COMMISSION IMPLEMENTING REGULATION (EU) 2018/140

of 29 January 2018

imposing a definitive anti-dumping duty and collecting definitively the provisional duty imposed on imports of certain cast iron articles originating in the People's Republic of China and terminating the investigation on imports of certain cast iron articles originating in India

THE EUROPEAN COMMISSION,

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

Having regard to Regulation (EU) 2016/1036 of the European Parliament and of the Council of 8 June 2016 on protection against dumped imports from countries not members of the European Union [1] ('the basic Regulation'), and in particular Article 9(2) and (4) thereof,

After consulting the Member States,

Whereas:

1. PROCEDURE

1.1. Provisional measures

(1) On 16 August 2017 the European Commission ('the Commission') imposed a provisional anti-dumping duty on imports into the European Union ('the Union') of certain articles of lamellar graphite cast iron (also known as grey iron) or spheroidal graphite cast iron (also known as ductile cast iron), and parts thereof, originating in the People's Republic of China ('the PRC') by Commission Implementing Regulation (EU) 2017/1480 [2] ('the provisional Regulation').

(2) The Commission initiated the investigation on 10 December 2016 by publishing a Notice of Initiation in the *Official Journal of the European Union* ('the Notice of Initiation') following a complaint lodged on 31 October 2016 by seven Union producers, namely Fondatel Lecompte SA, Ulefos Niemisen Valimo Oy Ltd, Saint-Gobain PAM SA, Fonderies Dechaumont SA, Heinrich Meier Eisengießerei GmbH & Co. KG, Saint-Gobain Construction Products UK Ltd and Fundiciones de Odena SA ('the complainants'), representing more than 40 % of the total Union production of certain cast iron articles.

(3) As stated in recital (33) of the provisional Regulation, the investigation of dumping and injury covered the period from 1 October 2015 to 30 September 2016 ('the investigation period') and the examination of trends relevant for the assessment of injury covered the period from 1 January 2013 to the end of the investigation period ('the period considered').

1.2. Subsequent procedure

(4) Following the disclosure of the essential facts and considerations on the basis of which a provisional anti-dumping duty was imposed ('provisional disclosure'), the complainants, the China Chamber of Commerce for Import and Export of Machinery and Electronic Products ('the CCCME'), the *ad hoc* association of unrelated importers Free Castings Imports ('FCI'), two unrelated importers, the Indian exporting producers, and seven Chinese exporting producers made written submissions making known their views on the provisional findings.

(5) The parties who so requested were granted an opportunity to be heard. Hearings took place with the CCCME, FCI, and the complainants. Two hearings were held with the CCCME chaired by the Hearing Officer in trade proceedings.

(6) The Commission considered the comments submitted by the interested parties and addressed them below.

---

[1] OJ L 176, 30.6.2016, p. 21.

[2] Commission Implementing Regulation (EU) 2017/1480 of 16 August 2017 imposing a provisional anti-dumping duty on imports of certain cast iron articles originating in the People's Republic of China (OJ L 211, 17.8.2017, p. 14).

(7) The Commission continued seeking and verifying all information it deemed necessary for its final findings. In order to verify the questionnaire replies of unrelated importers, verification visits were carried out at the premises of the following parties:

— Hydrotec Technologies AG, Wildeshausen, Germany

— Mario Cirino Pomicino SpA, Naples, Italy

(8) The Commission informed all parties of the essential facts and considerations on the basis of which it intended to impose a definitive anti-dumping duty on imports into the Union of cast iron articles originating in the PRC and definitively collect the amounts secured by way of provisional duty, and terminate the investigation on imports into the Union of cast iron articles originating in India ('final disclosure').

(9) All parties were granted a period within which they could make comments on the final disclosure. The CCCME, FCI, the Union industry and three exporting producers made their comments in written submissions following final disclosure and at hearings. The comments submitted by the interested parties were considered and taken into account.

1.3. **Provisional disclosure**

(10) The CCCME and Botou City Wangwu Town Tianlong Casting Factory submitted that the Commission's provisional disclosure was insufficient, thus affecting their rights of defence and asked the Commission to make further clarifications and disclosure.

(11) With regard to the dumping calculations, these parties requested additional information concerning the specific methodology followed for each product type, the normal value obtained based on those methodologies by product type, the dumping margins resulting from the different methodologies, the amounts used for SG&A and profit and the sales volume of the different product types sold on the Indian market with the proportion of profitable transactions.

(12) The CCCME also asked the Commission to provide a list of product types with the total volume of exports by all sampled Chinese exporting producers per product type and the total volume of domestic sales by the Indian producers.

(13) In addition, the CCCME claimed that the Commission failed to disclose information concerning the specific product types of the analogue country producers and that the Chinese exporting producers and the CCCME were not in a position to identify whether there were differences that merited an adjustment, as they did not know the kind of products that were used to determine the normal value.

(14) The methodology followed to calculate the dumping margin was described in detail in recitals (61) to (98) of the provisional Regulation. In order to protect the commercially sensitive information of the cooperating Indian producers and the sampled exporting Chinese producers, detailed dumping calculations were disclosed only to the sampled exporting producers, including the methodology used to calculate the normal value for each product type.

(15) However, because the data used to determine the normal values pertained to only two groups of companies in the analogue country, it was not possible to provide aggregated figures concerning the normal value without disclosing commercially sensitive data relating to these parties. The normal value was therefore disclosed in ranges.

(16) The Commission did not perform overall aggregated calculations per product type sold by all sampled Chinese exporting producers. Rather, the Commission performed calculations per product type per exporting producer. In addition, the aggregated data requested by the CCCME for all sampled Chinese exporting producers and the analogue Indian producers concerning sales volumes per product type constitutes commerciallysensitive information within the meaning of Article 19 of the basic Regulation. Therefore, the Commission rejected this request.

(17) Nevertheless, a document detailing the technical characteristics of the full range of the product types sold in the analogue market and in the Union market by the sampled Indian producers was included in the non-confidential file before provisional disclosure.

(18) In order to support its request for further disclosure, the CCCME questioned the consistency of the undercutting and dumping margins published in the provisional Regulation and reiterated the same concerns following the final disclosure It claimed that, since India had been chosen as analogue country and since Chinese and Indian exporting producers had similar undercutting margins, a logical corollary was that the exporting producers of both countries should have equally similar dumping margins. The CCCME argued that the information available to it was not sufficient to understand and comment on the Commission's findings in this regard.

(19) The Commission noted that, as explained in recital (179) of the provisional Regulation, the differences in the undercutting margins of the Indian and the Chinese exporting producers is explained by the difference of the product mix of the Chinese and Indian exports to the Union. The Commission recalled that the undercutting margins result from a comparison of the products exported by Chinese exporting producers with similar products sold by the Union industry, while the dumping margins of the Chinese exporting producers result from the comparison of the products exported from the PRC to the Union with similar products sold on the Indian domestic market. As such, and as recognised by the CCCME itself, a discrepancy between these two margins is a possible outcome.

(20) In addition, during the hearing held with the CCCME chaired by the Hearing Officer, on 8 September 2017, the Commission explained why the adjustment for non-refundable VAT on the dumping margin established for the Chinese exporting producers affected the comparison between the Indian and Chinese results. This adjustment was also subject to comments from the CCCME addressed below.

(21) With regard to the injury calculations the CCCME claimed that the Commission has disregarded the CCCME's request for full access to the volume and price effects, injury margin and injury indicators calculations, and any other confidential information on which those calculations were based. The CCCME stated in this respect that the Commission's obligation to respect confidentiality is not absolute and should be balanced against the rights of defence of the interested parties. As an example the CCCME noted that the Commission did not disclose to it the product characteristics that were used to compare prices on the Union industry side.

(22) The CCCME further suggested ways the Commission could strike what it claimed to be the required balance between confidentiality and rights of defence. This included, for instance, proposals to provide 'aggregated disclosures'. The CCCME suggested that the Commission could provide the price undercutting calculations with the consolidated data of all sampled Chinese exporting producers and the consolidated data of all sampled Union producers. The CCCME considered that by providing such compiled data to interested parties that are not active themselves as economic actors on the market, the Commission would duly respect the confidentiality of the underlying data.

(23) The CCCME criticised the fact that the Commission has consistently prioritised confidentiality over the rights of defence of the CCCME, without any assessment of the specific circumstances, the position of the CCCME with respect to the information at stake and, more generally, without due regard for the importance of the rights of defence.

(24) The Commission did not agree with this assessment. It analysed individually each piece of information requested by the CCCME and on 25 August 2017 it provided all the information to the CCCME with the exception of information which was not existent, not part of the file, or was confidential. Where information was not part of the file, or confidential, the Commission appropriately reasoned its rejection to disclose. In particular, the Commission did not perform overall aggregated undercutting calculations and undercutting calculations per product control number ('PCN' or 'product type'). Rather, it performed undercutting calculations per product type and per exporting producer. Therefore aggregated information was not used in the investigation and was therefore not part of the file.

(25) With respect to confidential information, the Commission recalled that it was under obligation to protect such information under Article 19 of the basic Regulation. Furthermore the Commission considered that the open file of the case made available to parties, including to the CCCME, contained all the information relevant for the presentation of their cases and used in the investigation. If the information was deemed confidential, the open file contained meaningful summaries thereof. All the interested parties, including the CCCME, had access to the open file and could consult it. With regard to the CCCME, is the Commission observed that although it represents, among others, the Chinese castings industry, it was not authorised by any individual sampled exporting producer to have access to its confidential information. Thus, the confidential disclosure sent to the individual sampled Chinese exporting producers could not be provided to the CCCME.

(26) In light of the above, the Commission considered that the CCCME and the exporting producer had been given the opportunity to fully exercise their rights of defence and rejected their claims.

(27) Following the final disclosure, the CCCME repeated its claim that it had not been placed in a position that fully allowed it to exercise its rights of defence. The CCCME did not ask for new information nor did it bring new arguments. In particular, the CCCME did not reply to the disclosure letter where the Commission addressed in details the questions it had submitted to the Hearing Officer on 15 September 2017. The Commission rejected this claim because, as set out in recitals (10) to (26) of this Regulation, it provided the CCCME with full access to non-confidential information and duly justified its rejection to disclose confidential information or information which was not part of the file.

1.4. **Sampling**

(28) The list of Chinese exporting producers included in the Annex to this Regulation was modified to include the names of two exporting producers which had been either omitted or misspelled in the provisional Regulation.

(29) During the investigation, a non-sampled Chinese exporting producer informed the Commission that it had changed its name. The Commission was satisfied with the evidence submitted. The list of Chinese exporting producers was modified accordingly.

1.5. **Individual examination**

(30) The CCCME called on the Commission to grant individual examination to the 18 non-sampled Chinese exporting producers who had formally requested such an examination in accordance with Article 17(3) of the basic Regulation.

(31) As explained in recital (27) of the provisional Regulation, the examination of such a high number of requests would have been unduly burdensome and would not have allowed the completion of the investigation within the time period established in the basic Regulation. The Commission therefore did not grant any requests for individual examination.

1.6. **Market economy treatment ('MET')**

(32) Throughout this investigation, the CCCME and two Chinese exporting producers reiterated the claim that since Section 15 of the Protocol of Accession of the PRC to the WTO had lapsed after 11 December 2016, the choice of an analogue country was no longer warranted and the existence of dumping should be established on the basis of the domestic prices and costs of the Chinese exporting producers.

(33) The Commission applied the legislation currently in force. Article 2(7)(a) and (b) of the basic Regulation provides for the application of an analogue country methodology for establishing the normal value in the case of exporting producers in the PRC.

1.7. **Investigation period and period considered**

(34) FCI reiterated the claim that the period considered is too short to make any meaningful determination, especially on the volume of imports from the PRC, and a period that is shorter than four years runs counter to the established practice of the Commission, which usually selects a period of at least four years.

(35) The Commission noted that the period considered was established at initiation in line with the Commission's standard practice. As explained in recital (35) of the provisional Regulation, the period considered covers three full calendar years and the investigation period. There was no reason for the Commission to depart from its standard practice and select a different period. The claim was therefore rejected.

(36) In any event, even if the Commission would follow FCI in including 2012 in the injury analysis, the import volume from the PRC would still show an increase of around 10 % over the entire period.

(37) In the absence of other comments concerning the investigation period and period considered, recital (33) of the provisional Regulation is confirmed.

2. PRODUCT CONCERNED AND LIKE PRODUCT

Claims regarding the product scope

(38) Recital (36) of the provisional Regulation set out the provisional definition of the product concerned.

(39) Recitals (39) to (60) of the provisional Regulation set out the claims of the Indian exporting producers, one Chinese exporting producer, FCI, and two separate unrelated importers and their assessment by the Commission regarding the product scope.

(40) Following the imposition of provisional measures the two unrelated importers and FCI submitted requests for clarification and further claims arguing that certain product types should be excluded from the product scope. The exclusion requests concerned the following product types:

— cast tops subject to standard EN 1433,

— step irons and lifting keys,

— Gatic components with a dimension exceeding 1 000 mm,

— surface boxes,

— stop tap boxes subject to standard EN 1563, and

— gratings subject to standard EN 124.

(41) With regard to the request of one importer to confirm the product exclusion of cast tops and channel gratings subject to standard EN 1433, the Commission confirmed that channel gratings are subject to standard EN 1433 and are therefore excluded from the product concerned in line with recitals (44) and (60) of the provisional Regulation. With regards to cast tops the Commission noted that they have the same physical characteristics and applications and are subject to the same standard as channel gratings. Therefore the Commission excluded cast tops from the product concerned.

(42) With regard to the request of FCI to confirm the product exclusion of step irons and lifting keys, the Commission established that such step irons and lifting keys are not considered to be part of the product scope of this investigation, because they have a different function than the ones described in the definition of the product concerned. They are accessories to the product concerned, but do not have the same technical characteristics as the product concerned or the parts thereof. Indeed, step irons and lifting keys are not used to cover ground or sub-surfaces systems or to give access or provide view to ground or sub-surface systems.

(43) The importer mentioned in recital (41) submitted additional information regarding its product exclusion request referred to in recitals (45) to (53) of the provisional Regulation on Gatic components with a dimension exceeding 1 000 mm. Such components do not fall within the scope of standard EN 124 and are more than twice as expensive as traditional manholes covers.

(44) As components with a dimension smaller than 1 000 mm can be part of a product with a dimension exceeding 1 000 mm, they cannot be distinguished from the product concerned in any of the physical and technical characteristics of the product. This has been addressed by the Commission in recital (51) to (53) of the provisional Regulation. The difference in the price of the product is therefore not relevant.

(45) Following final disclosure, Gatic maintained its claim that access cover components with an individual clear opening/clear area greater than 1 000 mm should be excluded from the product scope, because such large components do not fall within standard EN124. Moreover, Member States' customs authorities can easily distinguish components with a clear opening of more than 1 000 mm (not subject to measures) from components with a clear opening of less than 1 000 mm (subject to measures). There is therefore no valid reason for not excluding components with a clear opening of more than 1 000 mm from the scope of the measures.

(46) Recitals (52) and (53) of the provisional Regulation set out that all physical and technical characteristics of the product concerned do also apply to Gatic components, regardless of the dimension of the product's clear opening. These characteristics are not changed by the fact that Gatic components with an individual clear opening greater than 1 000 mm do not fall under standard EN 124. Indeed the product concerned is not defined by the standard and includes a broader range of product types than those falling under standard EN 124. The Commission therefore rejected this claim.

(47) Another importer submitted a request to explicitly exclude from the product concerned products subject to standard EN 1253.

(48) For the reasons set out in recitals (54) to (56) of the provisional Regulation, the Commission confirmed that such products are not part of the product scope of this investigation and adjusted the product definition in the operative part accordingly.

(49) FCI submitted that no production of surface boxes in accordance with German standards in the Union exists and that ductile surface boxes will no longer be available in the Union if definitive anti-dumping measures were to be imposed on imports of surface boxes from the PRC.

(50) The Commission noted that there is production of surface boxes, also in accordance with German standards, by the sampled Union producers.

(51) Furthermore, the Commission recalled that definitive anti-dumping measures are not imposed to close the market for the product concerned to imports from the PRC. If no production of certain types of surface boxes in accordance with German standards in the Union exists, users still have the possibility to source this product from third countries, including the PRC.

(52) FCI submitted a request to exclude stop tap boxes, as they do not fall under standard EN 124, but are subject to standard EN 1563. Stop tap boxes are a category of surface boxes. The latter had already been subject to an exclusion request which was rejected in recital (59) of the provisional Regulation. Therefore, the Commission also rejected the request to exclude stop tap boxes from the product concerned.

(53) FCI submitted a request to further exclude gratings subject to standard EN 124, as these perform exactly the same functions as channel gratings subject to standard EN 1433. They fall under different standards because channel gratings subject to standard EN 1433 are tested together with the channel underneath, whilst gratings subject to standard EN 124 are tested by themselves, similar to gully tops and manhole covers.

(54) The Commission noted that the technical characteristics for such gratings and gully tops and manhole covers are the same, as they are all subject to standard EN 124. They cannot easily and directly be distinguished from other types of the product concerned and therefore the request to exclude gratings subject to standard EN 124 from the product concerned was rejected.

(55) Following final disclosure, FCI reiterated its claim that that the grating component of channels subject to standard EN 1433 and gratings subject to standard EN124 share the same physical and material characteristics and the same production process. Hence, they are in fact identical products. Furthermore, FCI claimed that the Commission's allegation that standalone channel gratings cannot be easily and directly distinguished from other types of the product concerned is blatantly contradicted by the facts of the case.

(56) The Commission noted that the scope of standard EN 124 is limited to manhole tops and gully tops. Gratings subject to standard EN 124 are thus considered part of these products. Therefore, the grating component of channels subject to standard EN 1433 and gratings subject to standard EN 124 cannot be considered identical products.

(57) By stating that such gratings subject to standard EN 124 cannot be easily visually distinguished from other types of the product concerned, the Commission meant that such gratings cannot be easily visually distinguished from gratings to be used as a cover in a manhole top or a gully top which permits the passage of water through itself into the gully or manhole, which fall under the product concerned as a part thereof. Thus, the claim was rejected.

3. **DUMPING**

3.1. **The PRC**

3.1.1. *Analogue country*

(58) The complainants reiterated their opposition to the choice of India as analogue country on grounds of distortions resulting from export subsidies, an export tax and a dual freight policy affecting the price of iron ore.

(59) The Commission addressed these claims in recitals (80) and (81) of the provisional Regulation. No new argument was brought forward and this claim was therefore dismissed.

3.1.2. *Normal value*

(60) As set out in recital (88) of the provisional Regulation, for calculating the normal value for the provisional dumping margins, for each product type exported by the sampled Chinese exporting producers, a normal value was first determined for each Indian analogue producer and then these normal values per product type were weighted together using the quantity produced by each Indian producer.

(61) Following provisional disclosure, the Commission received comments from several interested parties alleging that the use of constructed values may have inflated the normal value established in the analogue country.

(62) In particular, the CCCME submitted that the Commission had discretion when calculating normal value in an analogue country as to the level of 'sufficient quantities' under the terms of Article 2(2) of the basic Regulation.

(63) The CCCME also argued that if one Chinese exporting producer met the representativity test, then the same normal value based on price should be used for all other Chinese exporting producers for the same product type.

(64) The Commission accepted both technical arguments regarding the sufficient quantity test and the use of normal value based on price and revised the calculation of normal value accordingly.

(65) Given the fact that more than one sampled producer in the analogue country was cooperating with the investigation, the Commission reconsidered the establishment of the normal value in order to reduce the use of constructed normal values as much as possible.

(66) In this respect, where there was a normal value based on the price of domestic sales in India made in the ordinary course of trade and in sufficient quantities, this price was used rather than using an average normal value derived from this price and a constructed normal value from other producers. This is in line with Article 2(7) according to which the normal value should be calculated by preference to the domestic prices of the like product in the analogue country.

(67) Where a product type was not sold on the domestic market by any of the sampled Indian producers but at least one sampled Indian producer produced this product type, the normal value was constructed using the cost of manufacturing, plus the SG&A expenses and profit of domestic sales in the ordinary course of trade made by this Indian producer. Expressed as a percentage of turnover, the sum of SG&A expenses and profit used in these instances were comprised in a range of 1 % to 10 % for grey iron products and of 10 % to 20 % for ductile iron products.

(68) Where there was no match at the level of the product type, the Commission used a normal value based on the domestic sales in the ordinary course of trade of all product types which used the same raw materials. For four of the five sampled Chinese exporting producers, this situation concerned less than 1,2 % of the total volume of exports. For one sampled Chinese exporter, it represented more than 50 % of the volume of exports. This Chinese exporter sold relatively expensive niche products which could not be matched with the product types manufactured and sold by the sampled producers in the analogue country and for which it was not possible to quantify an upward adjustment to the normal value. The use of an average normal value of all product types of the same raw material did not increase the dumping margin of this exporting producer.

(69) The CCCME and Botou City Wangwu Town Tianlong Casting Factory also expressed their disagreement with the methodology used by the Commission when constructing the normal value for product types sold in insufficient quantities. After the changes set out in recitals (64) to (68) above, this claim was no longer relevant since no such situation to construct normal value arose.

(70) Following final disclosure, the CCCME submitted that the Commission should use the SG&A expenses and profit of domestic sales in the ordinary course of trade made by all Indian producers when constructing the normal value.

(71) In the circumstances described in recital (67) and pursuant to the clear wording of Article 2(6) of the basic Regulation, the Commission was obliged to use the amounts for SG&A expenses and profit of domestic sales of the like product in the ordinary course of trade made by the Indian producer which manufactured the product type in question.

(72) The claim of the CCCME that the Commission should choose various SG&A expenses and profit from other companies that did not manufacture the product type concerned and average them together in some form, was therefore rejected.

(73) Following final disclosure, the CCCME asked the Commission to confirm that indirect taxes were not included in the costs of production of Indian producers, did not impact the profitability test and were not included in the domestic prices used to determine the normal value.

(74) The Commission confirmed that neither the prices nor the costs which were used to determine the normal value included indirect taxes and that indirect taxes did not have any impact on the profitability test.

3.1.3. *Export price*

(75) In the absence of any comments regarding the export price, recital (89) of the provisional Regulation was confirmed.

3.1.4. *Comparison*

(76) One exporting producer claimed that the normal value should be adjusted under Article 2(10) of the basic Regulation to reflect that the Chinese exporting producers did not design the product concerned. The design was provided by the unrelated importer.

(77) Since the sampled Indian producers designed the like product sold on their domestic market, the Commission accepted this claim. The relative quantification of the adjustment was made on the basis of relevant data of the sampled Union producers.

(78) The CCCME submitted that the adjustment for indirect taxes was illegal and not mentioned in recital (91) of the provisional Regulation in the adjustments made under Article 2(10). The CCCME claimed that the adjustment for the partial refund of the VAT is based on the Commission's assessment of the non-market economy status of the PRC.

(79) The Commission rejected these claims. The Commission made an adjustment under Article 2(10)(b) for the difference in indirect taxes between export sales from the PRC to the Union (where a 17 % tax is charged on export and 5 % of it is then refunded) and the indirect taxes on domestic sales in India (where taxes have been excluded from the domestic price). This adjustment is not related in any way to the application of the analogue country methodology to the PRC. Recital (91) of the provisional Regulation did not mention this adjustment, which was omitted in error. However, the adjustment was reported in the specific provisional disclosure given to the sampled exporting producers. None of them commented on this adjustment.

(80) Following final disclosure, the CCCME reiterated its objection to the fact that the Commission made use of Article 2(10)(b) of the basic Regulation in order to ensure comparability between the export price from the PRC and the normal value from India. The CCCME claimed that as the export VAT system was one of the reasons why the PRC is not a market economy country, it could not be used to make an adjustment for price comparison. This argument was rejected. Article 2(7)(a) of the basic Regulation requires the Commission to find an alternative source of normal value when a country is not a market economy and when a company does not claim to be granted Market Economy Treatment ('MET'). Once the normal value has been determined, the Commission is obliged to ensure a fair and reasonable comparison, in line with the provisions of Article 2(10) of the basic Regulation.

(81) As specified in recital (79) above, exports of castings from the PRC are subject to a partly refundable export VAT, whereas domestic sales in India have all taxes refunded. Therefore to ensure a fair comparison and in line with settled case law ([1]), the Commission was obliged to adjust the normal value under Article 2(10)(b) of the basic Regulation, just as the Commission had also done for other differences affecting comparison under other provisions of Article 2(10) of the basic Regulation.

([1]) Judgment of 19 September 2013, Case C-15/12 P *Dashiqiao Sanqiang Refractory Materials v Council*, EU:C:2013:572, paragraphs 34-35 thereof.

(82) If a company in the PRC had been granted MET, then the same adjustment to the normal value would have been applied, as the same difference in tax would have been found.

(83) The CCCME and two Chinese exporting producers claimed that the Commission should make further disclosure for the reasoning on using the shortened PCN identifying the different product types for the calculations and its impact on fair comparison.

(84) In this respect, the Commission noted that it has complied with its obligation to ensure a fair comparison and that the shortened PCN allowed it to compare the totality of the volume of exports with the most closely resembling types of the like product taking into account their basic physical characteristics. The Commission did not establish any difference in the market value of the product characteristics omitted in the shortened PCN. Furthermore, no Chinese exporting producer made a quantified claim to request an adjustment for differences in the physical characteristics.

(85) Following final disclosure, the CCCME and two Chinese exporting producers reiterated that the Commission failed to ensure price comparability. The CCCME claimed that the Commission should make adjustments for product differences reflected or not by the original PCN characteristics. The CCCME claimed that it did not have access to the technical characteristics of the product sold by the Indian producers and that the disclosure of the full PCN of the product produced by the Indian producers was not sufficient.

(86) The Commission rejected these claims. The Commission recalled that in June 2017, it made available to all interested parties the classification of the products manufactured in the analogue country under the 15 technical characteristics of the original PCN. Outside of product catalogues, which the Indian producers did not have, the Commission did not possess any alternative source of technical information which was not confidential by nature or could be summarised meaningfully for review by other interested parties.

(87) Furthermore, while the 15 characteristics of the product manufactured by the Indian producers in the original PCN were perfectly known to the CCCME, it did not make any specific claims as to what kind of adjustment should be done, not only beyond the PCN, but even within the PCN. In addition, the Commission did not identify the need for such adjustment during its verification visits. It is noted that the CCCME itself stressed in its submission of 22 December 2016 concerning the choice of analogue country that 'using India would also address issues with matching product types, again because the data would be more representative […]. By using India as the analogue country, the source data will be significantly larger and it is accordingly far more likely that the Commission will have sufficient data to match the product types.' The claim was therefore rejected.

(88) The CCCME submitted that the Commission should make adjustments to the cost of production of the Indian producers for alleged irregularities resulting from the low volume of production of ductile iron products. The CCCME did not provide any evidence to support this statement.

(89) Since the sales of ductile iron products in India were found to be representative, the Commission found that such adjustment was not warranted. In any case, this claim being unsubstantiated, it had to be dismissed.

(90) Following final disclosure, the CCCME reiterated this claim and submitted that it had explained to the Commission that the alleged irregularities resulted in unreasonably high cost of production. The CCCME added that in the absence of the disclosure of the cost information pertaining to the Indian producers, it was not in a position to make a substantiated claim for adjustment.

(91) The Commission did not receive any detailed explanations regarding this claim. In its comments on the provisional disclosure, the CCCME submitted that 'there may be irregularity in the production or overconsumption of various cost factors that results in a unit production cost that is erroneously high'. CCCME remained vague or silent as to which cost of production was affected, against which benchmark the alleged irregularity should be established and how the adjustment should be calculated.

(92) The Commission disagreed that such claim could not be made in the absence of disclosure of the cost of production of the Indian producers.

(93) First, the cost data of the Indian producers were confidential by nature and they could not be summarised for inspection by other interested party in a way which is both meaningful for the purpose pursued by the CCCME and protect the business sensitive data of the Indian producers.

(94) Second, the production processes in India and the PRC are very similar. This was confirmed in recital (79) of the provisional Regulation and in the submission of the CCCME of 22 December 2016 concerning the choice of India as analogue country. The CCCME stated that 'the majority of Chinese producers are small foundries and the production process is not automated, but more manual'. It also noted that 'it is common knowledge that India and China are similar in their levels of development and size' and 'with respect to other elements affecting costs and prices', that the PRC and India are 'more similar to one another than China and any of the other countries.' Hence, the CCCME, which claims to represent a high number of Chinese producers of all sizes, could have made its claims without the need to access the confidential data of the Indian producers. Based on its own industry knowledge, it should have been able to specify the manufacturing patterns and production ratios that lead to the alleged unreasonable unit cost of production and to substantiate the adjustment claimed.

(95) The Commission did not find any element which would warrant an adjustment to the cost of production of the Indian producers in relation with the determination of the normal value in the analogue country. Considering that the sales volume of the Indian producers had been found representative and in the absence of any specific and substantiated claim by the CCCME, the Commission rejected the claim that the cost of production of the Indian producers should be adjusted.

(96) One Chinese exporting producer claimed that the Commission had unduly adjusted its export prices for credit costs since it did not incur such costs.

(97) The Commission rejected this claim. In order to ensure a fair comparison of prices, allowances for credit costs were applied to the export price of all Chinese exporting producers who gave payment terms to their customers, since any credit granted is a factor taken into account in the determination of the prices charged. This exporting producer was found to grant credit to its customers and therefore an adjustment for credit costs was warranted, even though the company did not borrow money to cover the time between shipment and payment by the customer.

(98) Following final disclosure, the CCCME submitted that the Commission should make an adjustment to the normal value when it is based on prices to account for indirect taxes borne by materials physically incorporated in the like product.

(99) However, given that in this instance, the materials incorporated in the like product did not include import charges or non-refunded taxes, the suggestion of the CCCME that it should have led to a price adjustment was irrelevant.

3.1.5. *Dumping margins*

(100) As detailed in the above recitals, the Commission took into account certain comments from interested parties and recalculated the dumping margin of the Chinese exporting producers.

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

Table 1

Definitive dumping margins

Company	Definitive dumping margin
Botou City Wangwu Town Tianlong Casting Factory	15,5 %
Botou Lisheng Casting Industry Co., Ltd	31,5 %
Fengtai (Handan) Alloy Casting Co., Ltd	38,1 %
Hong Guang Handan Cast Foundry Co., Ltd	21,3 %
Shijiazhuang Transun Metal Products Co., Ltd	25,0 %
Other cooperating companies	25,4 %
All other companies	38,1 %

3.2. **India**

(102) Following the disclosure, the Commission received no other comments concerning India.

(103) The Commission therefore confirmed its provisional findings of establishing no dumping for the sampled groups of exporting producers in India.

(104) Consequently, the Commission confirmed that it established no dumping for the cooperating exporting producers outside the sample, in accordance with Article 9(6) of the basic Regulation, and no dumping for all other exporting producers in India since the exports of the Indian cooperating exporting producers represent a very high volume (around 85 %) of the total Indian exports to the Union.

4. **INJURY**

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

(105) In the absence of any comments with respect to the Union industry and Union production, the Commission confirmed its conclusions set out in recitals (108) to (111) of the provisional Regulation.

4.2. **Union consumption**

(106) In the absence of any comments with respect to the Union consumption, the Commission confirmed its conclusions set out in recitals (112) to (114) of the provisional Regulation.

4.3. **Imports from the PRC**

(107) The CCCME reiterated its concerns of its submission of 23 January 2017 regarding the reliability of the import data of the product concerned. It questioned the method used by the complainants to arrive at the import data limited to the product concerned using adjusted Eurostat data and accepted by the Commission, and argued that the Commission should base its injury examination in an objective manner on positive evidence and not on unsubstantiated assumptions from the complainants. The CCCME further claimed that the burden to obtain reliable import data lies on the Commission.

(108) In support of its claim that the import data used by the Commission were allegedly not reliable and could not qualify as positive evidence, on 6 November 2017 the CCCME submitted for the first time export volume figures for the product concerned from the PRC which it claimed were based on PRC customs export statistics for the product concerned that it collected on a transaction-by-transaction and confidential basis. The CCCME further claimed that it could identify from the product description which products were not product concerned and, as a result, could calculate the actual volume of the product concerned exported from the PRC.

(109) The Commission noted that the CCCME had calculated itself the exported volume of the product concerned, even on a transaction-by-transaction basis, by using PRC customs data, thereby excluding certain product descriptions. The Commission considered the export data provided by the CCCME and found that this data could not alter its findings on trends of market share, import volume and Union consumption during the period considered. The Commission further noted that the CCCME has not provided any evidence on the exhaustiveness and accuracy of its data collection. The Commission also noted that the CCCME did not specify which official database from the PRC customs authorities it had used that would have allowed a transaction-by-transaction collection of data and identification of the product description. Finally, the Commission noted that export statistics from the PRC are not necessarily identical to the import statistics collected by Eurostat because of the lead time between the exportation from the PRC and the actual importation into the Union. The Commission analysed the export data provided by the CCCME and found that this data could not alter its findings on trends of market share, import volume and Union consumption during the period considered. Consequently, the Commission rejected the claim that the import data used by it were unreliable.

(110) The Commission noted that the method used by the complainants to arrive at the import data related to the product concerned during the period considered was based on Eurostat data. This method included for 2013 the totals of CN codes 7325 10 50 and 7325 10 92, a percentage of 30 % of CN code 7325 10 99, and CN code 7325 99 10 minus a fixed volume. Following a change in CN codes the complainants used for 2014 until the investigation period a percentage of 60 % of CN code 7325 10 00 with regards imports from the PRC and CN code 7325 99 10 minus a fixed volume.

(111) As the Commission found no other alternative source of information that would more accurately reflect the import data for the product concerned, it considered the method based on Eurostat data as the most appropriate one. Therefore, it rejected the claim from the CCCME.

(112) Both FCI and the CCCME submitted that the methodology used to assess the imports from the PRC incorrectly included all products imported under CN code 7325 99 10 minus a fixed volume, as proposed by the complainants, since this code was not typically used for the product concerned before the imposition of anti-dumping measures in 2005 and the complainants have not provided evidence that this CN code was used for imports of the product concerned after 2009. Therefore, FCI requested the exclusion or taking into account a ratio of this CN code for the calculation of the import volume of the product concerned.

(113) The Commission noted that an analysis of the imports under this CN code since the imposition of provisional measures until the beginning of October 2017 has shown significant imports of 6 796 tonnes under the TARIC code 7325 99 10 51 from the PRC which exclusively refers to the product concerned. Therefore, it is clear that the product concerned is imported also under CN code 7325 99 10. However, the Commission did not have any evidence that imports of other products under this CN code have followed the same trend as the product concerned since 2005. Consequently, using a percentage over the period considered would be unreliable.

(114) Therefore the Commission decided to not adjust the volume of imports from the PRC. The Commission furthermore noted that even if it would exclude this CN code from its analysis, the volume of imports would still show a comparable increase in market share over the period considered.

(115) The CCCME submitted that neither the complainants nor the Commission have explained the percentage estimated of the import volume of the product concerned under CN codes 7325 10 99 and the reason why the percentage of the import volume under code 7325 10 99 has been stable during the period considered.

(116) As addressed in recital (122) of the provisional Regulation, the Commission based the determination of the import volume of the product concerned from the PRC on the method proposed by the complainants because it considered it reliable and objective. No other more reliable method was proposed by any party. For the exclusion of channel gratings, the Commission took the average sales of channel gratings of the sampled Chinese exporting producers in the investigation period, amounting to 10 % of total imports. This percentage has been used for the period considered. As the CCCME has not provided any alternative data for the import volume of channel gratings from the PRC, the claim was rejected.

(117) FCI submitted that no significant increase in imports can be established in this case, when considering all years since the expiry of the anti-dumping measures in 2010, imports only increased between 2013 and 2014 and while imports in the investigation period were above 2013 levels, they were well below the import levels of 2010 and 2011.

(118) The Commission found the period considered to be reasonable and in line with the standard Commission practice to examine the trends relevant for the assessment of injury. It therefore did not take into consideration the years before, as suggested by FCI.

(119) With regard to undercutting, FCI submitted that the provisional calculations are misleading, as they compared the prices of the products sold by the Chinese foundries to importers in the Union with that of products sold by the Union industry to final customers and did not take into account expenses borne exclusively by the unrelated importers. Such costs include R & D costs, costs for the creation of patterns and prototypes, certification costs, homologation costs, quality checks and conformity checks, warehouse costs, and sales costs.

(120) The Commission verified this data and decided to adjust the undercutting margins for such costs. The Union industry's ex-works prices were adjusted downwards by the weighted average R & D costs of the sampled Union producers which covered all relevant costs mentioned in the previous recital. The adjustment was 2,2 % of the turnover of the sampled Union producers.

(121) Furthermore, an adjustment of around 33 EUR per tonne was made on the import price for importation costs on the basis of the data of the two unrelated importers verified after the imposition of the provisional measures.

(122) The CCCME requested more details on the undercutting margins per sampled exporting producer. For the purposes of determination of injury, the effect of the dumped imports on prices is analysed as one of the injury indicators and Article 3(3) of the basic Regulation requires the undercutting to be significant. In this case the undercutting in the range of 31,6 % to 39,2 % could be considered significant. For such a finding it is not necessary that each and every transaction shows undercutting. This is so because the effect and the impact of the dumped imports on the Union industry is analysed as a whole; this includes the undercutting by the dumped imports. In any event, for information, the undercutting margins of the sampled exporting producers are as follows:

Table 2

Undercutting margins

Company	Undercutting margin
Botou City Wangwu Town Tianlong Casting Factory	35,9 %
Botou Lisheng Casting Industry Co., Ltd	31,6 %
Fengtai (Handan) Alloy Casting Co., Ltd	39,2 %
Hong Guang Handan Cast Foundry Co., Ltd	38,4 %
Shijiazhuang Transun Metal Products Co., Ltd	37,0 %

(123) Following final disclosure, the complainants objected to the methodology used by the Commission in adjusting their ex-works prices downwards rather than adjusting the import prices upwards, while most of the R & D costs are not borne by importers at all but are incurred by the producers in the PRC. Further, the complainants considered that the post-importation costs were too high and may include costs related to imports of channel gratings and an incorrect import duty of 2,7 % instead of 1,7 % for all ductile iron products.

(124) The adjustment of R & D costs to the undercutting margin and injury elimination level was based upon, on the one hand, verified data of the sampled Union producers, and on the other hand, evidence shown during the verification visits to the unrelated importers that they incur such costs for the production of the product concerned in the PRC. As the complainants did not provide evidence to their claim that those costs are not incurred by the unrelated importers, the Commission rejected their claim.

(125) The calculation of post importation costs is based upon verified data of the two sampled unrelated importers. These data were solely for the product concerned, so did not include the excluded products (e.g. channel gratings). Therefore, the Commission rejected this claim.

(126) Regarding the adjustment for import duties, the Commission used the rate of customs duty applicable to imports of ductile iron products. It did not take into account possible misdeclarations to avoid paying the correct level of import duties. Therefore, this claim was also rejected.

(127) Following final disclosure, FCI provided the results of two recent tenders launched by Italian public bodies, which were won by (a reseller of) Union producers, offering a lower price for the like product than the unrelated importers for the product concerned that was much lower than what was declared by the complainants and reported in the provisional Regulation.

(128) The Commission noted that such recent anecdotal evidence is not sufficient to conclude that its verified data for the investigation period should be considered unreliable. Furthermore the product mix of these tenders diverts from the average production product mix and its corresponding cost of production. Therefore, the Commission rejected this claim.

(129) In the absence of any other comments with respect to the imports from the PRC and further to the revision of the undercutting calculations set out in recitals (119) to (122), the Commission confirmed all other conclusions set out in recitals (115) to (128) of the provisional Regulation.

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

4.4.1. *General remarks*

(130) The CCCME noted that the Commission based its analysis of macroeconomic data on actual data with respect to the complainants and supporting industry and estimates provided by the complainants for the rest of the Union industry. It claimed that these estimates could not be considered as positive evidence as their amounts and sources had not been disclosed to interested parties. Following final disclosure the CCCME reiterated its claim.

(131) The Commission stressed that it did not break down its analysis of the Union industry into complainants versus non-complainants and noted that it had requested the macro economic data from the Union industry and had made this data which it has used in the investigation available in the file open for inspection by interested parties. As specified in recital (32) of the provisional Regulation, it had also verified on-spot at the complainants' premises the sources and process followed by the latter for compiling the data for the rest of the industry. In addition, the verified data coming from the sampled companies covered a significant part of the overall macro-economic data, i.e. 48 % of the total production volume and 43 % of total sales of the Union industry. Therefore, the Commission rejected the claim from the CCCME.

(132) Following final disclosure, FCI claimed that the Commission contradicts itself, because recital (132) of the provisional Regulation reports that the Commission evaluated macroeconomic indicators related to *all Union producers*. However, it is stated at recital (131) above that macroeconomic data are based on verified data coming from the sampled companies covering 48 % of the total production volume and 43 % of total sales of the Union industry. Clearly, data covering less than 50 % of the total output are not representative of the Union industry as a whole. Based on the foregoing, the Commission's findings on macroeconomic indicators are based on partial and misleading data which do not permit a proper evaluation of the overall situation of the Union industry.

(133) The Commission noted that it has verified the macroeconomic data regarding the whole Union industry on-spot at the complainants' premises. On top of this, the Commission verified profoundly the sampled companies, which cover a large part of the production volume of the Union industry. Thus the macroeconomic data is not solely based on the sampled companies.

(134) Furthermore, FCI claimed that the data on macroeconomic indicators are problematic as shown by the fact that the Commission had to verify the original sources of the data at the premises of the complainants' lawyers on more than one occasion. In addition, the complainants submitted different versions of the data on the macro-economic indicators, every time with different figures. This fact alone shows that the methodology followed by the complainants is irremediably flawed.

(135) In addition, FCI noted that the data on which the Commission's findings are based are partial. In fact, the data only refer to the complainants and only to one of the two supporters. In total, the data account for less than 50 % of the total production of the like product in the Union.

(136) Following final disclosure, the complainants also clarified that to compile the data, they used detailed injury indicators data from questionnaire responses, signed by responsible officers within the companies in question, which were supplied by the complainants and one of the supporting producers in the complaint and subsequently brought up to date to cover the investigation period. Estimates were made by complainants for the data concerning other Union producers based on their market intelligence. In the absence of hard data regarding some of the Union producers complainants have taken a conservative approach, by assuming 100 % capacity utilisation and a constant sales figure across the period considered.

(137) The fact that the complainants have updated the macroeconomic data during the investigation did not have any implications on the reliability of the final data they compiled. The final data have been verified and found reliable by the Commission. Therefore, the Commission rejected this claim by FCI.

(138) The CCCME also claimed that the Commission failed to do a segmented analysis per Member State, resulting in a split between Member States with mainly ductile iron or grey iron markets.

(139) The Commission referred to recital (199) of the provisional Regulation where it stressed that the Union market is a single market and ductile and grey iron products are interchangeable products. It therefore dismissed the claim made by the CCCME.

(140) The CCCME first claimed that import data for the year 2013 could not be compared to import data for the subsequent years and the investigation period because of changes in the customs codes for the product concerned that occurred in 2014. Second, the CCCME claimed that the use of non-comparable datasets does not allow the Commission to draw conclusions on the evolution of the import volumes. The CCCME finally claimed that if the Commission would have analysed the volume effects with respect to the data based on the same methodology, i.e. for the period from 2014 to the investigation period, it would have concluded that there is no increase in imports.

(141) The Commission noted that the period for the examination of trends relevant for the assessment of injury covered the period from 2013 until the investigation period. For its import trend analysis the Commission accepted the method of the complainants to arrive at the import data of the product concerned using Eurostat data and which it verified and accepted as reasonable. No alternative sources of information were available. The Commission therefore dismissed the CCCME's claim.

4.4.2. *Macroeconomic indicators*

4.4.2.1. Production, production capacity and capacity utilisation

(142) FCI and the CCCME submitted that the Commission's finding in recital (139) of the provisional Regulation is not supported by the facts, as the volume of imports of the product concerned from the PRC decreased between 2014 and the investigation period, contrary to what is stated at recital (139) of the provisional Regulation.

(143) The Commission accepted these submissions. The decrease in production volume between 2014 and the investigation period was predominantly driven by the drop in consumption as reported in Table 3 of recital (113) of the provisional Regulation. However, during the period considered even though the consumption decreased by 8 %, the dumped imports from the PRC increased by 16 % and the production volume by the Union industry decreased by 4 %.

(144) FCI submitted that the complainants calculated their capacity utilisation as reported in Table 6 of recital (137) of the provisional Regulation on the basis of three shifts. According to FCI, it is common knowledge in the market for cast iron products that a foundry is in a good position if it works with two shifts, whereas a third shift of production is costly and works with a lower production capacity.

(145) The argument of FCI was not supported by any evidence and in any event did not preclude the possibility of a third shift. The Commission also noted that even if the capacity utilisation were to be calculated based on two shifts, the trend would remain the same as given in Table 6 of the provisional Regulation and a substantial spare capacity would still remain. Assuming that production remains stable over all shifts, the capacity utilisation based on two shifts would amount to around 80 %.

(146) In the absence of any other comments with respect to production, production capacity and capacity utilisation and further to the correction of recital (139) of the provisional Regulation as set out in recitals (142) and (143), the Commission confirmed all other conclusions set out in recitals (137) to (142) of the provisional Regulation.

4.4.2.2. Sales volume and market share

(147) FCI and the CCCME submitted that the finding in recital (145) of the provisional Regulation is not supported by the facts, as the volume of imports of the product concerned from the PRC decreased between 2014 and the investigation period, contrary to what is stated at recital (145) of the provisional Regulation.

(148) The Commission accepts the wrong reference to increasing imports between 2014 and the investigation period in recital (145) of the provisional Regulation and notes that the decrease in sales volume took place during the full period considered and can therefore be attributed to the drop in consumption as reported in Table 3 of recital (113) of the provisional Regulation as well as the increasing volume of dumped imports from the PRC over the entire period considered. However, during the period considered even though the consumption decreased by 8 %, the dumped imports from the PRC increased by 16 % which resulted in a much more significant increase of market share of the latter, that is by 26 %.

(149) In the absence of any other comments with respect to sales volume and market share and further to the correction of recital (145) of the provisional Regulation as set out in recitals (147) and (148), the Commission confirms all other conclusions set out in recitals (143) to (146) of the provisional Regulation.

4.4.2.3. Growth

(150) In the absence of any comments with respect to growth, the Commission confirmed its conclusions set out in recital (147) of the provisional Regulation.

4.4.2.4. Employment and productivity

(151) FCI submitted that the finding in recital (149) of the provisional Regulation is not supported by the facts, as the reduced level of employment cannot be linked to increasing quantities of imports from the PRC, as the only year during which imports increased (from 2013 to 2014), employment of the Union industry also increased. In the years that employment decreased, imports from the PRC also decreased.

(152) The Commission noted that the trend over the full period considered has shown a decreased number of employees, which was mainly the result of decreased production. The reduced production was in turn due to decreased sales in the Union because of both the decreased demand and the increased dumped imports during the period considered. This sequence of events is reflected in the analysis of the entire period considered and not by comparing year to year developments. Thus, the argument of FCI cannot be accepted.

(153) FCI submitted that the employment and productivity levels do not support a finding of material injury. Employment levels remained relatively stable, especially taken into account that four companies stopped production of the product under investigation during the period considered. Productivity levels increased.

(154) The Commission noted that the decrease in employment can furthermore be attributed to the Union industry's efforts to reduce production costs and gain efficiency in view of the increasing competition from dumped imports from the PRC. These efficiency gains resulted in an increased productivity by 3 %. Thus, the argument of FCI was rejected.

(155) In the absence of any other comments with respect to employment and productivity, the Commission confirmed its conclusions set out in recital (149) of the provisional Regulation.

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

(156) FCI submitted that the situation of the Union industry during the investigation period is similar to the situation at the time measures against certain castings originating in the PRC were repealed in 2011, because the construction industry has not yet recovered from the economic crisis and several Member States in the Union have considerably reduced their budget for infrastructure projects.

(157) However, FCI refers to Eurostat statistics that do not support these claims. The statistics of the production in the construction and civil engineering sector show an increase over the period considered. The Union consumption of cast iron articles did not profit from this growth, as shown in Table 3 of the provisional Regulation. Therefore the Commission rejects this submission. Thus, the argument of FCI cannot be accepted.

(158) Following final disclosure, FCI stated that recital (157) above wrongly concludes that the statistics on the construction and civil engineering sector show an increase since anti-dumping measures were repealed in 2011. Looking at the evolution of the construction industry since the end of the investigation period of the expiry review investigation mid-2010, FCI claims that this sector has not yet recovered from the 2008/2009 economic crisis.

(159) The Commission noted that the construction and civil engineering sector show an upward trend since 2013, indicating a slow recovery from the previous downward trend. This contradicts the claim of FCI that the current situation of the Union industry is the same as it was up to 2011, since the construction and civil engineering sector showed a downward trend in that period. Therefore, the claim was rejected.

(160) In the absence of any other comments with respect to the magnitude of the dumping and the recovery from past dumping, the Commission confirms its conclusions set out in recital (150) and (151) of the provisional Regulation.

4.4.3. *Microeconomic indicators*

4.4.3.1. Prices and factors affecting prices

(161) FCI submitted that no significant decrease in sales prices can be found when taking into account the decrease in production costs and therefore the decrease in sales price cannot be considered to be a sign of material injury.

(162) As addressed in recital (153) of the provisional Regulation, the average sales prices of the sampled Union producers have continuously decreased by 5 %, while the average unit cost of production decreased by only 3 % over the period considered. Since the price decrease exceeded the decrease in production costs, this claim was rejected.

4.4.3.2. Labour costs

(163) Following the imposition of provisional measures, no comments with respect to labour costs of the sampled Union producers were submitted.

4.4.3.3. Inventories

(164) Following the imposition of provisional measures, no comments with respect to inventories of the sampled Union producers were submitted.

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

(165) The CCCME questioned the conclusion of the Commission that there is a gradual decrease in profitability since 2006 by referring to the expiry review request of 2010.

(166) The Commission confirmed that on the basis of verified data provided by the sampled Union producers and available on the file its conclusion set out in recital (162) of the provisional Regulation is correct. The Commission therefore dismissed the claim made by the CCCME.

(167) In the absence of any other comments on the microeconomic indicators, the conclusion set out in recitals (152) to (166) of the provisional Regulation are confirmed.

4.4.4. *Conclusion on injury*

(168) The CCCME claimed that the Commission has not investigated the situation of Union producers in the central and eastern part of the Union and thus could not conclude on injury for the Union industry as a whole.

(169) The Commission rejected this claim as it has investigated the whole Union market for the macroeconomic injury indicators. The Commission considers the sample of Union producers to be sufficiently representative for the purpose of its injury analysis of the microeconomic indicators and confirms the existence of intra-Union trade of the like product.

(170) In the absence of any further comments the Commission confirmed its conclusions set out in recitals (167) to (170) of the provisional Regulation.

5. **CAUSATION**

5.1. **Effects of the dumped imports**

(171) FCI submitted that the provisional Regulation does not reflect the fact that the volume of imports from the PRC initially increased and then constantly declined from 2014 until the investigation period, while the sales volume in the Union decreased during the whole period considered and the market share of the Union industry remained stable.

(172) The Commission noted that while the sales volume and market share of the Union industry decreased over the period considered by respectively 11 % and 3 %, the volume and the market share of imports from the PRC increased by 16 % and 26 % over the same period. This shows a clear link between an increase of imports from the PRC and a decreased market for the Union industry. Therefore the Commission rejected this claim.

(173) Following final disclosure FCI requested the Commission to explain the divergent trends between the decrease in imports from the PRC of 8 % (with increasing prices) between 2014 and the investigation period and decreasing sales of the Union industry even during that period.

(174) Although in terms of volume the sales by the Union industry do not show a parallel trend with the import volume from the PRC throughout the period considered, in terms of market shares the trends are similar. Furthermore, the production volume of the Union industry has developed in line with the import volume from the PRC, showing an increase from 2013 to 2014 and a drop afterwards. This shows that the Union industry followed the trend of Chinese imports. Moreover, the trend taken over the whole period considered supports the existence of a causal link, both in terms of volumes and market shares. Therefore, the Commission concluded that there was an overall coincidence in time between the upward movement in Chinese imports and the downward movement in the injury indicators regarding the Union industry.

(175) FCI submitted that the sales prices of the Union producers have constantly declined between 2013 and the investigation period even when prices of Chinese imports increased by 4 % between 2013 and the investigation period. The two trends are clearly divergent and, as a result, no impact on the sales prices of the Union producers can be attributed to the pricing strategy of the Chinese exporting producers.

(176) Furthermore, FCI submitted that the fact that Union producers have not increased the profitability of their sales even though the prices for Chinese products increased, is a clear demonstration that any material injury during the period considered cannot be attributed to imports from the PRC.

(177) The Commission rejected these submissions, because the dumped imports from the PRC, even after the price increase over the period considered, undercut significantly the prices of Union producers and therefore caused material injury to the Union industry.

(178) Following final disclosure, FCI returned to this issue requesting the Commission to explain the causal link despite a divergent trend from 2014 onwards as imports from the PRC decreased (– 8 %) whereas prices for Chinese products increased (+ 1 %) and the Union industry's market share remained stable (58,8 %).

(179) The Commission noted that to avoid the effects of normal economic fluctuations it looks at the whole period considered in order to establish a trend. Furthermore, even during a downward trend in Union consumption over the period considered, the imports from the PRC showed an increase in market share.

(180) The CCCME claimed that the Commission failed to ensure price comparability in its price undercutting analysis by not taking into account certain characteristics of the product concerned. It claimed further that the Commission has taken different product characteristics into account for the dumping margin determination.

(181) The Commission stressed that it had considered the main characteristics of the product under investigation in its price comparison and has ensured comparability between the product concerned and the like product produced in the Union on the basis of the information available. The claim from the CCCME was therefore rejected.

(182) The CCCME claimed that neither the CCCME nor the Chinese exporting producers have had the possibility to identify differences between the Chinese products exported and the products sold by the Union producers that impact price comparability and to claim adjustments for the purpose of the price undercutting determination.

(183) The Commission noted that it disclosed the specific price undercutting calculations and the methodology used to the Chinese exporting producers and confirmed that on the basis of the main characteristics of the product under investigation it had ensured comparability between the product concerned and the like product produced and sold in the Union. No need for any specific adjustment for difference in physical characteristics had been demonstrated. The claim from the CCCME was therefore rejected.

(184) Following final disclosure, the CCCME claimed that the Chinese exporting producers and it had not had the opportunity to review the Commission's calculation of the volume and value of sales per PCN by the sampled Union producers, and thus could not assess whether mistakes had been made in this respect. Therefore, the CCCME claimed that the factual basis for the undercutting analysis is questionable, and does not amount to positive evidence.

(185) The Commission noted that in the final disclosure to the CCCME it explained the reason why this data should be kept confidential. It therefore rejected the claim from the CCCME.

(186) The CCCME claimed that the Commission has failed to assess the significance of the price undercutting in relation to the proportion of the domestic sales of the sampled Union producers for which no undercutting was found and therefore questioned the Commission's objectivity in its examination of the effect of the dumped imports on the sales prices of the Union producers. The CCCME reiterated its claim following final disclosure.

(187) The Commission established that 62,6 % of the sampled Union producers' total sales in the Union had been undercut by the dumped imports from the sampled exporting producers from the PRC. The Commission found that all product types imported were comparable to product types sold by the sampled Union producers. The Commission noted further that the prices of all product types imported had undercut the sales prices of the comparable types sold by the sampled Union producers. The Commission thus concluded that this demonstrates sufficiently the injurious effects of Chinese import prices on the Union industry sales.

(188) Following final disclosure, FCI reiterated that figures on employment level and productivity do not support a finding of material injury caused by imports from the PRC. In addition, the increasing efficiency of automated production lines requires a decreasing number of working units.

(189) The Commission noted that the decrease in employment can be attributed to the reduction in production volume caused by increasing quantities of dumped imports from the PRC over the period considered and the Union industry's efforts to reduce production costs and gain efficiency in view of the increasing competition from dumped imports from the PRC. The decrease in employment is larger than the gain in productivity, showing injury, caused by imports from the PRC.

(190) In the absence of any other comments, the Commission confirmed its conclusions set out in recitals (173) and (174) of the provisional Regulation.

5.2. **Effects of other factors**

5.2.1. *Imports from third countries*

(191) As the Commission had addressed in recitals (179) and (180) of the provisional Regulation, the Indian imports did not break the causal link between the dumped imports from the PRC and the injury suffered by the Union industry, and could not have had more than a marginal impact on the injury of the Union industry.

(192) However, the CCCME claimed that Indian imports might break the causal link between the dumped imports from the PRC and the injury suffered by the Union industry as there is no evidentiary basis for the Commission to conclude that exporting producers from the PRC gained market share from the Union industry, the respective increase and decrease of the Indian and Union market share is identical, the evolution from 2014 to the investigation period of the import volume from India evolved more in line with the evolution of the production and sales volume of the Union industry than the import volume from the PRC, and the price undercutting from India is higher than the price undercutting from the PRC which showed that any price effects would more likely be a result from the imports from India, rather than from the imports from the PRC.

(193) The CCCME claimed further that the Commission should separate and distinguish in detail all the different effects of the Indian imports, and separate each one of these from the allegedly injurious effects of Chinese imports by means of a segmented analysis by Member State and by grey iron, the Indian product, and ductile iron, the Chinese product.

(194) The Commission considered that for the reasons already explained in recital (199) of the provisional Regulation there is no need for a segmented analysis for the examination whether the dumped imports from the PRC caused material injury to the Union industry.

(195) The Commission noted that the relative increase of the share of the Union market held by imports from India is slightly higher than for the PRC over the period considered but in absolute terms import volumes and market share of India are much lower than import volumes and market share of the PRC over the same period and during the investigation period.

(196) The Commission noted that on the basis of absolute volumes it cannot conclude that the decrease in market share of the Union industry is entirely due to the increase in market share of Indian imports.

(197) The Commission further noted that the claim of the CCCME concerning the evolution of import volumes from 2014 to the investigation period is contradicted by the facts. Import volumes from both India and the PRC evolved in the same way as compared to the evolution of production and sales volume of the Union industry.

(198) Furthermore, the Commission recognised the price undercutting from India and confirmed its conclusion in recital (179) of the provisional Regulation that average price differences are not indicative since the product mix between the imports from India and the PRC differed.

(199) Following final disclosure the CCCME claimed that it lacked the information that would allow it to comment on price differences that would be indicative according to the Commission and therefore disagreed with the Commission's conclusion.

(200) The Commission confirmed that when considering the evolution of import volumes, market share and prices, the Indian imports may have contributed to the injury suffered by the Union industry. However, it cannot be assumed that the imports from India were the only cause of the Union industry's worsening situation. If, hypothetically, the effect of the imports from India were to be eliminated, the imports from the PRC would still be an independent cause of injury in their own right. In particular, the level of imports from the PRC during the investigation period is much more significant (more than three times higher) than the level of imports from India during the same period.

(201) Therefore, the Commission concluded that it is likely that the imports from India may have contributed to the material injury suffered by the Union industry. However, these imports did not break the causal link between the injury suffered by the Union industry and the dumped imports from the PRC because of their lower volumes and market share. Moreover, the Commission noted that any effects from the imports from India are not attributed to the PRC, as the injury elimination level calculated for the implementation of the lesser duty rule takes into account only the effects of the dumped imports from the PRC.

(202) The Commission confirmed its conclusions set out in recitals (175) to (182) of the provisional Regulation for the reasons mentioned above and hereby rejects the claims made by the CCCME.

5.2.2. *Export performance of the Union industry*

(203) FCI submitted that the profitability of the Union industry was negatively affected by increased exports from the Union industry to third countries at prices below their unit cost of production.

(204) The Commission noted that exports to third countries only account for approximately 10 % of the sales of the sampled Union producers over the period considered. The Commission therefore concluded that the exports to third countries could only have had a marginal effect on the injurious situation of the Union industry in the investigation period, and therefore could not break the causal link between the Chinese dumped imports and the material injury suffered by the Union industry.

(205) Following final disclosure, FCI requested an explanation from the Commission on how the combination of increased exports with very low prices is not able to break the causal link between the alleged injury suffered by the Union industry and imports of the product concerned from the PRC. FCI claimed that if the Union industry had not sold its products to third markets and had instead sold that part of the output domestically, at average Union prices, it could have improved its profit margin by 17,20 %.

(206) The Commission noted that the assumption of FCI that the Union producers could sell the products they had exported on the Union market for the same price at which they sell in the Union is not based on any evidence and is a mere speculation. First of all, the prices within the Union industry are under pressure because of the dumped imports from the PRC. Secondly, following the fundamental economic law of supply and demand, an increase in supply will lower the price of the product. Moreover, the product mix of products exported by the sampled Union producers may diverge from their average production and corresponding cost of production. Therefore, the Commission rejected the claim of FCI that the Union producers could have improved their profit margin by selling their exports in the Union market.

5.2.3. *Contraction in demand*

(207) FCI submitted evidence according to which the closure of the foundries mentioned in recital (190) of the provisional Regulation should be attributed to factors other than the increase in imports of the product concerned from the PRC.

(208) The Commission notes that regarding ACO publicly available information indicated that the price pressure and competition from the PRC was one of the reasons to close the Union foundry. Regarding the other closures FCI did not give any conclusive evidence on the reasons for closure. In any event, it is not these closures which drove the sampled Union producers' sales prices and profitability downwards as they reflect a loss in competition on the intra-Union market. The Commission therefore rejects this submission and stays of the opinion that these closures coincided with the injury suffered by the Union and therefore do not break the causal link between the Chinese dumped imports and the material injury suffered by the Union industry.

(209) The CCCME claimed that the Commission should have separated and distinguished the injurious effect of the drop in consumption from the allegedly injurious effects of the imports from the PRC as it is clear that when considering the evolution of sales and production volumes of the Union industry this drop cannot be attributed to imports from the PRC.

(210) Furthermore, the CCCME claimed that as the increase in imports from the PRC does not coincide with the decreasing sales volume of the Union industry, there is no factual basis for the Commission's allegation that since the increase in imports from the PRC is higher than the decrease in consumption and sales of the Union industry the contraction in demand cannot break the causal link between the dumped imports from the PRC and the material injury suffered by the Union industry.

(211) The Commission notes that contrary to what the CCCME claimed the increase in imports from the PRC does coincide with the decreasing sales volume of the Union industry when the whole period for the assessment of injury is considered.

(212) The Commission therefore rejects this claim and confirms its conclusions set out in recitals (189) to (191) of the provisional Regulation.

5.2.4. *Segmentation in the Union market*

(213) FCI submitted that national standards and different requirements at Member States level segment the Union in various national markets for cast iron articles.

(214) The Commission noted that notwithstanding the existence of national standards for different product types, Union producers and exporting producers alike can fulfil these national requirements related to product certification. Therefore, this claim was rejected.

5.2.5. *Technical evolution of the product under investigation*

(215) FCI further submitted that the weight of the items sold has decreased and therefore an equivalent production volume in tonnes reveals an increased number of items sold. According to FCI, a lack of increase in profits and market share should be attributed to a structural change in technology and production processes rather than to the competition with products manufactured in the PRC.

(216) The Commission notes that based on the sampled Union producers' data, it could not establish any significant weight decrease during the period considered. The claim is therefore rejected.

(217) Following final disclosure, FCI alleged that there has been a general reduction in the weight of cast iron articles. The fact that production volumes in the Union during the investigation period were equivalent to the situation prevailing in 2013 (96 %) reveals that the Union industry has necessarily increased the number of items sold. Any injury should therefore be attributed to a structural change in technology and production processes rather than to the competition with products manufactured in the PRC.

(218) The Commission had requested the sampled Union producers not only all data in tonnes produced, but also in pieces produced. This verified data did not shown any significant decrease in weight of the like product. Therefore the Commission did not agree with the FCI in its claim that the Union industry had necessarily increased the number of items sold. Therefore, the claim was rejected.

5.3. **Conclusion on causation**

(219) The CCCME claimed that despite alleged price undercutting in the investigation period the Union industry was able to keep its market share which is difficult to reconcile with a finding of a causal link.

(220) The Commission noted that the Union industry lost market share over the period considered whereas the market share of imports from the PRC increased considerably. It also found significant undercutting. It therefore rejected this claim.

(221) Following final disclosure, the CCCME reiterated its claim that there is no coincidence in time between imports from the PRC and the alleged injury suffered by the Union industry. The CCCME pointed out that the data showed that there is a coincidence in time between the injury indicators in question and the consumption evolution, which it claimed appeared to be the actual cause of any alleged injury. It further claimed that this in turn has had an impact on other injury indicators such as profitability. The CCCME finally claimed that in its injury and causation analyses the Commission should have considered the trends in imports over the period considered rather than just comparing the end points as held by the Appellate Body ([1]).

(222) By contrast to the Appellate Body Report, where no analysis of the trends were made but only a comparison between the starting and the end point of the period considered, in the case at hand the Commission carried out a thorough analysis of the prevailing trends taking place during the entire period considered, including between each and every year of that period. On that basis, the Commission found a coincidence in time between imports from the PRC and the injury suffered by the Union industry on the basis of that period. Therefore, the claim was rejected.

(223) Following the publication of the provisional Regulation, the CCCME claimed for the first time during the investigation that the injury suffered by the Union industry might have been self-inflicted as several Union producers started replacing their own sales of the like product by sales of composite products, which they also produce, and suggested that competition by these products should have been taken into account, as it was able to break the alleged causal link between dumped imports from the PRC and the injury allegedly suffered by the Union industry.

(224) The Commission rejected this claim as the CCCME, apart from a mere product brochure from one of the Union producers, did not substantiate it with any conclusive evidence. Most importantly, the Commission's findings are based on the data related to the product under investigation.

(225) Following final disclosure, the complainants further reiterated that sales of composite products are minimal and represent less than 1 % of their business. The claims were therefore rejected.

(226) In the absence of any further comments the Commission confirmed its conclusions set out in recitals (202) to (205) of the provisional Regulation.

([1]) Report of the Appellate Body in *United States — Measures Affecting Imports of Certain Passenger Vehicle and Light Truck Tyres from China*, WT/DS/399/AB/R, paragraph 220.

6. UNION INTEREST

6.1. Interest of the Union industry

(227) FCI submitted that imports from the PRC in the period considered did not have the effect of depressing domestic prices for the product under investigation of the Union industry, as Chinese prices have remarkably increased during the period considered, while average sales prices of the Union industry have progressively decreased in the period considered and this trend followed a general decrease in the unit cost of production, which was in the interest of the Union industry.

(228) The Commission rejected this submission, because the imports from the PRC, even after the price increase over the period considered, were significantly undercutting the Union industry prices and therefore depressing prices in the Union. This is supported by the decrease in sales prices of the Union industry, which was higher than the decrease in the unit cost of production. It is therefore, in the Union industry's interest to stop such price decrease due to dumped low-priced Chinese imports.

(229) Following final disclosure, FCI submitted that Union producers do source part of their product range from the PRC. As a result, the imposition of a provisional duty on the PRC is causing problems also to Union producers.

(230) In addition, one of the Union producers has recently made a large investment for the development of a new foundry in the United States ('US'); the imposition of a definitive duty will lead to an increase in imports from the US and to the consolidation of the dominant position of this Union producer in the Union market for cast iron articles to the detriment of free and fair competition.

(231) The Commission noted that imposition of anti-dumping measures may affect all players in the Union market, including the Union producers. However, following final disclosure the complainants and a supporting producer submitted that it is in the interest of the Union industry to impose a definitive duty that will contribute to the creation of a level playing field on the market.

(232) During the verification visit at the producer mentioned in recital (230), the company has informed the Commission that the investment in the US is made to replace an already existing plant. As FCI has not brought any supportive evidence for its claim that this producer will use this investment to increase imports from the US to the Union, the Commission has rejected this claim.

(233) The complainants claimed that if the definitive duty rates are reduced to the levels proposed in the final disclosure, they will not be able to compete with the dumped imports, as importers of the product concerned from the PRC are still able to undercut Union industry's prices in spite of the imposition of the provisional duty of on average 33 %.

(234) The anti-dumping measures are set at the level necessary to remove the effect of injurious dumping. Therefore, it is possible that import prices are still competitive with the price of the like product sold by the Union industry, in particular since the provisional anti-dumping duty imposed is based on the dumping margins which were found lower than the injury elimination level. The Commission therefore rejected this claim.

6.2. Interest of unrelated importers

(235) FCI submitted that the Commission underestimated the role played and the employment created by a large consortium of European SMEs in the market for the product concerned.

(236) The Commission noted that it has found in the investigation that the unrelated importers bear certain costs for the design, certification and R & D of the product concerned and therefore decided to adjust the undercutting and injury elimination level calculations accordingly as indicated in recitals (119) to (122) above. However, even after such adjustment the undercutting and the injury elimination level remain significant.

(237) FCI submitted that the Commission is not taking account of the importance of the certifications for the product concerned and the presence of long-term contracts.

(238) The Commission noted that it did not find any evidence of the existence of such long-term contracts during the investigation. The costs for the certifications for the product concerned are integrated in the adjustment made for R & D costs in the undercutting and injury elimination calculations.

(239) The total number of employees of the FCI member companies is estimated at around 1 200 for imports from all countries, so measures on imports from just the PRC will have a potential impact on a smaller number of employees.

(240) FCI submitted that whilst the Union industry could still keep its actual levels of employment even in presence of imports of the product concerned from the PRC, most FCI member companies will be forced to close down or to lay off workers if the Commission decides to impose a definitive anti-dumping duty.

(241) The Commission rejected this argument as FCI failed to substantiate its claim with any evidence or analysis that forced closures or reductions in employment would take place. To the contrary, given the significant level of undercutting, despite the effect of any definitive duty Chinese import prices will remain competitive with the Union industry prices, and not lead to such closures and reduction in employment.

(242) FCI submitted that the unrelated importers cannot easily and in a short period of time find alternative sources of supply and Union producers will not sell the product under investigation to the unrelated importers, as they are in direct competition with each other.

(243) Concerning the arguments that the imposition of measures would lead to a shortage of supply of the product under investigation, the Commission first noted that the objective of anti-dumping measures is not to close off the Union market from any imports, but to restore fair trade by removing the effect of injurious dumping. Imports from the PRC should therefore not come to an end, but to continue, albeit at fair prices.

(244) At the same time, it cannot be excluded in practice that measures against the PRC could not have an effect. However, as addressed in recital (220) of the provisional Regulation, unrelated importers could potentially turn to imports from other third countries. In this regard, the Commission established that the unrelated importers are not exclusively dependent on imports from the PRC, but also purchased during the period considered the product under investigation from producers in other third countries, such as India, Turkey and Brazil. The Commission noted further imports from Vietnam, Egypt and Ukraine.

(245) Furthermore, the Commission found during the investigation that the Union industry has spare capacity available, as it has been running on a capacity utilisation level of around 50 %. FCI failed to submit any evidence to support the allegation that the Union industry will not sell the product under investigation to the unrelated importers.

(246) Following final disclosure, FCI returned to the issue of security of supply, stating that Union producers have never agreed and will never agree to produce castings on behalf of FCI member companies. FCI member companies contacted several foundries in the Union and they all refused to supply materials produced according to their patterns or they declared that they are not available to produce cast iron articles for all the requested dimensions.

(247) Regarding a possible switch to other third countries FCI claimed that none of the countries mentioned in this Regulation represent a viable alternative to the PRC. India and Turkey are not reasonable alternatives. They exported only limited quantities of the product concerned during the investigation period. In particular, the producers in India almost exclusively produce grey cast iron, whilst the producers in the PRC mostly produce ductile cast iron. Only 30 000 tonnes of cast iron articles were imported from third countries other than India during the investigation period, therefore it is according to FCI unthinkable to start producing sufficient volumes of castings in a reasonable period of time in countries other than the PRC. Furthermore, any switch in the source of imports for the product concerned will entail additional costs for the unrelated importers. All investment in the patterns owned by the producers in the PRC cannot be used anywhere else and thus will lose their value if a definitive duty is imposed. In addition, any switch of production will require time and this delay will cause unrelated importers to leave the Union market.

(248) The Commission noted that FCI has not provided any evidence supporting the claim that Union producers will never agree to produce castings on behalf of FCI member companies.

(249) On the other hand, following final disclosure the complainants have submitted that they are willing to supply the importers and have provided evidence that they already do so. Therefore, this claim was rejected.

(250) The fact that only limited imports during the investigation period existed from third countries other than the PRC, does not exclude the possibility to shift production to other third countries. Furthermore, the measures do not have the objective to close off the Union market from Chinese imports, but to restore fair trade by removing the effect of injurious dumping. As the definitive duty rates are below the injury elimination level and even below the undercutting margins for all sampled Chinese exporting producers, they are not expected to have a prohibitive effect on imports from the PRC. This is supported by the import statistics since the imposition of provisional anti-dumping measures, which still show significant imports from the PRC.

(251) The implicated additional costs linked to a potential switch in production are therefore mainly suggestive and not inherently linked to the imposition of anti-dumping measures.

(252) In light of the above, the Commission rejected all the claims made by FCI regarding the security of supply.

6.3. **Interest of users**

(253) FCI submitted that measures would be against the different needs and specificities requested by public authorities and private entities that are dependent on imports by unrelated importers, especially in regions not sufficiently close to the Union producers.

(254) The Commission reiterated that end users cannot rely on dumped prices at the expense of the Union industry. Furthermore, the investigation has shown that there is already intra-Union trade of the product concerned and the like product, including to regions that are not located close to the Union producers.

6.4. **Conclusion on Union interest**

(255) In summary, none of the arguments put forward by interested parties demonstrate that there are compelling reasons against the imposition of measures on imports of the product concerned from the PRC.

(256) Any negative effects on the unrelated importers cannot be considered disproportionate and are mitigated by the availability of alternative sources of supply, whether from third countries or from the Union industry. The positive effects of the anti-dumping measures on the Union market, in particular on the Union industry, outweigh the potential negative effect on the other interest groups.

(257) In the absence of any further comments, the Commission confirms its conclusions set out in recital (226) of the provisional Regulation.

7. **TERMINATION AND DEFINITIVE ANTI-DUMPING MEASURES**

(258) Given the fact that no dumping had been established, the proceeding with regard to imports originating in India shall be terminated.

7.1. **Injury elimination level for the PRC**

(259) The complainants submitted that they disagreed with a profitability of 5,3 % used in the injury elimination level assessment. They claimed that the profitability of the Union producers amounted to around 10 % in 2006. However the profitability used in the injury assessment is the one achieved by the sampled Union producers in 2013.

(260) As addressed in recital (231) of the provisional Regulation, the 2013 level of profit reflects what could be reasonably achieved under normal conditions of competition, i.e. in the absence of dumped imports. This target profit is furthermore in line with the percentage proposed by the complainants for the underselling calculations in their complaint.

(261) FCI submitted that the provisional injury elimination level assessment is misleading, as it compares the prices of the products sold by the Chinese foundries to importers in the Union with that of products sold by the Union industry to final customers and does not take into account expenses borne exclusively by the unrelated importers. Such costs include R & D costs, costs for the creation of patterns and prototypes, certification costs, homologation costs, quality checks and conformity checks, warehouse costs, and sales costs.

(262) The Commission has verified this data and has decided to adjust the undercutting margin (see recitals (119) to (122) above) and the injury elimination level for such costs, by adjusting the Union industry's ex-works prices downwards taking the weighted average R & D costs on turnover of the sampled Union producers. Further, an adjustment to the import price was made for verified post-importation costs.

7.2. **Definitive measures for the PRC**

(263) In view of the conclusions reached with regard to dumping, injury, causation and Union interest, and in accordance with Article 9(4) of the basic Regulation, definitive anti-dumping measures should be imposed on the imports of the product concerned at the level of the dumping margin, in accordance with the lesser duty rule.

(264) On the basis of the above, the rates at which the definitive anti-dumping duty will be imposed are set as in Table 3 below:

Table 3

Dumping margin, injury elimination level and duty rate

Company	Dumping margin	Injury elimination level	Duty
Botou City Wangwu Town Tianlong Casting Factory	15,5 %	63,5 %	15,5 %
Botou Lisheng Casting Industry Co., Ltd	31,5 %	52,8 %	31,5 %
Fengtai (Handan) Alloy Casting Co., Ltd	38,1 %	72,8 %	38,1 %
Hong Guang Handan Cast Foundry Co., Ltd	21,3 %	70,3 %	21,3 %
Shijiazhuang Transun Metal Products Co., Ltd	25,0 %	66,2 %	25,0 %
Other cooperating companies	25,4 %	64,8 %	25,4 %
All other companies	38,1 %	72,8 %	38,1 %

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

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

(267) To minimise the risks of circumvention due to the high difference in duty rates, special measures are needed to ensure the application of the individual anti-dumping duties. The companies with individual anti-dumping duties must present 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) hereof. Imports not accompanied by that invoice should be subject to the anti-dumping duty applicable to 'all other companies'.

(268) In order to ensure a proper enforcement of the anti-dumping duty, the 'all other companies' duty rate should not only apply to the non-cooperating exporting producers but also to those producers which did not have any exports to the Union during the investigation period unless the latter comply with the conditions set out in Article 3.

(269) A group of cooperating exporting producers, together with the CCCME offered a joint price undertaking in accordance with Article 8(1) of the basic Regulation. This undertaking offer is under evaluation.

(270) In view of the recent case-law of the Court of Justice ([2]), it is appropriate to provide for the rate of default interest to be paid in case of reimbursement of definitive duties, because the relevant provisions in force concerning customs duties do not provide for such an interest rate, and the application of national rules would lead to undue distortions between economic operators depending on which Member State is chosen for customs clearance.

7.3. **Price undertaking offer**

(271) Following final disclosure, the CCCME and 64 exporting producers submitted a price undertaking offer in accordance with Article 8 of the basic Regulation.

(272) The Commission evaluated this offer and concluded that acceptance of such undertaking would be impractical within the meaning of Article 8 of the basic Regulation on the basis of the following elements:

(i) the difficulty for the customs authorities of the Member States to visually distinguish between the two different product groups submitted to the proposed undertaking;

(ii) the high number of exporting producers included in the offer;

(iii) the low reliability of their accounting records;

(iv) the exports of other products by the exporting producers not subject to measures also allowing price compensation; and

(v) the fact that a similar undertaking covering a much smaller number of exporting producers was subject to repeated breaches and was eventually withdrawn in the past.

(273) The CCCME and the exporting producers concerned as well as the Union industry were informed of the reasons why the Commission intended to reject the undertaking offer. The Union industry expressed its agreement with the rejection.

(274) The CCCME submitted certain comments and suggestions in reaction to the Commission's evaluation of the undertaking offer. The CCCME offered to use one average minimum import price based on the most expensive product types, to limit the exports of other products and to define some eligibility criteria in order to reduce the number of exporting producers participating in the undertaking. However, although these suggestions could alleviate somehow certain monitoring risks, those concerning the reduction of the number of exporting producers and the inherent risk attached to the reliability of their accounting records could not be assessed by the Commission since they were not sufficiently precise to form a revised offer. In addition, the restriction of participating exporting producers could lead to channelling of exports of non-participating exporting producers via those participating. Finally, the Commission recalled that a similar undertaking covering a much smaller number of exporting producers was subject to repeated breaches and eventually withdrawn in the past. Thus, overall, the comments and suggestions of the CCCME did not change the Commission's assessment.

([1]) European Commission, Directorate-General for Trade, Directorate H, 1049 Brussels, Belgium.
([2]) Judgment in *Wortmann*, C-365/15, EU:C:2017:19, paragraphs 35 to 39.

7.4. **Definitive collection of the provisional duties**

(275) In view of the dumping margins found and given the level of the injury caused to the Union industry, the amounts secured by way of the provisional anti-dumping duty, imposed by the provisional Regulation, should be definitively collected.

(276) The definitive duty rates are lower than the provisional duty rates. Thus, the amounts secured in excess of the definitive anti-dumping duty rate should be released.

(277) The Committee established by Article 15(1) of Regulation (EU) 2016/1036 did not deliver an opinion,

HAS ADOPTED THIS REGULATION:

Article 1

1. A definitive anti-dumping duty is imposed on imports of certain articles of lamellar graphite cast iron (grey iron) or spheroidal graphite cast iron (also known as ductile cast iron), and parts thereof currently falling within CN codes ex 7325 10 00 (TARIC code 7325 10 00 31) and ex 7325 99 10 (TARIC code 7325 99 10 51) and originating in the People's Republic of China.

These articles are of a kind used to:

— cover ground or sub-surface systems, and/or openings to ground or sub-surface systems, and also

— give access to ground or sub-surface systems and/or provide view to ground or sub-surface systems.

The articles may be machined, coated, painted and/or fitted with other materials such as but not limited to concrete, paving slabs, or tiles.

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

— channel gratings and cast tops subject to standard EN 1433, to be fitted as a component on channels in polymer, plastic, galvanised steel or concrete allowing surface water to flow into the channel,

— floor drains, roof drains, cleanouts and covers for cleanouts, subject to standard EN 1253,

— step irons, lifting keys, and fire hydrants.

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

Company	Duty (%)	TARIC additional code
Botou City Wangwu Town Tianlong Casting Factory	15,5	C221
Botou Lisheng Casting Industry Co., Ltd	31,5	C222
Fengtai (Handan) Alloy Casting Co., Ltd	38,1	C223
Hong Guang Handan Cast Foundry Co., Ltd	21,3	C224
Shijiazhuang Transun Metal Products Co., Ltd	25,0	C225
Other cooperating companies listed in Annex	25,4	See Annex
All other companies	38,1	C999

3. The application of the individual duty rates specified for the companies mentioned in paragraph 2 shall be conditional upon presentation to the Member States' customs authorities of a valid commercial invoice, on which shall appear a declaration dated and signed by an official of the entity issuing such invoice, identified by his/her name and function, drafted as follows: 'I, the undersigned, certify that the (volume) of certain castings 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.' If no such invoice is presented, the duty applicable to all other companies shall apply.

4. Unless otherwise specified, the relevant provisions in force concerning customs duties shall apply. The default interest to be paid in case of reimbursement that gives rise to a right to payment of default interest shall be the rate applied by the European Central Bank to its principal refinancing operations, as published in the C series of the *Official Journal of the European Union*, in force on the first calendar day of the month in which the deadline falls, increased by one percentage point.

Article 2

The amounts secured by way of the provisional anti-dumping duty under Implementing Regulation (EU) 2017/1480 shall be definitively collected. The amounts secured in excess of the definitive rates of the anti-dumping duty shall be released.

Article 3

Where any new exporting producer in the People's Republic of China provides sufficient evidence to the Commission that:

— it did not export to the Union the product described in Article 1(1) during the investigation period (1 October 2015 to 30 September 2016),

— it is not related to any of the exporters or producers in the People's Republic of China which are subject to the measures imposed by this Regulation,

— it has actually exported to the Union the product concerned after the investigation period on which the measures are based, or it has entered into an irrevocable contractual obligation to export a significant quantity to the Union,

Article 1(2) shall be amended, after giving all interested parties the possibility to comment, by adding the new exporting producer to the cooperating companies not included in the sample and thus subject to the weighted average duty rate.

Article 4

The anti-dumping proceeding concerning imports of the product mentioned in Article 1(1) originating in India is hereby terminated.

Article 5

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

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

Done at Brussels, 29 January 2018.

For the Commission

The President

Jean-Claude JUNCKER

ANNEX

Chinese cooperating exporting producers not sampled:

Name	TARIC additional code
Baoding City Maikesaier Casting Ltd	C226
Baoding GB Metal Products Co., Ltd	C232
Baoding Hualong Casting Co., Ltd	C233
Baoding Shuanghu Casting Co., Ltd	C234
Bo Tou Chenfeng Casting Co., Ltd	C235
Botou City Minghang Casting Co., Ltd	C236
Botou City Qinghong Foundry Co., Ltd and the related company Cangzhou Qinghong Foundry Co., Ltd	C237
Botou City Simencun Town Bai Fo Tang Casting Factory	C238
Botou Dongli Foundry Co., Ltd	C239
Botou GuangTai Precision Casting Factory	C240
Botou Mancheng Foundry Co., Ltd	C241
Botou Okai Foundry Co., Ltd	C242
Botou Sanjiang Casting Co., Ltd	C243
Botou TongYang Casting Factory	C244
Botou Weili Precision Casting Co., Ltd	C245
Botou Xinrong Foundry Co., Ltd	C246
Botou Zhengxin Foundry Co., Ltd	C247
Cangzhou Hongyuan Machinery & Foundry Co., Ltd	C248
Cangzhou Yadite Casting Machinery Co., Ltd	C249
Changsha Jinlong Foundry Industry Co., Ltd	C250
Changyi City ChangZhan Casting Co., Ltd	C251
China National Minerals Co., Ltd	C252
Dingxiang Sitong Forging and Casting Industrial	C253
Dingzhou Dongyu Foundry Co., Ltd	C254
Handan City Jinzhu Foundry Co., Ltd	C255
Handan Haolin Casting Co., Ltd	C256
Handan Qunshan Foundry Co., Ltd	C257

Name	TARIC additional code
Handan Yanyuan Machinery Foundry Co., Ltd	C258
Handan Yuanyang Foundry Co.,Ltd	C259
Handan Zhangshui Pump Manufacturing Co., Ltd	C260
Hebei Cheng'An Babel Casting Co., Ltd	C261
Hebei Feixiang East Foundry Products Co., Ltd	C262
Hebei Jinghua Casting Co., Ltd	C263
Hebei Shunda Foundry Co., Ltd	C264
Hebei Tengfeng Metal Products Co., Ltd	C265
Hebei Zhonghe Foundry Co., Ltd	C266
Hengtong Valve Co.,LTD	C267
Heping Cast Co., Ltd Yi County	C268
Jiaocheng County Honglong Machinery Manufacturing Co., Ltd	C269
Jiaocheng County Xinlei Machinery Manufacturing Co., Ltd	C270
Jiaocheng County Xinxing Casting Co., Ltd	C271
Laiwu City Haitian Machinery Plant	C272
Laiwu Xinlong Weiye Foundry Co., Ltd	C273
Lianyungang Ganyu Xingda Casting Foundry	C274
Lingchuan County Rainbow Casting Co., Ltd	C275
Lingshou County Boyuan Foundry Co., Ltd	C276
Pingyao County Master Casting Co., Ltd	C277
Qingdao Jiatailong Industrial Co.,Ltd	C278
Qingdao Jinfengtaike Machinery Co., Ltd	C279
Qingdao Qitao Casting Co., Ltd	C280
Qingdao Shinshu Casting Co., Ltd	C281
Qingyuanxian Yueda Fountry Co., Ltd	C282
Rockhan Technology Co., Ltd	C283
Shahe City Fangyuan Casting Co., Ltd	C284
Shandong Heshengda Machinery Technology Co., Ltd	C298
Shandong Hongma Engineering Machinery Co., Ltd	C285
Shandong Lulong Group Co., Ltd	C286

Name	TARIC additional code
Shanxi Ascent Industrial Co., Ltd	C310
Shanxi Associated Industrial Co., Ltd	C287
Shanxi Jiaocheng Xinglong Casting Co., Ltd	C288
Shanxi Solid Industrial Co., Ltd	C289
Shanxi Yuansheng Casting and Forging Industrial Co., Ltd	C290
Shaoshan Huanqiu Castings Foundry	C291
Tang County Kaihua Metal Products Co., Ltd	C292
Tangxian Hongyue Machinery Accessory Foundry Co., Ltd	C293
Tianjin Jinghai Chaoyue Industrial and Commercial Co., Ltd	C294
Tianjin Yu Xing Da Casting Co., Ltd	C295
Wangdu Junrong Foundry Co., Limited	C296
Weifang Nuolong Machinery Co., Ltd	C297
Weifang Weikai Casting Co., Ltd	C299
Wen Shui Hengli Nature of the Company	C300
Wuhan RedStar Agro-Livestock Machinery Co. Ltd	C301
Zibo Joy's Metal Co., Ltd	C302