in recital (4), the Commission made imports of the product concerned subject to registration. Registration took place with a view to possibly collecting duties retroactively under Article 10(4) of the basic Regulation.

(271) In view of the findings at provisional stage, the registration of imports should cease.

(272) No decision on a possible retroactive application of anti-dumping measures has been taken at this stage of the proceeding.

10. **INFORMATION AT PROVISIONAL STAGE**

(273) In accordance with Article 19a of the basic Regulation, the Commission informed interested parties about the planned imposition of provisional duties. This information was also made available to the general public via DG TRADE's website. Interested parties were given three working days to provide comments on the accuracy of the calculations specifically disclosed to them.

(274) Yunhe submitted comments. Those comments did not concern the arithmetical accuracy of the calculations, but rather an alleged error in the sales data provided by that company, the methodology applied by the Commission and the identification of benchmarks used to establish replacement values. One other non-sampled exporting producer submitted comments not linked to the calculations and their accuracy. Both sets of comments will be duly addressed at the definitive stage.

11. **FINAL PROVISIONS**

(275) In the interests of sound administration, the Commission will invite the interested parties to submit written comments and/or to request a hearing with the Commission and/or the Hearing Officer in trade proceedings within a fixed deadline.

(276) The findings concerning the imposition of provisional duties are provisional and may be amended at the definitive stage of the investigation,

HAS ADOPTED THIS REGULATION:

Article 1

1. A provisional anti-dumping duty is imposed on imports of wire of silico-manganese steel with a cross section with a diameter of 0,6 mm to 4 mm, containing by weight not more than 0,2 % of carbon, 0,6 % or more but not more than 1,4 % of silicon, and 0,9 % or more but not more than 1,9 % of manganese, but no other element in a proportion that would give the steel the characteristics of another alloy steel, whether coated with copper or bronze or wax/oil based lubricant or not, currently falling under CN code ex 7229 20 00 (TARIC code 7229 20 00 10) and originating in the People's Republic of China.

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

Company	Provisional anti-dumping duty	TARIC additional code
Changzhou City Yunhe Welding Material Co., Ltd.	75,3 %	88FZ
Juli group: — Juli New Material Technology (Rizhao) Co., Ltd — Shandong Juli Welding Co., Ltd	102,4 %	88GA
Other cooperating companies listed in Annex	93,1 %	see Annex
All other imports originating in country concerned	102,4 %	8999

3. The application of the individual duty rates specified for the companies mentioned in paragraph 2 shall be conditional upon presentation to the Member States' customs authorities of a valid commercial invoice, on which shall appear a declaration dated and signed by an official of the entity issuing such invoice, identified by his/her name and function, drafted as follows: '*I, the undersigned, certify that the [quantity] tonnes of welding wire 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 imports originating in country concerned shall apply.

4. The release for free circulation in the Union of the product referred to in paragraph 1 shall be subject to the provision of a security deposit equivalent to the amount of the provisional duty.

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

Article 2

1. Interested parties shall submit their written comments on this regulation to the Commission within 15 calendar days of the date of entry into force of this Regulation.

2. Interested parties wishing to request a hearing with the Commission shall do so within 5 calendar days of the date of entry into force of this Regulation.

3. Interested parties wishing to request a hearing with the Hearing Officer in trade proceedings are invited to do so within 5 calendar days of the date of entry into force of this Regulation. The Hearing Officer may examine requests submitted outside this time limit and may decide whether to accept to such requests if appropriate.

Article 3

1. Customs authorities are hereby directed to discontinue the registration of imports established in accordance with Article 1 of Commission Implementing Regulation (EU) 2026/297 of 9 February 2026.

2. Data collected regarding products which entered the EU for consumption not more than 90 days prior to the date of the entry into force of this regulation shall be kept until the entry into force of possible definitive measures, or the termination of this proceeding.

Article 4

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, 7 August 2026.

For the Commission
The President
Ursula VON DER LEYEN

ANNEX

People's Republic of China's cooperating exporting producers not sampled

Country	Name	TARIC additional code
People`s Republic of China	HIT WELDING INDUSTRY CO., LTD	88FP
People`s Republic of China	Changzhou Changjiang Welding Materials Co. Ltd	88FQ
People`s Republic of China	JIANGSU ZHONGJIANG WELDING WIRE CO., Ltd	88FR
People`s Republic of China	Changzhou Zhengyang Welding Material Co.,Ltd	88FS
People`s Republic of China	Tianjin Bridge Welding Wire Co.,Ltd.	88FT
People`s Republic of China	DEZHOU LIZUN WELDING WIRE CO., LTD	88FU
People`s Republic of China	CHANGSHU LONGTENG WELDING MATERIALS TECHNOLOGY CO., LTD.	88FV
People`s Republic of China	HEBEI YICHEN WELDING INDUSTRY COMPANY LIMITED	88FW
People`s Republic of China	Shandong Solid Solder Co.,Ltd	88FX
People`s Republic of China	Jinan Woerde Solder Co., Ltd	88FY