



2026/1540

7.7.2026

**COMMISSION IMPLEMENTING REGULATION (EU) 2026/1540**

**of 6 July 2026**

**imposing a definitive anti-dumping duty on imports of new pneumatic tyres, of rubber, of a kind used on motor cars, buses or lorries with a load index not exceeding 121 ('tyres') originating in the People's Republic of China**

THE EUROPEAN COMMISSION,

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

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

After consulting the Member States,

Whereas:

**1. PROCEDURE**

**1.1. Initiation**

- (1) On 21 May 2025, the European Commission ('the Commission') initiated an anti-dumping investigation with regard to imports of new pneumatic tyres, of rubber, of a kind used on motor cars, buses or lorries with a load index not exceeding 121 originating in the People's Republic of China ('the country concerned' or 'China' or 'the PRC') on the basis of Article 5 of the basic Regulation. It published a Notice of Initiation in the *Official Journal of the European Union* <sup>(2)</sup> ('the Notice of Initiation').
- (2) The Commission initiated the investigation following a complaint lodged on 7 April 2025 by the Coalition Against Unfair Tyre Imports ('the complainant'). The complaint was made on behalf of the Union industry of passenger car and light lorry tyres in the sense of Article 5(4) of the basic Regulation. The complaint contained evidence of dumping and of resulting material injury that was sufficient to justify the initiation of the investigation.

**1.2. Registration**

- (3) The Commission made imports of the product concerned subject to registration by Commission Implementing Regulation (EU) 2025/1538 <sup>(3)</sup> ('the registration Regulation').

**1.3. Interested parties**

- (4) In the Notice of Initiation, the Commission invited interested parties to contact it in order to participate in the investigation. In addition, the Commission specifically informed the complainants, other known Union producers, the known exporting producers and the Chinese authorities, known importers, suppliers and users, traders, as well as associations known to be concerned about the initiation of the investigation and invited them to participate.
- (5) Interested parties had an opportunity to comment on the initiation of the investigation and to request a hearing with the Commission and/or the Hearing Officer in trade proceedings.

<sup>(1)</sup> OJ L 176, 30.6.2016, p. 21, ELI: <http://data.europa.eu/eli/reg/2016/1036/oj>.

<sup>(2)</sup> Notice of initiation of an anti-dumping proceeding concerning imports of new pneumatic tyres, of rubber, of a kind used on motor cars, buses or lorries with a load index not exceeding 121 originating in the People's Republic of China (OJ C, C/2025/2778, 21.5.2025, ELI: <http://data.europa.eu/eli/C/2025/2778/oj>).

<sup>(3)</sup> Commission Implementing Regulation (EU) 2025/1538 of 25 July 2025 making imports of new pneumatic tyres, of rubber, of a kind used on motor cars, buses or lorries with a load index not exceeding 121 originating in the People's Republic of China subject to registration (OJ L, 2025/1538, 28.7.2025, ELI: [http://data.europa.eu/eli/reg\\_impl/2025/1538/oj](http://data.europa.eu/eli/reg_impl/2025/1538/oj)).

- (6) Hearings were held with 4M Pro&Invest Sp. z o.o. ('4M Pro&Invest') an unrelated trader of the product under investigation, as well as with the Coalition of passenger cars and light lorries Importers ('Coalition of PC-LL Importers'), representing two unrelated importers of the product under investigation, Deldo Autobanden NV ('Deldo') and Interpneu Handelsgesellschaft mbH ('Interpneu').

#### 1.4. Request of anonymity

- (7) Several Union producers (complainants or supporters of the complaint) requested anonymity covering the entire investigation claiming a risk of significant adverse effect in the form of retaliatory action. The Commission considered that the parties showed good cause within the meaning of Article 19(1) of the basic Regulation and granted those companies confidential treatment of their identity.
- (8) Other Union producers which came forward did not request anonymity. However, in the light of the risk that the Union producers to which anonymity was granted being identified by deduction, anonymity had to be extended to Union producers which came forward but did not request anonymity.

#### 1.5. Comments on initiation

- (9) Numerous parties submitted comments on the complaint and the initiation of the case.
- (10) Two unrelated importers, Deldo and Interpneu claimed that the open version of the complaint was overly redacted and did not enable parties to carry out a full assessment of the injury alleged by the complainants. In this respect, they requested that the open version of the complaint included ranges in addition to the indexes as well as the percentage share of total EU sales and profits per tier. The China Rubber Industry Association ('CRIA') claimed that the excessive confidentiality treatment of the Union industry data, in particular the macro indicators (Union production, sales and market share) did not allow it to fully exercise its rights of defence.
- (11) CRIA, Deldo, Interpneu and Giti Tyre Fujian Company Ltd. ('the GITI Group'), an exporting producer, contested that the complaint sufficiently demonstrated the injury of the Union industry. Those interested parties claimed that injury was non-existent in tier 1 and 2, where most indicators, such as Union sales volumes, market share and profitability, remained stable or even improved at the end of the investigation period. Moreover, given that there were practically no imports of tier 1 and 2 products from China, those four interested parties claimed that injury, if any, could not be caused by Chinese imports.
- (12) CRIA and the GITI Group further argued that there was no interchangeability / competition among tiers and therefore tier 3 Chinese imports did not exert a downward price pressure on higher end tiers.
- (13) As regards the information available in the non-confidential version of complaint, the Commission considered that indexed figures showed the trends of the data provided on confidential basis and therefore satisfied the criterion of meaningful summary. Furthermore, the Commission considered that the complaint contained sufficient evidence of both injury and causation in order to initiate an investigation covering the three tiers. In this respect, the complaint demonstrated that the production volume, capacity and capacity utilisation as well as sales volume to unrelated customers of the complainants declined in each tier, with tier 3 experiencing the sharpest decline. Even though sales prices increased, this increase was below the rate of increase of the cost of production, therefore profitability declined across each of the three tiers. Moreover, the complaint also demonstrated that this significant deterioration of the economic situation of the complainants coincided with a significant increase in the Chinese import volumes whose prices undercut the complainants' prices both at full product scope as well as in tier 3 separately, where most of the Chinese imports were concentrated. The complaint also explained how inter-tier competition occurred and how higher end tiers were affected by imports and prices of lower tiers. The above evidence were considered sufficient at initiation stage and confirmed to a very large extent by the investigation. These claims were therefore rejected.

- (14) In addition, CRIA, Deldo, Interpneu, the Hankook Group and the GITI Group made further comments on various injury indicators, lack of causation and Union interest. These are detailed and addressed in Sections 4.6, 5 and 7 respectively.

#### 1.6. Sampling

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

##### *Sampling of Union producers*

- (16) In the Notice of Initiation, the Commission stated that it had provisionally selected a sample of Union producers. The Commission selected the sample on the basis of representativity in terms of volume of production in the Union for each market segment (tiers 1, 2 and 3) in the period between 1 January and 31 December 2024 as well as geographical locations. This sample consisted of three Union producers. The sampled Union producers accounted for more than 14,5 % of the total estimated volume of production of the like product in the Union. The Commission invited interested parties to comment on the provisional sample.
- (17) No comments were received and thus the provisional sample was confirmed. The sample was representative of the Union industry.

##### *Sampling of unrelated importers*

- (18) To decide whether sampling was necessary and, if so, to select a sample, the Commission asked unrelated importers to provide the information specified in the Notice of Initiation.
- (19) Four unrelated importers (Deldo, Delticon, AG ('Decticon'), Interpneu and 4M Pro&Invest) provided the requested information and agreed to be included in the sample. In accordance with Article 17(1) of the basic Regulation, the Commission selected a sample of two unrelated importers (Deldo and Delticon) on the basis of the largest volume of imports of the product concerned. In accordance with Article 17(2) of the basic Regulation, all known importers concerned were consulted on the selection of the sample.
- (20) One exporting producer, Triangle Tyre Co., Ltd. ('Triangle Tyre') and 4M Pro&Invest provided comments on the proposed sample. Both parties argued that the two sampled companies were not representative of the broader population of importers as they were both large scale importers who operate with relatively lower margins as they can benefit from stronger bargaining power and economies of scale. In addition, for both, privately owned labels constituted an important part of their sales portfolio. Triangle also added that the sample was not representative since one of the importers was primarily an online distributor. 4M Pro&Invest also raised that both importers were located in Western Europe, in the Eurozone, and therefore did not adequately reflect the economic reality of the diverse Union market. 4M Pro&Invest further argued that it should have been included in the sample as it was a small and medium sized company from Eastern Europe and was involved in imports of 'niche tyres'.
- (21) In response to these claims the Commission considered that it could only select a sample from the available pool of unrelated importers that provided a sampling response which were all (with the exception of 4 M Pro&Invest) quite similar, i.e. large importers with wide product portfolio including private labels, operating in Western Europe. The two importers with the largest import volumes were sampled as they were considered the most representative in terms of volume. As regards the request of 4M Pro&Invest to be included in the sample, the Commission considered that given the specific product portfolio imported by this company consisting of almost exclusively 'niche tyres' as well as the overall very limited import volume (corresponding to less than 0,01 % of Chinese import volumes in 2024), their inclusion would not substantially improve the representativity of the sample and in any event would have no significant impact (weight) on the findings regarding unrelated importers.

- (22) Following the notification received from Delticon that it would not provide a questionnaire response, the Commission informed parties that it had decided to replace this importer with the next largest importer in terms of import volume of the product concerned, Interpneu. Subsequently, both Deldo and Interpneu informed the Commission that they would not provide a questionnaire response.
- (23) As mentioned in recital (21), 4M Pro&Invest was not considered to be a representative importer. Hence, the Commission did not request the company to provide a questionnaire reply.

#### *Sampling of exporting producers*

- (24) To decide whether sampling was necessary and, if so, to select a sample, the Commission asked all exporting producers in the PRC to provide the information specified in the Notice of Initiation. In addition, the Commission asked the Mission of the People's Republic of China to the European Union to identify and/or contact other exporting producers, if any, that could be interested in participating in the investigation.
- (25) A total of 51 exporting producers/groups of producers in the country concerned provided the requested information and agreed to be included in the sample. In accordance with Article 17(1) of the basic Regulation, the Commission selected a sample of two groups on the basis of the largest representative volume of exports to the Union which could reasonably be investigated within the time available. In accordance with Article 17(2) of the basic Regulation, all known exporting producers concerned and the authorities of the country concerned were consulted on the selection of the sample.
- (26) The sample was composed of Shandong Yongsheng Rubber Group Co., Ltd ('Shandong Yongsheng') and the Hankook Group, representing 21,7 % of the estimated total export quantity of tyres to the Union from the People's Republic of China in the investigation period, based on the information received at the sampling stage. Comments on the sample were received from the complainant, CRIA, and six exporting producers or groups of exporting producers – companies Cheng Shin Tire and Rubber Co., Ltd. and Cheng Shin Rubber Ind., Ltd. ('Cheng Shin Group'), the GITI Group, Hankook Group, Kumho Tire Co., Inc ('Kumho'), Qingdao Nexen Tire Corporation ('Nexen') and Triangle Tyre.
- (27) Interested parties mostly commented on the representativeness of the sample with regard to the division of the market into different segments <sup>(4)</sup> ('tiers'), and five non-sampled groups of exporting producers requested to be added to the sample or granted individual examination.
- (28) The complainant submitted that over 90 % of the Chinese imports to the Union were tyres of tier 3 (segment of budget tyres), and that only less than 10 % were tyres of tier 1 or 2 produced by the Hankook Group <sup>(5)</sup>. It argued that since Hankook's weight in the sample was between 50 % and 60 %, the imports in tiers 1 or 2 were thus overrepresented and therefore the sample was not representative of the overall imports from China in terms of market segments and average price. The complainant further argued that according to the Court ruling in the *Fliesen-Zentrum* case, the average import prices for each product type must be as close as possible to the average price of imports into the Union of the product concerned and that the imports should reflect as closely as possible the pressure on prices suffered by Union industry <sup>(6)</sup>. It submitted that the injury and dumping margins based on the current sample would not remove injury to the Union industry. It requested the Hankook Group to be removed from the sample and replaced by another producer. Also, the complainant found that the reported data on import volume, production and domestic sales of Shandong Yongsheng might have been incorrectly reported and if this was the case, the Commission should exclude the company from the sample.

<sup>(4)</sup> See Section 2.4.1 on segmentation of the Union market.

<sup>(5)</sup> The investigation established that tyres of Hankook Group fall in Tier 2 and Tier 3, see Section 2.4.2 below.

<sup>(6)</sup> Judgement of the Court of Justice of 10 September 2015 (request for preliminary ruling), *Fliesen-Zentrum Deutschland v Hauptzollamt Regensburg*, Case C-687/13, ECLI:EU:C:2015:573, paragraph 88.

- (29) CRIA submitted that in view of the diversity of tyres manufactured and exported by the Chinese producers, the distinct sales channels, and the market segmentation, a sample of solely two companies out of 56 Chinese exporting producers that submitted sampling forms was not representative. It argued that a sample representing only 21,7 % of total export quantity was not sufficiently representative of the situation of the Chinese exporting producers and that the Commission should enlarge the sample by adding two companies. It submitted that the Commission had sufficient time to enlarge the sample, and that it should also consider and accept the applications for an individual margin of dumping.
- (30) The Cheng Shin Group considered that a sample representing 21,7 % of the estimated total export volume was too low, disproportional and unrepresentative of the Chinese imports to the Union. It argued that, in its view, the inclusion of the Cheng Shin Group at that stage of the proceeding, when there was adequate time and manpower allowing to examine an additional company, would increase the representativity of the sample. Unlike most of the Chinese producers, it (i) produced under its own brands (Maxxis and CST); (ii) supplied to original equipment market ('OEM'), including companies such as BMW, Volkswagen and PSA; (iii) invested considerable resources in research and development ('R & D'); and (iv) purchased the natural and synthetic rubber directly from sources outside of China, and therefore, that its production inputs were not affected by distortions. It further argued that their inclusion in the sample would improve segment coverage since it produced tyres that were widely recognised as belonging to a higher tier segment.
- (31) The GITI Group considered that, as one of the largest, if not the largest tier 2 producer in China, it should have been included in the exporting producers' sample. It served both OEM and aftermarket (replacement) segments, sourced a substantial portion of its input material from international markets, complied with the deforestation regulation, and had already cooperated in *certain tyres for buses or lorries* <sup>(7)</sup>, which would facilitate the current administration and minimize the Commission's administrative burden. The GITI Group also referred to the *Fliesen-Zentrum* case, arguing that the Commission should select a sample ensuring that average import prices for each type of product was as close as possible to the real average, and that in this case, the sample did not contain companies of tier 2. It also referred to the investigation on *Solar Panels* <sup>(8)</sup> where the Commission explicitly included in the exporters sample the largest producers of each type of the product concerned and to *Biodiesel* <sup>(9)</sup>, where the Commission included an additional company to improve the representativeness of the Chinese imports *vis-à-vis* the Union industry product mix and facilitate the comparison between import and Union prices. The GITI Group further argued that by excluding companies of tier 2, the Commission could not establish price undercutting and underselling per market segment, and as around 25 % of the Union industry was in tier 2, any finding regarding the state of the Union industry and the impact of the Chinese imports would be fatally undermined.
- (32) The Hankook Group considered that the sample duly reflected the market segmentation. It disagreed with the complainant's arguments that it should be excluded from the sample. It argued that the basic Regulation required that the sample, taken as a whole, reflected the economic and commercial conditions of exporting producers but not that each individual company should accurately reflect the market reality of exporters of PC-LL tyres from China. Therefore, the inclusion of the Hankook Group in the sample accurately reflected the market reality. Second, since the product scope included tiers 1, 2 and 3, the Hankook Group found it justified that the

<sup>(7)</sup> Commission Implementing Regulation (EU) 2018/1690 of 9 November 2018 imposing definitive countervailing duties on imports of certain pneumatic tyres, new or retreaded, of rubber, of a kind used for buses or lorries and with a load index exceeding 121 originating in the People's Republic of China and amending Commission Implementing Regulation (EU) 2018/1579 imposing a definitive anti-dumping duty and collecting definitively the provisional duty imposed on imports of certain pneumatic tyres, new or retreaded, of rubber, of a kind used for buses or lorries, with a load index exceeding 121 originating in the People's Republic of China and repealing Implementing Regulation (EU) 2018/163 (OJ L 283, 12.11.2018, p. 1, ELI: [http://data.europa.eu/eli/reg\\_impl/2018/1690/oj](http://data.europa.eu/eli/reg_impl/2018/1690/oj)).

<sup>(8)</sup> Council Implementing Regulation (EU) No 1239/2013 of 2 December 2013 imposing a definitive countervailing duty on imports of crystalline silicon photovoltaic modules and key components (i.e. cells) originating in or consigned from the People's Republic of China (OJ L 325, 5.12.2013, p. 66, ELI: [http://data.europa.eu/eli/reg\\_impl/2013/1239/oj](http://data.europa.eu/eli/reg_impl/2013/1239/oj)), recital (12).

<sup>(9)</sup> Commission Implementing Regulation (EU) 2024/2163 of 14 August 2024 imposing a provisional anti-dumping duty on imports of biodiesel originating in the People's Republic of China (OJ L, 2024/2163, 16.8.2024, ELI: [http://data.europa.eu/eli/reg\\_impl/2024/2163/oj](http://data.europa.eu/eli/reg_impl/2024/2163/oj)), recital (14).

Commission chose producers that sold tyres in segments other than tier 3, otherwise the product scope would have been limited to tier 3. Third, the Hankook Group considered that Kumho and the GITI Group exported to the Union tier 2 tyres and therefore, that the share of tier 2 was more than 20 % of total imports. Furthermore, the Hankook Group submitted that the Court's statement in *Fliesen-Zentrum* that the sample should 'reflect as closely as possible the pressure on prices suffered by the Union industry' did not mean that only the companies with the lowest prices should be selected, as claimed by the complainant – by excluding higher prices, the price pressure would be artificially increased. Therefore, the Hankook Group submitted that it should remain in the sample.

- (33) Kumho submitted that the sample did not represent the largest representative volume of exports which could reasonably be investigated within the time available, nor the characteristics of the tyres market, which was fragmented. In its view, the sample must in particular take into account market segments (tiers) and difference in prices. Kumho pointed out that in *certain tyres for buses and lorries*, the sample represented 37 % of the exports. It also considered that the 21,7 % share of imports of the sampled exporting producers could be overstated since the sampled companies might have inflated their exports. Referring to the judgement in *Fliesen-Zentrum*, it argued that the definitive sample should comprise imports at prices reflecting average import prices. Thus, the sample should be enlarged to reflect the market realities, and to accurately establish the anti-dumping duty of 'all others'. Kumho further considered that it was an appropriate company to be added to the sample representing tier 2, since its pricing policy differed from both the Hankook Group and Shandong Yongsheng. It considered that its inclusion in the sample would increase representativeness and not entail an additional burden considering Kumho's simple corporate structure.
- (34) Nexen submitted that the proposed sample did not sufficiently reflect the division of the market in tiers, and that there were important differences between the segments in terms of product development, manufacturing processes, quality control, marketing strategies, and prices. It argued that it should be included in the sample because it was one of the global top 20 tyre manufacturers and served both the OEM and the replacement market. As a member of European Tyre & Rubber Manufacturers Association ('ETRMA'), and because it had production facilities in the Union, it had no incentive to act against the Union interest and that it consistently reviewed its pricing strategy to ensure there were no market distortions or dumping.
- (35) Triangle Tyre submitted that each of the sampled companies had a different business model, and that in other investigations, the Commission sampled three companies. Triangle further pointed out that the market of the product concerned was a unique market with different markets segments (tiers), and since its business model was distinct from that of sampled companies, and to make the sample more representative, it should be added to the sample.
- (36) The Commission considered all the comments submitted by the different parties.
- (37) First, the Commission recalled that as announced to parties in the note of 3 June 2025, the criterion to select the sample was the size of the exports to the Union. By sampling the two companies with the largest exports to the Union, the Hankook Group and Shandong Yongsheng, the sample covered however two market segments since the Hankook Group is present on both tier 2 and tier 3. Since, based on the information in the complaint and as confirmed during the investigation, there were no imports of Tier 1 tyres to the Union, the sample thus covered the different tiers to the maximum extent possible.
- (38) Second, the two companies, of which one was a large group, represented a maximum number of companies that the Commission could investigate within the time available. Therefore, the Commission reiterated that the criteria used for the selection of the sample were based on the largest representative volume of exports to the Union during the investigation period, which can reasonably be investigated within the time available, in accordance with Article 17(1) of the basic Regulation.
- (39) Finally, the Commission recalled that the final decision on the selection of the number of companies to be investigated and coverage of types of products remained at the discretion of the Commission, depending on the circumstances of each case. Therefore, the fact that a larger sample was taken in other investigations was not of relevance in the current case.

- (40) Based on the information contained in the complaint, the Union industry is present in all tiers, with more sales made in tier 1 than tier 2 and tier 3 combined. The proposed sample covered the two tiers produces and exported by China to the Union and it took thus into account to a maximum extent the imports which were in close competition with the tyres produced and sold by the Union industry. Therefore, the Commission concluded that the sample sufficiently reflected the different product types exported to the Union and the market segmentation in tiers.
- (41) Concerning the reference to *Fliesen-Zentrum* and the arguments that the sample must reflect the average price of the imports to the Union, the Commission recalled that, first, the reference to the average prices related to comparing average prices of the same type of products and not to an average across the products (and the tiers, in this case). This means that any comparison for the purpose of undercutting and underselling calculations will reflect the product type and the tier. Nevertheless, based on the information submitted in the sampling replies, the average prices of the sampled companies were close to the average price of the imports to the Union.
- (42) The Commission furthermore recalled that the decision on whether or not there was a sufficient time to include another exporting producer in the sample had to be assessed in light of the specific circumstances of each investigation. In this case, one of the two sampled companies – the Hankook Group – was a group composed of three producing entities and a large number of related parties. Therefore, in view of the size of the companies and number of related parties that had to be investigated, there was no sufficient time to include another exporting producer or a group of exporting producers in the sample. Since the sample covered, based on the information at the sampling stage, 21,7 % of the import volume to the Union, the sample covered a representative volume of the imports to the Union. The Commission thus considered that adding a third company to the sample was not necessary.
- (43) Based on the above, the Commission rejected the claims and confirmed the proposed sample.

#### 1.7. Individual examination

- (44) Six (groups of) exporting producers in the PRC requested individual examination under Article 17(3) of the basic Regulation. The Commission considered the requests, and concluded that they could not be accepted – the examination of the two sampled companies alone already included assessment/verifications of four producing entities and of more than fifteen related companies in the Union. Since some of these additional producers or groups of producers are composed by several producers and a large number of related parties involved in the production and sales of the product under investigation, a number of companies to be verified would reach up to approximately 30 companies. Therefore, the inclusion of the six (groups of) companies requesting individual examination would not have been feasible within the time available. The requests could thus not be accommodated.
- (45) Following definitive disclosure, the Cheng Shin Group submitted that the Commission had ample time between the disclosure of non-imposition of provisional measures and the definitive disclosure to examine companies that requested individual examination. The Commission confirmed that, in view of the elements recalled in recital (44), which were not contested by the Cheng Shin Group, and the considerable amount of investigative work that took place between the disclosure of non-imposition of provisional measures and the definitive disclosure, the individual examination of non-sampled exporting producers would be unduly burdensome and would prevent completion of the investigation in good time. The claim was therefore rejected.

#### 1.8. Questionnaire replies and verification visits

- (46) The Commission sent a questionnaire concerning the existence of significant distortions in the PRC within the meaning of Article 2(6a)(b) of the basic Regulation to the Government of the People's Republic of China ('GOC').

- (47) Furthermore, the complainant provided in the complaint sufficient evidence of raw material distortions in the PRC regarding the product concerned. Therefore, as announced in the Notice of Initiation, the investigation covered those raw material distortions to determine whether to apply the provisions of Article 7(2a) and 7(2b) of the basic Regulation with regard to the PRC. For this reason, the Commission sent additional questionnaires in this regard to the GOC.
- (48) The Commission sent questionnaires to the two sampled groups of/exporting producers/ and the three sampled Union producers. All questionnaires were made available online <sup>(10)</sup> on the day of initiation. Several users came forward in the investigation, but only one of them, Hyundai Motor Manufacturing Czech s.r.o ('Hyundai') made a written submission. No user or importer provided a questionnaire reply.
- (49) The Commission sought and verified all the information deemed necessary for a determination of dumping, resulting injury and Union interest. Verification visits pursuant to Article 16 of the basic Regulation were carried out at the premises of the following companies:

Union producers:

- Company G,
- Company I,
- Company T;

Exporting producers in the PRC:

- Shandong Yongsheng Rubber Group Co., Ltd,
- The Hankook Group, comprised of:
  - Chongqing Hankook Tire Co., Ltd ('CHKT'),
  - Jiangsu Hankook Tire Co., Ltd ('JHKT'),
  - Hankook Tire China Co., Ltd ('HKTC'),

Headquarters of the Hankook Group in Korea:

- Hankook Tire and Technology Co., Ltd,

Traders in Europe:

- Hankook España S.A. ('HES'),
- Hankook France S.A.R.L. ('HSF'),
- Hankook Reifen Deutschland GmbH ('HKRD'),
- Hankook Tire Italia S.R.L. ('HIS').

### 1.9. Investigation period and period considered

- (50) The investigation of dumping and injury covered the period from 1 January 2024 to 31 December 2024 ('the investigation period'). The examination of trends relevant for the assessment of injury covered the period from 1 January 2021 to the end of the investigation period ('the period considered').

<sup>(10)</sup> <https://tron.trade.ec.europa.eu/investigations/case-view?caseId=2799>.

### 1.10. Non-imposition of provisional measures

- (51) Pursuant to Article 7(1) of the basic Regulation, the deadline for the imposition of provisional measures was 20 January 2026. On 18 December 2025, in accordance with Article 19a(2) of the basic Regulation, the Commission informed the interested parties of its intention not to impose provisional measures.

### 1.11. Subsequent procedure

- (52) The Commission continued to seek and verify all the information it deemed necessary for its final findings.
- (53) On 27 April 2026, the Commission informed all interested parties of the essential facts and considerations on the basis of which it intended to impose a definitive anti-dumping duty ('the definitive disclosure'). All parties were granted a period within which they could make comments on the final disclosure.
- (54) On 30 April 2026, CRIA requested the intervention of the Hearing Officer to be granted an extension of the deadline to provide comments on the General Disclosure Document. The Hearing Officer examined the request promptly and informed CRIA of its decision to reject the request. The Hearing Officer considered the statutory deadlines to complete this investigation and balanced the still necessary steps to conclude the investigation and all the other elements raised by CRIA, which did not amount to exceptional circumstances or good cause.
- (55) Since some of the comments received subsequent to the definitive disclosure resulted in a correction of clerical errors in the calculation of CIF prices and cost data of Union producers, and since the Commission revised the SG & A cost rate to determine undistorted and reasonable SG & A cost and profit affecting dumping, undercutting, and injury margins, the Commission sent on 26 May 2026 an additional final disclosure ('additional final disclosure') to all interested parties.
- (56) Following definitive disclosure, comments were received from the Cheng Shin Group, CRIA, the GITI Group, the Hankook Group, Kumho, Shandong Yongsheng, the complainant, from importers/distributors: Vannetukku Oy ('Vannetukku'), Otto Just GmbH & Co ('Otto Just'), the Coalition of PC-LL Importers, Mileage Tyres, and the Asociación Nacional de Distribuidores e Importadores de Neumáticos ('Adine'), an association of tyre importers and distributors in Spain and Hyundai. Following the additional final disclosure, comments were received from the Hankook Group, Kumho, Shandong Yongsheng, and the complainant. The comments were addressed in the relevant sections below.
- (57) The Commission held hearings with CRIA, the complainant, the GITI Group, the Hankook Group, Kumho, Shandong Yongsheng, and Vannetukku. Following additional final disclosure, a hearing was held with Shandong Yongsheng.
- (58) In their comments on the definitive disclosure, CRIA submitted that the deadline granted for comments on the definitive findings was not sufficient to submit meaningful comments. The Commission referred to the conclusions of the Hearing Officer on this and it recalled that given the timeline of the proceeding, no extension could be granted. The deadline of 10 days also complied to Article 20(5) of the basic Regulation. It thus rejected the claim.
- (59) In their comments following the additional final disclosure, Shandong Yongsheng argued that the Commission infringed Article 20(5) of the basic Regulation and its right of defence, as the Commission did not address all comments from interested parties following the definitive disclosure. During the hearing, Shandong Yongsheng added that the Commission should have issued a new additional disclosure tackling the causality analysis, choice of representative country and Turkish hyperinflation. The Commission recalled that the additional final disclosure only concerned changes that had an impact on the dumping and injury calculations, but that as detailed in the respective sections below, all the comments submitted after the definitive and additional final disclosure were duly considered and addressed by the Commission in its final considerations. Therefore, the claim was rejected.

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

### 2.1. Product under investigation

- (60) The product under investigation is new pneumatic tyres, of rubber, of a kind used: on motor cars (including station wagons and racing cars) and on buses or lorries with a load index not exceeding 121 currently falling under CN codes 4011 10 00 and 4011 20 10 ('the product under investigation'). These products are commonly referred to as passenger car and light lorry tyres, respectively.
- (61) Passenger car and light lorry ('PC-LL') tyres are produced from the same basic materials, namely: natural and synthetic rubber, carbon black, extender oil, various chemicals (antioxidants, accelerators), steel (for belts and bead wire) and textiles (rayon, nylon, polyester and aramid fibres).
- (62) The main steps of the manufacturing process involve: (i) mixing the main raw materials; (ii) extrusion and calendaring; (iii) green tyre building; (iv) curing (vulcanisation); and (v) final inspection (measuring, testing).
- (63) The product under investigation encompasses a large variety of tyres in terms of types and sizes, which all have a load index below 121. They are normally mounted on small vehicles such as passenger cars and light lorries or trailers.

### 2.2. Product concerned

- (64) The product concerned is the product under investigation originating in China, currently falling under CN codes 4011 10 00 and 4011 20 10.

### 2.3. Like product

- (65) The investigation showed that the following products have the same basic physical chemical and technical characteristics as well as the same basic uses:
- the product concerned when exported to the Union;
  - the product under investigation produced and sold on the domestic market of the PRC; and
  - the product under investigation produced and sold in the Union by the Union industry.
- (66) The Commission decided that those products are therefore like products within the meaning of Article 1(4) of the basic Regulation.

### 2.4. Claims regarding product scope

- (67) Numerous parties made submissions requesting the exclusion of various types of tyres.
- (68) 4M Pro&Invest argued that temporary tyres (also referred to as space-saver or compact) and trailer tyres should be excluded from the product scope as they have fundamental differences both in their physical and technical characteristics as well as intended use compared to standard passenger car and light lorry tyres. In particular, 4M Pro&Invest claimed that temporary tyres fell under different labelling requirements, were smaller in size with narrower width and shallower tread and often had maximum distance and speed limitations (usually 80 km/h). As regards trailer tyres, it claimed that, in contrast to the product under investigation, trailer tyres were of smaller rim diameter (below 15 inches), had different tread depth and pattern as well as specific markings, speed ratings (maximum 140 km/h or ranging between 80–100 km/h) and inflating pressure. 4M Pro&Invest also claimed that these differences serve specific purposes and, thus, both temporary and trailer tyres were not interchangeable with

standard PC-LL tyres. Moreover, 4M Pro&Invest also added that these tyres were not produced by the Union industry or at least not in the required quantities, especially on the replacement market. Finally, 4M Pro&Invest also added that in *road wheels* <sup>(11)</sup>, those below 16 inches and not produced by the Union industry were excluded from the product scope.

- (69) Hyundai, requested that temporary tyres produced with bias technology to be removed from the product scope. According to Hyundai, these were not produced by the Union industry and therefore could not cause injury to the Union industry. Thus, duties would unduly harm car manufacturers and end users.
- (70) The Hankook Group also argued for the exclusion of temporary tyres given that those tyres were visibly different from standard tyres (smaller, lighter, possess limited traction, simpler tread design, lower speed limits (maximum 30–50 mph) and intended for short distances (between 50–100 miles)). The Hankook Group added that those tyres had different engravings and their cost of production was in general lower than that of the standard passenger car and light lorry tyres. Based on those characteristics, the Hankook Group claimed that temporary tyres were not interchangeable with standard passenger car and light lorry tyres.
- (71) Otto Just GmbH & Co ('Otto Just'), an unrelated importer specialising in supplying original equipment manufacturers in the trailer industry, submitted that trailer tyres should be excluded. Otto Just pointed out that trailer tyres were usually smaller (ranging from 8 to 15 inches) and had high load index and the Union industry did not have sufficient capacity to satisfy this market segment. Anti-dumping measures would therefore create supply shortages and hurt trailer manufacturers, who were mostly small and medium sized enterprises.
- (72) Vannetukku, submitted that 'whitewall tyres' (fitted on old cars (collector's items) first registered before 1980) with a width of at least 40 mm should be excluded from the product scope. According to Vannetukku, they were more expensive than standard passenger car and light lorry tyres and not manufactured by the Union industry and, therefore, could not cause any injury to the Union industry. Vannetukku also claimed that, contrary to the allegation by the Union producers, these tyres differed from old-timer tyres.
- (73) In addition, numerous interested parties (B.I.S. Srl, Baltityre Group, Bronson Wheels AB, Edison, Gummistrada B.V, Maxxis Hellas, Pneurama Lda and VA-PA Toute Oy) requested the exclusion of various specific, niche product types, such as off-road tyres, bias tyres, tyres for old-timer cars, specific brands for vintage vehicles, highspeed trailer tyres and competition, semi-slick tyres used for motorsport drifting. These submissions all claimed that duties would harm customers while the Union industry did not produce those types or only to very limited extent and therefore it did not suffer injury caused by their importations.
- (74) CRIA submitted that the scope of the product under investigation was overly broad and ambiguous and covered a wide range of product groups which did not share similar properties, specification and end-use applications. Similarly to the parties above, CRIA claimed that some of these tyres were not in a competitive relationship with passenger car and light lorry tyres and there was insufficient production in the Union. CRIA also raised that an anti-dumping investigation carried out by the USA excluded T-type temporary-use spare tyres, low-speed tyres and trailer tyres <sup>(12)</sup>. In addition, CRIA pointed out that the complaint itself referred to Regulation (EU) 2020/740 of the European Parliament and of the Council <sup>(13)</sup> when defining the product under investigation even though that

<sup>(11)</sup> Commission Implementing Regulation (EU) 2020/353 of 3 March 2020 imposing a definitive anti-dumping duty and definitively collecting the provisional duty imposed on imports of steel road wheels originating in the People's Republic of China (OJ L 65, 4.3.2020, p. 9, ELI: [http://data.europa.eu/eli/reg\\_impl/2020/353/oj](http://data.europa.eu/eli/reg_impl/2020/353/oj)).

<sup>(12)</sup> Federal Register, Vol. 80, No 153, 10 August 2015.

<sup>(13)</sup> Regulation (EU) 2020/740 of the European Parliament and of the Council of 25 May 2020 on the labelling of tyres with respect to fuel efficiency and other parameters, amending Regulation (EU) 2017/1369 and repealing Regulation (EC) No 1222/2009 (OJ L 177, 5.6.2020, p. 1, ELI: <http://data.europa.eu/eli/reg/2020/740/oj>).

Regulation explicitly does not apply to certain tyres<sup>(14)</sup>. CRIA therefore requested that the Commission specified for each of the categories excluded by Regulation (EU) 2020/740 whether they were covered by the scope of investigation. In a later submission, CRIA focussed on the temporary use of spare tyres, trailer tyres and off-road professional tyres. CRIA reiterated that temporary tyres and off-road professional tyres were exempt from the tyre labelling requirements laid down in Regulation (EU) 2020/740 and since the complaint itself emphasised the relevance of the mandatory labelling requirements (European Product Registry for Energy Labelling ('EPREL')), CRIA considered that tyres that were expressly exempted from those should logically fall outside of the scope of investigation. For trailer tyres, CRIA stated that those also fell under different regulatory framework under UN/ECE Regulation No 54<sup>(15)</sup>, which defined them as Free Rolling Tyres and prohibited their use on front steering and drive axles. CRIA reiterated arguments that those three types of tyres were not interchangeable with standard PC-LL tyres and they were all easily identifiable due to their sidewall markings, which were added during the vulcanisation process and were permanent, non-removable features of the tyre.

- (75) The Commission carefully analysed these claims and made the following determination.
- (76) Firstly, as regards the clarification request put forward by CRIA, the Commission underlines that all tyres complying with the product definition in section 2 of the Notice of Initiation and in Section 2.1 above fall within the product scope of the investigation, unless specifically excluded. The product coverage of various EU or UN Regulations on product labelling or vehicle classifications are not relevant for the determination of the product scope unless mentioned in the product definition, as the complaint, to which the party referred to, itself points this out<sup>(16)</sup>. In addition, there is no interchangeability requirement among various product types within the product concerned and it is not necessary that each and every tyre can be used in each and every vehicle/position. These elements refer to the definition of the like product instead and are important for the injury analysis and required for the product comparison. Similarly, the product definition of investigations carried out by other third country administrations is not a relevant factor.
- (77) Regarding the claims on the temporary tyres (4M Pro&Invest, CRIA, Hyundai and Hankook) and trailer tyres (4M Pro&Invest, CRIA and Otto Just) the Commission noted that most differences put forward, such as shallower or simpler tread, lower or higher inflation pressure, smaller size, narrower width ... etc. are neither specific nor identifiable enough to form basis for product definition/exclusion. Moreover, the claim that these tyres were allegedly not produced by the Union industry was not confirmed by the investigation as verified by the Commission. The Commission found that both temporary and trailer tyres were produced by the Union industry, even though in limited quantities. Furthermore, given the strong pressure exerted by the unreasonably low-priced Chinese imports, the Union industry is indeed losing ground in these product segments under the current market conditions. Overall, the Commission considered that the temporary tyres and trailer tyres share the same basic physical chemical and technical characteristics. They are made of the same basic materials as described in recital (62).
- (78) As regards the claim on whitewall tyres, the Commission noted that Vannetukku did not provide substantiated information and evidence demonstrating the concrete differences in the physical, chemical or technical characteristics based on which the whitewall tyres should be excluded. Moreover, a higher price in itself does not mean a lack of dumping, undercutting and/or underselling. Furthermore, the evidence on file and publicly available information showed that such tyres were also manufactured by the Union industry<sup>(17)</sup>.

<sup>(14)</sup> The tyres listed by CRIA as follows: (a) off-road professional tyres; (b) tyres designed to be fitted only on vehicles registered for the first time before 1 October 1990; (c) T-type temporary-use spare tyres; (d) tyres whose speed rating is less than 80 km/h; (e) tyres whose nominal rim diameter does not exceed 254 mm or is 635 mm or more; (f) tyres fitted with additional devices to improve traction properties, such as studded tyres; (g) tyres designed only to be fitted on vehicles intended exclusively for racing and (h) second-hand tyres, unless such tyres are imported from a third country.

<sup>(15)</sup> Regulation No 54 of the Economic Commission for Europe of the United Nations (UNECE) – Uniform provisions concerning the approval of pneumatic tyres for commercial vehicles and their trailers (OJ L 183, 11.7.2008, p. 41, ELI: [http://data.europa.eu/eli/reg/2008/54\(2\)/oj](http://data.europa.eu/eli/reg/2008/54(2)/oj)).

<sup>(16)</sup> Open version of the Complaint, footnote 5 on page 5.

<sup>(17)</sup> Source: Publicly available websites of various traders, such as: Coker tireTiretyre at <https://cokertire.com/tires/styles/whitewall-tires/michelin.html> (last accessed on 27 April 2026) and Topbanden at <https://www.topbanden.com/NL/Pneus/MICHELIN/X%20WhiteWall> (last accessed on 27 April 2026).

- (79) Similarly, as regards the generic claims, as listed in recital (73) above, submitted by various parties (B.I.S. Srl, Baltityre Group, Bronson Wheels AB, Edison, Gummistrada B.V, Maxxis Hellas, Pneurama Lda and VA-PA Toute Oy), the Commission considered that these claims did not provide any substantiated evidence regarding the differences in the physical, chemical or technical characteristics of these tyres on the basis of which they could be distinctly defined or excluded from the scope the product under investigation.
- (80) Following the definitive disclosure, Vannetukku reiterated its claim that whitewall tyres should be excluded from the product scope. Vannetekku emphasised that these tyres differed significantly from the standard tyres mainly due to the additional, thick layer of white rubber in their sidewall necessitating different raw materials and manufacturing process. Vannetukku also added that whitewall tyres had different (lower) speed limitations and were produced by very few companies in the world and none in the Union. Vannetukku stressed that it did not sell whitewall tyres at dumped prices. Vannetukku maintained that, on the contrary, these products were in general almost twice as expensive as an equivalent standard tyre and their price level remained stable during the period considered. For these reasons, namely, lack of production in the Union and lack of dumping, Vannetukku considered that whitewall tyres were not to blame for the job losses in the Union and could not cause injury to the Union industry.
- (81) CRIA reiterated its claim that temporary, trailer and professional off-road tyres should be excluded from the scope of the present investigation, in particular due to their lack of interchangeability with standard PC-LL tyres. In this respect CRIA repeated the same arguments as those already described in recital (74) above and listed a number of anti-dumping investigations in which the Commission had excluded certain product types allegedly due to lack of inter-changeability<sup>(18)</sup>. According to CRIA, the Commission's characterisation that these products share the same end-use because they 'roll on vehicles' was reductive and failed to reflect economic and functional reality. CRIA also added that the Commission wrongly dismissed EU Tyre Labelling Regulation (EU) 2020/740 and UN/ECE type-approval standards as irrelevant to product scope definition, thereby ignoring binding safety law that classifies tyre types distinctly.
- (82) Hyundai reiterated its claim that temporary-use spare tyres should be excluded from the product scope as described in recital (69) and emphasised that these tyres were clearly distinguishable due to their markings.
- (83) Otto Just reiterated its claims regarding trailer tyres summarized in recital (71) and called for a differentiated assessment of this segment.
- (84) Claims regarding product scope, and in particular the lack of interchangeability between various product types already described and addressed in recitals (76) to (78) above were not repeated. The Commission maintained that it had wide discretion in the product definition and the assessment of degree of interchangeability. In this respect, arguably even within the pool of most standard PC-LL tyres, certain types may economically or functionally not be suitable for every type and size of vehicle, this however does not in any way mean that they cannot fall under the same product definition for the purposes of an anti-dumping investigation. The niche tyres identified by these

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<sup>(18)</sup> Commission Implementing Regulation (EU) 2024/2163 of 14 August 2024 imposing a provisional anti-dumping duty on imports of biodiesel in the People's Republic of China (OJ L, 2024/2163, 16.8.2024, ELI: [http://data.europa.eu/eli/reg\\_impl/2024/2163/oj](http://data.europa.eu/eli/reg_impl/2024/2163/oj)), recital (40); Commission Implementing Regulation (EU) 2025/261 of 10 February 2025 imposing a definitive anti-dumping duty on imports of biodiesel originating in the People's Republic of China (OJ L, 2025/261, 11.2.2025, ELI: [http://data.europa.eu/eli/reg\\_impl/2025/261/oj](http://data.europa.eu/eli/reg_impl/2025/261/oj)), recitals (17)-(25); Commission Implementing Regulation (EU) No 830/2014 of 30 July 2014 amending Council Regulation (EC) No 1890/2005, Council Implementing Regulation (EU) No 2/2012 and Council Implementing Regulation (EU) No 205/2013 as regards the product scope of the current anti-dumping measures concerning stainless steel fasteners and parts thereof, and as regards newcomer review requests, and providing for the possibility of repayment or remission of duties in certain cases (OJ L 228, 31.7.2014, p. 16, ELI: [http://data.europa.eu/eli/reg\\_impl/2014/830/oj](http://data.europa.eu/eli/reg_impl/2014/830/oj)), recital (43); Commission Implementing Regulation (EU) 2017/1932 of 23 October 2017 amending Council Implementing Regulation (EU) No 412/2013 imposing a definitive anti-dumping duty and collecting definitively the provisional duty imposed on imports of ceramic tableware and kitchenware originating in the People's Republic of China (OJ L 273, 24.10.2017, p. 4, ELI: [http://data.europa.eu/eli/reg\\_impl/2017/1932/oj](http://data.europa.eu/eli/reg_impl/2017/1932/oj)), recitals (21)-(24); Commission Implementing Regulation (EU) 2023/2202 of 16 October 2023 amending Implementing Regulation (EU) 2019/1259 imposing a definitive anti-dumping duty on imports of threaded tube or pipe cast fittings, of malleable cast iron and spheroidal graphite cast iron originating in the People's Republic of China and Thailand (OJ L, 2023/2202, 17.10.2023, ELI: [http://data.europa.eu/eli/reg\\_impl/2023/2202/oj](http://data.europa.eu/eli/reg_impl/2023/2202/oj)), recitals (29)-(32).

parties share the same basic physical characteristics as standard PC-LL tyres, namely are all pneumatic, rubber-based tyres, with sidewall and tread structures adapted to their basic use which is to be mounted on the wheels of a vehicle and form the contact point with the road by supporting its weight while providing traction, steering control, braking performance, and shock absorption in various combinations. The alleged differences raised by these parties on the physical characteristics or uses did not contradict this fundamental functional commonality and therefore did not allow to conclude on the absolute lack of interchangeability between PC-LL tyres and other niche products. In the various cases brought forward by CRIA, exclusions were granted based on the facts specific to those investigations and in all cases based on differences in the physical, chemical and technical characteristics of the products and thus they did not demonstrate that the Commission departed from its established practice. By way of example, in the case of bi-metal fasteners the decision on product exclusion was based primarily on the differences concerning physical, chemical and technical characteristics<sup>(19)</sup> given that these fasteners were in fact a specific combination of stainless steel and carbon fasteners. Similarly, the various items excluded from the product scope in the investigation on ceramic tableware and kitchenware or the treaded tube or pipe cast fittings, were based on their differing physical, chemical and technical characteristics. The biodiesel case is also clearly distinguishable as the Sustainable Aviation Fuel ('SAF') was excluded because it served an entirely distinct industry (aviation) as opposed to road transport.

- (85) Finally, on the allegedly ignored EU Tyre Labelling Regulation (EU) 2020/740 and UN/ECE type-approval standards, the Commission considered that they were irrelevant to product scope definition, as the product concerned in an anti-dumping investigation was defined autonomously by the investigating authority on the basis of the product characteristics and competitive relationship in the market, and did not mirror the product's regulatory classification under other bodies of EU law.
- (86) Therefore, the claims for the exclusion of the product types listed above from the product scope were rejected and the product definition as specified in the Notice of Initiation and reproduced in section 2.1 above was maintained.

#### 2.4.1. *Segmentation into three tiers of the Union market*

- (87) According to the complaint, the passenger car and light lorry tyre market can be divided into three distinct tiers. Tier 1 tyres are the *premium tyres characterised by the best performance and highest prices*. Tier 2 tyres are described as *intermediate* and middle-range tyres characterised by best price-quality ratio. Tier 3 tyres comprise the *budget* segment of the market.
- (88) Information collected and/or received by the Commission confirmed this market segmentation for passenger car and light lorry tyre on the Union market. While there are no clear and permanent dividing lines among tiers (as further elaborated in recital (425) below), there is a general agreement among interested parties and the findings of the Commission on the following categorisation:
- (a) Tier 1 covers the 'premium' segment with the flagship brands of the main manufacturers. Brand recognition is a key factor for tyres in this tier and justifies higher prices for expected high performances and high technological content. This tier covers both sales of OE and replacement market;
  - (b) Tier 2 covers the 'intermediate' segment for both OE and replacement tyres. Brand recognition remains important in this tier and brands are usually well-known to purchasers, who are also able to identify the tyre manufacturer. Price considerations play a more important role in the decision to purchase;
  - (c) Tier 3 covers the 'budget' segment for predominantly the replacement tyres, albeit OE sales may also exist in this tier. In this segment, performances are more limited in terms of rolling resistance, braking, handling and noise reduction. Price is the most important, though not only, determining factor in the customer's decision to purchase.

<sup>(19)</sup> Implementing Regulation (EU) No 830/2014, recital (42).

- (89) The Commission issued a note with the mapping of tyres by brand, which was made available for comments to all the interested parties on 4 September 2025.
- (90) The mapping was based on the analysis of the following information:
- the complaint (Section 3 and Annex 4 in particular);
  - the questionnaire replies <sup>(20)</sup> of the sampled companies and companies requesting individual examination, which were requested to report the corresponding tier per brand; and
  - information contained on specialised websites <sup>(21)</sup> classifying brands into tiers based on their market perception.

#### 2.4.2. *Claims regarding the classification of segmentation of the Union market for tyres*

- (91) As noted in recital (88), interested parties generally accepted that the market was divided into three tiers (segments) and the market mapping of tyre brands as proposed by the Commission.
- (92) Comments were received suggesting the reclassification of the following brands: Barum, Debica, Dunlop, Tigar, General Tire, Gislaved, Hankook, Matador, Sava and Viking.
- (93) In order to protect interested parties' anonymity, the Commission was not in the position to disclose what interested party brought forward a given claim.
- (94) With regard to the Hankook brand, four reasons were invoked for classifying this brand in tier 2 instead of tier 1:
- The complaint classified Hankook in tier 2 based on their market knowledge;
  - Hankook acknowledged that it was gradually moving from tier 2 to tier 1 but there was not yet a widely agreed perception that it currently belonged to tier 1;
  - Hankook invoked the market perception quoting the overall tier rankings set out in the '2018 Tire Review' <sup>(22)</sup>.
  - Prices of Hankook brand are corresponding to those of other tier 2 producers rather than those of tier 1.
- (95) Taking into account the comments to the Commission's market mapping, as well as the sources mentioned in recital (90) and (94), Debica, Barum, Matador and Sava were considered as tier 3, whilst Hankook and Dunlop were moved from tier 1 to tier 2. The Commission informed parties of the revised mapping of tyres by brand on 27 March 2026.

### 3. DUMPING

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

- (96) Given the sufficient evidence available at the initiation of the investigation pointing to the existence of significant distortions within the meaning of point (b) of Article 2(6a) of the basic Regulation with regard to the PRC, the Commission considered it appropriate to initiate the investigation with regard to the exporting producers from this country having regard to Article 2(6a) of the basic Regulation.

<sup>(20)</sup> Tier reported in the transaction by transaction sales listing of the sampled companies.

<sup>(21)</sup> <https://www.tyreview.com/Tyre>, <https://www.grip500.it/pneumatico/>, <https://www.bandenexpert.be/bandenmerken/>, <https://www.bandenexpert.be/bandenmerken/>, <https://www.tyrecomp.co.uk/brands.htm> and <https://wulkanista.pl/klasz-opon/>. This list is non-exhaustive.

<sup>(22)</sup> 'Tire Tier Study: Exploring the Criteria and Confusion of Tire Industry Tiers: The Results' published on February 19, 2019 (author: Patti Hoying), <https://www.tirereview.com/tier-study-results-based-on-tire-quality-engineering-performance> (last accessed on 30 March 2026).

- (97) Consequently, in order to collect the necessary data for the eventual application of Article 2(6a) of the basic Regulation, in the Notice of Initiation, the Commission invited all exporting producers in the PRC to provide information regarding the inputs used for producing the product under investigation. Thirty-four exporting producers submitted the relevant information.
- (98) In order to obtain information it deemed necessary for its investigation with regard to the alleged significant distortions, the Commission sent a questionnaire to the GOC. In addition, in point 5.3.2 of the Notice of Initiation, the Commission invited all interested parties to make their views known, submit information and provide supporting evidence regarding the application of Article 2(6a) of the basic Regulation within 37 days of the date of publication of the Notice of Initiation in the *Official Journal of the European Union*.
- (99) No questionnaire reply was received from the GOC and no submission on the application of Article 2(6a) of the basic Regulation was received within the deadline. Subsequently, the Commission informed the GOC that it would use facts available within the meaning of Article 18 of the basic Regulation for the determination of the existence of the significant distortions in the PRC.
- (100) In the Notice of Initiation, the Commission also specified that, in view of the evidence available, it may need to select an appropriate representative country pursuant to Article 2(6a)(a) of the basic Regulation for the purpose of determining the normal value based on undistorted prices or benchmarks. The country identified by the complainant as an appropriate representative country was Serbia.
- (101) On 4 September 2025, the Commission informed by a note ('the First Note') interested parties on the relevant sources it intended to use for the determination of the normal value. In that note, the Commission provided a list of all factors of production ('FOP') such as raw materials, labour and energy used in the production of the product concerned. In addition, based on the criteria guiding the choice of undistorted prices or benchmarks, the Commission identified possible representative countries, namely Mexico, Serbia and Türkiye as possible representative countries. The Commission received comments from the complainant, CRIA, the GITI Group, the Hankook Group, Kumho and Shandong Yongsheng.
- (102) On 14 October 2025, the Commission informed by a second note ('the Second Note') interested parties on the relevant sources it intended to use for the determination of the normal value, with Türkiye as the representative country. It also informed interested parties that it would establish selling, general and administrative costs ('SG & A') and profits based on available information for Brisa Bridgestone, a producer in Türkiye.
- (103) The Commission received comments from CRIA, the GITI Group, the Hankook Group, Kumho, Shandong Yongsheng and Sumitomo Rubber (Hunan) and Sumitomo Rubber (Changshu) ('Sumitomo Group'). The comments are addressed in Section 3.3.

### 3.2. Normal value

- (104) According to Article 2(1) of the basic Regulation, 'the normal value shall normally be based on the prices paid or payable, in the ordinary course of trade, by independent customers in the exporting country'.
- (105) However, according to Article 2(6a)(a) of the basic Regulation, 'in case it is determined [...] that it is not appropriate to use domestic prices and costs in the exporting country due to the existence in that country of significant distortions within the meaning of point (b), the normal value shall be constructed exclusively on the basis of costs of production and sale reflecting undistorted prices or benchmarks', and 'shall include an undistorted and reasonable amount of administrative, selling and general costs and for profits' ('administrative, selling and general costs' is referred hereinafter as 'SG & A').
- (106) As further explained below, the Commission concluded in the present investigation that, based on the evidence available, and in view of the lack of cooperation of the GOC, the application of Article 2(6a) of the basic Regulation was appropriate.

### 3.2.1. Existence of significant distortions

- (107) Article 2(6a)(b) of the basic Regulation states that ‘significant distortions are those distortions which occur when reported prices or costs, including the costs of raw materials and energy, are not the result of free market forces as they are affected by substantial government intervention. In assessing the existence of significant distortions regard shall be had, inter alia, to the potential impact of one or more of the following elements:
- the market in question being served to a significant extent by enterprises which operate under the ownership, control or policy supervision or guidance of the authorities of the exporting country;
  - state presence in firms allowing the state to interfere with respect to prices or costs;
  - public policies or measures discriminating in favour of domestic suppliers or otherwise influencing free market forces;
  - the lack, discriminatory application or inadequate enforcement of bankruptcy, corporate or property laws;
  - wage costs being distorted;
  - access to finance granted by institutions which implement public policy objectives or otherwise not acting independently of the state.’
- (108) As the list in Article 2(6a)(b) of the basic Regulation is non-cumulative, not all the elements need to be given for a finding of significant distortions. Moreover, the same factual circumstances may be used to demonstrate the existence of one or more of the elements of the list.
- (109) However, any conclusion on significant distortions within the meaning of Article 2(6a)(a) of the basic Regulation must be made on the basis of all the evidence at hand. The overall assessment on the existence of distortions may also take into account the general context and situation in the exporting country, in particular where the fundamental elements of the exporting country’s economic and administrative set-up provide the government with substantial powers to intervene in the economy in such a way that prices and costs are not the result of the free development of market forces.
- (110) Article 2(6a)(c) of the basic Regulation provides that ‘[w]here the Commission has well-founded indications of the possible existence of significant distortions as referred to in point (b) in a certain country or a certain sector in that country, and where appropriate for the effective application of this Regulation, the Commission shall produce, make public and regularly update a report describing the market circumstances referred to in point (b) in that country or sector’.
- (111) Pursuant to this provision, the Commission issued a country report concerning China<sup>(23)</sup> (‘the Report’), which contains evidence of the existence of substantial government intervention at many levels of the economy, including specific distortions in many key factors of production (such as land, energy, capital, raw materials and labour) as well as selected sectors, including the chemical sector. Interested parties were invited to rebut, comment or supplement the evidence contained in the investigation file at the time of initiation. The Report was placed in the investigation file at the initiation stage.
- (112) The complainant alleged that significant distortions exist in the sector of the product concerned. It referred to the Report and to other relevant evidence complementing the Report. More specifically, the complainant pointed out that the market in the China is disconnected from normal market forces due to China being a communist state based on the ‘socialist market economy’ doctrine and due to the Chinese Communist Party (‘CCP’ or ‘Party’) exerting strong influence over the economy, including the private sector. Through constitutional authority, industrial planning, and Party structures embedded across industries, the state dictates economic priorities and resource allocation.

<sup>(23)</sup> Commission Staff Working Document on Significant Distortions in the Economy of the People’s Republic of China for the purposes of Trade Defence Investigations, 10 April 2024 (SWD(2024) 91 final), [https://ec.europa.eu/transparency/documents-register/detail?ref=SWD\(2024\)91&lang=en](https://ec.europa.eu/transparency/documents-register/detail?ref=SWD(2024)91&lang=en).

- (113) The complainant also submitted that previous Commission investigations found significant distortions in the bus and lorry tyre industry, as well as in upstream sectors such as steel, petrochemicals, energy, and textiles. These findings also apply to the PC-LL tyre industry, according to the complainant.
- (114) Furthermore, the complainant recalled additional details with respect to the following elements, resulting in significant distortions.
- (115) First the complainant alleged that the PC-LL tyre market in China is served to a significant extent by enterprises operating under the ownership, control, or policy supervision of the government.
- (116) More specifically, the complainant submitted that the Chinese economy relies heavily on state-owned enterprises ('SOEs'), which play a strategic role in maintaining state control. SOEs account for approximately 25 % of China's GDP and are concentrated in critical sectors. The State-owned Assets Supervision and Administration Commission ('SASAC') oversees SOEs, implementing industrial plans and controlling company resources, management, and personnel appointments and hence ensuring that the Party goals are achieved. This pervasive control extends to the tyre industry and its upstream and downstream sectors.
- (117) The complainant emphasized that in the upstream sectors, as well as in the tyre manufacturing sector itself, SOEs exert significant control. Beyond petrochemicals, natural rubber and textile are industries in which China has major state-owned players. Several major Chinese tyre producers are directly or indirectly held by governmental entities. For instance, Shuangqian Tire Group Co. Ltd., which produces passenger car tyres, is controlled by an SOE, and China National Tyre & Rubber Co. Ltd ('CNRC'), one of China's largest tyre producers, is a subsidiary of SINOCEM. Even companies that are not majority-owned by the state, such as Giti Tire Co. and Prinx Chengshan (Shandong) Tire Co., include SOEs in their capital structure. This pervasive state control in upstream sectors and within the tyre industry itself underscores the substantial distortions in market forces.
- (118) Second, the complainant argued that the influence of the government and the CCP pervasively extend into Chinese firms, enabling state interference in price and costs.
- (119) The complainant pointed out that the CCP exerts control over companies through embedded Party cells, which are mandatory in organizations with three or more Party members. In SOEs, the CCP has significant authority, appointing executives and guiding major decisions. Moreover, private companies also face increasing pressure to integrate Party leadership into their decision-making processes. The CCP's influence is reinforced through policies such as the 2018 Code of Corporate Governance and the 2020 Opinion on Strengthening United Front Work <sup>(24)</sup>, which promote Party leadership in private enterprises. In addition, the CCP's system of 'two-way entry and cross-appointments' facilitates the integration of Party members into corporate leadership. In SOEs, key executive roles must be held by CCP members, ensuring Party leadership in corporate governance. The CCP also controls human resources in both SOEs and private companies, overseeing personnel decisions and maintaining talent databases to align appointments with Party objectives.
- (120) In addition, the complainant pointed out that the national 14th Five-Year Plan (FYP) emphasizes adherence to CCP guidelines, mandating that companies integrate Party ideology into their operations. Industry associations like CRIA and the China Chamber of Commerce of Metals, Minerals and Chemicals Importers and Exporters ('CCCIMC') ensure that tyre manufacturers and related companies follow state directives. CRIA, through its branches and guidelines, operates as a bridge between Party and government to companies, promoting the CCP's influence in controlling the industry performance. These associations have CCP-affiliated leaders and Party branches embedded within their structures, too.

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<sup>(24)</sup> The General Office of the CCP Central Committee issued Opinions on Strengthening the United Front Work of the Private Economy in the New Era (15 September 2020), available at: <https://interpret.csis.org/translations/the-general-office-of-the-ccp-central-committee-issued-the-opinion-on-strengthening-the-united-front-work-of-the-private-economy-in-the-new-era/>.

- (121) The complainant further submitted that major tyre producers, such as Qingdao Doublestar, Shuangqian Tire Group Co., Ltd., and Sailun Group Co., demonstrate significant Party influence through CCP-affiliated leaders and state ownership. The complainant emphasized the pervasive state and Party control restricts the ability of Chinese firms to independently set prices and costs, as these are influenced by non-market considerations aligned with CCP objectives, thereby distancing them from normal market forces.
- (122) Third, the complainant pointed out that public policies and measures in China favour domestic suppliers and significantly distort free market forces, including in the tyre industry and its supply chain. The GOC implements comprehensive planning through FYPs including sector-specific plans, which also set targets for production, innovation, and green development. These plans prioritize key upstream sectors like petrochemicals, natural rubber, steel, and energy, as well as downstream industries related to the tyre manufacturing industry.
- (123) The complainant highlighted that the government policies are designed to exert increased control over the tyre industry. These policies strategically support the industry's development, ensuring alignment with state objectives and enhancing governmental influence across all levels of industry. For instance, the tyre sector is specifically addressed in the FYPs and benefits directly from GOC support. Tyres are included within the framework of the Guiding Opinion on Promoting the High-Quality Development of the Petrochemical and Chemical Industries during the 14th FYP. This Guiding Opinion not only emphasizes the advancement of tyre products through standardized digital transformation but also focuses on enhancing technological and quality standards across the sector. Implementation is facilitated by industry associations such as CRIA, which act as conduits between the government and tyre companies, ensuring alignment with the strategic objectives outlined in the guiding opinion. The GOC uses favourable public procurement, financial support and other tools to increase the competitiveness of domestically produced tyres in foreign markets.
- (124) Further, the complainant pointed out that provincial governments issue regulations in support of tyre producers. A key example is the Shandong 14th FYP, which aims to consolidate public sector support and to enhance private business capabilities, focusing on the automotive industry's supply chain and resource allocation. The province targeted its automotive industry through 'supply chain synergy and resource allocation ability'. Other state interventions directly support tyre producers in their R & D investments, greening initiatives and improvements of production chain.
- (125) Moreover, the complainant highlighted that these policies artificially reduce production costs. For example, the Belt and Road Initiative supports the Chinese tyre manufacturers' outreach, providing favorable ways to export and solidifying their market position within the global market as well as in China.
- (126) Fourth, the complainant pointed to the lack, discriminatory application or inadequate enforcement of the Chinese bankruptcy, corporate and property laws. The complainant particularly stressed the artificial propping up of financially unsustainable tyre producers which compete locally and internationally with foreign companies thanks to receiving support that enables them to escape bankruptcy.
- (127) The complainant also pointed to the lack of private land ownership in China, where land allocation is controlled by the government and influenced by political considerations rather than market-driven decisions. This results in an unfair advantage for state-sponsored tyre companies, further distorting the market and undermining free-market competition within the tyre industry.
- (128) Fifth, the complainant alleged that wage costs in China are significantly distorted, noting that only one legally recognized trade union, controlled by the CCP, operates in the country. This control, alongside China's non-ratification of key International Labour Organisation conventions and restrictive labour practices, results in political interference that influences wage-setting processes, leading to state-driven rather than market-based wage outcomes. Additionally, the household registration system discriminates against migrant workers by restricting access to social and economic benefits, further distorting labour costs within the Chinese economy.

- (129) Sixth, Chinese tyre producers benefit from access to finance granted by institutions that implement public policy objectives or otherwise do not act independently from the state. Not only are the major banks in China state-owned, but private banks must also adhere to national policies when conducting their business. This results in channeling preferential investments towards 'encouraged' industries. The complainant illustrated these benefits for Chinese tyre manufacturers by highlighting preferential loans and funding received by companies such as Shanghai Huayi Group, Double Coin, and Prinx Chengshan from public banks like the Export-Import Bank of China and Bank of China. Additionally, companies like Doublestar maintain strong ties with banks such as the Bank of Communications, which have committed significant support in investment and financing credit lines, showcasing the policy-driven motivations of these financial institutions.
- (130) The complainant further indicated that bond and credit ratings in China are often inflated and systematically exceed their international counterparts. This distortion stems from the implicit government guarantees provided to 'encouraged' or otherwise designated industries, which effectively mitigate the risk of bond defaults. Examples include Chinese credit agencies awarding to companies significantly higher ratings than recognized international agencies, offering these companies more favorable borrowing terms.
- (131) Overall, the complainant submitted that the entire Chinese economy is affected by significant distortions which, consequently, extend also to the tyre industry. The GOC intervenes at all levels of the tyre supply chain, resulting in a situation where inputs, the inputs of those inputs, and so forth, are all impacted by government distortions in various ways.
- (132) In conclusion, the complainant argued that significant distortions pursuant to Article 2(6a) of the basic Regulation are present in the tyre sector.
- (133) The Commission examined whether it was appropriate or not to use domestic prices and costs in China, due to the existence of significant distortions within the meaning of point (b) of Article 2(6a) of the basic Regulation. That analysis covered the examination of the substantial government interventions in China's economy in general, but also the specific market situation in the relevant sector including the product concerned.
- (134) The Commission did so on the basis of the evidence available on the file. The evidence on the file included the evidence contained in the Report which relies on publicly available sources. The Commission further supplemented these evidentiary elements with its own research on the various criteria relevant to confirm the existence of significant distortions in China.

### 3.2.1.1. Significant distortions affecting the domestic prices and costs in China

- (135) The Chinese economic system is based on the concept of a 'socialist market economy'. That concept is enshrined in the Chinese Constitution and determines the economic governance of China. The core principle is the 'socialist public ownership of the means of production, namely, ownership by the whole people and collective ownership by the working people' <sup>(25)</sup>.

<sup>(25)</sup> Report – Chapter 2, p. 7.

- (136) The state-owned economy is the 'leading force in the national economy' and the state has the mandate to ensure its 'consolidation and growth' <sup>(26)</sup>. Accordingly, policy documents as recent as 2024 reveal that the GOC keeps seeking to 'promote the concentration of state-owned capital in important industries [...] and in forward-looking strategic emerging industries' <sup>(27)</sup> and 'strengthen capital injections to support the high-quality development of state-owned enterprises' <sup>(28)</sup>. Consequently, the overall setup of the Chinese economy not only allows for substantial government interventions into the economy, but such interventions are expressly mandated. The notion of supremacy of public ownership over the private one permeates the entire legal system and is emphasized as a general principle in all central pieces of legislation.
- (137) The Chinese property law is a prime example: it refers to the primary stage of socialism and entrusts the state with upholding the basic economic system under which the public ownership plays a dominant role.
- (138) Other forms of ownership are tolerated, with the law permitting them to develop side by side with the state ownership <sup>(29)</sup>. Accordingly, while the 2025 Law on Promoting the Development of the Private Economy <sup>(30)</sup> ('Private Economy Law') formally recognizes private enterprises as 'an important component of the socialist market economy', it also mandates that 'private economic organisations and their operators shall support the leadership of the CCP, adhere to the socialist system with Chinese characteristics and actively participate in the construction of a socialist modern power' <sup>(31)</sup>.
- (139) Consequently, economic operators are subject - directly or indirectly - to policy guidance, administrative steering, and ideological alignment requirements from Party-State institutions, perpetuating structural distortions within the competitive environment.
- (140) In addition, as under Chinese law, the socialist market economy is developed under the leadership of the CCP, the structures of the Chinese state and of the CCP are intertwined at every level (legal, institutional, personal), forming a superstructure in which the roles of CCP and the state are indistinguishable.
- (141) Following an amendment of the Chinese Constitution in March 2018, the leading role of the CCP was given an even greater prominence by being reaffirmed in the text of Article 1 of the Constitution.
- (142) Following the already existing first sentence of the provision: '[t]he socialist system is the basic system of the People's Republic of China' a new second sentence was inserted which reads: '[t]he defining feature of socialism with Chinese characteristics is the leadership of the [CCP]' <sup>(32)</sup>. This illustrates the unquestioned and ever-growing control of the CCP over the economic system of China.
- (143) This leadership and control are inherent to the Chinese system and goes well beyond the situation customary in other countries where the governments exercise general macroeconomic control within the boundaries of which free market forces are at play.
- (144) The Chinese state engages in an interventionist economic policy in pursuance of goals, which coincide with the political agenda set by the CCP rather than reflecting the prevailing economic conditions in a free market <sup>(33)</sup>. The interventionist economic tools deployed by the Chinese authorities are manifold, including the system of industrial planning, the financial system, as well as the level of the regulatory environment.

<sup>(26)</sup> Report – Chapter 2, p. 7-8.

<sup>(27)</sup> See CCP Central Committee Decision on Comprehensively Deepen Reform and Promote Chinese-style Modernization, Section II.5, available at: [https://www.gov.cn/zhengce/202407/content\\_6963770.htm](https://www.gov.cn/zhengce/202407/content_6963770.htm) (accessed on 11 November 2025).

<sup>(28)</sup> See Opinion of the State Council on Further Improving the Budget System for State-owned Capital Operations, available at: [https://www.gov.cn/zhengce/content/202401/content\\_6924612.htm](https://www.gov.cn/zhengce/content/202401/content_6924612.htm) (accessed on 11 November 2025).

<sup>(29)</sup> Report – Chapter 2, p. 10, 18.

<sup>(30)</sup> See at: [https://www.gov.cn/yaowen/liebiao/202504/content\\_7022018.htm](https://www.gov.cn/yaowen/liebiao/202504/content_7022018.htm) (accessed on 11 November 2025).

<sup>(31)</sup> *Ibid.*, Article 5.

<sup>(32)</sup> Available at: [http://www.npc.gov.cn/zgrdw/englishnpc/Constitution/node\\_2825.htm](http://www.npc.gov.cn/zgrdw/englishnpc/Constitution/node_2825.htm) (accessed on 25 November 2025).

<sup>(33)</sup> Report – Chapter 2, p. 29-30.

- (145) First, on the level of overall administrative control, the direction of the Chinese economy is governed by a complex system of industrial planning which affects all economic activities within the country. The totality of these plans forms a comprehensive and complex matrix of sectoral and crosscutting policies which is present on all levels of government.
- (146) Plans at provincial level are detailed while national plans set broader targets. Plans also specify the means in order to support the relevant industries/sectors as well as the timeframes in which the objectives need to be achieved. Some plans contain explicit output targets.
- (147) Under the plans, individual industrial sectors, specific types of economic operators <sup>(34)</sup> and/or projects are being singled out as (positive or negative) priorities in line with the government priorities and specific development goals are attributed to them (industrial upgrade, international expansion, etc.).
- (148) In 2025, the CCP Central Committee published an analysis affirming the binding nature of the plans: 'The scientific formulation and effective implementation of national development plans are important means for our Party to effectively lead economic and social development. In the practice of modernization, China has explored and established an institutional arrangement in which, under the centralized and unified leadership of the Party Central Committee, a plenary session of the Party Central Committee submits a plan proposal, the State Council prepares a draft plan outline, and the National People's Congress reviews and approves it before it is publicly announced and implemented. This effectively transforms the Party's propositions into the will of the State and the people. Through this process, major strategic deployments of the Party Central Committee are transformed into legally binding plans for nationwide implementation' <sup>(35)</sup>.
- (149) Consequently, economic operators, private and state-owned alike, must effectively adjust their business activities according to the realities imposed by the planning system. This is not only because of the binding nature of the plans, but also because the relevant Chinese authorities at all levels of government adhere to the system of plans and use their vested powers accordingly, thereby inducing the economic operators to comply with the priorities set out in the plans <sup>(36)</sup>.
- (150) Second, on the level of allocation of financial resources, the financial system of China is dominated by the state-owned commercial and policy banks described by the GOC as 'the main force serving the real economy and providing strong support for the stability and the long-term development of the national economy' <sup>(37)</sup>. Those banks, when setting up and implementing their lending policy need to align themselves with the government's industrial policy objectives rather than primarily assessing the economic merits of a given project <sup>(38)</sup>.
- (151) The same applies to the other components of the Chinese financial system, such as the stock markets, bond markets, private equity markets etc. Also, these parts of the financial sector are institutionally and operationally set up in a manner not geared towards maximizing the efficient functioning of the financial markets but towards ensuring control and allowing intervention by the state and the CCP <sup>(39)</sup>.
- (152) Third, on the level of regulatory environment, the interventions by the state into the economy take a number of forms.

<sup>(34)</sup> Such as for instance the category of so called 'little giant' companies (see Report – Chapter 2, p. 22), for which the GOC proclaimed continued support 'as part of efforts to promote new industrialization' in 2024, see at: [https://english.www.gov.cn/news/202406/19/content\\_WS6672c84ac6d0868f4e8e8531.html#:~:text=China%20will%20scale%20up%20support,of%20Industry%20and%20Information%20Technology](https://english.www.gov.cn/news/202406/19/content_WS6672c84ac6d0868f4e8e8531.html#:~:text=China%20will%20scale%20up%20support,of%20Industry%20and%20Information%20Technology) (accessed on 25 November 2025).

<sup>(35)</sup> See: <https://www.qstheory.cn/20250428/e7943a2c8fef49efb520aa336197849c/c.html> (accessed on 25 November 2025).

<sup>(36)</sup> Report – Chapter 4, p. 57, 92.

<sup>(37)</sup> See at: [https://www.mof.gov.cn/zhengwuxinxi/caizhengxinwen/202503/t20250329\\_3961036.htm](https://www.mof.gov.cn/zhengwuxinxi/caizhengxinwen/202503/t20250329_3961036.htm) (accessed on 11 November 2025).

<sup>(38)</sup> Report – Chapter 6, p. 149-150.

<sup>(39)</sup> Report – Chapter 6, p. 153-171.

- (153) For instance, the public procurement rules are regularly used in pursuit of policy goals other than economic efficiency, thereby undermining market-based principles in the area. The applicable legislation specifically provides that public procurement shall be conducted so as to ‘achieve national economic and social development policy objectives’<sup>(40)</sup>. However, the nature of these goals remains undefined, thereby leaving broad margin of appreciation to the decision-making bodies<sup>(41)</sup>. Furthermore, applicable legislation maintains rules explicitly discriminating against non-domestic products by stipulating that ‘a 20 % price deduction will be given to the quotation of a domestic product, and the reduced price will be taken in account during the evaluation process’<sup>(42)</sup>. As a result, procurement decisions favour domestic products and are not made on the basis of free market forces.
- (154) Similarly, in the area of investment, the GOC maintains significant control and influence over destination and magnitude of both state and private investment. Investment screening as well as various incentives, restrictions, and prohibitions related to investment are used by authorities as an important tool for supporting industrial policy goals, such as maintaining state control over key sectors or bolstering domestic industry<sup>(43)</sup>. For instance, the GOC seeks to ‘optimize the operation and supervision mechanism of major industrial funds to ensure that the investment direction of funds meets the requirements of national strategies’<sup>(44)</sup>. Another example of the GOC control over the economy through directing financial resources are the policies outlined in the 2025 Several Measures to Further Promote the Development of Private Investment<sup>(45)</sup>. According to the Measures, the GOC seeks to ‘increase central budget resources to support qualified private investment projects and to actively play a guiding and leading role.’ The GOC also intends to ‘make good use of new policy financial instruments [and] support a number of qualified private investment projects in important industries and key areas’<sup>(46)</sup>.
- (155) The GOC’s interventions in the economy are shaped as ‘coordinated efforts of fiscal, monetary, industry, price, employment and other policies around the implementation of national development plans and major strategies’<sup>(47)</sup>.
- (156) In sum, the Chinese economic model is based on certain basic axioms, which provide for and encourage manifold government interventions. Such substantial government interventions are at odds with the free play of market forces, resulting in distorting the effective allocation of resources in line with market principles<sup>(48)</sup>.

3.2.1.2. Significant distortions according to Article 2(6a)(b), first indent of the basic Regulation: the market in question being served to a significant extent by enterprises which operate under the ownership, control or policy supervision or guidance of the authorities of the exporting country

- (157) In China, enterprises operating under the ownership, control and/or policy supervision or guidance by the state represent an essential part of the economy.

<sup>(40)</sup> See NDRC Guidelines for the Fulfillment of the Main Responsibilities of Procurement Entities, Article 4, available at: [https://www.ndrc.gov.cn/xxgk/zcfb/tz/202511/t20251111\\_1401536.html](https://www.ndrc.gov.cn/xxgk/zcfb/tz/202511/t20251111_1401536.html) (accessed on 12 November 2025).

<sup>(41)</sup> Report – Chapter 7, p. 204-205.

<sup>(42)</sup> See State Council Notice on the implementation of national product standards for public procurement and other related policies, Section III, available at: [https://www.gov.cn/zhengce/content/202509/content\\_7042999.htm](https://www.gov.cn/zhengce/content/202509/content_7042999.htm) (accessed on 12 November 2025).

<sup>(43)</sup> Report – Chapter 8, p. 207-208, 242-243.

<sup>(44)</sup> See CCP Central Committee Decision on Comprehensively Deepen Reform and Promote Chinese-style Modernization, Section III.9, available at: [https://www.gov.cn/zhengce/202407/content\\_6963770.htm](https://www.gov.cn/zhengce/202407/content_6963770.htm) (accessed on 11 November 2025).

<sup>(45)</sup> See at: [https://www.gov.cn/zhengce/content/202511/content\\_7047643.htm](https://www.gov.cn/zhengce/content/202511/content_7047643.htm) (accessed on 11 November 2025).

<sup>(46)</sup> Ibid, Section 11.

<sup>(47)</sup> Ibid, Section V.16 (accessed on 11 November 2025).

<sup>(48)</sup> Report – Chapter 2, p. 19-24, Chapter 4, p. 69, p. 99-100, Chapter 5, p. 130-131.

- (158) The sector of the product concerned is mainly served by privately-owned companies like Shandong Linglong Tire Co. <sup>(49)</sup>, or by companies with minority stakes held by the state, like in Sailun Group <sup>(50)</sup>, which is 1,18 % state-owned <sup>(51)</sup> or Zhongce Rubber Group <sup>(52)</sup>, which is 36 % state-owned <sup>(53)</sup>.
- (159) In addition, in a number of companies, the state does not only have a stake, but it exercises control, such as in Qingdao Double Star Co. Ltd. <sup>(54)</sup>, which is 41,35 % state-owned and controlled by Qingdao Municipality SASAC, or in Double Star Dongfeng Tire, a subsidiary 100 % owned by Qingdao Double Star Co. Ltd. <sup>(55)</sup>. Another example is Guizhou Tyre Co. Ltd. <sup>(56)</sup>, which is 20,48 % state-owned and controlled by the Guiyang Municipality People's Government <sup>(57)</sup>.
- (160) Moreover, the sector of the product concerned is also served by SOEs, such as: CNRC <sup>(58)</sup>, held by SINOCHEN (SOE under the control of the central SASAC <sup>(59)</sup>) and SINOPEC <sup>(60)</sup> (another SOE under the control of the central SASAC <sup>(61)</sup>), both leading producers of synthetic rubber, a key input to produce the product concerned <sup>(62)</sup>.
- (161) CCP interventions into operational decision making have become the norm not only in SOEs, but also in private companies <sup>(63)</sup>, with CCP claiming leadership over virtually every aspect of the country's economy. Indeed, the State's influence by means of CCP structures within companies effectively results in economic operators being under the government's control and policy supervision, given how far the State and Party structures have grown together in China.
- (162) Moreover, the sector of the product concerned is subject to several government policies, such as the MIIT Guiding Opinion on promoting the high-quality development of the Chemical and Petrochemical industries during the 14th FYP which, in its Section II.3, provides for the implementation of 'actions to improve the quality of chemical products supply. Focus on strategic emerging industries [...] and accelerate the development of [...] high-performance rubber and plastic materials, [...]. Increase the proportion of green products in industries such as [...] tyres, [...]. Encourage enterprises to improve product quality and to create and foster brands'. In addition, Section V of the Guiding Opinion provides for the building of 'an internet-based industrial chain monitoring applicable to bulk products such as fertilizers and tyres' <sup>(64)</sup>.
- (163) The tyre industry is also covered by policies at provincial level such as the Shandong Province 14th FYP on the development of the chemical industry which provides the following specifically for the tyre industry: '[s]trictly implement industry policies and industry standards, integrate and withdraw enterprises with an annual production capacity of less than 1,2 million all-steel radial tyres (except engineering tyres, aviation tyres, and wide-section

<sup>(49)</sup> See at: <https://www.linglong.cn/> and [https://www.linglong.cn/Upload/202505/20250524113047\\_5549.pdf](https://www.linglong.cn/Upload/202505/20250524113047_5549.pdf), p. 81 (accessed on 25 November 2025).

<sup>(50)</sup> See at: <https://www.sailungroup.com/> (accessed on 25 November 2025).

<sup>(51)</sup> See Sailun Group annual report 2024, p.93, available at: <https://sailuns3.s3.cn-northwest-1.amazonaws.com.cn/upload/portal/20250429/039e9b432aec14b5a5b934b0b0cf103.pdf> (accessed on 25 November 2025).

<sup>(52)</sup> See at: <https://www.zcrubber.com/> (accessed on 6 October 2025).

<sup>(53)</sup> See Zhongce Rubber Group annual report 2024, p. 50, available at: <https://file.finance.qq.com/finance/hs/pdf/2025/08/20/1224519453.pdf> (accessed on 25 November 2025).

<sup>(54)</sup> See Qingdao Double Star Co. Ltd. annual report 2024, p. 63, available at: [https://file.finance.sina.com.cn/211.154.219.97:9494/MRGG/CNSESZ\\_STOCK/2025/2025-3/2025-03-28/10815489.PDF](https://file.finance.sina.com.cn/211.154.219.97:9494/MRGG/CNSESZ_STOCK/2025/2025-3/2025-03-28/10815489.PDF) (accessed on 6 October 2025).

<sup>(55)</sup> Ibid, p.159.

<sup>(56)</sup> See at: <https://www.gztyre.com/> (accessed on 25 November 2025).

<sup>(57)</sup> See Guizhou Tyre Co. Ltd. annual report 2024, p. 76 and 78, available at: [https://file.finance.sina.com.cn/211.154.219.97:9494/MRGG/CNSESZ\\_STOCK/2025/2025-4/2025-04-26/11007719.PDF](https://file.finance.sina.com.cn/211.154.219.97:9494/MRGG/CNSESZ_STOCK/2025/2025-4/2025-04-26/11007719.PDF) (accessed on 25 November 2025).

<sup>(58)</sup> See at: <https://rubber.chemchina.com/> (accessed on 25 November 2025).

<sup>(59)</sup> See at: <http://www.sasac.gov.cn/n2588045/n27271785/n27271792/index.html> (accessed on 25 November 2025).

<sup>(60)</sup> See at: <http://www.sinopecgroup.com/group/> (accessed on 25 November 2025).

<sup>(61)</sup> See at: <http://www.sasac.gov.cn/n2588045/n27271785/n27271792/index.html> (accessed on 6 October 2025).

<sup>(62)</sup> See [https://pdf.dfcfw.com/pdf/H3\\_AP202312271615027520\\_1.pdf](https://pdf.dfcfw.com/pdf/H3_AP202312271615027520_1.pdf) (accessed on 25 November 2025).

<sup>(63)</sup> Article 33 of the CCP Constitution, Article 19 of the Chinese Company Law, Article 5 of the Private Economy Law. See also Report – Chapter 3, p. 47-50.

<sup>(64)</sup> See: [https://www.gov.cn/zhengce/zhengceku/2022-04/08/content\\_5683972.htm](https://www.gov.cn/zhengce/zhengceku/2022-04/08/content_5683972.htm) (accessed on 25 November 2025).

tubeless tyres) and less than 5 million semi-steel radial tyres (except run-flat tyres, high-end racing tyres, and ultra-low-section tyres). [...] Following the course of high-end and segmented markets, develop high-end products such as ultra-low section, flattening, low rolling resistance, low noise, and run-flat, expand R & D and production of high-performance radial tyres such as smart tyres, safety tyres, low rolling resistance tyres, and super wear-resistant so as to increase the products' added value and market shares. Strengthen the tyre industry clusters in the Shandong peninsula as well as in Northern Shandong, strengthen connections with industry support facilities, develop the rubber additive industry cluster in western Shandong, and expand the rubber processing equipment industry cluster in eastern Shandong. Comprehensively improve digitalization, network development and smart development of the tyre industry, promote the construction of smart factories in the tyre industry across the province, and create a tyre manufacturing industry internet cloud platform. Actively promote green tyre production processes such as chemical rubber refining and radiation pre-vulcanization technology, encourage the secondary use of tyres, promote the green pyrolysis and carbon black regeneration technology of waste tyres, and promote the green circular development of the industry. [...] By 2025, the output value of the tyre industry will reach RMB 200 billion; there will be 8 tyre companies with sales revenue exceeding RMB 10 billion, of which more than 2 will exceed RMB 20 billion, and 1-2 companies will enter the top 10 in the global tyre industry' <sup>(65)</sup>.

- (164) Government supervision and policy control exists also at municipal level. An example represents the Changchun Municipality, known as the 'City of Automobiles' <sup>(66)</sup>, where Shandong Linglong Tire Co. Ltd signed an investment agreement of RMB 4,89 billion for a factory with an annual output of 14,2 million tyres. The Changchun Automobile Development Zone underlines that its 'achievements are due to the political guidance and strong leadership of the provincial Party committee, the provincial government, the municipal Party committee and the municipal government [and] the cohesion and innovation of the Party working committee of the Automobile Development zone' <sup>(67)</sup>.
- (165) Government control and policy supervision can be also observed at the level of the relevant industry associations <sup>(68)</sup>.
- (166) For instance, CRIA <sup>(69)</sup> – of which Shandong Linglong Tire Co., Ltd, Sailun Group, Zhongce Rubber Group, CNRC, Qingdao Double Star Co. Ltd., Guizhou Tyre Co., Ltd., are members <sup>(70)</sup> – has 15 branches and professional committees, with the tyre branch being the largest. The production by the tyre branch member companies accounts for about 80 % of the Chinese domestic tyre production. CRIA has 62 governing units, among which Zhongce Rubber Group Co., Ltd. occupies chairmanship, and Sailun Group Co., Ltd. and Linglong Tire Co., Ltd vice chairmanship <sup>(71)</sup>. The CRIA tyre branch follows the provisions of CRIA's Articles of Association, stating its purpose as serving members, playing the role of a bridge between the government and enterprises, and carrying out various tasks under the leadership of the General Association <sup>(72)</sup>.
- (167) According to Art. 3 of CRIA's Articles of Association, the organisation 'adheres to the overall leadership of the [CCP]. In accordance with the provisions of the Constitution of the [CCP], the Association establishes an organization of the [CCP], carries out the activities of the Party, and provides the necessary conditions for the activities of the Party organization. The authority in charge of registration and management of the Association is the Ministry of Civil Affairs, and the authority in charge of Party building is the Party Committee of the [central SASAC]. The Association accepts the business guidance, supervision and management of the authority in charge of registration and management, and of the authority in charge of Party building as well as of the relevant

<sup>(65)</sup> See: <https://huanbao.bjx.com.cn/news/20211201/1191133.shtml> (accessed on 25 November 2025).

<sup>(66)</sup> 'Statistics show that the automobile industry in Changchun achieved an output value of RMB 614,3 billion in 2021, accounting for 70,3 percent of the city's total industrial output value. [...] Furthermore, the Changchun Automobile Economic and Technological Development Zone provides robust support to the city's automobile industry in terms of policy support, talent acquisition, logistics, and more.' See: <https://en.people.cn/n3/2023/0828/c90000-20064539.html> (accessed on 15 October 2025).

<sup>(67)</sup> See: [https://changchun.ifeng.com/a/20200701/14287256\\_0.shtml](https://changchun.ifeng.com/a/20200701/14287256_0.shtml) (accessed on 25 November 2025).

<sup>(68)</sup> Report – Chapter 2, p. 24-27.

<sup>(69)</sup> See: <https://ccb.cria.org.cn/> (accessed on 25 November 2025).

<sup>(70)</sup> See: <https://www.cria.org.cn/c/member> (accessed on 25 November 2025).

<sup>(71)</sup> See: <https://tyre.cria.org.cn/id/1772857864279343106> (accessed on 25 November 2025).

<sup>(72)</sup> Ibid.

administration department in charge of industry management' <sup>(73)</sup>. Article 36 further states that the persons in charge of the Association must meet conditions such as '[a]dhere to the leadership of the [CCP], support socialism with Chinese characteristics, resolutely implement the Party's line, principles, and policies, and have good political qualities' <sup>(74)</sup>.

(168) Consequently, privately owned producers in the sector of the product concerned are prevented from operating under market conditions. Indeed, both public and privately owned enterprises in the sector are subject to policy supervision and guidance.

3.2.1.3. Significant distortions according to Article 2(6a)(b), second indent of the basic Regulation: State presence in firms allowing the state to interfere with respect to prices or costs

(169) The GOC is in position to interfere with prices and costs through state presence in firms. Indeed, CCP cells in enterprises, state-owned and private alike, represent an important channel through which the state can interfere with business decisions.

(170) According to Article 17 of China's company law, a CCP organisation is to be established in every company with at least three CCP members, as specified in Article 30 of the CCP Constitution <sup>(75)</sup>, and the company shall provide the necessary conditions for the activities of the Party organisation.

(171) In the past, this requirement appeared not to have always been followed or strictly enforced. However, since at least 2016 the CCP has been reinforcing its claims to control business decisions in companies as a matter of political principle <sup>(76)</sup>, including exercising pressure on private companies to put 'patriotism' first and to follow Party discipline <sup>(77)</sup>.

(172) Already in 2017, it was reported that party cells existed in 70 % of some 1,86 million privately owned companies, with growing pressure for the CCP organisations to have a final say over the business decisions within their respective companies <sup>(78)</sup>. Similar estimates were reported in 2022 <sup>(79)</sup>. These rules are of general application throughout the Chinese economy, across all sectors, including to the producers of the product concerned and the suppliers of their inputs.

(173) In addition, on 15 September 2020 a document titled General Office of CCP Central Committee's Guidelines on stepping up the United Front work in the private sector for the new era <sup>(80)</sup> ('the Guidelines') was released, which further expanded the role of the Party committees in private enterprises.

(174) Section II.4 of the Guidelines states: '[w]e must raise the Party's overall capacity to lead private-sector United Front work and effectively step up the work in this area'; and Section III.6 states: '[w]e must further step up Party building in private enterprises and enable the Party cells to play their role effectively as a fortress and enable Party members to play their parts as vanguards and pioneers'. The Guidelines thus emphasise and seek to increase the role of the CCP in companies and other private sector entities <sup>(81)</sup>.

<sup>(73)</sup> See: <https://www.cria.org.cn/c/id/1760859134713970690> (accessed on 25 November 2025).

<sup>(74)</sup> Ibid.

<sup>(75)</sup> Report – Chapter 3, p. 40.

<sup>(76)</sup> See for example: Blanchette, J., Xi's Gamble, *The Race to Consolidate Power and Stave off Disaster*, Foreign Affairs, Vol. 100, No 4, July/August 2021, p. 10-19.

<sup>(77)</sup> Report – Chapter 3, p. 41.

<sup>(78)</sup> Available at: <https://www.reuters.com/article/us-china-congress-companies-idUSKCN1B40JU> (accessed on 25 November 2025).

<sup>(79)</sup> Available at: <https://asia.nikkei.com/Business/Companies/China-s-companies-rewrite-rules-to-declare-Communist-Party-ties#:~:text=HONG%20KONG%20--%20China's%20Communist%20Party%20congress%20underlined%20fears%20that> (accessed on 25 November 2025).

<sup>(80)</sup> General Office of CCP Central Committee's Guidelines on stepping up the United Front work in the private sector for the new era: [www.gov.cn/zhengce/2020-09/15/content\\_5543685.htm](http://www.gov.cn/zhengce/2020-09/15/content_5543685.htm) (accessed on 25 November 2025).

<sup>(81)</sup> Financial Times (2020) – Chinese Communist Party asserts greater control over private enterprise: <https://on.ft.com/3mYxP4j> (accessed on 25 November 2025).

- (175) The investigation confirmed that overlaps between managerial positions and CCP membership / Party functions exist also in the tyre sector. To provide an example, chairman of the board of directors and the general manager of SINOCHEM also serve respectively as secretary and deputy secretary of SINOCHEM's Party Committee<sup>(82)</sup>. Similarly, the chairman and vice-chairman of Qingdao Double Star Co. Ltd. also serve respectively as the secretary and deputy secretary of the company's Party Committee<sup>(83)</sup>. Also, the chairman of the board of directors of Guizhou Tyre Co., Ltd holds the position of secretary of the Party Committee<sup>(84)</sup>.
- (176) Moreover, tyre manufacturing companies also explicitly mention the influence of the CCP over their conduct. For instance, Qingdao Double Star Co. Ltd. states in its 2024 annual report that: 'During the reporting period, the company insisted on using high-quality Party building to lead high-quality development' and ensured 'Party building leadership to promote high-quality development: [the company] [s]trengthened Party building leadership, focussed on main responsibilities and main business, carried out in-depth education on the theme of Xi Jinping's Thought on Socialism with Chinese Characteristics for a New Era, promoted the Party's innovative theoretical achievements to guide the company's business development, [...] cultivated a pioneering team in manufacturing, scientific research, marketing, and management, and integrated Party building into daily operations'<sup>(85)</sup>. Similarly, Guizhou Tyre Co., Ltd considers that '[a]s a state-owned holding company, the company always adheres to the unwavering leadership of the Party over state-owned enterprises. The Articles of Association clearly define the legal status of the Party organization in corporate governance and integrate the Party's leadership into all aspects of corporate governance'<sup>(86)</sup>.
- (177) Thus, the state presence in firms, in the tyre and other sectors (such as the financial and input sectors) allows the GOC to interfere with respect to prices and costs.

3.2.1.4. Significant distortions according to Article 2(6a)(b), third indent of the basic Regulation: public policies or measures discriminating in favour of domestic suppliers or otherwise influencing free market forces

- (178) The direction of the Chinese economy is to a significant degree determined by an elaborate system of planning which sets out priorities and prescribes the goals the central, provincial and local governments must focus on. Relevant plans exist at all levels of government and cover virtually all economic sectors. The objectives set by the planning instruments are of a binding nature and the authorities at each administrative level monitor the implementation of the plans by the corresponding lower level of government.
- (179) Overall, the system of planning in China results in resources being driven to sectors designated as strategic or otherwise politically important by the government, rather than being allocated in line with market forces<sup>(87)</sup>.
- (180) The Chinese authorities have enacted a number of policies guiding the functioning of the sector of the product concerned.

<sup>(82)</sup> See: <https://www.sinochem.com/sinochem/guwm/zlzz/gld/A031002002003Gone1.html> (accessed on 11 November 2025).

<sup>(83)</sup> See: Qingdao Double Star Co. Ltd. Annual report 2024, p. 36, available at: [https://file.finance.sina.com.cn/211.154.219.97:9494/MRGG/CNSESZ\\_STOCK/2025/2025-3/2025-03-28/10815489.PDF](https://file.finance.sina.com.cn/211.154.219.97:9494/MRGG/CNSESZ_STOCK/2025/2025-3/2025-03-28/10815489.PDF) (accessed on 25 November 2025).

<sup>(84)</sup> See Guizhou Tyre Co. Ltd annual report 2024, p. 44, available at: [https://file.finance.sina.com.cn/211.154.219.97:9494/MRGG/CNSESZ\\_STOCK/2025/2025-4/2025-04-26/11007719.PDF](https://file.finance.sina.com.cn/211.154.219.97:9494/MRGG/CNSESZ_STOCK/2025/2025-4/2025-04-26/11007719.PDF) (accessed on 25 November 2025).

<sup>(85)</sup> See Qingdao Double Star Co. Ltd. annual report 2024, p. 14, available at: [https://file.finance.sina.com.cn/211.154.219.97:9494/MRGG/CNSESZ\\_STOCK/2025/2025-3/2025-03-28/10815489.PDF](https://file.finance.sina.com.cn/211.154.219.97:9494/MRGG/CNSESZ_STOCK/2025/2025-3/2025-03-28/10815489.PDF) (accessed on 25 November 2025).

<sup>(86)</sup> See Guizhou Tyre Co Ltd. annual report 2023, p. 41, available at: [https://pdf.dfcfw.com/pdf/H2\\_AN202404151630237833\\_1.pdf?1713215477000.pdf](https://pdf.dfcfw.com/pdf/H2_AN202404151630237833_1.pdf?1713215477000.pdf), (accessed on 25 November 2025).

<sup>(87)</sup> Report – Chapter 4, p. 56-57, 99-100.

- (181) The 14th FYP on developing raw materials industry <sup>(88)</sup> aims to achieve a breakthrough in key categories of raw materials '[f]ocussing on key application areas such as [...] bionic synthetic rubber' <sup>(89)</sup>. Further provisions specific to the tyre industry are also included in the MIIT Guiding Opinion on promoting the high quality development of the Chemical and Petrochemical industries during the 14th FYP or in Shandong Province 14th FYP on the development of the chemical industry.
- (182) On the province level, similarly, according to the Anhui 14th FYP on developing new materials industry <sup>(90)</sup>, the government authorities are set to shape the sector's industrial layout as follows: '[f]ocusing on the automobile, electronics, high-speed railways, aerospace, and nuclear power sectors, and relying on the industrial bases of Anqing, Huainan and other places, increase the intensity of research and development and of innovation, and vigorously develop rubber material products with special properties and processes such as high and low temperature resistance, aging resistance, ablation resistance, chemical medium resistance, weather resistance, ozone resistance, arc resistance, etc.'. The plan also mentions in the list of key products 'hydrogenated nitrile rubber, brominated nitrile rubber, solution-polymerized styrene-butadiene rubber, isoprene rubber and its monomers, acrylate rubber, special fluorine-containing rubber, fluorosilicone rubber, electricity insulating silicone rubber' and in the list of breakthrough technologies '[n]itrile rubber hydrogenation technology, carboxyl nitrile rubber preparation technology, functionalized SSBR production technology, synthetic rubber drying process energy-saving technology, emulsion polymerization concentration technology, environmentally friendly additive replacement technology, etc.' <sup>(91)</sup>.
- (183) Similarly, the Gansu 14th FYP on developing raw materials industry <sup>(92)</sup> includes a section on fine chemical industry which provides that '[b]y 2025, the total industrial output value of the industry will strive to reach 50 billion yuan' and that in the synthetic rubber field, the objective is '[r]elying on backbone enterprises, [to] vigorously develop environmentally friendly rubber additives, rubber accelerator series CBS/MBS, carbon disulfide, insoluble sulfur, high-quality carbon black and other products' and for advanced petrochemical new materials '[r]elying on backbone enterprises, [to] improve the level and capacity of Gansu Province's in special engineering plastics, special synthetic rubber, [etc.]' and to '[v]igorously develop key strategic new materials'. In the field of petrochemicals, 'develop engineering plastics, special synthetic rubber, special fibers, biodegradable high-performance materials and high-performance composite materials'.
- (184) The Gansu 14th FYP also lists among key projects the PetroChina Lanzhou Petrochemical Company and the building of a new 35 000 tons/year special nitrile rubber unit, mainly including chemical preparation unit, polymerization unit, monomer recovery unit, slurry storage, mixing unit and coagulation drying and packaging unit, etc, for a total investment of more than 84 million RMB <sup>(93)</sup>. The Jiangxi 14th FYP on the high-quality development of petrochemical industry <sup>(94)</sup> states that '[We will] expand the application scope of [...] organosilicon products such as silicone oil, silicone rubber [...] and white carbon black. We will strengthen the research and development and production of new chemical materials, and vigorously develop cutting-edge new materials such as special rubber [...]'. Concerning special rubber, it also indicates that the government will 'focus on the development of solution styrene butadiene rubber [...], hydrogenated nitrile rubber, halogenated butyl rubber, hydrogenated styrene thermoplastic elastomers (HSBCs), isoprene rubber [...], thermoplastic vulcanizate, ethylene propylene rubber [...], etc.'.

<sup>(88)</sup> See: <https://www.gov.cn/zhengce/zhengceku/202112/29/5665166/files/90c1c79a00b44c67b59c29392476c862.pdf> (accessed on 25 November 2025).

<sup>(89)</sup> Ibid.

<sup>(90)</sup> Anhui 14th FYP on developing new materials industry, published 28 February 2022, Section III, Table 6.

<sup>(91)</sup> Ibid.

<sup>(92)</sup> See at: <https://gxt.gansu.gov.cn/gxt/c106992/202201/1959993/files/bc8a41db8b904e55b5bd7017eb42d119.pdf> (accessed on 25 November 2025).

<sup>(93)</sup> Ibid.

<sup>(94)</sup> See: <https://huanbao.bjx.com.cn/news/20211115/1187880.shtml> (accessed on 25 November 2025).

- (185) Moreover, the Jilin 14th FYP on petrochemical industry development <sup>(95)</sup> provides that the government will ‘fully promote the development of the new chemical materials industry such as engineering plastics, special synthetic rubber, and high-performance fibers, expand the application scope of new chemical materials in the fields of automobiles, rail transportation, aerospace, etc., and realize the high-quality development of the petrochemical industry system in our province’ and ‘[s]trengthen [...] ethylene propylene rubber, and fuel ethanol, refine special carbon fiber, highly active polyisobutylene, special rubber and plastic materials and other specialty products, [...] and form three major competitive sectors of synthetic resin, synthetic rubber and basic organic chemical raw materials, enhance the competitiveness and endogenous development momentum of the petrochemical industry, and help cultivate competitive product clusters and specific product chains’.
- (186) In sum, the GOC has measures in place to induce operators to comply with the public policy objectives concerning the sector. Through these measures, the GOC directs and controls virtually every aspect in the development and functioning of the sector, as well as the upstream inputs. Such measures impede market forces from operating freely.

3.2.1.5. Significant distortions according to Article 2(6a)(b), fourth indent of the basic Regulation: the lack, discriminatory application or inadequate enforcement of bankruptcy, corporate or property laws

- (187) According to the information on file, the Chinese bankruptcy system delivers inadequately on its own main objectives such as to fairly settle claims and debts and to safeguard the lawful rights and interests of creditors and debtors. This appears to be rooted in the fact that while the Chinese bankruptcy law formally rests on principles that are similar to those applied in corresponding laws in countries other than China, the Chinese system is characterised by systematic under-enforcement.
- (188) The number of bankruptcies remains notoriously low in relation to the size of the country’s economy, not least because the insolvency proceedings suffer from a number of shortcomings, which effectively function as a disincentive for bankruptcy filings. Moreover, the role of the state in the insolvency proceedings remains strong and active, often having direct influence on the outcome of the proceedings <sup>(96)</sup>, which are reported to be oftentimes untransparent and resulting in discriminatory practices <sup>(97)</sup>.
- (189) In addition, the shortcomings of the system of property rights are particularly obvious in relation to ownership of land and land-use rights in China <sup>(98)</sup>. All land is owned by the state (collectively owned rural land and state-owned urban land) and its allocation remains solely dependent on the state. There are legal provisions that aim at allocating land use rights in a transparent manner and at market prices, for instance by introducing bidding procedures. However, these provisions are regularly not respected, with certain buyers obtaining their land for free or below market rates <sup>(99)</sup>. Moreover, the 2024 CCP Central Committee Decision on Further Comprehensively Deepening Reform and Promoting Chinese-style Modernisation mandates to ‘improve the land management system to make sure it is efficiently connected with macro-policies and regional development and gives priority to the reasonable use of land for leading industries and major projects’ <sup>(100)</sup>. As a result, authorities often pursue specific political goals including the implementation of the economic plans when allocating land <sup>(101)</sup>.

<sup>(95)</sup> See: [http://gxt.jl.gov.cn/xxgk/zcwj/sgxtwj/202109/t20210914\\_8217060.html](http://gxt.jl.gov.cn/xxgk/zcwj/sgxtwj/202109/t20210914_8217060.html) (accessed on 25 November 2025).

<sup>(96)</sup> Report – Chapter 6, p. 171-179.

<sup>(97)</sup> See : <https://www.reuters.com/world/china/chinas-murky-bankruptcies-expose-hazards-foreign-investors-2025-04-15/> (accessed on 17 November 2025).

<sup>(98)</sup> Report – Chapter 9, p. 260-261.

<sup>(99)</sup> Report – Chapter 9, p. 257-260.

<sup>(100)</sup> See Section IV.2.3, available at: [https://www.gov.cn/zhengce/202407/content\\_6963770.htm](https://www.gov.cn/zhengce/202407/content_6963770.htm) (accessed on 18 November 2025).

<sup>(101)</sup> Report – Chapter 9, p. 252-254.

- (190) Much like other sectors in the Chinese economy, the producers of the product concerned are subject to the ordinary rules on Chinese bankruptcy, corporate, and property laws. That has the effect that these companies, too, are subject to the top-down distortions arising from the discriminatory application or inadequate enforcement of bankruptcy and property laws. Those considerations, on the basis of the evidence available, appear to be fully applicable also in the tyre industry sector. The present investigation revealed nothing that would call those findings into question.
- (191) In light of the above, the Commission concluded that there was discriminatory application or inadequate enforcement of bankruptcy and property laws in the sector of the product concerned.

3.2.1.6. Significant distortions according to Article 2(6a)(b), fifth indent of the basic Regulation: wage costs being distorted

- (192) A system of market-based wages cannot fully develop in China as workers and employers are impeded in their rights to collective organisation. China has not ratified a number of fundamental conventions of the International Labour Organisation, in particular those on freedom of association and on collective bargaining <sup>(102)</sup>.
- (193) Under national law, only one trade union organisation is active. However, this organisation lacks independence from the state authorities and its engagement in collective bargaining and protection of workers' rights remains rudimentary <sup>(103)</sup>. Moreover, the mobility of the Chinese workforce is restricted by the household registration system, which limits access to the full range of social security and other benefits to local residents of a given administrative area.
- (194) This typically results in workers who are not in possession of the local residence registration finding themselves in a vulnerable employment position and receiving lower income than the holders of the residence registration <sup>(104)</sup>. Those findings lead to the distortion of wage costs in China.
- (195) No evidence was submitted to the effect that the tyre sector would not be subject to the Chinese labour law system described above. The sector is thus affected by the distortions of wage costs both directly (when making the product concerned or the main raw material for its production) as well as indirectly (when having access to capital or inputs from companies subject to the same labour system in China).

3.2.1.7. Significant distortions according to Article 2(6a)(b), sixth indent of the basic Regulation: access to finance granted by institutions which implement public policy objectives or otherwise not acting independently of the state

- (196) Access to capital for corporate actors in China is subject to various distortions. The Chinese financial system is characterised by the strong position of state-owned banks <sup>(105)</sup>, which, when granting access to finance, take into consideration criteria other than the economic viability of a project. Similar to non-financial SOEs, the banks remain connected to the state not only through ownership but also via personal relations (the top executives of large state-owned financial institutions are ultimately appointed by the CCP) <sup>(106)</sup> and they regularly implement public policies designed by the GOC.
- (197) In doing so, the banks comply with an explicit legal obligation to conduct their business in accordance with the needs of the national economic and social development and under the guidance of the industrial policies of the state <sup>(107)</sup>. While it is acknowledged that various legal provisions refer to the need to respect normal banking behaviour and prudential rules such as the need to examine the creditworthiness of the borrower, the overwhelming evidence, including findings made in trade defence investigations, suggests that these provisions play only a secondary role in the application of the various legal instruments.

<sup>(102)</sup> Report – Chapter 13, p. 360-361, 364-370.

<sup>(103)</sup> Report – Chapter 13, p. 366.

<sup>(104)</sup> Report – Chapter 13, p. 370-373.

<sup>(105)</sup> Report – Chapter 6, p. 137-140.

<sup>(106)</sup> Report – Chapter 6, p. 146-149.

<sup>(107)</sup> Report – Chapter 6, p. 149.

- (198) For example, the GOC has clarified that even private commercial banking decisions must be overseen by the CCP and remain in line with national policies. One of the state's three overarching goals in relation to banking governance is now to strengthen the Party's leadership in the banking and insurance sector, including in relation to operational and management issues <sup>(108)</sup>. Also, the performance evaluation criteria of commercial banks notably have to take into account how entities 'serve the national development objectives and the real economy', and in particular how they 'serve strategic and emerging industries' <sup>(109)</sup>.
- (199) More specifically, according to the 2025 Guiding Opinion on Financial Support for New Industrialisation released by the People's Bank of China along with the Ministry of Industry and Information Technology, the Ministry of Finance, the National Development and Reform Commission and other governmental administrations, the GOC also seeks to 'guide financial institutions to use diversified tools such as loans, bonds, equity, and insurance to provide comprehensive financial services for the major enterprises and important supporting enterprises operating within key industry chains, provide financial solutions for the stable operation of enterprises affected by external influences, and support private enterprises to actively participate in the independent and controllable construction of industrial chains' <sup>(110)</sup>.
- (200) Furthermore, bond and credit ratings are often distorted for a variety of reasons including the fact that the risk assessment is influenced by the firm's strategic importance to the GOC and the strength of any implicit guarantee by the government <sup>(111)</sup>. This is compounded by additional existing rules, which direct finances into sectors designated by the government as encouraged or otherwise important <sup>(112)</sup>. This results in a bias in favour of lending to SOEs, large well-connected private firms and firms in key industrial sectors, which implies that the availability and cost of capital is not equal for all players on the market.
- (201) Furthermore, borrowing costs have been kept artificially low to stimulate investment growth. This has led to the excessive use of capital investment with ever lower returns on investment. This is illustrated by the growth in corporate leverage in the state sector despite a sharp fall in profitability, which suggests that the mechanisms at work in the banking system do not follow normal commercial responses.
- (202) Moreover, although nominal interest rate liberalization was achieved in October 2015, price signals are still not the result of free market forces but are influenced by government-induced distortions. For instance, SOEs but also entire industry sectors considered as strategic by the GOC are reported to benefit from below market interest rates <sup>(113)</sup>. Artificially low interest rates result in under-pricing, and consequently, the excessive utilization of capital.

<sup>(108)</sup> See official policy document of the China Banking and Insurance Regulatory Commission of 28 August 2020, *Three-year action plan for improving corporate governance of the banking and insurance sectors (2020–2022)*, <http://www.cbirc.gov.cn/cn/view/pages/ItemDetail.html?docId=925393&itemId=928> (accessed on 25 November 2025). The Plan instructs to 'further implement the spirit embodied in General Secretary Xi Jinping's keynote speech on advancing the reform of corporate governance of the financial sector'. Moreover, the Plan's Section II aims at promoting the organic integration of the Party's leadership into corporate governance: 'we shall make the integration of the Party's leadership into corporate governance more systematic, standardised and procedure-based [...] Major operational and management issues must have been discussed by the Party Committee before being decided upon by the Board of Directors or the senior management'.

<sup>(109)</sup> See CBIRC's *Notice on the Commercial banks performance evaluation method*, issued on 15 December 2020, [http://jrs.mof.gov.cn/gongzuotongzhi/202101/t20210104\\_3638904.htm](http://jrs.mof.gov.cn/gongzuotongzhi/202101/t20210104_3638904.htm) (accessed on 25 November 2025).

<sup>(110)</sup> See at: [https://www.gov.cn/lianbo/bumen/202508/content\\_7035298.htm](https://www.gov.cn/lianbo/bumen/202508/content_7035298.htm) (accessed on 17 November 2025).

<sup>(111)</sup> Report – Chapter 6, p. 157-158.

<sup>(112)</sup> Report – Chapter 6, p. 150-152, 156-160, 165-171.

<sup>(113)</sup> See Rhodium Group Report, *Augmented Assessment of China's State Support*, p. 22, available at: <https://rhg.com/research/far-from-normal-an-augmented-assessment-of-chinas-state-support/> (accessed on 17 November 2025).

- (203) Overall credit growth in the China indicates a worsening efficiency of capital allocation without any signs of credit tightening that would be expected in an undistorted market environment. As a result, non-performing loans have increased rapidly, with the GOC a number of times opting to either avoid defaults, thus creating so called ‘zombie’ companies whose number is increasing <sup>(14)</sup>, or to transfer the ownership of the debt (e.g. via mergers or debt-to-equity swaps), without necessarily removing the overall debt problem or addressing its root causes.
- (204) In essence, despite the steps that have been taken to liberalize the market, the corporate credit system in China is affected by significant distortions resulting from the continuing pervasive role of the state in the capital markets. Therefore, the substantial government intervention in the financial system leads to the market conditions being severely affected at all levels.
- (205) No evidence was submitted in the present investigation demonstrating that the sector of the product concerned is not affected by the government intervention in the financial system in the sense of Article 2(6a)(b), sixth indent of the basic Regulation. Therefore, the substantial government intervention in the financial system leads to the market conditions being severely affected at all levels.

#### 3.2.1.8. Systemic nature of the distortions described

- (206) The Commission noted that the distortions described in the Report are characteristic for the Chinese economy. The evidence available shows that the facts and features of the Chinese system as described above as well as in Part I of the Report apply throughout the country and across the sectors of the economy. The same holds true for the description of the factors of production as set out above and in Part II of the Report.
- (207) The Commission recalls that in order to produce the product concerned, certain inputs are needed. When the producers of the product concerned purchase/contract these inputs, the prices they pay (and which are recorded as their costs) are clearly exposed to the systemic distortions mentioned above. For instance, suppliers of inputs employ labour that is subject to the distortions. They may borrow money that is subject to the distortions of the financial sector/capital allocation. In addition, they are subject to the planning system that applies across all levels of government and sectors. These distortions were described in detail above in Section 3.2.1.2. The Commission pointed out that the regulatory setup underpinning those distortions is generally applicable, tyre producers being subject to those rules as any other economic operator in China. The distortions have therefore a direct bearing on the cost structure of the product concerned.
- (208) As a consequence of the circumstances detailed in Section 3.2.1.2, not only the domestic sales prices of the product concerned are not appropriate for use within the meaning of Article 2(6a)(a) of the basic Regulation, but all the input costs (including raw materials, energy, land, financing, labour, etc.) are also affected because their price formation is subject to substantial government intervention. Indeed, the government interventions described in relation to the allocation of capital, land, labour, energy and raw materials are present throughout the PRC. This means, for instance, that an input that in itself was produced in the PRC by combining a range of factors of production is exposed to significant distortions. The same applies for the input to the input and so forth.

#### 3.2.2. Arguments raised by interested parties

- (209) On 30 June 2025, CRIA submitted a set of comments concerning the application of Article 2(6a)(b) of the basic Regulation. In its submission, CRIA raised the following arguments: (i) the complainant has failed to provide direct evidence of market distortions; (ii) the Chinese tyre industry is highly market-oriented; and (iii) the complaint blurs the boundaries between anti-dumping and anti-subsidy investigations.

<sup>(14)</sup> See at: [https://www.bloomberg.com/graphics/2025-china-deflation-cost/?utm\\_campaign=202511\\_BATC\\_subs\\_eng\\_china\\_inflation\\_subs\\_eng\\_chinainflation\\_nov2025&utm\\_term=20383998&utm\\_source=subs-email&utm\\_medium=email&utm\\_content=15664976](https://www.bloomberg.com/graphics/2025-china-deflation-cost/?utm_campaign=202511_BATC_subs_eng_china_inflation_subs_eng_chinainflation_nov2025&utm_term=20383998&utm_source=subs-email&utm_medium=email&utm_content=15664976) (accessed on 17 November 2025).

(210) More specifically, to support its first argument, CRIA submitted that the complainant's allegations of significant distortions are, on the one hand, generalized and non-specific and, on the other hand, they contain logical contradictions concerning the distortions in the natural rubber market. Concerning the generalized nature of the allegations, CRIA pointed out that the complainant relied heavily on the Report, on conclusions made in irrelevant investigations concerning truck and bus tyres or the steel sector and on distorted interpretations of macroeconomic documents such as the 14th FYP. CRIA emphasized that portraying the entire Chinese economy as a meticulously controlled entity is not consistent with the reality of China's economic development and that the complainant's allegations fail to provide any evidential value demonstrating how these macro policies specifically and directly distorted the costs and prices of the PC-LL tyre producers. According to CRIA, the Commission is obligated to conduct an independent, fact-based and objective investigation in this case, rather than simply accepting the complainant's macro-narrative. Concerning the alleged logical contradictions, CRIA pointed out that despite its allegations of the natural rubber market being distorted in China, the complainant admits that China's natural rubber imports exceed several times its domestic production. It is therefore very likely that the domestic market price China is primarily driven by the imports and the international market. Moreover, the complainant's argument that certain Southeast Asian countries exporting natural rubber cannot be considered as candidate representative countries given that China – as a net importer of natural rubber – is in a dissimilar situation with respect to this input, is legally flawed since dissimilar supply situation does not form part of selection criteria under Article 2(6a) of the basic Regulation. Consequently, the Commission should accept the cost of natural rubber in the records of the Chinese exporting producers.

(211) As for the second argument, CRIA developed the core claim that the Chinese tyre industry is a self-governed and competitive sector driven by market forces and strictly adhering to the principles of market economy by submitting that:

- (a) The complainant's assertion that the Chinese tyre and upstream industries are dominated by SOEs is a gross deviation from the facts. Private enterprises hold an overwhelming dominant position, whether measured by the number of companies, production scale, export contributions or total capacity. The very size of China's market inevitably fosters intense competition, as also confirmed by industry reports. By selectively focusing on companies with state-ownership in their shareholding structure, the complaint ignores the thousands of private enterprises that form the backbone of the industry.

Similarly, the upstream industries – such as petrochemicals, rubber, steel, and textiles – are not controlled by the state, but form a rather diversified and competitive landscape with the participation of state-owned, private, and foreign-invested enterprises. More specifically, the synthetic rubber market is characterised by a 'four-way split' between SINOPEC and CNPC, between private enterprises and between Taiwanese and foreign-invested enterprises. The market for white carbon black (precipitated silica) is also dominated by private enterprises which account for 68,57 % of the production capacity and for 66,36 % of the output of that sector in China. Also, the market for steel cord, is highly globalized and competitive, with major players in the Chinese market including not only Chinese private enterprises but also numerous international giants. The large number of enterprises active in the sector of industrial textiles implies competitive rather than monopolistic market structure.

As for state-affiliated enterprises, the complainant incorrectly equates them with state-controlled, in disregard of modern corporate governance and the legal framework in China. Companies like SINOCHEM or the Huayi Group are listed in the public markets and must adhere to stringent legal and market rules, being accountable to all shareholders, not just to a single shareholder of the state. Specifically with respect to the Huayi Group, it is publicly listed on the Shanghai Stock Exchange and its corporate governance structure complies with the Chinese Company Law, Securities Law, and regulations of the China Securities Regulatory Commission. Accordingly, its 2024 annual report explicitly states that the company maintains complete independence from its controlling shareholder in the areas of personnel, assets, finance, organization, and business. The controlling shareholder exercises its rights through the shareholders' meeting in accordance with the law, and it may not directly or indirectly interfere in the company's decision-making and business activities. With respect to Sinochem, the complainant failed to adduce any evidence indicating that Sinochem, as a shareholder of its tyre-manufacturing subsidiaries Pirelli and Aeolus Tyre, has interfered in those companies' daily business decisions. In that respect, confusion of major ownership with actual control of business operation is a fundamental misconception in the complainants' argument which failed to adduce any evidence indicating how the ownership of the substantial shares in a company by the state would give rise to direct government intervention in the company's daily business activities.

- (b) The complainant's claim that the GOC is able to interfere with the prices and costs of enterprises through CCP organizations within companies is a misrepresentation of the reality of corporate governance in China. According to the Company Law and relevant articles of association of the Chinese tyre producing companies, the function of Party organizations in enterprises is primarily focused on Party affairs and ensuring the company's compliance with national laws, instead of interfering in specific business operations. The statutory decision-making bodies of a company remain the board of directors and management. Allegation that the existence of Party organizations in tyre companies is a direct indication of government control over a company's business decisions lacks both factual and legal basis.
- (c) Industrial planning in China, rather than being discriminatory and distorting the market as claimed by the complainant, serves as strategic guidance and it is not a mandatory command, consistent with the common practices of major global economies. China's FYPs are macro-level, strategic, and guiding documents for national economic and social development, not fundamentally different from the industrial policies of other major economies in the world, such as the EU's 'Green Deal Industrial Plan' or the US 'Inflation Reduction Act'. The industrial plans in China provide businesses with market prospects and a vision for development, without being legally binding on micro-level economic operators like tyre companies.
- (d) The complainant's allegations on non-market-based land transfers are completely inconsistent with the existence of well-functioning land market and land use right assignment and transfer mechanism governed by laws and regulations, in particular the Provisions on the Assignment of State-owned Construction Land Use Rights through Bidding, Auction and Listing, according to which the land at issue must be assigned through public bidding, auction, or listing. Moreover, the unsubstantiated allegations in the complaint that the Sailun and Zhongce tyre factories received land well below market price, cannot call into question a national wide functional, openly, uniformly and mandatorily enforced market-based system.

As to Chinese bankruptcy and company law, the applicable Enterprise Bankruptcy Law provides diversified exit or reanimation paths for enterprises in distressed or insolvent circumstances, and it has an explicit goal of providing a 'market-oriented and rule-based' framework. Furthermore, the Company Law provides clear corporate governance standards for all types of companies – including state-owned listed companies – and a solid legal foundation for the independent, market-based operation of companies.

- (e) The complainant's claim that the Chinese household registration and trade union system lead to distorted wage costs ignores the profound changes and marketization process of China's labour market, where the restrictions of hukou have been progressively eliminated or mitigated and the social security system is also increasingly delinked from household registration. Relying on an outdated system that is gradually becoming much less restrictive to support the view of wage distortion is therefore detached from the current socio-economic reality of China.
- (f) China's financial system doesn't provide preferential loans to specific state supported industries (like the tyre industry) and it doesn't manipulate credit ratings. This is because China's commercial banks, including the large state-owned commercial banks, are independent financial institutions which abide by the Commercial Banking Law. Article 4 of the Law provides that '[t]he business operations of commercial banks shall be governed by the principles of safety, liquidity and efficiency. Commercial banks shall make their own decisions regarding their business operations, take responsibility for their own risks, assume sole responsibility for their profits and losses and exercise self-restriction'. It also emphasizes that 'commercial banks shall [...] conduct business operations without interference from any unit or individual'. The transparency, predictability, and market-based operation of China's financial market is further illustrated by the fact that in recent years, numerous overseas operators have chosen to issue renminbi-denominated bonds within China.

In addition, discrepancies in the credit ratings of the same company by domestic and foreign rating agencies is a common phenomenon worldwide, stemming from distinct rating methodologies, information access channels, risk models, and understanding of the local market, on which various credit rating agencies rely. Attributing such discrepancies directly to state manipulation is totally unfounded.

- (212) To support its third argument, CRIA criticized the complaint for alleging the existence of subsidization practices in China. CRIA pointed out that to address subsidization, there exists a separate legal instrument in the Union and the complainant's allegations should therefore be examined and determined through a separate anti-subsidy investigation. The complainants' attempt to rely on subsidy allegations to support claims concerning significant distortions in an anti-dumping investigation does not abide by the boundaries between the two distinct legal instruments enshrined in two different legal frameworks.
- (213) On 1 August 2025, the complainant reacted to CRIA's submission by pointing out that (i) the tyres sector in China is rife with significant distortions, as a result of the systematic interferences of the Chinese state and the CCP in virtually all aspects of the industry, in downstream and upstream activities, within companies, whether privately held or state-owned; (ii) the number of private actors that are also present on the Chinese market does not challenge the demonstration of existence of significant distortions as private players in China are directed by the state and acting in accordance with industrial policies; (iii) the existence of significant distortions affecting all parts of the Chinese tyre manufacturing value chain has been clearly demonstrated in the past, whether by previous Commission investigations or investigations in other jurisdictions, as referred to in detail in the complaint.
- (214) On 15 September 2025, CRIA supplemented its comments upon initiation by a set of comments in reaction to the First Note. In its submission, CRIA raised two arguments.
- (215) First, CRIA took the position that Article 2(6a) of the basic Regulation is inapplicable due to its incompatibility with the WTO agreements and the ruling of the WTO Dispute Settlement Body.
- (216) More specifically, CRIA argued that:
- (a) some provisions of China's WTO Accession Protocol relevant for dumping calculation expired on 11 December 2016, the EU must respect its corresponding obligations under WTO law;
  - (b) in line with the Appellate Body's findings in DS 473, for the purpose of calculating the costs in order to obtain the normal value of the product concerned when the domestic price in the exporting country cannot be used, the investigating authorities are not allowed to evaluate the costs reported in the records kept by the exporter/producer pursuant to a benchmark unrelated to the costs of production in the country of origin.
- (217) Second, CRIA submitted that the Chinese tyre and raw material markets are not subject to the alleged significant distortions. CRIA argued in this connection that the distortions alleged by the complainant are not well evidenced and it referred back to its submission of 30 June 2025, reiterating the complainant's allegations would be replete with generalizations, speculation, and internal contradictions and not supported by direct and specific evidence pertaining to the PC-LL tyre industry in China or the investigation period of the present investigation.
- (218) CRIA's arguments could not be accepted for the reasons set out below.
- (219) As to CRIA's first argument upon initiation, namely that the complainant failed to provide direct evidence of market distortions, the Commission noted at the outset that, as confirmed by the General Court in *Viraj Profiles*, the quantity and quality of the evidence necessary to meet the criteria of the sufficiency of the evidence for the purpose of initiating an investigation is different from that which is necessary for the purpose of a preliminary or final determination of the existence of dumping, injury or of a causal link <sup>(115)</sup>. The complaint met the standards set in Article 5(9) of the basic Regulation, in combination with Article 2(6a)(d). Indeed, as indicated in the Notice of Initiation, the Commission considered at the initiation stage that there was sufficient evidence pursuant to Article 5(9) of the basic Regulation tending to show that, due to significant distortions affecting prices and costs, the use of domestic prices and costs in the PRC would be inappropriate, thus warranting the initiation of an investigation on the basis of Article 2(6a) of the basic Regulation.

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<sup>(115)</sup> Judgement of the General Court of 11 July 2017, *Viraj Profiles v Council*, T-67/14, EU:T:2017:481, paragraph 98.

- (220) The Commission therefore proceeded to prove such distortions. In order to do so, the Commission has, in line with Article 2(6a)(e) of the basic Regulation, collected the data necessary to determine the existence and impact of significant distortions and the consequent use of the methodology prescribed by Article 2(6a)(a) of the basic Regulation. This analysis is presented in detail sections 3.2.1.1 to 3.2.1.8 above. In this respect, CRIA's remark about the Commission's obligation to conduct an independent, fact-based and objective investigation is moot. Moreover, the Commission's analysis in Sections 3.2.1.1 to 3.2.1.8 has also disproved CRIA's claim concerning the reality of China's economic development being free of distortive government interventions and about the relevant Chinese macro policies not specifically and directly distorting the costs and prices in the sector of the product concerned.
- (221) In addition, and to conclude on CRIA's first argument upon initiation, concerning the alleged logical contradictions in the complaint with respect to natural rubber as a globally traded commodity and the selection of representative country, the Commission noted first, that CRIA did not provide any evidence that the natural rubber prices in China are driven by the global commodity market and, second, that the representative country was selected in line with the applicable criteria pursuant to Article 2(6a) of the basic Regulation, as set out in detail in Section 3.2.4.
- (222) With respect to CRIA's second argument upon initiation, namely that the Chinese tyre industry is highly market-oriented, the Commission pointed out:
- (a) The presence of privately-owned companies in the sector of the product concerned is not disputed. However, not only are also state-owned or otherwise state-controlled companies active in the sector but the sector is subject to government control and policy supervision by various means, ranging from government policies shaping the development of the sector to declared allegiance to CCP's leadership by individual companies and industry associations, as described in Section 3.2.1.2.

Similarly, concerning the upstream industries, CRIA's reference to a 'four-way split' between SINOPEC and CNPC, between private enterprises and between Taiwanese and foreign-invested enterprises is undermined by the very report which CRIA invokes and which states concerning the synthetic rubber market: '[t]he first echelon is represented by CNPC and Sinopec, with the two companies accounting for 49 % of the market share. [...] The first-tier enterprises benefit from the advantages of the integrated petrochemical industry chain, forming economies of scale in synthetic rubber products. The total synthetic rubber production capacity of CNPC and Sinopec currently reaches 5 million tons per year, accounting for more than 45 % of China's total synthetic rubber production capacity. Thanks to the large scale of crude oil supply channels, their raw material self-sufficiency rate has reached more than 85 %. The integrated production model has reduced the production cost of synthetic rubber by 20 %, achieving economies of scale'. Concerning the other inputs for manufacturing of the product concerned, CRIA's point on private companies between active in the respective sectors is misplaced. It is not the monopolistic structure of the sectors which the Commission considered relevant in the present context but the degree of government control and policy supervision. Such supervision through industrial policy planning, control over industry associations, CCP leadership including personal overlaps between managerial and Party position in companies etc., have been documented in detail also in the input sectors <sup>(116)</sup> of the product concerned. CRIA has not adduced any evidence which would put those observations in questions.

As for tyre producers such as Huayi Group allegedly adhering to stringent legal and market rules and being accountable to all shareholders, not just the state, the Commission pointed out that the 2024 annual report of Huayi Group, referred to by CRIA, states the following in relation to the 2024 business performance analysis: '2024 marks the 75th anniversary of the founding of the People's Republic of China and is also a critical year for achieving the goals and tasks of the 14th [FYP]. All employees have conscientiously implemented the spirit of the 20th National Congress of the [CCP] and the Second and Third Plenary Sessions of the 20th Central Committee. Under the correct leadership of the company's Party Committee and Board of Directors, and with a spirit of dedication and hard work, we have actively addressed the dual challenges of a slow macroeconomic recovery and continued low-level fluctuations in the chemical industry [...]'. The annual report further emphasizes that the company will 'strengthen the Party's overall leadership, foster a "Sunshine Huayi" family culture, unify ideals and convictions, and inspire the autonomy, enthusiasm,

<sup>(116)</sup> See for instance the Report, Chapters 12, 14, 16.

and creativity of our workforce to jointly drive the Group's high-quality development'. The Commission recalled in this connection that 15 of the 17 Huayi Group's board members are CCP members and that the Chinese Company Law invoked by CRIA explicitly mandates setting up CCP organizations within companies. The Company Law, in combination with additional applicable legislation, confers on those CCP structures considerable power over the business operation of the companies in question (see in particular recitals (138)–(139) and (170)–(174) above). While numerous standard features of corporate governance may be in place in China, it is the existence of the abovementioned additional structures which allow the Party/state to exercise policy supervision and control over the economic operators which is of particular relevance for the assessment pursuant to Article 2(6a) of the basic Regulation and which refutes CRIA's argument.

- (b) The influence exercised by the CCP over the Chinese economy, ranging from the institutional country-wide setup to the role which CCP organisations play in the business conduct of individual companies have been described in detail above (see in particular recitals (169)–(177)), as well as in the Report <sup>(117)</sup>. CRIA's claim that the function of Party organizations in enterprises is primarily focused on Party affairs instead of interfering in specific business operations is further directly contradicted by the documents quoted above originating directly from the relevant companies (see the 2024 annual report Qingdao Double Star Co. Ltd. or the 2023 annual report of Guizhou Tyre Co., Ltd.) which refer to integrating the Party's leadership into all aspects of corporate governance (see the 2024 annual report of the Huayi Group) which puts the Party Committee and Board of Directors leadership at the same level (see point (a) above).
- (c) As to industrial planning in China, the Commission disagreed with CRIA's position that the planning document do not represent mandatory commands. To the contrary, the Commission recalled that the Chinese system of planning sets out priorities and prescribes the goals the central and local governments must focus on. Relevant plans exist on all levels of government and cover virtually all economic sectors and the authorities at each administrative level monitor the implementation of the plans by the corresponding lower level of government. As described in detail in the Report <sup>(118)</sup>, the objectives set by the planning instruments are in fact of binding nature, with the planning system resulting in resources being allocated to sectors designated as strategic or otherwise politically important by the government, rather than being allocated in line with market forces. Moreover, as recently as September 2025, the Central Committee of the CCP itself confirmed that the process of adopting and implementing the development plans, the Party's strategic priorities are transformed into 'legally binding plans for nationwide implementation'. Lastly, the Commission recalled that policies in jurisdictions outside China, such as in the EU or US, have no relevance in the present context of an assessment carried out pursuant to Article 2(6a) of the basic Regulation.
- (d) Similarly, the Commission observed that with respect to land transfers, as well as company or bankruptcy laws, CRIA merely claims that those areas are governed by solid, market-based foundations, without addressing any of the evidence pointing to the existence of distortions in the sense of Article 2(6a) of the basic Regulation described in Section 3.2.1.5. above.
- (e) CRIA's reference to progressive elimination of hukou restrictions cannot alter the Commission's position concerning the significant distortions of wages in China; while reforms of the hukou system may be underway in China, the household registration system remains in place, impacting the economic fundamentals of wage formation. Moreover, additional factors, such as the role of the trade unions or China not being party to some of ILO's conventions contribute to distortions of wages in China.
- (f) CRIA's arguments concerning China's financial system are not convincing. An unsubstantiated reference to overseas operators issuing renminbi-denominated bonds does in no way demonstrate the market-based operation of the Chinese financial system. The Commission also pointed out to the Report <sup>(119)</sup> which highlights the limitations of the Chinese onshore bond market. More importantly, CRIA's reading of the Commercial Banking Law is selective. In this respect, in addition to the analysis in recitals (196)–(198) above,

<sup>(117)</sup> See Report – Chapter 3.

<sup>(118)</sup> See Report – Chapter 4.

<sup>(119)</sup> Report – Chapter 6.

the Commission referred to additional provisions of the Commercial Banking Law invoked by CRIA, in particular its Article 34, pursuant to which: 'Commercial banks shall conduct their business of lending in accordance with the needs of the national economic and social development and under the guidance of the industrial policies of the State'.

- (223) Concerning CRIA's third argument upon initiation, namely that the complaint blurs the boundaries between the anti-dumping and anti-subsidy legal instruments, the Commission concluded already in recital (219) that the complaint met the standards set in Article 5(9) of the basic Regulation, thus warranting the initiation of an investigation on the basis of Article 2(6a) of the basic Regulation. Elements contained in the complaint extraneous to the assessment pursuant to Article 5(9) of the basic Regulation were not considered by the Commission when carrying out that assessment.
- (224) As to CRIA's first argument in response to the First Note, concerning the WTO compatibility of Article 2(6a) of the basic Regulation, the Commission pointed out that:
- (a) in anti-dumping proceedings concerning products from China, the parts of Section 15 of China's Accession Protocol to the WTO that have not expired continue to apply when determining normal value, both with respect to the market economy status and with respect to the use of a methodology that is not based on a strict comparison with Chinese prices or costs;
  - (b) the Report of the Appellate Body in DS 473 did not concern the implementation of Article 2(6a) of the basic Regulation, but of a particular stipulation within Article 2(5) of the basic Regulation. Nevertheless, WTO law, as interpreted by the Appellate Body in DS 473, permits the use of data from a third country, duly adjusted when such adjustment is necessary and substantiated.
- (225) As to CRIA's second argument in response to the 1st FOP note, concerning the sufficiency of evidence, it has been addressed above in this section.

### 3.2.3. *Conclusion*

- (226) The evidence available showed that prices or costs of the product concerned, including the costs of raw materials, land, energy and labour, are not the result of free market forces because they are affected by substantial government intervention within the meaning of Article 2(6a)(b) of the basic Regulation, as shown by the actual or potential impact of one or more of the relevant elements listed therein.
- (227) In view of the above, the Commission concluded that it is not appropriate to use domestic prices and costs to establish normal value in this case. Consequently, the Commission proceeded to construct the normal value exclusively on the basis of costs of production and sales reflecting undistorted prices or benchmarks, that is, in this case, on the basis of corresponding costs of production and sales in an appropriate representative country, in accordance with Article 2(6a)(a) of the basic Regulation, as described in the following section.

### 3.2.4. *Representative country*

#### 3.2.4.1. *General remarks*

- (228) The choice of the representative country was based on the following criteria pursuant to Article 2(6a) of the basic Regulation:
- A level of economic development similar to the PRC. For this purpose, the Commission used countries with a gross national income per capita similar to the PRC on the basis of the database of the World Bank <sup>(120)</sup>;
  - Production of the product under investigation in that country;
  - Existence of relevant readily available data in the representative country.

<sup>(120)</sup> World Bank Open Data – Upper Middle Income, <https://data.worldbank.org/income-level/upper-middle-income>.

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

- (229) As explained in Section 3.1, the Commission issued two notes for the file on the sources for the determination of the normal value: the First Note and the Second Note.
- (230) These notes described the facts and evidence underlying the relevant criteria and also addressed the comments received by the parties on these elements and on the relevant sources. In the Second Note, the Commission informed interested parties of its intention to consider Türkiye as an appropriate representative country in the present case if the existence of significant distortions pursuant to Article 2(6a) of the basic Regulation would be confirmed.

#### 3.2.4.2. First Note

- (231) In the First Note, the Commission identified Argentina, Brazil, Colombia, Indonesia, Malaysia, Mexico, Serbia, South Africa, Thailand and Türkiye as countries with a similar level of economic development as the PRC according to the World Bank, i.e. they are all classified by the World Bank as ‘upper-middle income’ countries on a gross national income basis where production of the product under investigation was known to take place.
- (232) The Commission then further looked into the availability of data on factors of production including with regard to the readily available financial data from producers of the product under investigation. Based on the information provided after initiation, it identified the six most important factors of production that accounted for approximately 70 % of the total costs for material – natural rubber (HS 4001 22), carbon black (2803 00), styrene-butadiene rubber (4002 19), polybutadiene rubber (HS 4002 20), cord fabric (HS 5902 20), steel cord (HS 7312 10). It then assessed whether these factors of production were imported into the potential representative countries in sufficient quantities and what was the share of the imports that could be materially affected by imports from the PRC or any of the countries listed in Annex I to Regulation (EU) 2015/755 of the European Parliament and of the Council <sup>(121)</sup>.
- (233) The Commission found that both Argentina and Colombia imported the key factors of production in relatively low quantities, and that these two countries did not import some of the factors of production at all. Since the relatively low quantities of imports of key factors of production could have affected the price of imports, the Commission considered that those imports might not constitute an appropriate benchmark and concluded that neither Colombia nor Argentina constituted an appropriate representative country.
- (234) Furthermore, the analysis of the imports of the main raw materials into other candidates for representative country showed that some imports could be materially affected by significant quantities originating from China. This was the case in particular of Thailand and South Africa, where imports from China of three out of the six main factors of production listed above constituted more than 50 % of the overall imports of these factors, and to lesser extent of Malaysia, where the share of imports from China of three of the main factors of production ranged from 27 % to 69 %. Additionally, no production of the product under investigation or no available financial information was found in Brazil and Indonesia. The Commission thus considered that any of these countries did not constitute an appropriate representative country.
- (235) The Commission then identified available financial statements covering the investigation period of profitable companies producing the like product in Mexico (Compana Hulera Tornel), Serbia (Tigar Tyres Doo) and Türkiye (Brisa Bridgestone Sabanci), and concluded that those countries could constitute an appropriate representative country. It invited parties to provide comments.

<sup>(121)</sup> Regulation (EU) 2015/755 of the European Parliament and of the Council of 29 April 2015 on common rules for imports from certain third countries (OJ L 123, 19.5.2015, p. 33, ELI: <http://data.europa.eu/eli/reg/2015/755/oj>) as amended by Commission Delegated Regulation (EU) 2017/749 of 24 February 2017 amending Regulation (EU) 2015/755 of the European Parliament and of the Council as regards the removal of Kazakhstan from the list of countries in Annex I thereto (OJ L 113, 29.4.2017, p. 11, ELI: [http://data.europa.eu/eli/reg\\_del/2017/749/oj](http://data.europa.eu/eli/reg_del/2017/749/oj)).

3.2.4.3. Claims made for each potential representative country following the issuance of the First Note

- (236) Following the publication of the First note, the Commission received comments from the complainant, CRIA, and four exporting producers or groups of exporting producers – the GITI Group, Hankook Group, Kumho and Shandong Yongsheng. Parties made claims with regard the following countries:

*Indonesia*

- (237) The GITI Group submitted that Indonesia (together with Malaysia) constituted a possible representative country, as (i) it imported compound rubber (which is according to GITI an important factor of production); (ii) for several key factors of production (cord fabric, steel cord, carbon black), the share of Chinese imports in the total imports was lower for Indonesia than for Serbia, Mexico, Türkiye; and (iii) Indonesia had financial data available for its companies (PT Goodyear Indonesia Tbk and PT Gajah Tunggal Tbk, a joint venture between the GITI Group and Michelin).
- (238) Kumho Tire and the Hankook Group also submitted that Indonesia constituted an appropriate representative country, for the size of its domestic market and high import volumes of all FOPs.

*Malaysia*

- (239) The GITI Group and CRIA argued that Chinese exports of key factors of production (carbon black, steel cord, cord fabric and polybutadiene rubber) into Malaysia represented similar shares of Chinese imports as in case of Serbia and Türkiye, which were considered as a potential representative country, and therefore, that Malaysia should not be excluded from potential representative countries. The GITI Group further argued that together with Indonesia, Malaysia was the only country with representative imports of compound rubber.
- (240) The GITI Group, Shandong Yongsheng and CRIA mentioned that Malaysia was chosen as representative country in the US anti-dumping investigation against import tyres from China <sup>(122)</sup>, and that publicly financial statements were available for several companies in Malaysia <sup>(123)</sup>.

*Mexico*

- (241) The GITI Group submitted that Mexico could not constitute a possible representative country. It mainly referred to low import volumes of compound rubber and high import volumes from China into Mexico of cord fabric.
- (242) CRIA and Shandong Yongsheng submitted similar arguments on the level of imports from China into Mexico, Serbia and Türkiye, arguing that the level of Chinese imports could not be considered as the main criterion to disregard possible representative countries, and that high level of Chinese imported steel cord were common for all possible representative countries. CRIA further argued that as in some other cases, the Commission further analysed if Chinese imports had a distortive effect on the import prices or not, and that it could also do it in this investigation in case of countries with a high share of Chinese imports.
- (243) The GITI Group considered that since there were different anti-dumping and countervailing duties in place on steel in Mexico, Mexican import prices for key inputs containing steel, such as steel wire could be distorted. It also referred to measures put in place by Mexico against imports of synthetic rubber from Japan, the Republic of Korea and the United States, and to anti-dumping duties on passenger car and light truck tyres originating from China. The GITI Group furthermore argued that the financial data of tyre companies in Mexico did not constitute an appropriate benchmark, since it did not overlap the investigation period, and since the data was only available for one company. Therefore, it considered that Mexico could not constitute a representative country.

<sup>(122)</sup> <https://access.trade.gov/Resources/frn/summary/prc/2021-19259-1.pdf>.

<sup>(123)</sup> E.g. Hock Hin (MUAR) Rubber Co., Michelin Malaysia, Toyo tyre Malaysia SDN BHD, Friendship Rubber Industry (Malaysia) SDN. BHD. and Yamauchi (Malaysia).

(244) Shandong Yongsheng submitted that, among Mexico, Serbia and Türkiye, Mexico was the most appropriate representative country, since (i) Serbia's level of imports from China were higher than Malaysia, a country excluded in the first note due to its level of reliance on Chinese imports; and (ii) Mexico had the highest level of social and environmental protection with regards to Article 2(6a)(a).

(245) Kumho Tire and the Hankook Group submitted that Mexico would constitute an appropriate representative country, for the size of its domestic market and high import volumes of natural rubber.

#### *Thailand*

(246) CRIA and Shandong Yongsheng submitted that Thailand should not have been dismissed as a possible representative country on the basis of high-level imports from China.

(247) Shandong Yongsheng further submitted that the Commission could use data on SG & A costs and profit which are available for Thai manufacturers of passenger cars and light lorries' tyres. It added that Thailand, Indonesia and Malaysia all offered the most similar conditions to China in terms of energy and labour costs.

#### *Türkiye and Serbia*

(248) The GITI Group argued that Türkiye and Serbia had a low import volume of compound rubber, and if any of these countries was selected, the benchmark for this raw material should be adjusted. Secondly, the GITI Group, Kumho Tire, the Hankook Group and CRIA submitted that SG & A costs for both possible representative countries were unreasonably high. The GITI Group and CRIA pointed out to financial data from Mexico <sup>(124)</sup>, Indonesia <sup>(125)</sup>, Malaysia <sup>(126)</sup> and Thailand <sup>(127)</sup> mentioning a lower percentage of SG & A costs.

(249) The GITI Group and CRIA further argued that imports of cord fabric from China were particularly high in case of both Serbia and Türkiye.

(250) The Hankook Group claimed that the Turkish company Brisa Bridgestone's consolidated financial statements included subsidiaries which were involved in the development and manufacturing of mobile technologies, and that its financial statements were thus manifestly not representative for the purpose of the normal value construction.

(251) CRIA, Kumho Tire and the Hankook Group submitted that the import volumes from Russia into Türkiye and Serbia disqualified them from being considered as appropriate representative countries. Kumho Tire and the Hankook Group added that both Türkiye and Serbia continued to import Russian steel, which may be used in turn to manufacture steel cord.

(252) Both Kumho Tire and the Hankook Group submitted that both Türkiye and Serbia reported cord fabric data in m<sup>2</sup>, and the weight of cord fabric can vary based on thickness and density of the treads while other countries reported data in kg. The two companies added that the characteristics of the market in Serbia were not comparable with China, and that Türkiye continued to face severe inflation, affecting relevant economic indicators.

(253) The Commission assessed all the arguments submitted by the different interested parties in the second note, as summarise below in Section 3.2.4.4.

<sup>(124)</sup> GITI referred to Companie Hulera Tornel.

<sup>(125)</sup> PT Goodyear Indonesia Tbk, Gajah Tunggal (identified by Hankook and the GITI Group).

<sup>(126)</sup> Friendship Rubber industry (Malaysia) SDN. BHD. And Toyo Tyre Malaysia SDN. BHD.

<sup>(127)</sup> Bridgestone Tire Manufacturing (Thailand) Co. Ltd., Bridgestone Specialty Tire Manufacturing (Thailand) Co., Ltd., Thai Bridgestone company Limited, Goodyear (Thailand) Public Company limited.

Toyo Tire (Thailand) company limited, Deestone international Company Limited, Otani Radial Co., Ltd., Sumitomo Rubber (Thailand) company Limited, Svizz-one Corporation Ltd., Yokohama Tire Manufacturing (Thailand) Co., Ltd.

## 3.2.4.4. Second Note

- (254) Concerning the claim of the GITI Group, the Commission considered basing the choice for the representative country on the volume of the imports of compound rubber (HS code 4002 80) not justified. For the sampled exporting producers, compound rubber represented either a low percentage of costs within the total costs of production, or it was not used at all <sup>(128)</sup>. The Commission thus considered that the level of imports of compound rubber was not a relevant criterion to choose a representative country.
- (255) Furthermore, since China was the world's biggest exporter under Heading 5902 <sup>(129)</sup> (tyre cord fabrics) and HS 7312 10 <sup>(130)</sup> (steel cord), imports of the two factors of production into all possible representative countries contained a high percentage of imports from China. Therefore, the Commission concluded that the volume of Chinese imports for those two factors of production was not a criterion to be considered.
- (256) Finally, the Commission considered the arguments concerning proposals to select Indonesia, Malaysia or Thailand as a possible representative country. The Commission, however, concluded that neither Indonesia, Malaysia, nor Thailand constituted an appropriate representative country.
- (257) Imports into Indonesia of the main factor of production, i.e. natural rubber which represents a substantial share of the costs, were relatively low and imports of three of the six main factors of production contained a high share of Chinese imports – steel cord, cord fabric and carbon black. While a high share of Chinese imports concerning steel cord and cord fabric was common for all the possible representative countries, the share of Chinese imports for carbon black were also high and represented 46 %. Compared to that, in Türkiye, Chinese imports of carbon black constituted 5 % only.
- (258) Imports of the main factors of production into Malaysia also contained a high share of Chinese imports – apart from the high share of Chinese imports of cord fabric and steel cord, Chinese imports of styrene butadiene rubber, one of the major FOPs, also constituted a higher share of the overall imports (27 %), compared to 12 % in case of imports into Türkiye. Furthermore, the fact that Malaysia was chosen in the US anti-dumping investigation is not relevant for this investigation.
- (259) Chinese imports of all the main factors of production were particularly high also in case of Thailand: carbon black (57 %), styrene-butadiene rubber (25 %), polybutadiene rubber (32 %), cord fabric (7 %), steel cord (82 %). Moreover, in May 2025, the International Trade Administration Commission of South Africa determined that several Thai companies were found to be circumventing anti-dumping duties on tyres through country hopping from China via Cambodia, Thailand and Vietnam, confirming Thailand's high exposure to China <sup>(131)</sup>.
- (260) Considering the above, the Commission found that imports prices of the main factors of production into Indonesia, Malaysia and Thailand could not be considered representative since they are likely to be distorted, if the significant distortions within the meaning of point (b) of Article 2(6a) of the basic Regulation were confirmed.
- (261) The Commission further assessed the information at its disposal with regard to the three proposed countries (Mexico, Serbia and Türkiye) and concluded that Türkiye was an appropriate choice for the representative country.
- (262) First, the import statistics into Türkiye contained readily available data for the majority of the factors of production except for steel cord. The import statistics of the six main factors of production either did not contain or contained limited imports from China (maximum 5 % for carbon black <sup>(132)</sup>). Compared to that, Serbia had a high level of Chinese imports of carbon black (45 %) and steel cord (68 %).

<sup>(128)</sup> More detailed information cannot be provided for confidentiality reasons.

<sup>(129)</sup> <https://oec.world/en/profile/hs/polyamide-fabric>.

<sup>(130)</sup> <https://oec.world/en/profile/hs/stranded-steel-wirecableetc-no-electric-insulation>.

<sup>(131)</sup> [https://www.itac.org.za/upload/document\\_files/20250602071614\\_ITAC-Preliminary-Report-No.-748---May-2025.pdf](https://www.itac.org.za/upload/document_files/20250602071614_ITAC-Preliminary-Report-No.-748---May-2025.pdf).

<sup>(132)</sup> With the exception of steel cord since the high share of Chinese imports concern nearly all of the possible representative countries.

- (263) The volumes of imports of the main factors of production into Türkiye were several times higher than in case of both Serbia and Mexico, and there was thus a stronger likelihood that their import prices could constitute reasonable benchmarks. Furthermore, contrary to parties' allegations, the Commission also considered that data on imports into Türkiye of cord fabric reported in m<sup>2</sup> could be converted into kg based on the conversion rate for this type of material.
- (264) Second, the Commission considered that financial statements of the Turkish company Brisa Bridgestone represented a reasonable basis to determine a benchmark for SG & A costs and profit, since they were audited and overlapped the investigation period. The Commission noted that the claim on the potential impact of the turnover of the subsidiary Arvento on the consolidated financial statements was not substantiated. Also, the Commission considered that the claim that SG & A costs of Arvento were unreasonably high because companies in other countries had lower SG & A, was not supported by evidence. The Commission noted that several Thai companies reported an SG & A cost between 30 % and 60 % according to the Commission's analysis <sup>(133)</sup>. Therefore, the Commission concluded that Brisa Bridgestone's financial data remained an appropriate source for the establishment of the SG & A costs and profit percentages, Brisa Bridgestone was a larger company with audited accounts, compared to the only company in Mexico with available financial information which was of relatively smaller size and there was no information on whether the data was audited or not.
- (265) In addition, besides China, Türkiye is one of the world's largest exporters of the product under investigation <sup>(134)</sup> and a country with a similar economic development as China.
- (266) On the claim concerning Turkish inflation, the Commission considered that import prices were not impacted by the devaluation of the Turkish lira. Any price increase would be reflected by an increase of the total costs of goods sold and/or SG & A costs and thus in the decrease of the profit margin of the representative producer. As SG & A costs and profit margins were expressed in a percentage, this had no impact on the calculation of the normal value. Regarding the inflation of certain specific costs, the Commission noted that the undistorted prices it established for the costs of production were expressed in the currency of the country concerned, and differences in inflation between the representative country and the country concerned were already reflected to a significant degree in the respective exchange rate. Therefore, the calculated benchmarks were largely unaffected by inflation in the representative country. Therefore, the claim was rejected.
- (267) Finally, with regard to the alleged impact of imports of Russian steel into Türkiye, which might have been used to manufacture steel cord, the Commission found that the claim was general and lacked supporting evidence of the supposed passthrough. Regarding imports of carbon black, styrene-butadiene rubber and polybutadiene rubber into Serbia and Türkiye, it was also established that they contained imports from Russia. The Commission however concluded that it was not justified to exclude these two countries on this basis. These factors of production did not represent a major share in the costs of production <sup>(135)</sup>, and in case of Serbia, the market share of these imports was relatively low <sup>(136)</sup>. The Commission also noted that no interested party provided evidence that imports from Russia may render the imports into Türkiye unreliable – the Commission found that there was no evidence of any abnormal price difference neither between the average import price of these inputs into Türkiye compared to imports of the same inputs to countries with no imports from Russia. The Commission reached the same conclusion in *tyres for buses and lorries* <sup>(137)</sup> when analysing the investigation period in that case, ending 30 June 2023 <sup>(138)</sup>. Therefore, the Commission found the claim that Türkiye had to be disregarded on this basis unjustified.

<sup>(133)</sup> e.g. Michelin Siam, Maxxis International (Thailand) Co Ltd, Bridgestone Specialty Tire Manufacturing (Thailand) Co., Ltd.

<sup>(134)</sup> <https://oec.world/en/profile/hs/pneumatic-tyres-new-of-rubber-for-buses-or-lorries> and <https://oec.world/en/profile/hs/new-rubber-pneumatic-tyres-for-motor-cars>.

<sup>(135)</sup> The three factors of production (carbon black, Styrene-Butadiene Rubber and Polybutadiene Rubber represent between approximately 4 % to 12 % in the costs of production).

<sup>(136)</sup> From 5 % to maximum 21 % depending on the factor of production.

<sup>(137)</sup> Commission Implementing Regulation (EU) 2025/58 of 15 January 2025 imposing a definitive anti-dumping duty on imports of certain pneumatic tyres, new or retreaded, of rubber, of a kind used for buses or lorries, with a load index exceeding 121 originating in the People's Republic of China following an expiry review pursuant to Article 11(2) of Regulation (EU) 2016/1036 of the European Parliament and of the Council (OJ L, 2025/58, 16.1.2025, ELI: [http://data.europa.eu/eli/reg\\_impl/2025/58/oj](http://data.europa.eu/eli/reg_impl/2025/58/oj)), recital (214).

<sup>(138)</sup> Implementing Regulation (EU) 2025/58.

- (268) The Commission thus concluded that Türkiye could be considered as the representative country since (i) among all other countries, it had the best quality of data to be used as the benchmarks for the factors of production; and (ii) reasonable financial data were available.

3.2.4.5. Claims made for each potential representative country following the issuance of the Second Note

- (269) Following the Second Note, CRIA, the GITI Group, the Hankook Group, Kumho Tire, Shandong Yongsheng and Sumitomo Rubber submitted comments on the Commission's decision to use Türkiye as the representative country. The comments are addressed below.

*Türkiye*

General claims on the choice of Türkiye as a representative country

- (270) The Hankook Group and Kumho submitted that the Commission erred in selecting Türkiye as the representative country upon a single criterion – i.e. the share of Chinese imports into the country – which is not listed in Article 2(6a)(a) of the basic Regulation. The two companies argued that the Commission disregarded elements such as the volume of production of the product under investigation in each potential representative country, as well as the availability of a greater number of financial statements to correctly determine the SG & A costs and profit to be used for the purpose of the normal value construction. The Hankook Group further argued that other countries had markets with characteristics more closely resembling China and/or offered a higher availability of public data.
- (271) The Hankook Group and Kumho submitted that the Commission erred in its assessment of the influence of Chinese imports on import prices, and that the Commission should look on the unit price to assess if imports are distorted or not. The parties argued that the unit import price of some factors of production into Türkiye was similar to the unit price of other countries with higher exposure to Chinese imports, arguing that a high level of imports from China did not constitute, as such, a valid ground to disqualify a country from being selected as a representative country under Article 2(6a) of the basic Regulation. The Commission reiterated that when selecting an appropriate representative country, the volume of Chinese imports is an important criterion to assess the overall likelihood that imports of factors of production were likely to be distorted by Chinese imports. It first recalled that the purpose of Article 2(6a) of the basic Regulation is to construct a normal value free of distortions. Therefore, taking the volume of Chinese imports into consideration would allow for reintroduction of the distortions into the constructed normal value. When choosing a country, this assessment is to be carried out overall and no price-to-price comparison is required. This is different from the situation where a country is chosen because it fulfils all the criteria. Then, the Commission has no other choice than to look into a particular import price, and to decide if this price is distorted or not. Therefore, this assessment is then carried out as the second step. The Commission thus rejected the claim that it had to make price comparison with regard to each potential representative country to determine if a specific input could be distorted or not by Chinese imports.
- (272) Second, the Commission pointed out that the choice of Türkiye as representative country was based on the fact that Türkiye fulfilled all the criteria set out in Article 2(6a)(a) of the basic Regulation.
- (273) The main factors of production were imported into Türkiye in representative quantities based on readily available data, and there was available financial information based on the Brisa Bridgestone's audited financial statements, which were considered as a basis to determine the undistorted and reasonable for SG & A costs and profits. The Commission found that the information available for Türkiye was of better quality than for other potential representative countries.

- (274) The Hankook Group also claimed that the fact that cord fabric and steel cord were imported in high quantities from China from almost all possible representative was based on incorrect figures, as the Commission arbitrarily grouped the cord fabric under HS codes (HS 5902 10, HS 5902 20 and HS 5902 90) under a larger subcategory Heading 5902. It argued that under specific HS codes, China was not the world's top exporter <sup>(139)</sup>.
- (275) Contrary to the claim of the Hankook Group, data from the Observatory of Economic Complexity ('OEC') at HS level confirmed that for HS code 5902 10 China was the world's biggest exporter <sup>(140)</sup>. China was the world's second biggest exporter for HS code 5902 20, after Vietnam <sup>(141)</sup>. The overall trade of HS code 5902 90 <sup>(142)</sup> was rather limited compared to the other codes. In any event, whether China was the biggest or among the biggest exporters of those factors of production, the point is the level of Chinese imports of those factors of production were relatively high for *all* potential representative countries. Therefore, this claim was rejected.
- (276) The Hankook Group and Kumho also reiterated their claim that that the Commission wrongfully considered imports from Russia as being undistorted, while sanctions in the form of import bans on steel products originating in Russia applied as from 16 March 2022 <sup>(143)</sup>. Moreover, an import ban applicable to carbon black (Heading 2803), styrene-butadiene rubber (HS code 4002 19), butadiene rubber (HS code 4002 20), compound rubber (HS code 4002 80) and halo-isobutene-isoprene rubber (HS code 4002 39), entered into force on 26 February 2023 <sup>(144)</sup>, with a transitional import quota system applied until 30 June 2024. The Hankook Group argued that the average price of Russian imports in Türkiye was significantly lower than the average price of imports from other countries, including China, and that given the existence of a country report on significant distortions in both China and Russia, there was no valid reason why Türkiye should be preferred over these countries. Lastly, the Hankook Group argued that both Türkiye and Serbia relied on energy imports from Russia, showing that the whole Turkish economy was subject to distortions.
- (277) The Commission highlighted that such arguments were already addressed in the Second Note. The import ban only started to be implemented in the second half of the investigation period, i.e. as of 1 July 2024, and before then, the three materials were only subject to a transitional quota (thus subject to a partial restriction). It could thus not be established, lacking any concrete evidence submitted by interested parties, if and to what extent Russian imports were distorted during the investigation period – parties only referred to the fact that the prices of some of the inputs imported from Russia were below the average import price into Türkiye during the IP, without demonstrating that these low prices were the result of the sanctions. Also, despite that Russian import prices were slightly below the average, the average import prices into Türkiye of these materials were similar to import prices to some of the possible representative countries unaffected by the Russian imports. The Commission considered that the claim concerning energy imports from Russia was a general claim and that it was not substantiated. Therefore, the Commission rejected the claim.

#### General claims on quality of the data to be used as benchmarks

- (278) CRIA submitted that (i) Türkiye did not constitute an appropriate representative country; (ii) the financial data of Brisa Bridgestone was unsuitable; and (iii) should the Commission confirm Türkiye as representative country, it should use alternative sources or make appropriate adjustments to the benchmarks of certain factors of production.

<sup>(139)</sup> HS subheading 5902 20 (Vietnam) and HS subheading 5902 90 (Germany), see <https://oec.world/en/profile/hs/tyre-cord-fabric-of-polyester> and <https://oec.world/en/profile/hs/tyre-cord-fabric-of-viscose-rayon>, respectively.

<sup>(140)</sup> <https://oec.world/en/profile/hs/tyre-cord-fabric-of-nylon-polyamides>.

<sup>(141)</sup> <https://oec.world/en/profile/hs/tyre-cord-fabric-of-polyester>.

<sup>(142)</sup> <https://oec.world/en/profile/hs/tyre-cord-fabric-of-viscose-rayon>.

<sup>(143)</sup> Council Regulation (EU) 2022/428 of 15 March 2022 amending Regulation (EU) No 833/2014 concerning restrictive measures in view of Russia's actions destabilising the situation in Ukraine (OJ L 87 I, 15.3.2022, p. 13, ELI: <http://data.europa.eu/eli/reg/2022/428/oj>).

<sup>(144)</sup> Council Regulation (EU) 2022/1904 of 6 October 2022 amending Regulation (EU) No 833/2014 concerning restrictive measures in view of Russia's actions destabilising the situation in Ukraine (OJ L 259 I, 6.10.2022, p. 3, ELI: <http://data.europa.eu/eli/reg/2022/1904/oj>).

- (279) Firstly, CRIA argued that the Commission should identify specific HS codes that precisely correspond to the material used by Chinese exporting producers in the manufacturing of the product under investigation. It argued that the Commission should identify the sublevel code (at 8-digit level) of the product, e.g. cord fabric, under codes 5902 10 10 and 5902 20 10 (rubber-impregnated tyre cord fabrics). It argued that Türkiye imported a significantly higher proportion of imports of these materials from China and non-WTO members than Indonesia or Malaysia. CRIA submitted that similar findings applied to imports into Türkiye of steel cord.
- (280) At the outset, the Commission reiterated that China is the world's biggest exporter of cord fabric and steel cord, and that imports of these two factors of production into all possible representative countries contained a high percentage of imports from China. Therefore, although indeed Turkish imports of these two materials contained a higher share of imports from China compared to imports of these two materials into Indonesia and Malaysia, this criterion was not considered decisive in choosing the appropriate representative country. The Commission reiterated that, unlike in case of other possible representative countries, the share of Chinese imports into Türkiye of other main factors of production was very low, at maximum 5 % in case of carbon black.
- (281) Moreover, the Commission established that the materials under the CN codes identified by CRIA were not the ones used predominantly by the companies <sup>(145)</sup>. Therefore, these claims were dismissed.
- (282) Second, CRIA submitted that inflation in Türkiye and currency depreciation lead to distorted domestic costs and prices, including of energy and labour costs, and that, in the case of electricity, prices increased more than six times since 2021, and more than four times between 2022 and 2024 in case of the labour costs. CRIA argued that the increases were not mitigated by the currency devaluation, and that the data were thus distorted and not reliable, and therefore, it could not be used as benchmark. Additionally, CRIA argued that the Turkish government's state intervention in the foreign exchange market, trade distortive measures and government support for the steel industry represented a significant distortion of market dynamics, and Turkish high interest rates distorted the SG & A costs and profit of the representative company <sup>(146)</sup>. Similar arguments were submitted by the GITI Group, the Hankook Group, Kumho, Shandong Yongsheng and the Sumitomo Group.
- (283) The Commission reiterated that import prices into Türkiye of the different factors of production to be used as benchmarks were expressed in other currencies and were therefore not impacted by the devaluation of the Turkish lira. In the case of both labour and electricity, there was indeed an increase of cost for these factors from 2022 to 2024. Costs increase in electricity followed similar trends in many other countries and was likely linked to the Russian military aggression against Ukraine. In any event, it could not be established if these increases in real terms were caused only by inflation, or as well by other factors. In view of this, the Commission considered that the existence of inflation in a country does not automatically render data from that country distorted and unreasonable nor does the fact that Government intervenes on the labour market to change the minimum wage, for instance. The claims were thus rejected.
- (284) Shandong Yongsheng also submitted that the import prices into Türkiye of steel cord, compound rubber and silica were above the average price to the rest of the world, according to its own analysis – more than 20 % higher in case of steel cord, 49 % higher in case of silica, and 576 % higher in case of compound rubber. Shandong Yongsheng suggested that the Commission should use import prices for these materials to Malaysia and Mexico.

<sup>(145)</sup> One of the exporting producers used the material under one of the codes only marginally (representing less than 0,5 % of total cost of production) or reported different HS codes. Data of the other exporting producer did not allow to distinguish the material at the 8-digit level.

<sup>(146)</sup> E.g. additional tariffs on products from third countries outside the EU and its free trade agreement partners, minimum customs values, and non-refundable VAT.

- (285) The Commission highlighted that steel cord and silica (HS 7312 10 and HS 2811 22, respectively) were imported into Türkiye in significant quantities and were considered reasonable. The fact that they were higher than the average import price to rest of the world did not have any bearing on the assessment of the suitability of the benchmarks for these factors of production. Therefore, these claims were rejected. For compound rubber, as mentioned below in this section, due to the low import volume of this factor of production into Türkiye, the Commission substituted the benchmark for that factor of production with the import price into Mexico.
- (286) CRIA also claimed that due to the high inflation, financial statements of companies based on the historical costs were not reliable and therefore, required adjustments to address the inflation. It argued that the financial data of Brisa Bridgestone were not thus suitable for establishing the undistorted amount of SG & A costs and profit. CRIA further pointed out to the fact that the audited financial statements contained adjustments to address inflation ('net monetary position gain'), and that if this adjustment together with revenues from investing activities were disregarded, the company was actually unprofitable.
- (287) The Commission disagreed that the adjustment for the inflation should be disregarded. The adjustment related to financial reporting in hyperinflation economies and was required by Turkish Accounting Standard 29, for an accurate picture of the financial performance of the company<sup>(147)</sup>. Its exclusion would lead to a distorted assessment of SG & A costs. The recalculated SG & A costs and profit showed that the company was profitable during the investigation period. Therefore, the Commission rejected the claim.

#### Claims on adjustments to benchmarks

- (288) CRIA and other parties such as the GITI Group, the Hankook Group, Kumho and Shandong Yongsheng further submitted that, should the Commission confirm Türkiye as representative country, the following adjustments should be carried out:
- Steel cord: CRIA argued that since Türkiye is a major steel-producing country, imports of certain steel material were limited to specialty products only. It also argued that since there were safeguard measures in place on wire rod, a key input to produce steel cord, the prices of steel cord were distorted. A similar argument was put forward by the GITI Group;
  - Conversion between square meters and kilograms for cord fabric: CRIA pointed out that imports of cord fabric were reported in m<sup>2</sup> and not in kg, as reported by companies. It argued that since the weight varied significantly depending on the denier of the yarn used to produce the cord fabric, it was not possible to establish an appropriate conversion coefficient. CRIA also argued that imports of cord fabric contained a high percentage share of imports from China and non-WTO countries. It suggested that the Commission should alternatively use the import statistics of Indonesia or Malaysia. The same argument was put forward by Hankook, Kumho and Shandong Yongsheng;
  - Compound rubber: given the marginal import volumes into Türkiye (20 kg) and the high prices compared to other possible representative countries, CRIA considered that the Commission should use the data from Malaysia. The same argument was put forward by the GITI Group;
  - Carbon black, cord fabric, and steel cord: CRIA argued that the Commission should identify the relevant sublevel codes that accurately reflect the materials used in the production of the product under investigation;

<sup>(147)</sup>As stated in the 2024 annual report of Brisa Bridgestone, 'the application of TAS 29 results in an adjustment for the loss of purchasing power of the Turkish lira presented in Net Monetary Position Gains (Losses) item in the profit or loss section of the statement of profit or loss and comprehensive income' (TAS is Turkish Accounting Standards).

- Labour: CRIA argued that the Commission should rely on the International Labour Organization (ILO) statistics for the mean nominal hourly labour cost per employee in the manufacturing sector for 2024, covering all costs incurred by employers in the manufacturing sector in Türkiye;
- The GITI Group submitted that the Commission should not adjust the labour cost to reflect the hourly labour costs of companies employing more than 1 000 employees because the benchmark already reflected the hourly labour cost for large companies in the tyre industry.

(289) The Commission considered that the claims on possible distortions of import prices for steel cord into Türkiye were too general and not substantiated. Therefore, the claims were rejected.

(290) On cord fabric, the Commission initially identified the import price per m<sup>3</sup>. However, the duty paid price extraction based on GTA <sup>(148)</sup> data reported kilograms as the secondary unit. Therefore, it was not necessary for the Commission itself to establish a conversion coefficient to establish the benchmark. All comments concerning the conversion rate of cord fabric and the suitability of Türkiye as representative country due to the lack of conversion rate for this factor of production were thus deemed moot.

(291) On compound rubber, the Commission accepted the claim that the import volume of 20 kg was too low and that it resulted in a non-representative benchmark, and it substituted the benchmark for that factor of production with the import price of compound rubber into Mexico, the only country with representative volumes of imports not affected by Chinese imports. The Commission recalled that compound rubber represented either a low percentage of cost within the total costs of production, or it was not used at all <sup>(149)</sup>, and thus had a marginal impact in the production process of the sampled cooperating Chinese exporting producers.

(292) Concerning CRIA's claim on labour, the Commission rejected the request to use ILO data because unlike Turkstat <sup>(150)</sup>, the database did not provide information on labour costs in different sectors, and it was thus less precise. Turkstat on the other hand provided information precisely for the NACE industry code 22.11 (Manufacture of rubber tyres and tubes; retreading and rebuilding of rubber tyres), in which tyres producers fall. Furthermore, the Commission considered the claim of the GITI Group that the hourly labour cost should not be adjusted for the fact that the tyre companies are mostly large companies with more than 1 000 employees, as general and unsubstantiated. Contrary to the claim of the GITI Group, the hourly labour costs applied to NACE sector 22 gathered information of 1 274 companies as of which 95 % were SMEs, while the tyre producers were typically large companies with more than 1 000 employees. The adjustment was thus deemed justified, and the claim was rejected.

#### General claims on financial statements of Brisa Bridgestone

(293) CRIA, the Hankook Group, Shandong Yongsheng and the Sumitomo Group submitted that the Commission should disregard Brisa Bridgestone's consolidated financial statements due to the inclusion of the telecommunication business division Arvento. The Hankook Group submitted that the financial data of Brisa Bridgestone was based on the production of rubber products at large (including shoe products, rubber belts, and materials bearing rubber products), and not only on the production of tyres. CRIA proposed to exclude all non-tyre related data from the calculation of SG & A costs and profit by applying the ratio between the tyre and non-tyre business revenue (96 % and 4 % respectively).

<sup>(148)</sup> Global Trade Atlas.

<sup>(149)</sup> More detailed information cannot be provided for confidentiality reasons.

<sup>(150)</sup> Turkish Statistical Institute.

- (294) Regarding Brisa Bridgestone and Arvento, the Commission considered that the information in the financial statement does not specify the SG & A costs and profit separately. It nevertheless noted that the claims were not substantiated, in particular regarding the impact of Arvento's turnover on the consolidated financial statements. Also, Article 2(6a)(a) of the basic Regulation provides that the constructed normal value must include an undistorted and reasonable amount for SG & A costs and for profit. It does not specify how those amounts should be established but requires that they are undistorted and reasonable. There is no obligation that the Commission resorts to companies producing the product under investigation. In any event, the investigation showed that Brisa Bridgestone's tyre business constituted 96 % of sales, and that the non-tyre sales consisted of retreads, spare parts, tracking devices, batteries and other alternative products<sup>(151)</sup>, confirming that the impact of Arvento (and other rubber products) on the business operations of Brisa Bridgestone was very limited. Thus, the Commission concluded that the SG & A costs and profits established in this case were undistorted and reasonable, complying with the requirements of Article 2(6a)(a) of the basic Regulation. The claim was dismissed.
- (295) The GITI Group and the Hankook Group submitted that the gross operating margin of Brisa Bridgestone, which was above 30 %, was unrepresentative of the prevailing market conditions faced by tyre producers in Türkiye. The Hankook Group submitted that according to Turkish statistics relating to NACE industry code 22.11, Turkish tyres manufacturers recorded, on average, a gross operating margin of 24,58 % (with an SG & A ratio of 21,18 % and a profit ratio of 3,40 %). According to the Hankook Group, the low profitability levels were linked to the recent initiation in Türkiye of an anti-dumping proceeding into passenger and light lorries tyres from several countries.
- (296) In addition to Brisa Bridgestone's data, CRIA and the GITI Group also identified other profitable tyre producers in Türkiye, Sumitomo Rubber AKO Lastik Sanayi ve Ticaret Anonim Şirketi ('Sumitomo Rubber Türkiye'), and Goodyear Lastikleri T.A.S ('Goodyear Türkiye'). The GITI Group further considered that if Turkish data on SG & A costs were used when determining SG & A, the distortive effects of unreasonably high interest rates and an inflated exchange gain/losses should be removed.
- (297) The Commission analysed the financial data of Sumitomo Rubber Türkiye. It first observed that the level of information available for this company was less detailed than the one reported in the audited financial statements of Brisa Bridgestone. In accordance with its standard practice in the application of Article 2(6a) of the basic Regulation, the Commission uses the most granular company data available in order to establish reasonable and undistorted amounts for SG & A costs and for profit. This allows for: (i) additional certainty regarding the accuracy of the data used; and (ii) adjustments whenever necessary. The Commission nevertheless attempted to establish SG & A costs, based on the incomplete information available for Sumitomo Rubber Türkiye, which resulted in around 6 %. The Commission considered this level of calculated SG & A costs to be unreasonable. As mentioned by the Hankook Group, according to the statistics of the Central Bank of the Republic of Türkiye<sup>(152)</sup> relating to NACE industry code 22.11, the average SG & A costs for companies operating in this sector was above 20 %, and therefore, in line with SG & A of Brisa Bridgestone as calculated by the Commission.
- (298) As noted in recital (297), whenever available, the Commission uses data that allows to identify financial information at a more granular level, as in this case where detailed audited financial statements of Brisa Bridgestone were available. Therefore, the Commission decided to base its calculations of SG & A costs and profit on Brisa Bridgestone's data only. The company Goodyear Türkiye was not profitable in the IP, and its data could thus not be taken into consideration. Therefore, this claim was dismissed.

<sup>(151)</sup> See p. 83 of Brisa Bridgestone's 2024 annual report, available at [https://www.brisa.com.tr/uploads/docs/Brisa\\_FR\\_2024\\_EN\\_Digital\\_Final.pdf](https://www.brisa.com.tr/uploads/docs/Brisa_FR_2024_EN_Digital_Final.pdf).

<sup>(152)</sup> <https://www.tcmb.gov.tr/wps/wcm/connect/EN/TCMB+EN/Main+Menu/Statistics/Real+Sector+Statistics/Company+Accounts/Company+Accounts+Data/>.

Claim to take into account financial statements of Brisa Bridgestone rather than data from ORBIS

- (299) CRIA, the Hankook Group and the GITI Group submitted that the Commission should take into account Brisa Bridgestone's audited financial statements of rather than data from ORBIS. The parties argued that when considering the financial statements, the resulting SG & A costs and profit were lower than if they were determined based on the ORBIS data.
- (300) The Commission accepted the claim and revised the amount for SG & A costs and profit based on the financial statements.

Claims to adjust financial statements of Brisa Bridgestone

- (301) CRIA argued that to ensure fair comparison between the export price of Chinese exporting producers and the constructed normal value, several adjustments to the calculation of profit and SG & A costs of Brisa Bridgestone were necessary. It proposed to both (a) exclude all non-tyre related data from the calculation of SG & A costs and profit by applying the ratio between the tyre and non-tyre business revenue (96 % and 4 %, respectively); and to also (b) exclude income and expenses from investing activities which were in its view unrelated to the tyres business, as well as R & D expenses, transportation and storage expenses, and royalty and sales commission expenses. The same argument was submitted by the GITI Group; and (c) to exclude losses arising from derivative financial instruments from other operating income and expenses.
- (302) The Commission did not consider it appropriate to make any adjustments to Brisa Bridgestone financial data for the part of the non-tyre business (Arvento), as explained above in this section.
- (303) The Commission furthermore considered that R & D expenses were an inherent part of the SG & A costs and should not be excluded from the calculation of the normal value. Likewise, income from other operations and expenses from other operations were generally part of the normal operations of a company in a manufacturing sector.
- (304) The Commission however accepted the claim that income from investment activities related to business other than the production of the product under investigation should be deducted from the SG & A, as well as the costs related to transportation and storage linked to sales of the product under investigation. The Commission also deducted royalties and sales commissions from the calculation of SG & A in order to ensure that the constructed normal value and the export price be compared at the same level of trade after making relevant adjustments to ensure adequate comparison in accordance with Article 2(9) of the basic Regulation.

*Malaysia and Indonesia*

- (305) The GITI Group and Shandong Yongsheng submitted that Malaysia and Indonesia were more representative than Türkiye. The Sumitomo Group also submitted that preference should be given to countries such as Malaysia and Indonesia, but it did not adduce any explanation in this respect.
- (306) The GITI Group argued that Malaysia was selected in several relatively recent investigations. It reiterated that it had representative imports of compound rubber. It argued that if Chinese and Russian imports into Türkiye were combined, they constituted a higher share than Chinese imports for some factors of production into both Malaysia and Indonesia. It further considered that since Indonesia was not deemed a suitable representative country due to their low imports of natural rubber, one of the main factors of production, Malaysia would be the most suitable representative country as it was the largest importer of natural rubber.
- (307) Shandong Yongsheng argued that Malaysia was excluded solely because imports of styrene butadiene rubber contained a high share of Chinese imports, but that imports of some factors of production (like silica and steel cord) into Türkiye contained even a higher share of Chinese imports. Shandong Yongsheng submitted that the import prices of styrene butadiene rubber into Malaysia from non-China WTO countries were close to the average price and higher than prices to Türkiye. Similarly, Shandong Yongsheng submitted that Indonesian imports of carbon black from non-China WTO countries were at almost identical price than imports into Türkiye, and in any case close to the average price. As explained above in this section, the Commission selected Türkiye as a

representative country by first identifying the countries where import prices would be distorted most by Chinese imports, for the main factors of production, but also in general. It found that Türkiye reported the lowest overall trade with China compared to all other possible representative countries. It was apparent that for the most important factors of production, Türkiye was the least reliant on Chinese imports which constituted around 17 % on average, compared to 26 % in case of Malaysia and 32 % in case of Indonesia. The Commission also clarified that it was not established that Russian imports had a distortive effect on import prices. Therefore, they could not be considered distorted together with Chinese imports.

- (308) The Commission also took into elements such as sufficient volume of imports of majority of factors of production, and availability of reasonable financial data. It thus did not find it necessary to make a price comparison to compare import prices of certain Chinese imports with the average, for the countries that it considered were less suitable choice for a representative country. Also, the fact that the import price of a specific factor of production was higher than or close to the import price of the same factor in Türkiye was not an argument that the country with the higher import price should be preferred or considered less distorted.
- (309) The GITI Group complained that the Commission did not explain why Malaysia was not selected as a representative country in the present case whereas it was selected as representative country in PET from China <sup>(153)</sup> and Acesulfame potassium from China. The same argument was put forward concerning the US anti-dumping proceeding against imports of tyres from China <sup>(154)</sup>, where Malaysia was selected as a representative country. Lastly, the GITI Group and Shandong Yongsheng submitted that the fact that the US anti-dumping investigation did not constitute a criterion for acceptance of comments, the Commission's reasoning was in contradiction with the fact that the Commission quoted a decision of the South African International Trade Administration Commission concerning circumvention of anti-dumping duties on tyres through country hopping from China via Cambodia, Thailand and Vietnam <sup>(155)</sup>.
- (310) The Commission recalled that each case is assessed on its own merits, and that the fact that Malaysia was used in previous investigations has no bearing on the choice of representative country in this investigation. Likewise, the same applies to the US anti-dumping investigation. Moreover, the Commission highlighted that the cases mentioned by the GITI Group had a different investigation period. Lastly, the South African International Trade Administration Commission decision was cited to factually demonstrate that circumvention is taking place through Thailand, which confirmed the country's high exposure to China, and the fact that Chinese companies set up

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<sup>(153)</sup> Commission Implementing Regulation (EU) 2023/2659 of 27 November 2023 imposing a provisional anti-dumping duty on imports of certain polyethylene terephthalate originating in People's Republic of China (OJ L, 2023/2659, 28.11.2023, ELI: [http://data.europa.eu/eli/reg\\_impl/2023/2659/oj](http://data.europa.eu/eli/reg_impl/2023/2659/oj)) and Commission Implementing Regulation (EU) 2022/116 of 27 January 2022 imposing a definitive anti-dumping duty on imports of acesulfame potassium originating in the People's Republic of China, following an expiry review pursuant to Article 11(2) of Regulation (EU) 2016/1036 of the European Parliament and of the Council (OJ L 19, 28.1.2022, p. 22, ELI: [http://data.europa.eu/eli/reg\\_impl/2022/116/oj](http://data.europa.eu/eli/reg_impl/2022/116/oj)).

<sup>(154)</sup> United State department of Commerce, Decision Memorandum for the Preliminary Results of the Antidumping Duty Administrative Review of Certain Passenger Vehicle and Light Truck Tires from the People's Republic of China, 2021-2022, p. 15; Decision Memorandum for the Preliminary Results of the Antidumping Duty Administrative Review of Certain Passenger Vehicle and Light Truck Tires from the People's Republic of China and Rescission, 2017-2018, p. 18; Decision Memorandum for the Preliminary Results of the Antidumping Duty Administrative Review of Certain Passenger Vehicle and Light Truck Tires from the People's Republic of China and Preliminary Determination of No Shipments, 2019-2020, p. 19; Decision Memorandum for the Preliminary Results of the Antidumping Duty Administrative Review of Certain Passenger Vehicle and Light Truck Tires from the People's Republic of China; Rescission, in Part, and Preliminary Determination of No of Shipments; 2020-2021, p. 22. Cases available at <https://access.trade.gov/login.aspx>.

<sup>(155)</sup> [https://www.itac.org.za/upload/document\\_files/20250602071614\\_ITAC-Preliminary-Report-No.-748---May-2025.pdf](https://www.itac.org.za/upload/document_files/20250602071614_ITAC-Preliminary-Report-No.-748---May-2025.pdf).

factories in other south-east Asian countries to avert duties. This was also confirmed by CRIA <sup>(156)</sup>, quoting six different Chinese enterprises establishing tyres production in Thailand between 2012 and 2020 and quoting the aversion of anti-dumping and countervailing duties from the US as one of the reasons of this business rationale <sup>(157)</sup>.

- (311) The GITI Group reiterated that only Malaysia (and Indonesia) imported significant quantities of compound rubber, a major factor of production in GITI's production process. In addition, there were readily available financial statements of Malaysian companies that were profitable.
- (312) At the outset, the Commission recalled that the benchmark for compound rubber was substituted with the data from Mexico. Concerning the available financial data of the Malaysian companies, the Commission highlighted that, out of the four companies for which the GITI Group submitted financial data, two of them did not report any cost of goods sold <sup>(158)</sup>. The SG & A costs of the other two companies ranged between 4,4 % and 7 %, which was deemed unreasonable for the tyres sector.
- (313) Shandong Yongsheng argued that Malaysia's Gross National Income ('GNI') level per capita was much closer to China's than Türkiye's, making it a more suitable representative country. Moreover, there was more information about Malaysian tyres manufacturers than Turkish manufacturers as the Commission only identified one manufacturer.
- (314) When constructing the normal value in line with Article 2(6a)(a) of the basic Regulation, the Commission may use a representative country with a similar level of economic development as the exporting country. The basic Regulation does not contain any further requirement to choose the country with the level of economic development closest to the exporting country. In these circumstances, the Commission does so by exercising its discretion and using countries classified in the same income category by the World Bank. The relevant World Bank category is that of the upper-middle income countries, in which China is classified. The Commission clearly specified in the First Note that it would use the World Bank database for this purpose, which is also in line with its practice. The fact that a country may have a closer GNI or GDP per capita to China than another one is not a decisive factor in the selection of the appropriate representative country. Therefore, this claim was rejected. Lastly, as mentioned above in this section, Article 2(6a)(a) of the basic Regulation provides that the constructed normal value must include an undistorted and reasonable amount for SG & A and for profit. It does not specify how those amounts should be established but requires that they are undistorted and reasonable. There is no obligation that the Commission resorts to a certain number of the companies with financial data, as long as the amounts of the SG & A costs and profit are undistorted and reasonable. Article 2(6)(a) of the basic Regulation. Therefore, this claim was dismissed.

#### Mexico

- (315) Shandong Yongsheng argued that Mexico's high share of Chinese imports of steel cord and cord fabric should not be taken into consideration for the purpose of choosing the representative country, since shares of Chinese imports of steel cord and cord fabric were irrelevant to the distortion of FOPs analysis. Second, it claimed the Commission only provided a summary of the proprietary information about the Mexican company's financial statements, which did not allow interested parties to properly verify the data. Third, the fact that Mexico was a smaller producer of passenger and light lorries tyres than Turkey was not a criterion defined in Article 2(6a)(a) of the basic Regulation. Consequently, it argued that Mexico remained the most appropriate representative country among the proposed countries of the First note (Mexico, Türkiye and Serbia).

<sup>(156)</sup> See *Chinese Tire Set off a New Craze of Building Factories Overseas*, 13 April 2020, available at <https://e.cria.org.cn/a/1778595313171324930>.

<sup>(157)</sup> Verbatim quote "The enterprises choose to build factories in Southeast Asian countries such as Thailand and Vietnam mainly to solve the disadvantage of being away from raw material supply market and product export market, and avoid the influence of "Double Anti" of the U.S. from the source, however, sharp rise in the amount of tires exported by Southeast Asian countries to the U.S. draws the attention of the U.S.", link in footnote 156. The 'double anti' is commonly referred to in Chinese news as the opening of both anti-dumping and anti-subsidy investigation, see for example <https://www.yys-alu.com/en/news-center/1993.html>.

<sup>(158)</sup> Hock Hin (MUAR) Rubber Co., Michelin Malaysia, Toyo tyre Malaysia SDN BHD and Yamauchi (Malaysia).

- (316) The Commission recalled that the fact the imports into Mexico of steel cord and cord fabric were high was not the sole criterion for not deciding to choose Mexico as a representative country – Türkiye was found to be a better choice based on a number of reasons – Türkiye reported the lowest overall trade with China compared to all other possible representative countries, it had sufficient volume of imports of majority of factors of production, and availability of reasonable financial data. The Commission also recalled that the financial information in a form of an overview from ORBIS database published in the First Note for the company Compañia Hulera Tornel constituted the only type of information accessible concerning the company. This in contrast to the available financial data of Brisa Bridgestone, which were audited financial statements.

#### 3.2.4.6. Conclusion

- (317) Also, while the size of the market was not one of the criteria defined in Article 2(6a)(a) of the basic Regulation, the Commission highlighted that not only Türkiye fulfilled all criteria of Article 2(6a)(a) of the basic Regulation, but in addition is a much more comparable market to the Chinese tyres market among all possible representative countries.

#### 3.2.4.7. Comments after the definitive disclosure

- (318) After the definitive disclosure, Shandong Yongsheng reiterated some of its claims. It considered that the Commission had failed to address numerous elements put forward by interested parties and that it also had failed to carry out price comparison of factors of production between potential representative countries to determine whether a certain country provided a reasonable and undistorted benchmark, and that the Commission had to demonstrate the extent of the alleged distortions and not merely choose the country with the lowest level of Chinese imports.
- (319) Shandong Yongsheng further considered that Malaysia would be a more appropriate choice than Türkiye since it has a level of development that is extremely close to China based on the Gross National Income ('GNI') and more similar energy and labour costs to China than Türkiye, thereby making Malaysia a better choice as a representative country.
- (320) The Commission noted that there were no new elements, in addition to the ones already provided and addressed by the Commission, brought by Shandong Yongsheng justifying a change of a representative country. The Commission referred to its analysis demonstrating that Türkiye was selected as a representative country on the basis of objective criteria – not only the imports into Türkiye of the main factors of production contained the least Chinese imports but there were also other elements such as sufficient volume of imports of the majority of factors of production, and availability of reasonable financial data which, in case of Malaysia, were not available. The Commission thus rejected the claim.
- (321) After the definitive disclosure, Shandong Yongsheng reiterated that also Mexico was a manifestly better choice for representative country than Türkiye. In its view, using data of the Mexican producer Compañia Hulera Tornel was much more appropriate since this company produced tier 3 tyres like the overwhelming majority of Chinese imports into the Union. It also submitted that Compañia Hulera Tornel was a subsidiary of a multinational tyre company and therefore, that its financial statements were diligently audited. Shandong Yongsheng further argued that the size of the market was not a relevant criterion, as confirmed by the Commission. Shandong Yongsheng thus considered that the Commission's preference for Türkiye over Mexico was not justified and that the choice of Türkiye was erroneous and unlawful and that Türkiye was not an appropriate representative country within the meaning of Article 2(6a)(a) of the basic Regulation. Shandong Yongsheng further considered that maintaining Türkiye as a representative country was punitive and that it maximized its dumping margin level and thus hurt the interests of Shandong Yongsheng and of Chinese exporting producers in general, despite Shandong Yongsheng's continuous and diligent cooperation.

- (322) The Commission noted that Shandong Yongsheng did not provide any evidence demonstrating that the financial statements of Compania Hulara Tornel were audited, nor was the Commission able to find the information. The only available information was in ORBIS database, based on which, in the IP, Compania Hulara Tornel recorded an unreasonably low profit. Therefore, the Commission concluded that the available data for Türkiye constituted the best available benchmark for establishing both SG & A costs and profit.
- (323) After the definitive disclosure, Kumho also submitted that the Commission's choice of Türkiye was questionable, and that the benchmarks for SG & A costs and profit were not appropriate, mainly because of it was not representative of the market segment in which Kumho operates. Kumho pointed out that the Commission must carry out a comparative assessment of the available alternatives, and that in the present case, the Commission clearly failed to conduct the required assessment, thus making its conclusion on the selection of Türkiye as representative country inconsistent with the requirements of Article 2(6a)(a) of the basic Regulation, since it considered Chinese import volumes prior to considering all the criteria provided for in the basic Regulation, such as the level of social and environmental protection, despite its finding that there would be several potential representative countries. It furthermore considered that the high share of Chinese imports may have had a distortive effect on the prices of the inputs but that the Commission should have, as well, analysed unit prices against appropriate international benchmarks.
- (324) Kumho further submitted that the Commission should have also taken into account the reliance of Türkiye on imports from Russia of certain material and in particular, of steel. It argued that since the Commission issued a 'distortion' report on Russia, Russian imports should have been considered as having a distortive effect as it is the case of Chinese imports, since the import prices of some factors of production were below the average import price of those materials into Türkiye. It argued that if the distortive effects of Chinese and Russian imports were both taken into account, the share of imports from the rest of the world of the main factors of production into Türkiye was comparable to that of Malaysia, Indonesia and Mexico, providing no objective justification for the selection of Türkiye.
- (325) The Commission carefully analysed those claims. It referred to its analysis of all potential representative countries in both the First and Second Note, in accordance with Article 2(6a)(a) of the basic Regulation. In its analysis, the Commission took into account all the relevant elements on file and those brought forward by interested parties, and it concluded that Türkiye was the only appropriate choice as a representative country. For this reason, the Commission considered that there was no need to evaluate the level of social and environmental protection of the different considered countries. Also, there was not a legal requirement for the Commission to compare the import prices into Türkiye with 'appropriate international benchmarks' as claimed by Kumho. The Commission reiterated that Türkiye was selected taking into account elements such as sufficient volume of imports of the majority of factors of production, and availability of reasonable financial data which were not available in case of other potential representative countries. The existence of a report on Russia itself, given its conclusions, did not justify to automatically consider all the imports from Russia distorted. The analysis of import prices from Russia into Türkiye performed by the Commission did not lead to the conclusion of distortions. In particular, the prices of Russian imports for these factors of production (carbon black, synthetic rubber and steel cord) in the IP were either similar or higher than import prices of the same factors of production from Russia before the introduction of sanctions. The Commission thus rejected the claim.
- (326) After the definitive disclosure, the Commission decided, based on the comments received, to use in addition to the data of Brisa Bridgestone, the only other financial data of a Turkish company (Sumitomo Rubber Türkiye). The Commission considered that the thus established benchmarks for SG & A costs and profit were reasonable and sufficiently representative of the Chinese tyre sector. The Commission considered that the purpose was not to establish SG & A costs and profit reflecting the individual situation of each exporting producer but to find amounts that are undistorted and reasonable. The Commission thus maintained that Türkiye represented an appropriate representative country, and it considered that the choice was not punitive for Shandong Yongsheng and the rest of the Chinese exporting producers. The Commission thus rejected the claim.

(327) In light of the foregoing analysis, the Commission considered Türkiye as the only appropriate representative country. As explained in recital (233), the Commission rejected Argentina and Colombia as appropriate representative countries in view of the absence or low volume of key factors of production. The Commission further concluded that neither Indonesia, Malaysia, nor Thailand constituted an appropriate representative country in view of the significant share of Chinese imports for key factors of production, as explained in recitals (256) to (260). In a similar vein, and as indicated in recitals (262) and (263), the Commission rejected Serbia as representative country in view of the high volume of Chinese imports for two important factors of production, as well as the fact that the volume of imports of all main factors of production were several times lower than those from Türkiye. Lastly, while the Commission relied on data from Mexico to be used as a benchmark for one minor factor of production, as stated in recital (291), it nevertheless excluded Mexico as an appropriate representative country on the basis of the following elements presented in recitals (263), (264), (316) and (322): (i) the presence of high volume of Chinese imports in the country for certain factors of production; (ii) the lower volume and representativity of imports of factors of production as, for instance, compared to Türkiye; and (iii) the fact that Compania Hulera Tornel recorded an unreasonably low profit.

#### *Level of social and environmental protection*

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

#### 3.2.4.8. Conclusion

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

#### 3.2.5. Sources used to establish undistorted costs

(330) In the First Note, the Commission listed the factors of production such as materials, energy and labour used in the production of the product under investigation by the exporting producers and invited interested parties to comment and propose publicly available information on undistorted values for each of the factors of production mentioned in that note.

(331) Subsequently, in the Second Note the Commission stated that, in order to construct the normal value in accordance with Article 2(6a)(a) of the basic Regulation, it would use GTA to establish the undistorted cost of most of the factors of production, notably the raw materials. In addition, the Commission stated that it would use on one hand the Turkish Statistical Institute<sup>(159)</sup> for establishing undistorted costs of labour, and steam, and on the other hand the statistics provided by the Energy Market Regulatory Authority<sup>(160)</sup> for establishing undistorted cost of electricity.

(332) In the Second Note the Commission also informed the interested parties that due to the large number of factors of production of the sampled exporting producers that provided complete information and the negligible weight of some of the raw materials in the total cost of production, these negligible items were grouped under 'consumables'. Further, the Commission informed parties that it would calculate the percentage of the consumables on the total cost of raw materials and apply that percentage to the recalculated cost of raw materials when using the established undistorted benchmarks in the appropriate representative country.

<sup>(159)</sup> Turkish Statistical Institute: <https://www.tuik.gov.tr/Home/Index>.

<sup>(160)</sup> Energy Market Regulatory Authority – EMRA: <https://epdk.gov.tr/Home/En>.

## 3.2.5.1. Factors of production

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

Table 1

**Factors of production of product under investigation**

Factor of Production	Commodity Code	Undistorted value	Unit of measurement	Source of Data
RAW MATERIALS				
Petroleum oils and oils from bituminous minerals	2710 19	4,73	kg	GTA
Sulphur	2802 00	33,02		
Carbon black	2803 00	10,98	kg	GTA
Silicon dioxide	2811 22	20,05	kg	GTA
Zinc oxide, zinc peroxide	2817 00	26,63	kg	GTA
Aniline derivatives	2921 42	16,41	kg	GTA
Phenylenediamine, diaminotoluenes and their derivatives	2921 51	25,87	kg	GTA
Organo-sulphur compounds	2930 90	23,96	kg	GTA
Glaziers putty, grafting putty, resin cements, caulking compounds and other	3214 10	31,21	kg	GTA
Artificial waxes and prepared waxes	3404 90	16,54	kg	GTA
Rosin and resin acids and derivatives thereof, rosin spirit, rosin oils, rosin gums	3806 90	14,13	kg	GTA
Prepared rubber accelerators	3812 10	37,05	kg	GTA
Compound plasticisers for rubber or plastics	3812 20	14,30	kg	GTA
Mixtures of oligomers of 2,2,4-trimethyl-1,2-dihydroquinoline	3812 31	17,01	kg	GTA
Stearic acid	3823 11	9,34	kg	GTA
Other chemicals	3824 99	24,65	kg	GTA
Polyisobutylene	3902 20	19,78	kg	GTA
Other polymers of propylene or of other olefins	3902 90	19,01	kg	GTA
Other polymers of styrene	3903 90	13,54	kg	GTA
Melamine resins	3909 20	17,47	kg	GTA
Phenolic resins	3909 40	21,23	kg	GTA
Petroleum resins, coumarone, indene or coumarone-indene resins and polyterpenes	3911 10	17,18	kg	GTA

Factor of Production	Commodity Code	Undistorted value	Unit of measurement	Source of Data
Polysulphides	3911 90	28,97	kg	GTA
Plates, sheets, film, foil or strip of polyurethane	3921 13	72,18	kg	GTA
Smoked sheets	4001 21	17,4	kg	GTA
Technically specified natural rubber	4001 22	13,54	kg	GTA
Other types of natural rubber	4001 29	12,41	kg	GTA
Other types of synthetic rubber	4002 19	14,37	kg	GTA
Butadiene Rubber	4002 20	13,3	kg	GTA
Isobutene-isoprene (butyl) rubber	4002 31	20,3	kg	GTA
Other butadiene rubber	4002 39	19,91	kg	GTA
Mixtures of any product under heading of 4001 with any product under this heading (compound rubber)	4002 80	23,96	kg	GTA
Reclaimed rubber	4003 00	4,35	kg	GTA
Tyre cord fabric of nylon or other polyamides	5902 10	63,34	kg	GTA
Tyre cord fabric of polyesters	5902 20	25,13	kg	GTA
Tyre cord fabric – other	5902 90	64,15	kg	GTA
Wire of iron or non-alloy steel, plated or coated with other base metal	7217 30	11,28	kg	GTA
Stranded wire, ropes and cables (steel cord)	7312 10	22,88	kg	GTA
CONSUMABLES				
LABOUR				
Labour	n/a	93,69	Man per hour	The Turkish Statistical Institute
ENERGY				
Electricity	n/a	0,72	kWh	The Turkish Statistical Institute
Natural gas	n/a	4,27	CNY/m <sup>3</sup>	The Turkish Statistical Institute
Steam gas	n/a	309,05	CNY/tonne	The Turkish Statistical Institute

Factor of Production	Commodity Code	Undistorted value	Unit of measurement	Source of Data
Water	n/a	5,76	CNY/m <sup>3</sup>	Presidency of the Republic of Türkiye Investment Office

### 3.2.5.2. Raw materials

- (334) In order to establish the undistorted price of raw materials as delivered at the gate of a representative country producer, the Commission used as a basis the weighted average import price to the representative country as reported in GTA to which import duties and transport costs were added. An import price in the representative country was determined as a weighted average of unit prices of imports from all third countries excluding the PRC and countries which are not members of the WTO, listed in Annex 1 of Regulation (EU) 2015/755<sup>(161)</sup>. The Commission decided to exclude imports from the PRC into the representative country as it concluded in Section 3.2.1 that it is not appropriate to use domestic prices and costs in the PRC due to the existence of significant distortions in accordance with Article 2(6a)(b) of the basic Regulation. Given that there is no evidence showing that the same distortions do not equally affect products intended for export, the Commission considered that the same distortions affected export prices.
- (335) The Commission expressed the transport cost incurred by the cooperating exporting producer for the supply of raw materials as a percentage of the actual cost of such raw materials and then applied the same percentage to the undistorted cost of the same raw materials in order to obtain the undistorted transport cost. The Commission considered that, in the context of this investigation, the ratio between the exporting producer's raw material and the reported transport costs could be reasonably used as an indication to estimate the undistorted transport costs of raw materials when delivered to the company's factory.
- (336) After the definitive disclosure, Shandong Yongsheng submitted that import prices into Türkiye of three materials, steel cord (HS 7312 10), tyre cord fabric (HS Heading 5902) and silicon dioxide (HS Heading 2811 22) were excessively high, and therefore not reasonable and that the import prices into Türkiye of steel cord and silicon dioxide were 20 % and 49 % respectively above world average. It also argued that steel cord prices were clearly distorted as Türkiye enacted safeguard measures against steel wire rod, an upstream product of steel cord, which has a distortive effect on prices of steel cord on the Turkish market.
- (337) The Commission pointed out that benchmark prices were established based on import prices into a selected representative country (Türkiye in this case) and not based on a comparison with average world prices. Since these factors of production were imported into Türkiye in sufficient quantities and considered representative, the fact that prices were above world average did not allow in itself to conclude that these benchmarks were excessively high or unreasonable. The Commission also considered that fact that Türkiye had safeguard measures against steel wire rods did not evidence in itself that import prices into Türkiye of steel cord were distorted, and such an evidence was not brought forward by Shandong Yongsheng either – the benchmark was not the price of steel cord made in Türkiye, but rather the price of steel cord imported into Türkiye. There was therefore no demonstrated link between the price of imported steel cord and the safeguards. Since Shandong Yongsheng did not provide any other argument nor evidence that the benchmark prices were unreasonable, the claim was rejected.

<sup>(161)</sup> Article 2(7) of the basic Regulation considers that domestic prices in those countries cannot be used for the purpose of determining normal value.

- (338) Shandong Yongsheng also submitted that the Commission should not substitute prices of the factors of production it imported by benchmarks, since these prices were undistorted.
- (339) The Commission noted that Shandong Yongsheng mainly imported natural rubber, and a few other materials of which the total volumes were however predominantly sourced in China. The Commission also noted that more than two thirds of imports of natural rubber as well as other imported materials were purchased through a Chinese intermediary and were thus subject to distortions on the Chinese market. In addition, neither Shandong Yongsheng nor any other party provided positive evidence demonstrating the absence of distortions for those imports, nor for the imports directly from outside China. The claim was thus rejected.
- (340) After the definitive disclosure, CRIA submitted that the benchmark for carbon black should be established based on the sublevel code 2803 00 00 90 11 which is the carbon black type suitable for the use in tyre production. Similarly, it argued that for steel cord, the Commission should have established the benchmark based on the sublevel code 7312 10 41.
- (341) The Commission rejected the claim. It could not be established based on the data reported by the sampled exporting producers that these were the codes for the materials that were used in the production of tyres of the Chinese cooperating exporting producers. More specifically, the accounting records of Hankook Group did not allow to establish the materials that were used at more than 6-digit level while the codes mentioned by CRIA did not correspond to the material reported by Shandong Yongsheng.

### 3.2.5.3. Labour

- (342) The Turkish Statistical Institute publishes detailed information on wages in different economic sectors in Türkiye. The Commission used these statistics to determine the wages in Türkiye using the detailed information on wages in the producing sector for 2024, for the economic activity for NACE Group 22 (manufacture of rubber tyres and tubes), in which the production falls, according to NACE Rev.2 classification <sup>(162)</sup>, i.e. 93,69 CNY/hour <sup>(163)</sup>.
- (343) After the definitive disclosure, Shandong Yongsheng questioned the fact that the Commission adjusted the labour costs to the level of large enterprises (of more than 1 000 employees). It considered that by doing so, the Commission artificially inflated the labour costs, since the average size of Chinese tyre producers was not strictly comparable to that of Türkiye's enterprises of more than 1 000 employees.
- (344) The Commission considered the claim unfounded. Both sampled companies were companies with a number of employees largely exceeding 1 000 employees. It thus considered that the benchmark was established correctly and rejected the claim.
- (345) After the definitive disclosure, the complainant submitted that Brisa's accounts reported both the number of personnel employed by the company as well as the personnel expenses and direct labour expenses for the IP, and that since the Commission seeks whenever possible to use data on a more granular level, these data could be used to determine the benchmark for labour. It argued that the benchmark for labour determined on this basis would be 201,61 TL per hour.
- (346) In its rebuttal comments, the Hankook Group disputed the claim. It argued that the data of the Turkish Statistical Institute constituted a more neutral and representative picture of average labour costs in the Turkish tyre sector than the internal cost structure of a single producer. It also questioned the accuracy of the complainant's calculation and that the complainant miscalculated in its view the number of employees.
- (347) The Commission considered that the data of the Turkish Statistical Institute constituted a more representative and suitable benchmark for the purpose of determining the labour costs in Türkiye, rather than data of one single company. It therefore rejected the claim.

<sup>(162)</sup> <https://data.tuik.gov.tr/Bulten/Index?p=Labour-Cost-Statistics-2024-54011>.

<sup>(163)</sup> TurkStat, Labour Input Indices, Quarter IV: October-December, 2024.

#### 3.2.5.4. Electricity

- (348) To establish the benchmark for electricity, the Commission used the electricity price statistics published by the EMRA, Energy Market Regulatory Authority of Türkiye in its regular press releases <sup>(164)</sup>. The Commission used an average industrial electricity price in the corresponding consumption band in kWh covering the investigation period i.e. 0,7183 CNY/KWh.

#### 3.2.5.5. Gas and steam gas

- (349) The price of natural gas for industrial users in Türkiye is published by the Turkish Statistical Institute. The Commission used the price available for the second semester of 2021 and the first semester of 2022 corresponding to the consumption band of 2 610 000–26 100 000 m<sup>3</sup> <sup>(165)</sup>. This price was further adjusted for inflation using the Producer Price Index published by the Turkish Statistical Institute <sup>(166)</sup> to reflect the price in the investigation period. The VAT, which is included in the published price, was deducted as the Turkish producers of the product under investigation are entitled at its reimbursement.
- (350) For steam gas, the benchmark was derived from the natural gas benchmark using a conversion ratio. Specifically, under standard conditions, it is estimated that approximately 72,37 m<sup>3</sup> of natural gas are consumed to produce 1 tonne of steam gas.

##### 3.2.5.5.1. Claims on inflation in Türkiye after the definitive disclosure

- (351) After the definitive disclosure, CRIA submitted that Türkiye was a hyperinflationary economy which inevitably tainted the benchmarks to be established in the country, namely labour and energy costs, as well as results of Turkish companies used to establish undistorted and reasonable amounts for SG & A costs and profit. It disagreed that the inflation was offset to a significant degree by the exchange rate of Turkish lira and Chinese RMB.
- (352) For labour, CRIA claimed that the labour costs increased, between 2022 and 2024, by 424 % but that in the same period, an exchange rate of Turkish lira against Chinese RMB decreased from 0,4066 to 0,2189 which represents a devaluation of 1 86 %. The labour costs thus doubled, even after applying the exchange rate. For energy costs, CRIA argued that the benchmark for gas increased by 162 %, between 2021 and 2024 when applying the exchange rate of RMB/TL in 2021 and 2024.
- (353) CRIA further argued that the Commission's assertion that other factors than inflation could have caused the local cost increases could not be upheld either. The electricity price increase following similar trends in other countries likely amid the Russian military aggression against Ukraine, or in terms of labour cost increase, the Turkish government intervention on the labour market to suddenly increase the minimum wage motivated by the political agenda of the Turkish government at the time, were factors of a distortive nature with only local or regional impact, and those factors do not affect Chinese exporting producers. Therefore, these prices could not be considered as representing an undistorted benchmark. In its view, the impact of hyperinflation was reflected in the financial results of Turkish companies which rendered the data unreliable. CRIA further referred in this context to the adjustment in the financial statements of Brisa Bridgestone ('net monetary position gain') deriving from, in its view, completely artificial accounting. It argued that without this adjustment, Brisa Bridgestone would be loss making.

<sup>(164)</sup> epdk.gov.tr => Press releases => select Electricity Market board decisions.

<sup>(165)</sup> Turkish Statistical Institute – Industry natural gas prices by consumption bands for period January-June, 2022, <https://data.tuik.gov.tr/Bulten/Index?p=Electricity-and-Natural-Gas-Prices-Period-I-January-June-2022-45567>.

<sup>(166)</sup> Turkish Statistical Institute – Domestic producer price index and rate of change, <https://data.tuik.gov.tr/Bulten/Index?p=Domestic-Producer-Price-Index-June-2024-53691>.

- (354) CRIA thus submitted that only by eliminating such distortion, the benchmark cost would be established at undistorted and reasonable level, and it proposed to use the benchmark prices in other countries such as Malaysia or Indonesia. It further considered that if the Commission considered this option inappropriate, the alternative could be indexing the labour or energy cost of the period prior to the hyperinflation period, i.e. before 2022, by an average rate of inflation covering at least a 10 year period. In the latter way, a reasonable inflation level would be factored in the labour and energy cost to be established.
- (355) Similarly, Shandong Yongsheng submitted that the Commission did not adjust prices to the hyperinflation of 58,5 % that the Turkish lira experienced during the IP, and that this adjustment should not only cover gas and steam, but also labour, electricity, water, and manufacturing overhead costs, SG & A costs and profits. It argued that the level of inflation could be clearly seen in Brisa Bridgestone's financial data, as labour costs and interest rose, in the IP, by 67 %. Therefore, Shandong Yongsheng considered that since Türkiye suffered from hyperinflation, the Commission's choice of Türkiye was unreasonable and unlawful. Shandong Yongsheng therefore submitted that the Commission should make an adjustment to costs to negate the effect of inflation as appropriate to ensure a fair benchmark choice and fair comparison between constructed normal value and actual export price in accordance with Article 2(6a)(a) of the basic Regulation.
- (356) Shandong Yongsheng furthermore argued that Türkiye is heavily dependent on Russian and Central Asian oil for its energy supply, and that following the 2022 Russian invasion of Ukraine, energy costs increased. In its view, these distortions should have provided the Commission with sufficient good cause to exclude Türkiye as a representative country. It submitted that the Commission should adopt the Mexican or Malaysian benchmark for electricity, or, alternatively, deduct from Türkiye's benchmark a 'Russia energy-shock premium' (which may be quantified by reference to the price differential between 2021 and 2024).
- (357) The Commission reiterated that no party submitted evidence demonstrating that inflation rendered the determination of benchmarks distorted or unreliable. The benchmark in question was derived from the average price of labour, electricity, and gas over the entire investigation period (IP), thereby reflecting a yearly average. The nominal increases in wages (between 2022 and 2024) and gas prices in Türkiye were consistent with rising living costs, including energy expenses. Consequently, the Commission concluded that these prices constituted reasonable benchmarks for the IP.
- (358) As the Commission further noted, the overall rise in energy costs in Türkiye followed broader trends also observed across the Union – a development partially attributable to the Russian military aggression in Ukraine. However, this correlation did not imply that the benchmarks were distorted. Despite claims regarding escalating labour and energy costs, no party provided evidence that these expenses were unreasonable or distorted.
- (359) In fact, the Commission highlighted that, in the investigation concerning imports of a similar product (truck tyres) <sup>(167)</sup> for the investigation period 1 July 2022 to 30 June 2023, the benchmark for electricity was 1,180 CNY/kWh – which is significantly higher than the 0,72 CNY/kWh applied in the present case. Similarly, the benchmark for natural gas in the truck tyres investigation was 5,02 CNY/m<sup>3</sup>, compared to 4,27 CNY/m<sup>3</sup> applied in the present case. These comparisons demonstrated that the energy benchmarks did not significantly increase and that they were not inflated, as some parties argued. The Commission therefore found no reason to consider the benchmarks distorted, unreasonable or unreliable, and the claims were rejected.

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<sup>(167)</sup> Commission Implementing Regulation (EU) 2018/1579 of 18 October 2018 imposing a definitive anti-dumping duty and collecting definitively the provisional duty imposed on imports of certain pneumatic tyres, new or retreaded, of rubber, of a kind used for buses or lorries, with a load index exceeding 121 originating in the People's Republic of China and repealing Implementing Regulation (EU) 2018/163 (OJ L 263, 22.10.2018, p. 3, ELI: [http://data.europa.eu/eli/reg\\_impl/2018/1579/oj](http://data.europa.eu/eli/reg_impl/2018/1579/oj)).

### 3.2.5.6. Water

- (360) The Presidency of the Republic of Türkiye Investment Office published the cost of water for industrial use<sup>(168)</sup>. The Commission used the price valid in 2023 for the Ankara region<sup>(169)</sup>, net of VAT as the Turkish producers of the product under investigation are entitled for reimbursement of the VAT.

### 3.2.5.7. Manufacturing overhead costs, SG & A costs and profits

- (361) According to Article 2(6a)(a) of the basic Regulation, 'the constructed normal value shall include an undistorted and reasonable amount for administrative, selling and general costs and for profits'. In addition, a value for manufacturing overhead costs needs to be established to cover costs not included in the factors of production referred to above.
- (362) The manufacturing overheads incurred by the cooperating exporting producers were expressed as a share of the costs of manufacturing actually incurred by the exporting producers. This percentage was applied to the undistorted costs of manufacturing.
- (363) For establishing an undistorted and reasonable amount for SG & A costs and profit, the Commission relied on the financial data for 2024 for Brisa Bridgestone as extracted from the company's annual report.
- (364) Based on the financial statements of Brisa Bridgestone, the rates for SG & A costs and profit, expressed as a percentage of the cost of goods sold, are 18,26 % and 8,81 % respectively. These rates were considered reasonable for the tyres industry.
- (365) After the definitive disclosure, CRIA submitted that the Commission should have accepted to use the data of Sumitomo Rubber Türkiye. It argued that ORBIS data was a source constantly used by the Commission for the purpose of establishing benchmarks for SG & A costs and profit, and that it was deemed reliable by the Commission. It further argued that since the data were available for the IP, there was not a reason for the Commission not to consolidate them with the more detailed information available for Brisa Bridgestone and to reject it. The fact that the less detailed data could not be adjusted could not be considered as a reason for rejecting them, since these adjustments were only done if requested by parties. CRIA as well considered that there was not a threshold to establish that SG & A costs were too low. In its view, including these data would increase the tier representativity.
- (366) The Commission considered the arguments of CRIA and it accepted that the data of Sumitomo Rubber Türkiye should be used when establishing the benchmarks. It recalculated both benchmarks for SG & A costs and profit accordingly.
- (367) CRIA further argued that the benchmark for SG & A costs and profit should factor the tiering, similarly to what the Commission did in the underselling calculations, and that the R & D expenses should be removed to reflect the lower level of R & D investments made by Chinese tier 3 producers. CRIA requested the Commission to at least confirm that no R & D costs were included in the manufacturing overheads of the exporting producers. Similar arguments were also submitted by Shandong Yongsheng.
- (368) Shandong Yongsheng also argued that the benchmark based on financial information of Brisa Bridgestone did not account for the difference between SG & A costs and profit of Tier 1 and Tier 2 companies and that therefore, the Commission should use the profit ratio used in computing the injury margin (Tier 1: 15,1 %; Tier 3: 9,4 %) from Table 15 to both the SG & A costs and profit and should thus reduce the profit to 5,48 % and SG & A costs to 11,36 %.

<sup>(168)</sup> <https://www.invest.gov.tr/en/investmentguide/pages/cost-of-doing-business.aspx>.

<sup>(169)</sup> Ankara region is the closest region to the factories of Brisa Bridgestone.

- (369) A similar argument was brought forward by Kumho. It argued that the Commission itself consistently recognized throughout the investigation that the tyres market is structured by tiers, and that Tier 1 producers generally incurred different levels of R & D, selling and marketing expenses, benefitted from stronger brand recognition, and operated under commercial conditions that differed materially from those prevailing in Tier 2 and Tier 3 segments. It argued that applying a benchmark derived essentially from a Tier 1 producer to producers active in lower tiers therefore risks overstating the constructed normal value.
- (370) The Commission considered that these ratios established for 2021 based on the data of the Union industry could not be extrapolated to the situation of Türkiye, and that they do not allow to ascertain that if Turkish producers were present in Tier 3, the SG & A costs and profit would be reduced accordingly. The arguments on the different level per tier of these benchmarks were based only on assumptions, and there was no substantiated and quantified basis for the Commission to adapt these benchmarks in the context of its dumping determination. The fact that injury findings established a link for the Union producers between the levels of the SG & A costs and profit and the tiers could not be used for the dumping determinations since these were two separate and distinct analysis. R & D costs were also not part of the manufacturing overheads of the exporting producers. The Commission reiterated that both benchmarks for SG & A costs and profit were reasonable for the tyre industry. The claim was thus rejected.
- (371) CRIA furthermore considered that the loss from derivative financial instruments from both the operating income and other operating expenses in the accounts of Brisa Bridgestone should not be taken into account because those are linked to transactions for the hedging of foreign currency risk, and do not thus derive from normal operational activities of a company.
- (372) The Commission considered that for a company which exports and sells in foreign currencies, this cost or income is related to the normal business, since the purpose is hedging foreign currency risk related to foreign currency purchases (of raw materials) and sales. The Commission thus rejected the claim.
- (373) CRIA as well submitted that since the Commission accepted to deduct the royalties from the SG & A costs, it should also remove it from the profit, which it did not do. In its rebuttals to CRIA's comments, the complainant submitted that if the Commission was to deduct costs from SG & A costs, the same costs should not be removed from profits because a company seeking to maximise profits will not reduce its sales price if a certain cost disappear. It thus argued against deducting royalties from the profit.
- (374) The Commission considered these claims, and it agreed with CRIA that royalties should also be removed from profit, to ensure a fair comparison between the normal value and the export price.
- (375) The Hankook Group and Kumho as well considered that the Commission made a calculation error since the income from investment activities remained included in Brisa Bridgestone's profit margin, and that it should be deducted.
- (376) The Commission clarified that the income from the investment activities was not included in the profit margin, and that there was thus not a calculation error. It thus rejected the claim.
- (377) The Hankook Group as well argued that since the Commission deducted from the export price royalties representing 5 % of its export price, the same percentage had to be deducted from SG & A costs of Brisa Bridgestone.
- (378) The Commission rejected this approach, arguing that applying a uniform percentage deduction to both SG & A expenses and the export price was unwarranted. In order to achieve a fair comparison, the actual royalties were eliminated from both variables, regardless of whether they represented 2 % or 5 % of the export value.
- (379) Based on the arguments submitted by interested parties, the Commission adapted the benchmarks for SG & A costs and profit by including the financial data of Sumitomo Rubber Türkiye and by deducting royalties from the profit of Brisa Bridgestone. The final benchmarks for SG & A costs and profit, expressed as a percentage of the cost of goods sold, are 15,04 % and 6,02 % respectively.

- (380) Following the additional final disclosure, Shandong Yongsheng argued that Brisa Bridgestone and Sumitomo Rubber Türkiye were predominantly tier 1 and tier 2 producers, and therefore, their consolidated financial data failed to provide a realistic benchmark for Chinese PC-LL tyres imports, which are mostly positioned in tier 3. It proposed to adjust the benchmarks based on the methodology explained in its comments after the definitive disclosure.
- (381) The Commission referred to its analysis in Section 3.2.4.6. It considered that the benchmarks for both SG & A and profit were based on data of companies producing tyres in different tiers and that these amounts of SG & A costs and profit to be included in the constructed normal value were reasonable, undistorted and sufficiently representative of the sector. Since there was not a new element in the submission of Shandong Yongsheng, the claim was rejected.
- (382) Following the additional final disclosure, the Coalition argued that SG & A costs of Sumitomo Rubber Türkiye were not reasonable since it represented only around 6 %, compared to the sector-wide SG & A ratio in Türkiye of 21,18 %, and that the Commission initially referred to these statistics and it considered that such a low SG & A ratio was not reasonable.
- (383) The Coalition also argued that Sumitomo Rubber Türkiye's data from ORBIS were insufficiently detailed, and in addition, since the reported SG & A costs and profit were unreasonable, they should have been disregarded. Alternatively, should the Commission decide to keep Sumitomo Rubber Türkiye in the calculation of SG & A costs and profit, the Commission should have reverted back to the information available in ORBIS for Brisa Bridgestone, in order to compare accounts at the same level of detail.
- (384) The Commission recalled that the benchmark for SG & A costs was based on the average for the two companies, Sumitomo Rubber Türkiye and Brisa Bridgestone, and not based on the individual data of Sumitomo Rubber Türkiye. Despite that the resulting benchmark of 15,04 % was below 21,18 % as per the Turkish sector wide statistics, the Commission considered that such benchmark was more precise and reasonable, and that in any event that it represented the best available information at its disposal. The Commission also recalled that data for Sumitomo Rubber Türkiye was only available in ORBIS, which is customarily used for the calculation of SG & A costs and profit in the absence of other available data. However, whenever available, the Commission uses more detailed financial information. Therefore, in this case, it used financial statements of Brisa Bridgestone, and not the data from ORBIS. Both data could be consolidated and there was not a reason to revert for Brisa Bridgestone to the less detailed data from ORBIS. Therefore, the claims were rejected.

#### 3.2.5.8. Calculation

- (385) On the basis of the above, the Commission constructed the normal value per product type on an ex-works basis in accordance with Article 2(6a)(a) of the basic Regulation.
- (386) First, the Commission established the undistorted manufacturing costs. The Commission applied the undistorted unit costs to the actual consumption of the individual factors of production of the cooperating exporting producer. These consumption rates were verified during the verification. The Commission multiplied the usage factors by the undistorted costs per unit observed in the representative country, as described in Section 3.2.3.5.
- (387) Once the undistorted manufacturing cost were established, the Commission applied the manufacturing overheads. The Commission then added SG & A costs of 15,04 % and profit of 6,02 %.

#### 3.3. Export price

- (388) The sampled exporting producers exported to the Union either directly to independent customers or through related companies acting as an importer.
- (389) If the exporting producers exported the product concerned directly to independent customers in the Union, the export price was the price actually paid or payable for the product concerned when sold for export to the Union, in accordance with Article 2(8) of the basic Regulation.

- (390) If the exporting producers that exported the product concerned to the Union through related companies acting as an importer, the export price was established on the basis of the price at which the imported product was first resold to independent customers in the Union, in accordance with Article 2(9) of the basic Regulation. In this case, adjustments to the price were made for all costs incurred between importation and resale, including actual SG & A costs, and for profits accruing. In the absence of cooperation from an unrelated importer, the Commission relied on profit established during the investigation on a similar product, truck tyres referred to above, that is 6,3 %.
- (391) After the definitive disclosure, the Hankook Group submitted that when constructing the export price pursuant to Article 2(9) of the basic Regulation, the Commission incurred a clerical error concerning the percentage of SG & A costs of one of its related parties and it requested the Commission to correct this mistake.
- (392) The Commission corrected the error together with a similar clerical error it detected contained in one of the other tables of related entities of the Hankook Group. The corrections resulted in a minor increase of the CIF prices used for the determination of both the injury and dumping margins.

#### 3.4. Comparison

- (393) Article 2(10) of the basic Regulation requires the Commission to make a fair comparison between the normal value and the export price at the same level of trade and to make allowances for differences in factors which affect prices and price comparability. In the case at hand the Commission chose to compare the normal value and the export price of the sampled exporting producers at the ex-works level of trade.
- (394) Where justified to ensure fair comparison, the normal value and the export price were adjusted in order to: (i) net them back to the ex-works level; and (ii) make allowances for differences in factors which were claimed, and demonstrated, to affect prices and price comparability.

##### 3.4.1. *Adjustments made to the normal value*

- (395) As explained in Section 3.2, the normal value was established based on the undistorted manufacturing costs together with amounts for SG & A costs and for profit, which were considered to be reasonable for that level of trade. Therefore, no adjustments were necessary to net the normal value back to the ex-works level.
- (396) The Commission found no reasons for making any allowances to the normal value, nor were such allowances claimed by any of the sampled exporting producers.

##### 3.4.2. *Adjustments made to the export price*

- (397) In order to net the export price back to the ex-works level of trade, adjustments were made on the account of: freight in the Union, customs duty, quantity discounts, credit costs and bank charges, commissions and royalties.

##### 3.4.3. *Exchange rate*

- (398) After the definitive disclosure, Shandong Yongsheng submitted that when calculating the export price, the Commission used the exchange rate that was used in the books of Yongsheng, but that for the purpose of the injury calculations, the Commission used the official exchange rate it published in the file. The Commission also used the official exchange rates to convert Türkiye's data when constructing the normal value. Shandong Yongsheng argued that in order to have a fair comparison, the Commission should use the same source which should be according to Shandong Yonsheng the official exchange rate published by the Commission in the file when establishing the export price. The same claim was submitted following the additional final disclosure.

- (399) The use of the company's information according to its own books for the normal value calculation is meant to allow the Commission to verify the information against the company's own records which are in RMB. The sales data for the purpose of the injury calculations are used for construction of the CIF price which is expressed in EUR according to the official exchange rate it published in the file so as to be compared with the Union industry price, in the framework of a different exercise from the calculation of the dumping margin. There is thus no asymmetry between those two approaches, and the claim was rejected.

### 3.5. Dumping margins

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

- (401) On this basis, the weighted average dumping margins expressed as a percentage of the CIF Union frontier price, duty unpaid, are as follows:

Company	Definitive dumping margin (%)
Hankook Group: — Chongqing Hankook Tire Co., Ltd — Jiangsu Hankook Tire Co., Ltd — Hankook Tire China Co., Ltd	7,4
Shandong Yongsheng Rubber Group Co., Ltd	45,3

- (402) For the cooperating exporting producers outside the sample, the Commission calculated the weighted average dumping margin, in accordance with Article 9(6) of the basic Regulation. Therefore, that margin was established on the basis of the margins of the sampled exporting producers, disregarding the margins of the exporting producers with zero and *de minimis* dumping margins, as well as margins established in the circumstances referred to in Article 18 of the basic Regulation.

- (403) On this basis, the definitive dumping margin of the cooperating exporting producers outside the sample is 24,4 %.

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

- (405) The level of cooperation in this case is high because the exports of the cooperating exporting producers constituted almost 100 % of the total imports during the investigation period. On this basis, the Commission decided to establish the dumping margin for non-cooperating exporting producers at the level of the cooperating sampled individually examined company with the highest dumping margin.

- (406) After the definitive disclosure, Kumho submitted the Commission itself recognised that the market is characterised by a clear segmentation by tier, the use of a single overall average for all non-sampled cooperating exporting producers does not adequately reflect the structure of the market. Kumho thus submitted that the measures applicable to non-sampled cooperating exporting producers operating predominantly within tier 2 should be capped at the level of the injury margin identified for tier 2 producers, or at the very least, at the level of the dumping margin identified for tier 2 producers.

- (407) A similar argument was brought forward by the GITI Group which considered that since it is a Tier 2 producer, it shares material similarities with the Hankook Group and that therefore, it should be assigned the duty of the Hankook Group, and not the average of the sample. It considered that it was penalised by the fact that the Hankook Group which was as well Tier 2 producer will be subject to the dumping duty of 3,4 % <sup>(170)</sup> while the GITI Group would be subject to 29,9 % <sup>(171)</sup> dumping duty, despite that the GITI Group operates in the same market segment, compete for the same or similar customers, and sells at similar prices. The GITI Group further submitted that it also supplied to reputable customers, and that it was among a limited number of Chinese producers conforming to EU deforestation Regulation. The GITI Group considered that the basic Regulation (Article 9(4)) allows for imposing a lower duty 'if it is adequate to remove injury', and that under the old Council Regulation (EC) No 384/96 <sup>(172)</sup> on protection against dumped imports from countries not members of the European Community, the Commission in the past assigned a duty to non-sampled companies based on the category or status of these non-sampled companies. It gave examples of past cases where the Commission gave different duties to non-sampled companies depending on whether the companies qualified or not for market economy treatment or individual treatment.
- (408) The Commission rejected these claims. The suggested adjustment by Kumho is not among the adjustments provided for by the basic Regulation. Also, the fact that under Regulation (EC) No 384/96, the Commission treated differently companies that qualified or not for market economy treatment or individual treatment did not establish a precedent for the Commission to assign different duty margins based on the market segment under the current legal framework.
- (409) After the definitive disclosure, the Coalition submitted that according to the basic Regulation, the dumping margin determination must capture the full extent of the dumping practices and that therefore, the normal weighting of the dumping margin of the cooperating exporting producers was inappropriate. It argued that in this specific case, the Commission itself recognized that the price of Hankook was 50 % higher than the average price of the Chinese exporting producers, and that this is mainly because of specificity of Hankook's situation and the fact it exported in Tier 2 and nearly Tier 1 market segment. The Coalition also referred to the injury analysis that confirmed the injurious effect of Tier 3 imports. Therefore, and given that the antidumping measures are meant to level the playing field and provide an effective and adequate remedy to the Union industry, the Coalition considered that the differentiated harmful impact of dumping practices at tier-level should be reflected in the measures adopted, since also the dumping is most attributable to Tier 3 segment which accounts for the overwhelming majority of the influx in dumped Chinese imports must be accounted for in the level of duties. The Coalition thus considered that the dumping margins of the sampled companies should be weighed on the share of each tier for which their dumping margins have been determined represents in the share of those tiers in total Chinese exports. Assuming that 20 % of imports were in Tier 1 or 2 and 80 % in Tier 3, the resulting dumping margin for the non-sampled cooperating producers should amount to 44 %.
- (410) The Commission reiterated that the calculation of the dumping margin already took into account of the different tiers, and that there was not a basis to establish any weighing – the Commission calculated the weighted average dumping margin, in accordance with Article 9(6) of the basic Regulation. It thus rejected the claim that the Commission should have carried out alternative calculations of the dumping margin for non-sampled cooperating producers.
- (411) The definitive dumping margins, expressed as a percentage of the CIF Union frontier price, duty unpaid, are as follows:

Company	Definitive dumping margin (%)
Other cooperating companies	24,4
All other imports originating in country concerned	45,3

<sup>(170)</sup> The duty was changed after the definitive disclosure to 4,3 %.

<sup>(171)</sup> The duty was changed after the definitive disclosure to 24,4 %.

<sup>(172)</sup> Council Regulation (EC) No 384/96 of 22 December 1995 on protection against dumped imports from countries not members of the European Community (OJ L 56, 6.3.1996, p. 1, ELI: <http://data.europa.eu/eli/reg/1996/384/oj>).

#### 4. INJURY

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

- (412) The like product was manufactured by at least 10 groups of producers in the Union during the investigation period. They constitute the 'Union industry' within the meaning of Article 4(1) of the basic Regulation.
- (413) The total Union production during the investigation period was established at around 251 million tyres. The Commission established this figure on the basis of the EUROPOOL data <sup>(173)</sup> managed by Tyres Europe ('Tyres Europe') previously European Tyre and Rubber Manufacturers' Association, ETRMA and Eurostat. Members of Tyres Europe represent the vast majority of Union producers. Tyres Europe collects market data from its members and provides its members with accurate, aggregated tyre market data.
- (414) As indicated in recital (16), the three sampled Union producers represented 14,5 % of the total Union production of the like product in the investigation period. The microeconomic indicators were examined on the basis of verified data obtained from the replies of these three Union producers.

##### 4.2. Union consumption

- (415) The Commission established the Union consumption based on the information provided by Tyres Europe (EUROPOOL data).
- (416) Union consumption developed as follows:

Table 2

##### Union consumption (tyres, pieces)

	2021	2022	2023	Investigation period (2024)
Total Union consumption	311 176 988	316 533 953	312 072 799	335 932 482
<i>Index</i>	100	102	100	108

Source: EUROPOOL (Tyres Europe).

- (417) Union consumption first slightly increased in 2022 then dropped back in 2023 and increased again in the investigation period. Overall, during the period considered consumption increased by 8 %, i.e. by around 25 million tyres.

##### 4.3. Characteristics of the Union market

- (418) The Union market for passenger car and light lorry tyres is a very competitive market, with multiple producer groups and brands.
- (419) There are two main sales channels on the Union market, namely Original Equipment ('OE') and Replacement.
- (420) In the OE segment, tyre manufacturers sell the product under investigation to vehicle manufacturers to be mounted on new vehicles. These tyres therefore need to meet detailed specifications in line with the expectations of the original equipment manufacturer. Tyres developed for the OE market are usually sold by the same tyre manufacturers also on the replacement market meaning that tyre manufacturers are keen to secure OE sales to guarantee future sales on the replacement market. As a result, car manufacturers have considerable bargaining power during contract negotiations and thus profitability for tyre producers on OE sales is typically lower.

<sup>(173)</sup> Aggregated database collected from members of Tyres Europe.

- (421) In the replacement segment, tyres are sold to related/unrelated distributors, retailers who then will resell to end-users. As explained in recital (420) above, tyre producers normally realise higher margins on the replacement market than on the OE sales.
- (422) Based on information provided by Tyres Europe during the verification visit, the OE segment represents around 16 %–20 % of the total Union consumption whereas the rest is constituted by the replacement market.
- (423) In addition to the two sales channels, as explained in Section 2.4.1, the market of the product under investigation is also segmented into three tiers. For the purpose of this investigation, the Commission used the categorisation as summarized in Section 2.4.2 above.
- (424) CRIA and the GITI Group claimed that there was no or very limited interchangeability between tyres from various tiers and therefore requested that the investigation included a segmented injury and causation analysis. CRIA further alleged that the different tiers serve different market segments since tier 1 and 2 customers value safety, performance and brand as opposed to price. Moreover, there is a well-known lock-in effect meaning that especially high-end/luxury car owners display a strong brand loyalty and usually (especially in the early years of car use) demand the same brand for replacement as the initially mounted OE tyres. According to CRIA, the Union labelling requirements also contribute to this lock-in effect by raising awareness among consumers on various safety and performance aspects. CRIA therefore concluded that the market dynamics between the truck and passenger car tyres are fundamentally different and thus the inter-tier competition established in the truck tyre case does not apply for the product under investigation.
- (425) The Commission found the arguments brought forward by the parties unfounded. First and foremost, tyres of all tiers can be mounted on passenger cars or light lorries and are thus sufficiently interchangeable. The fact that consumers of premium brands value performance and safety over price may indeed limit the direct competition between tier 1 and tier 3, the same however cannot be said for tier 3 versus tier 2. In addition, many classical tier 3 brands position themselves more and more based on their technical and quality aspects as opposed to being simply cheap<sup>(174)</sup>. As a result of continuous and increased investments in research and development, numerous tier 3 brands provide ever improving quality at very competitive prices and, as such, clearly pose an alternative solution to tier 2 tyres that try to balance quality and price considerations. Additionally, the dividing lines between tiers are not clearly and definitively set which is evidenced by the fact that the same brands (Falken, Giti, Cooper, etc.) may be quoted as tier 3 or tier 2 by various sources including commonly used tyre review websites and websites of specialised traders<sup>(175)</sup>. Similarly, for some brands, there are overlapping tier 1 and tier 2 classifications (Vredestein, Hankook). The emergence of alternative classifications such as ‘mid-range quality’, ‘high-end budget’, ‘premium-quality’ and ‘quality budget’ further complicates the strict division between tiers. Competition and substitutability between tiers are also supported by the fact that an increasing number of tier 3 brands secure OE certification<sup>(176)</sup> with known carmakers and position themselves based on quality and achievements, which is normally a feature for tier 2 brands.

<sup>(174)</sup> Source: News articles on various Chinese brands such as: Chinese Premium Tyres are changing the game: A new era in global tyre competition: <https://trojanlimited.com/chinese-premium-tyres-are-changing-the-game-a-new-era-in-global-tyre-competition/>; European Linglong tire factory certified by numerous OEMs: [https://en.linglong.cn/content/details34\\_38845.html](https://en.linglong.cn/content/details34_38845.html); Sailun continues in the fast lane: [https://www.eqs-news.com/news/media/sailun-continues-in-the-fast-lane-sailun-has-entered-the-top-10-most-valuable-tyre-brands-in-the-world-for-the-first-time-achieving-a-historic-triple/d361873f-a8c3-4601-a541-8263c80366a4\\_en#:~:text=Sailun%20continues%20in%20the%20fast%20lane%20+++,historic%20triple.%20%7C%20Media%20%2D%20EQS%20News,](https://www.eqs-news.com/news/media/sailun-continues-in-the-fast-lane-sailun-has-entered-the-top-10-most-valuable-tyre-brands-in-the-world-for-the-first-time-achieving-a-historic-triple/d361873f-a8c3-4601-a541-8263c80366a4_en#:~:text=Sailun%20continues%20in%20the%20fast%20lane%20+++,historic%20triple.%20%7C%20Media%20%2D%20EQS%20News,) last accessed on 27 April 2026.

<sup>(175)</sup> Source: Various traders’ or tyre review websites classifying brands into tiers, such as: <https://www.tyrereviews.com/tyre/>; <https://www.tyresavings.com/brands/>; <https://www.asdatyres.co.uk/brands/>; <https://www.grip500.it/pneumatico/>; <https://www.reifen.com/de-de/auto/reifen/marken>, last accessed on 27 April 2026.

<sup>(176)</sup> Source: Chinese Premium Tyres are changing the game: A new era in global tyre competition: <https://trojanlimited.com/chinese-premium-tyres-are-changing-the-game-a-new-era-in-global-tyre-competition/>; European Linglong tire factory certified by numerous OEMs: [https://en.linglong.cn/content/details34\\_38845.html](https://en.linglong.cn/content/details34_38845.html), last accessed on 27 April 2026.

- (426) Overall, the Commission considered that even if some customers may value brand and quality, such customer behaviour is also influenced by the price differential they are eventually willing to accept for these attributes. The lock-in effect mentioned by CRIA may thus indeed limit direct competition between tier 1 and tier 3 tyres on the replacement market (although some tier 3 producers invest heavily in R & D and excel in certain technical parameters), it however does not negate the substitutability between tier 3 and tier 2 and, similarly, between tier 2 and tier 1. Consequently, the Commission concluded that tier 3 tyres are in competition with higher tiers (in particular tier 2) and therefore exert a downward price pressure on these higher end tiers by a reverse cascading effect. The claims on lack of inter-changeability were therefore rejected. On the same basis, requests for fully segmented injury and causation analysis were not accepted either, as further explained in recitals (469) and (534) respectively.
- (427) Following the definitive disclosure CRIA reiterated its claim on lack of inter-tier competition, because even though admittedly there was competition between adjacent segments in neighbouring tiers, namely between higher-end quality tier 3 tyres and lower-end quality tier 2 tyres and similarly between higher-end quality tier 2 tyres and lower-end quality tier 1 tyres, this however according to CRIA, could not be extrapolated into full substitutability across all tiers.
- (428) Kumho considered that the Commission did not explain and substantiate its conclusion that tier 3 and tier 2 products were in direct competition in particular in light of recital (425) where it acknowledged that direct competition may be limited between tier 1 and tier 3 products. Kumho stated that the same limiting factors i.e. quality and safety preferences for tyres equally apply between tier 2 and tier 3. Kumho also claimed that in the Commission's tier analysis consumer perception was not adequately addressed.
- (429) Shandong Yongsheng claimed that Chinese tier 3 tyres were excluded from the Union OE market demonstrating a clear structural divide between tier 3 tyres from China and other tiers and stated that the Commission's evidence to the contrary was 'unsourced, unverified and unspecific'. In this respect, Shandong Yongsheng argued that Linglong's OE certification was very recent, from 2024 and concerned a Serbian manufacturing plant and was therefore without incidence to this investigation. Shandong Yongsheng also argued that the Commission failed to adequately assess consumers' perception of Chinese tier 3 products and provided examples of 'negative advertisements' by two French distributors.
- (430) The Commission noted that CRIA, while acknowledging that tyres of adjacent tiers did effectively compete with each other, simply negated the existence of full substitutability without any evidence nor explanation. The Commission found CRIA's claim partly ambiguous, as it is unclear exactly what is meant under the term 'full substitutability across all tiers' and why this would be even necessary for establishing inter-tier competition. Arguably, products compete with those closest to them in terms of quality and price, be it within or across tiers and this was exactly the point the Commission was making and which was also accepted by CRIA.
- (431) Insofar Kumho's claim is concerned, the rationale as well as evidence regarding direct competition between tier 3 and tier 2 was already explained in particular in recitals (425) and (426) above and Kumho did not bring forward any concrete evidence to negate it. As already explained, tier 3 tyres do compete with tier 2 based on their technical and safety parameters and therefore pose a viable alternative to customers who seek best value for their purchasing power. Similarly, it has been stated on multiple occasions (for example, but not only, in Section 2.4.1), that the tiering was heavily influenced by market perception and precisely for this reason, the dividing lines were often blurred and certainly not constant. Traders and importers offering tier 3 tyres have major interest in selling these tyres and to influence consumer perception in the favour of their product portfolio.
- (432) Regarding the claim of Shandong Yongsheng, and in particular the reference to the sources mentioned in recital (425), the Commission noted that Shandong Yongsheng did not provide any arguments negating the veracity of the information. The Commission considered that public articles by online distributors, such as Trojan, specialised in the tyres business with over 30 years experience, global commercial presence and a varied product portfolio with detailed test results and technical specifications to be 'sourced' and 'specific' enough to demonstrate an

ongoing shift in the global perception of various tier 3 brands. As regards the OE certification of Linglong, the fact that it concerned a plant in Serbia did not disqualify the determination that Linglong, as a brand, had secured OE contracts with European carmakers. In this respect, it is underlined that tier classification and consumer perception is linked to the brand name, and not to the country of origin. Also, this piece of evidence refers to 2024, which coincides with the investigation period.

- (433) In any event, as stated in recital (422), the OE market constituted only approximately 16-20 % of the overall Union consumption and as soon as a tyre needed replacement, competition would take place on the replacement market, therefore the claim of Shandong Yongsheng alleging that Chinese tier 3 tyres were structurally cut-off from the rest of the market was considered unfounded.
- (434) The Commission considered the claim by Yongsheng Shandong on the negative perception of Chinese brands to be unsubstantiated. The negative advertisements by some distributors do not demonstrate the view of other distributors and traders actively importing and marketing various Chinese tier 3 tyres on the Union market. By way of example, the Coalition on PC-LL Importers, when it comes to Chinese tier 3 products, in its submission argues exactly the opposite by emphasising the efficiency and competitive edge of Chinese producers. Moreover, Yongsheng Shandong's claim is in clear contrast with the submission of CRIA arguing that it is in fact the poor quality of Union tier 3 tyres versus their Chinese competitors that has to be analysed as a cause of injury as further explained in recital (554) below.
- (435) In sum, as regards the claims on lack of inter-tier substitution and inter-tier competition, the Commission noted that the very fact that tyres compete on various quality and technical aspects as well as their price simultaneously, clearly demonstrates that the decision for choosing a specific product or brand is a result of a weighing exercise of precisely these factors and in this sense, all tyres are in competition with each other. Furthermore, the fact that certain brands are in-between tiers or being advertised under terms generally associated with higher tiers based on their technical developments and marketing campaigns influences customer perception and strengthens inter-tier competition. None of the parties commenting presented arguments negating this basic rationale.
- (436) Therefore, the conclusions on inter-tier competition and product inter-changeability as described in recitals (425) and (426) were maintained.

#### 4.4. Imports from the country concerned

##### 4.4.1. Volume and market share of the imports from the country concerned

- (437) The Commission established the volume of imports on the basis of Eurostat. The market share of the imports was established on the basis of the Union consumption as shown in Table 2.
- (438) Imports into the Union from the country concerned developed as follows:

Table 3

#### Import quantity (tyres, pieces) and market share

	2021	2022	2023	Investigation period (2024)
Quantity of imports from the country concerned (pieces)	57 295 850	66 992 782	78 917 144	92 988 175
<i>Index</i>	100	117	138	162

	2021	2022	2023	Investigation period (2024)
Market share (%)	18	21	25	28
<i>Index</i>	100	117	138	156

Source: Eurostat Comext.

- (439) Import volumes of the product concerned increased steadily from year to year during the period considered with an impressive overall 62 % increase corresponding to around 35 million tyres. The growth of Chinese import volumes to the Union thus exceeded the growth of the Union consumption (25 million tyres).
- (440) The increased import volumes translated into a clear gain in market share of Chinese imports from 18 % in 2021 to 28 % in the investigation period.

#### 4.5. **Prices of the imports from the country concerned, price undercutting and price suppression**

- (441) The Commission established the prices of imports on the basis of Eurostat. Price undercutting of the imports was established on the basis of verified data of the sampled Chinese exporting producers.
- (442) The average price of imports into the Union from the country concerned developed as follows:

Table 4

#### **Import prices (EUR/piece)**

	2021	2022	2023	Investigation period (2024)
PRC	27,0	34,0	29,0	30,3
<i>Index</i>	100	126	107	112

Source: Eurostat Comext.

- (443) In 2022, import prices first increased sharply by 26 % then decreased in 2023 to levels above 2021 and remained in the same range during the investigation period. Over the period considered, Chinese import prices increased overall by 12 %, which is a modest increase when compared to the trend followed by the average import price of other third countries into the Union (+ 26 %). Even the Union industry's prices which were much higher than the Chinese export prices during the entire period considered marked a larger increase of 15 %.
- (444) The Commission determined the price undercutting during the investigation period by comparing:
- the weighted average sales prices per product type of the sampled Union producers charged to unrelated customers on the Union market, adjusted to an ex-works level; and
  - the corresponding weighted average prices per product type of the imports from the sampled cooperating Chinese producers to the first independent customer on the Union market, established on a Cost, insurance, freight ('CIF') basis, with appropriate adjustments for customs duties and post-importation costs.

- (445) The price comparison was made on a type-by-type i.e. product control number (PCN) basis including segmentation at tier level, as well as differentiation on OE and replacement markets accordingly, for transactions at the same level of trade, duly adjusted where necessary, and after deduction of rebates and discounts. For the sampled Union producers that operated within a group structure where headquarters and related sales entities were involved in the sales, the sales prices were adjusted by removing the SG & A costs relating to the activities of the sales entities and the profit of an unrelated importer by analogy with Article 2(9) of the basic Regulation. The result of the comparison was expressed as a percentage of the sampled Union producers' theoretical turnover during the investigation period.
- (446) Given the market segmentation, separate undercutting calculations were carried out per tier. None of the sampled exporting producers sold tier 1 tyres, therefore no undercutting calculation could be carried out in this segment. In tier 3, undercutting margins ranged from 7,2 % to 36,9 % with an average undercutting margin of 32,2 %. In the tier 2 segment no undercutting was found. This has however to do with the fact that on the exporting producers' side, tier 2 sales were exclusively composed of the 'Hankook' brand, which is widely considered as one of the best tier 2 tyres. Namely, over the years, Hankook brand has secured multiple OE contracts with leading car manufacturers including Audi, BMW, Mercedes and Porsche. Numerous traders/importers classify Hankook as 'high-end / top-end intermediary tyres' or so called 'premium alternative' tyres. In other words, the tier 2 analysis is somewhat limited by comparing a homogenous pool of a top-end tier 2 brand with a broad mix of tier 2 tyres produced by the Union industry. The analysis of the average prices of the cooperating non sampled exporting producers as reported in their sampling forms, confirmed that the findings relating to tier 2 Hankook tyres cannot be extrapolated to the rest of the Chinese imports. The average prices of Hankook exceeded significantly the average price of the Chinese exporting producers by a range of over 50 %. The average weighted undercutting margin (tiers 2 and 3 combined) reached 17 %, which is significant.
- (447) After the definitive disclosure, Hankook submitted that the distinction between OE and replacement in the injury analysis was legally not justified as this has not been done on the dumping side. Moreover, Hankook considered this distinction unnecessary, as no clear pricing pattern along the sales channels could be detected in its own sales to the Union and in fact, by removing the final digits identifying OE vs replacement sales from the PCN, Hankook's injury margin would decrease from 3,4 % to 3,1 %.
- (448) The Complainant called for the Commission to additionally calculate an undercutting margin, on the full product scope based on average prices in order to demonstrate the magnitude of price undercutting for the entire tyre market as a whole.
- (449) GITI Group claimed that the Commission contradicted itself when it stated that the lack of undercutting for Hankook could not be extrapolated to the rest of Chinese imports while at the same time, during the sampling exercise, it maintained that Hankook's sales were representative. Similarly, Kumho stated that the Commission cannot disregard the finding of no undercutting in tier 2 by arguing that Hankook was specific while at the same time including it in the sample and refusing to add other exporting producers.
- (450) As regards the claim by Hankook, the Commission noted that none of the parties contested the determinations regarding the price/profitability difference between the OE and the replacement segment as introduced in recitals (420) and (421). The Commission considered that it should carry out the product comparison on a level as granular as possible (provided that the data is available and verified). The fact that the sales of Hankook did not allegedly follow this pattern could be explained by various additional business decisions, such as the volume of sales, their timing and delivery delays, and therefore do not undermine the justification for the distinction. Similarly, the fact that the undercutting margin would have been higher or lower is not a determinative factor for deciding on the level of product comparability. The difference between the two injury margin calculation scenarios presented by Hankook (with and without the reference to OE or replacement market in the comparison) appears biased as it did not rely on the full set of costs / sales of the sampled Union producers but only on the information disclosed to the Hankook group. In any case, the difference calculated by the Hankook group amounts to around 10 %; which shows that such distinction was warranted. In the case of the dumping calculations, the constructed normal value is calculated based on benchmarks for factors of production that carry no OE or replacement

dimension i.e. labour costs, energy costs and raw material prices do not vary depending on whether the tyre produced will be sold to a vehicle manufacturer or in the aftermarket. The information on file relating to SG & A costs and profit in the representative country did not allow for such distinction either. Consequently, the normal value and consequent dumping margins could not be differentiated by end-use channel. The injury analysis, by contrast, operates on actual transaction data which includes the sales channel. The analysis for OE and replacement was therefore warranted and factually necessary for an objective examination. This claim was therefore rejected.

- (451) On the claim of the complainant, the Commission considered that the average weighted undercutting margin combining (matching) tier 3 and 2 tyres had sufficiently reflected the undercutting. Ignoring the product types and including tier 1 models that were not exported by the sampled Chinese exporters would erode the level of comparability ensured by the PCN differentiation and therefore would not be more informative. This request was therefore rejected.
- (452) As regards the claim by GITI Group, the Commission underlined that Hankook was sampled in order to ensure representativity in terms of sales volume and tier representation regardless, whether eventually it was classified as tier 1 or tier 2. Eventually, a classification into tier 2 was considered more appropriate based on a combination of reasons, as explained in recitals (94) above. At the same time, evidence collected during the investigation as described in recital (446) also clearly demonstrated (without being contested by any of the parties) that Hankook is widely considered as a top range tier 2 tyre and is a brand in transition from tier 2 towards tier 1. This is also underlined by the significant price gap between the prices of Hankook and the average of the rest of the Chinese exporting producers including numerous other tier 2 producers, as outlined in recital (446) above. Based on the above, the limitations expressed in interpreting and extrapolating the finding of no undercutting in tier 2 based on the data of Hankook to the rest of the Chinese exporting producers, including those of tier 2, was maintained and the claims of GITI Group and Kumho were rejected.
- (453) Following the definitive disclosure, company T identified a clerical error in the computation of SG & A costs and requested the Commission to adjust the computation of such costs. Company G identified a clerical error in the consolidation of the cost of production data and requested the Commission to adjust such cost.
- (454) The Commission analysed these claims and found that they were justified. The undercutting and underselling calculations were adapted accordingly. Since these corrections concerned company-specific sensitive data, these were re-disclosed to the companies concerned only.
- (455) The new undercutting margins, also including the changes made to the weighted average prices per product type of the imports from the sampled cooperating Chinese exporters at CIF level, as described in recital (392) above, for tier 3 ranged from 10,2 % to 39,2 % with an average undercutting margin of 34,7 %. In the tier 2 segment no undercutting was found for the sampled Chinese exporting producers. The average weighted undercutting margin (tiers 2 and 3 combined) reached 19 %.
- (456) In its comments submitted after the deadline to comments on the product and after the verifications of the sampled Union producers, CRIA stated that the PCN in its current form cannot identify temporary use spare and trailer tyres, even though these two types are significantly cheaper than the standard tyres of corresponding parameters. Consequently, CRIA argued that the PCN did not ensure fair comparison between the prices of the Chinese imports to the EU and the Union industry domestic sales prices as far as these specific product types are concerned and thus renders the injury assessment inaccurate.
- (457) The investigation found that no trailer tyres were exported during the investigation period by the sampled Chinese exporting producers. Temporary use spare tyres were exported by one of the sampled exporting producers and represented below 1 % of the sampled export sales volume. The exporting producer did not submit any comments in this respect nor requested any form of adjustment pertaining to this type of tyre. In any event, given the limited volume of these tyres, the Commission considered that their impact could not alter the overall result of the product comparison.

- (458) Following the definitive disclosure, CRIA commented on recital (457) above and stated that ‘the need for segmented analysis arises from the absence of interchangeability and not from export volumes’. CRIA further argued that since none of the sampled exporting producers sold trailer tyres, the Commission by stating in recital (77) that the Union industry were losing ground in these particular product types due to strong pressure exerted by unreasonably low-priced Chinese imports made a prejudicial determination that was unsupported by factual evidence.
- (459) Comments on segmented analysis are addressed in detail in Section 4.7 below. The purpose of the explanation in recital (457) was to underline that the price comparison carried out on the PCN basis was not impacted materially by the fact that the PCN did not differentiate between trailer or temporary tyres which were allegedly cheaper. Moreover, the determination of dumping was carried out based on the verified data of the sampled exporting producer for the full product scope and, as such, was supported by factual evidence. Furthermore, the fact that the sampled exporting producers did not export such type of tyre does not mean that other exporting producers did not export them to the Union and did not provoke a negative impact on the performance of the Union industry. These claims were therefore rejected.
- (460) The Commission thus concluded that the prices of Chinese imports were undercutting the Union industry by considerable margins on aggregate (tier 2 and tier 3) and separately at tier 3 level.
- (461) Moreover, the comparison of Chinese import prices with the Union industry’s sales prices and production costs showed persistent price suppression caused by dumped Chinese imports. Throughout the period considered, average Chinese import prices to the Union remained consistently below the selling price of the Union industry, both on aggregated average level and for tier 3 separately (see Tables 10 and 11 below). Importantly, Chinese import prices were also below the Union industry’s average unit cost of production. In 2023 and the investigation period, Chinese import prices even fell below the tier 3 unit production cost of the Union industry, the lowest cost segment and the main tier of Chinese imports (Table 11). As explained in Section 4.6.3.1 below, the Union industry’s unit costs increased more rapidly than its sales prices throughout the period in each tier. This shows that the industry was unable to fully pass on rising costs due to sustained price pressure from increasing volumes of low-priced Chinese imports.
- (462) After the definitive disclosure, CRIA argued that sales prices of the Union industry remained above their costs of production during the period considered which demonstrated the absence of price depression or suppression capable of causing injury. Kumho added that the fact that the Union industry was able to increase its prices proved that there was a lack of price suppression.
- (463) In this regard, the Commission noted that price suppression does not require the industry to be loss-making nor precludes the existence of price increases. The legal standard under Article 3(3) of the basic Regulation being simply whether subject imports are preventing ‘price increases which would otherwise have occurred’, which is exactly what happened in this case, as evidenced in Table 8 showing that the Union industry was unable to adjust its sale price to the cost of production, with the latter increasing at a faster pace. The claims of CRIA and Kumho therefore were rejected.

#### 4.6. **Economic situation of the Union industry**

##### 4.6.1. *General remarks*

- (464) In accordance with Article 3(5) of the basic Regulation, the examination of the impact of the dumped imports on the Union industry included an evaluation of all economic indicators having a bearing on the state of the Union industry during the period considered.
- (465) As mentioned in recital (16), sampling was used for the determination of possible injury suffered by the Union industry.

- (466) For the injury determination, the Commission distinguished between macroeconomic and microeconomic injury indicators. The Commission evaluated the macroeconomic indicators on the basis of data contained in the complaint, the macro questionnaire response provided by Tyres Europe and Eurostat statistics. The data from Tyres Europe related to over 10 groups of Union producers, representing over 90 % of the total Union production. The Commission evaluated the microeconomic indicators on the basis of data contained in the questionnaire replies from the sampled Union producers. Both sets of data were found to be representative of the economic situation of the Union industry.
- (467) The macroeconomic indicators are: production, production capacity, capacity utilisation, sales volume, market share, growth, employment, productivity, magnitude of the dumping margin, and recovery from past dumping.
- (468) The microeconomic indicators are: average unit prices, unit cost, labour costs, inventories, profitability, cash flow, investments, return on investments, and ability to raise capital.
- (469) As already mentioned in recitals (425) and (426), the Commission considered that despite the segmentation of the Union market into tiers, tyres as defined in section 2.1, share the same basic physical, chemical and technical characteristics and the same basic use. Consequently, the determination of injury was done at the level of the product under investigation (all tiers combined). In particular, the Appellate Body found that ‘where investigating authorities undertake an examination of one part of the domestic industry, they should, in principle, examine, in like manner all of the other parts that make up that industry, as well as examine the industry as a whole’<sup>(177)</sup>. Nevertheless, given the segmented nature of the market, the aggregated analysis was complemented with a tier level analysis where possible.

#### 4.6.2. *Macroeconomic indicators*

- (470) Macroeconomic indicators were established using the verified questionnaire response from Tyres Europe, combining information sourced from EUROPOOL data with additional information supplied by Union producers representing a large majority of Union production (over 80 % of the Union production).

##### 4.6.2.1. *Production, production capacity and capacity utilisation*

- (471) Union production was established by adding Union sales (as reported by Tyres Europe) and export sales based on Eurostat, adjusted with the stock variation as reported by Union producers representing a large majority of Union production. The stock adjustment was below 1 % of total production level during the period considered.
- (472) Capacity utilisation was based on the data reported by Union producers representing a large majority of Union production and production capacity was estimated based on production divided by the capacity utilisation rate.
- (473) The estimated total Union production, production capacity and capacity utilisation developed over the period considered as follows:

Table 5

#### **Production, production capacity and capacity utilisation**

	2021	2022	2023	Investigation period (2024)
Production quantity (pieces)	272 217 031	264 910 073	252 553 303	251 768 971
<i>Index</i>	100	97	93	92

<sup>(177)</sup> WT/DS184/AB/R, 22 August 2001, United States – Anti-dumping measures on Certain Hot-Rolled Steel Products from Japan, paragraph 204.

	2021	2022	2023	Investigation period (2024)
Production capacity (pieces)	315 079 224	308 084 155	305 842 283	302 027 262
<i>Index</i>	100	98	97	96
Capacity utilisation (%)	86	86	83	83
<i>Index</i>	100	100	97	97

Source: Tyres Europe – verified macro questionnaire reply, Eurostat Comext.

- (474) Union production gradually declined each year during the period considered. Overall, in a growing market (Table 2 above), Union production decreased by 8 %, i.e. by around 20 million tyres.
- (475) Production capacity also declined during the period considered albeit slightly more gradually. Overall, during the period considered production capacity declined by around 13 million tyres corresponding to a 4 % decline.
- (476) Consequently, capacity utilisation decreased by 3 percentage points from 86 % in the first half of the period considered to 83 % in the second half. This reflects the efforts of the Union industry to maintain an overall acceptable level of capacity utilisation by adjusting production capacity and production output in response to the declining sales (Table 6 below).

#### 4.6.2.2. Sales quantity and market share

- (477) Union sales were established by removing Union imports (Table 3 above) from Union consumption (Table 2 above). The Union industry's sales quantity and market share developed over the period considered as follows:

Table 6

#### Sales quantity and market share

	2021	2022	2023	Investigation period (2024)
Total sales quantity on the Union market (pieces)	185 445 689	180 034 202	176 741 595	178 640 551
<i>Index</i>	100	97	95	96
Market share (%)	60	57	57	53
<i>Index</i>	100	95	95	88

Source: Tyres Europe – verified macro questionnaire reply, Eurostat Comext.

- (478) Union industry sales volume kept on declining throughout the period considered with a small increase in the investigation period, remaining however below the 2021 level. Overall, sales volume decreased by around 7 million tyres, corresponding to a 4 % reduction, in contrast to the evolution of the Union consumption which increased by 8 % over the period considered (Table 2 above).
- (479) Given the growth of the Union market, this decline in the sales volume resulted in a notable loss of market share for the Union industry, from 60 % in 2021 to 53 % in 2024, equivalent to a 12 % decline.

## 4.6.2.3. Growth

(480) Even though the Union consumption increased by around 25 million tyres during the period considered, the Union industry was not able to benefit from this positive trend. Instead, its sales volume declined by around 7 million tyres and it lost 7 percentage points of the market share. At the same time, Chinese import volume to the Union increased steadily by around 35 million tyres and took over the lost market share of the Union industry (Tables 2 and 3 above).

## 4.6.2.4. Employment and productivity

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

Table 7

**Employment and productivity**

	2021	2022	2023	Investigation period (2024)
Number of employees (FTE)	84 714	83 705	81 903	80 194
<i>Index</i>	100	99	97	95
Productivity (pieces/FTE)	3 213	3 165	3 084	3 139
<i>Index</i>	100	99	96	98

Source: Tyres Europe – verified macro questionnaire reply.

(482) Employment declined by 5 % during the period considered following the trends in production. This decline corresponds to a loss of around 4 500 full time equivalent jobs in the Union.

(483) Productivity declined gradually from 2021 to 2023 with a mild increase in the IP. It decreased overall by 2 % during the period considered.

## 4.6.2.5. Magnitude of the dumping margin and recovery from past dumping

(484) All dumping margins were significantly above the *de minimis* level. The impact of the magnitude of the actual margins of dumping on the Union industry was substantial, given the volume and prices of imports from the country concerned.

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

## 4.6.3. Microeconomic indicators

## 4.6.3.1. Prices and factors affecting prices

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

Table 8

**Sales prices in the Union and cost of production**

	2021	2022	2023	Investigation period (2024)
Average unit sales price in the Union (EUR/tyre)	54,1	62,0	64,9	62,4

	2021	2022	2023	Investigation period (2024)
<i>Index</i>	100	115	120	115
Unit cost of production (EUR/tyre)	46,1	54,1	57,8	57,5
<i>Index</i>	100	117	125	125

Source: Verified questionnaire replies of the sampled Union producers.

- (487) The average unit sales price of the Union producers first increased by 15 % in 2022 and by 20 % in 2023 from the start of the period considered. The average price in the investigation period dropped back to the 2022 price level but remained above 2021 levels with an overall increase of 15 %, corresponding to a rise of almost 8 EUR/tyre.
- (488) As shown in Table 4 above, the average Chinese import prices to the Union, relating mainly to tier 3 tyres, remained consistently below the Union industry's prices throughout the same period.
- (489) The Union cost of production increased more than the sales prices, by 25 % (on average by 11 EUR/tyre) during the period considered. The significant cost increase is mainly due to the rise in energy and labour costs as well as in some of the raw materials prices. Given the decline in production quantity, fixed costs, such as depreciation and manufacturing overheads per unit increased as well.
- (490) As can be seen from the trends above, the rate of growth of the cost of production surpassed the rate of sales price increases, meaning that the Union industry suffered price suppression and was not able to fully pass on the rise in its cost to the sales prices.
- (491) A separate analysis per tier was carried out as summarized below.

Table 9

**Sales prices in the Union and cost of production – Tier 1**

	2021	2022	2023	Investigation period (2024)
Average unit sales price in the Union (EUR/tyre)	65,8	73,5	74,4	71,5
<i>Index</i>	100	112	113	109
Unit cost of production (EUR/ tyre)	55,8	63,8	65,5	65,9
<i>Index</i>	100	114	117	118

Source: Verified questionnaire replies of the sampled Union producers.

Table 10

**Sales prices in the Union and cost of production – Tier 2**

	2021	2022	2023	Investigation period (2024)
Average unit sales price in the Union (EUR/tyre)	37,9	44,5	47,5	45,3

	2021	2022	2023	Investigation period (2024)
<i>Index</i>	100	117	125	120
Unit cost of production (EUR/ tyre)	31,3	36,8	41,2	39,4
<i>Index</i>	100	118	132	126

Source: Verified questionnaire replies of the sampled Union producers.

Table 11

**Sales prices in the Union and cost of production – Tier 3**

	2021	2022	2023	Investigation period (2024)
Average unit sales price in the Union (EUR/tyre)	29,1	35,0	37,1	36,1
<i>Index</i>	100	120	127	124
Unit cost of production (EUR/ tyre)	26,4	33,1	37,8	35,4
<i>Index</i>	100	126	144	134

Source: Verified questionnaire replies of the sampled Union producers.

- (492) As can be seen from the tables above, similar trends can be observed in each tier individually, as at the aggregated level.
- (493) Unit sales prices increased in each tier between 2021 and 2023 then dropped slightly in the investigation period. Overall, prices rose by 9 %, 20 % and 24 % in tier 1, 2 and 3 respectively. In comparison, Chinese import prices to the Union remained constantly below Union industry prices of all tiers, as already explained in recital (461) above.
- (494) Unit cost of production of the Union industry followed similar trends as sales prices for tier 2 and 3, namely increased between 2021 and 2023 and then dropped slightly in the investigation period. In all years of the period considered and for all tiers the pace of the unit cost increase exceeded that of the unit sales price confirming the trend observed at aggregate level.

4.6.3.2. Labour costs

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

Table 12

**Average labour costs per employee**

	2021	2022	2023	Investigation period (2024)
Average labour costs per employee (EUR)	53 697	54 345	56 634	60 521
<i>Index</i>	100	101	105	113

Source: Verified questionnaire replies of the sampled Union producers.

- (496) Average labour costs increased gradually from year to year during the period considered. The overall increase amounted to 13 % which is mainly due to inflationary trends in the Union. In addition, the increase in 2024 also reflects the supplementary labour cost linked to dismissals that took place in this period.

#### 4.6.3.3. Inventories (stocks)

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

Table 13

#### Stocks

	2021	2022	2023	Investigation period (2024)
Closing stock (pieces)	5 881 772	6 385 905	5 698 728	6 096 676
<i>Index</i>	100	109	97	104
Closing stock as a percentage of production (%)	14,7	16,1	15,7	16,7

Source: Verified questionnaire replies of the sampled Union producers.

- (498) Inventory levels showed some minor fluctuation during the period considered but remained relatively stable in terms of their percentage of production, ranging between 14 % and 17 %. The level and variation in inventory observed can be considered as a normal for the tyre industry. Overall, the level of closing stocks increased by 4 % during the period considered.

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

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

Table 14

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

	2021	2022	2023	Investigation period (2024)
Profitability of sales in the Union to unrelated customers (% of sales turnover)	14,8	12,8	11,0	8,0
<i>Index</i>	100	86	74	54
Cash flow (EUR)	455 834 373	382 313 353	580 698 485	715 878 931
<i>Index</i>	100	84	127	157
Investments (EUR)	86 997 702	135 635 952	146 344 830	225 146 035
<i>Index</i>	100	156	168	259

	2021	2022	2023	Investigation period (2024)
Return on investments (%)	64,6	67,4	83,7	82,2
<i>Index</i>	100	104	130	127

Source: Verified questionnaire replies of the sampled Union producers.

- (500) The Commission established the profitability of the sampled Union producers by expressing the pre-tax net profit of the sales of the like product to unrelated customers in the Union as a percentage of the turnover of those sales.
- (501) Profitability (all tiers combined) showed a clear declining trend during the period considered. Overall, profitability decreased from 14,8 % in 2021 to 8 % in the investigation period meaning a decrease by 6,8 percentage points or by 46 %, which is significant.
- (502) The net cash flow is the ability of the Union producers to self-finance their activities. The trend in net cash flow developed positively with a decline in 2022, then an increase till the end of the period considered. Overall, cash flow situation improved by 57 %.
- (503) Investments increased significantly during the period considered, overall by 159 %, with the biggest, 54 % yearly increase occurring from 2023 to 2024, in the end of the period considered. In absolute terms, investments reached EUR 225 million in 2024, which can be considered an important amount representing one-fourth of the fixed assets employed for the production of tyres. While the Union industry reduced its capacity, it also invested in the modernisation of its production equipment to ensure its sustainability.
- (504) CRIA submitted that high investments are proof of lack of injury as it has been concluded by the Commission in other investigations <sup>(178)</sup> in the past.
- (505) Firstly, it is important to highlight that the cases evoked by CRIA concluded on lack of injury on a basis of a combination of multiple injury indicators, not only investments. Moreover, the high level of investments displayed by the Union industry during the period considered and in particular in 2024, need to be seen in the context of increased competition from dumped Chinese imports leading to recent and imminent plant closures and the necessary readaptation and modernisation of remaining production facilities towards premium quality higher rim products in order to secure the Union industry's leadership and viability at least in the higher segments (tier 1 in particular). In a context of decreased capacity and to ensure its sustainability, the Union industry had no other option but to continue to invest in new technologies and replace equipment to shift focus on products where they faced less unfair competition.
- (506) The modernisation of production facilities has been evoked in numerous submissions by interested parties, in particular by Deldo and Interpneu. In their submission, somewhat contrarily, Deldo and Interpneu argued that injury is in fact due to high investment costs which were affected by the Union industry in pursuit of greater efficiency and competitiveness, as opposed to Chinese imports. However, these parties did not substantiate their claim on how the high investment costs affects the injury suffered by the Union industry. The claim that the injury was due to high investment costs is therefore rejected.

<sup>(178)</sup> Commission Implementing Regulation (EU) 2023/1159 of 13 June 2023 imposing a definitive anti-dumping duty on imports of okume plywood originating in the People's Republic of China following an expiry review pursuant to Article 11(2) of Regulation (EU) 2016/1036 of the European Parliament and of the Council (OJ L 153, 14.6.2023, p. 3, ELI: [http://data.europa.eu/eli/reg\\_impl/2023/1159/oj](http://data.europa.eu/eli/reg_impl/2023/1159/oj)), recitals (173) and (178) and Commission Implementing Regulation (EU) 2018/931 of 28 June 2018 imposing a definitive anti-dumping duty on imports of oxalic acid originating in India and the People's Republic of China following an expiry review pursuant to Article 11(2) of Regulation (EU) 2016/1036 of the European Parliament and of the Council (OJ L 165, 2.7.2018, p. 13, ELI: [http://data.europa.eu/eli/reg\\_impl/2018/931/oj](http://data.europa.eu/eli/reg_impl/2018/931/oj)), recitals (121) and (129).

- (507) The return on investments is the profit in percentage of the net book value of investments (i.e. the total fixed assets used for production). This financial indicator developed also positively with a gradual year on year increase during the period considered and an overall 27 % growth.
- (508) An individual analysis on profitability per tier was also carried out. Given that all tiers can be produced on the same production lines and the machinery is not earmarked for particular tiers, the Union industry was not able to provide a meaningful tier breakdown for the other financial indicators analysed in this section.

Table 15

**Profitability – Tier 1, Tier 2 and Tier 3**

	2021	2022	2023	Investigation period (2024)
Profitability of sales in the Union to unrelated customers (% of sales turnover) – Tier 1	15,1	13,2	12,0	7,9
<i>Index</i>	100	87	79	52
Profitability of sales in the Union to unrelated customers (% of sales turnover) – Tier 2	17,6	17,3	13,4	13,0
<i>Index</i>	100	98	76	74
Profitability of sales in the Union to unrelated customers (% of sales turnover) – Tier 3	9,4	5,7	- 2,0	2,1
<i>Index</i>	100	60	- 21	22

Source: Verified questionnaire replies of the sampled Union producers.

- (509) As can be seen from Table 15 above, profitability declined in each tier over the period considered, confirming the trend observed on the aggregate product level (Table 14 above).
- (510) In the premium tier 1 segment, profitability decreased continuously throughout the period considered, falling from 15,1 % in 2021 to 7,9 % in the investigation period. In other words, profitability almost halved (decline by 48 %).
- (511) The tier 2 segment experienced a more moderate decline with an overall 26 % decrease from a healthy 17,6 % in 2021 to 13 % in the investigation period.
- (512) Not surprisingly, profitability deteriorated most visibly in the budget tier 3 segment where most of the volume of the dumped Chinese imports is directed to. In fact, in this segment the Union industry did not manage to obtain viable profit levels with the exception of 2021. In concrete terms, profitability declined from 9,4 % to 5,7 % in 2022 and even turned negative in 2023 (-2 %). During the investigation period, profitability recovered somewhat to 2,1 % but still remained significantly below its 2021 level.

#### 4.7. Conclusion on injury

- (513) As shown in Table 3 above, during the period considered, the volume of Chinese imports into the Union increased by 62 %, or around 35 million tyres. In the same period, the price of Chinese imports to the Union increased by 12 % (Table 4 above), which is a modest increase in comparison with the price development on the Union market, namely prices of other third country imports (+ 26 % as shown in Table 17 below), as well as in comparison with the already much higher Union industry's prices (+ 15 % as shown in Table 8 below).
- (514) The Union industry was not able to benefit from the growing Union consumption and lost both production and sales volumes by 20 million and 7 million tyres respectively. It lost 7 percentage points of the market share, which decreased from 60 % to 53 %. The Union industry's capacity declined by 4 % and capacity utilisation decreased from 86 % to 83 %. Employment declined gradually during the period considered and by 5 % overall corresponding to a loss of around 4 500 full time equivalent jobs. Productivity also declined by 2 %.
- (515) During the period considered, the average unit cost of production (all tiers combined) of the Union industry increased by 25 %, corresponding to around 11 EUR/tyre, while its average sales prices in the Union increased by only 15 %, less than 8 EUR/tyre. In other words, the Union industry was not able to pass on its cost increases to its customers. The same trends were observed also at a more granular, tier level. Consequently, profitability of the Union industry declined both at aggregate level (-46 %) and in each tier individually (-48 %, -26 % and -78 % in tier 1, 2 and 3 respectively).
- (516) While a few injury indicators have shown a stable or increasing trend, i.e. cash flow, investments and return on investment (see Table 14 above), these indicators are not determinative of the industry's overall condition. Namely, increase in investments in the current case constitute a strategic response to adverse conditions in the form of rapid reorganisation and readaptation, rather than evidence of a healthy industry in expansion as explained in recital (503) above. Similarly, the improvement in return on investment does not reflect operational strength. It reflects a structural retreat from lower tier segments, where the industry can no longer compete on price, toward tier 1 products where price competition is less severe. The return improves simply because tier 1 products have higher prices and therefore higher margins, not because the underlying performance of the industry has improved. Moreover, cash flow might be the result of accounting practices (e.g. deferral of maintenance, the non-cash depreciation) rather than a reflection of the immediate competitive market performance. As such, these indicators may temporarily remain stable even in circumstances where core operational indicators, such as sales volumes, prices, and profitability, are already deteriorating as a result of injurious dumping.
- (517) In conclusion, most injury indicators such as production, capacity, capacity utilisation, sales quantity, market share, employment, profitability and productivity showed a clear negative trend during the period considered. The negative trends were confirmed by the tier level analysis, namely on cost, price and profitability per tier, that showed a cost increase exceeding that of the sales price meaning a decrease in profitability in each tier, with tier 3 becoming economically non-viable for the Union industry when facing increased import volumes from the PRC. In the overall injury picture, when assessed holistically, these negative developments outweigh the limited positive signals (in cash flow and return on investments) and support a finding of material injury.
- (518) Various parties, Deldo and Interpneu, the Giti Group and CRIA, claimed that the Union industry did not suffer injury, in particular in the tier 1 and tier 2 segments. Namely, Deldo and Interpneu argued that the Union industry did not suffer material injury and cited the good financial results in publicly available 2024 financial statements of some of the biggest groups of the Union producers. These parties also stated that no proper injury analysis could be carried out without knowing the distribution of sales volume per tier.
- (519) The Commission noted that publicly available financial statements of certain groups of Union producers, did not relate to the product under investigation nor to the sales on the Union market exclusively and therefore did not negate the injury findings.

- (520) As regards the request for the injury analysis with information on the sales volume per tier, the Commission added such information in Table 16 below providing a summary based on the verified data of the sampled Union producers. The analysis of the decreasing sales trends of the Union industry in tier 2 and tier 3 is a clear indicator of the competitive pressure of the dumped imports from China.

Table 16

**Tier distribution of Union industry sales volume (%)**

	2021	2022	2023	Investigation period (2024)
Tier 1	64	66	71	70
Tier 2	18	16	15	16
Tier 3	18	18	14	14
Total	100	100	100	100

Source: Verified questionnaire replies of the sampled Union producers .

- (521) Furthermore, as explained in recital (469), the investigation concluded that it is appropriate to carry out the investigation and the injury assessment on the full product scope (all tiers combined) and complement it, where feasible, with a more granular tier level analysis. As demonstrated in Tables 9, 10, 11 and 15 above, the data at tier level, with sales volume distribution as demonstrated in table 16 above, confirmed the injury found at the aggregate level. As mentioned in recitals (425) and (426), the Commission found that there was inter-tier competition. As a result, the low-priced predominantly tier 3 Chinese imports are pushing the Union industry into the upper segments but given the price pressure, those segments as well experienced a decline in volumes and profitability. The rationale behind this price pressure is that even if the difference in price among various tiers were to be justified to some extent by higher quality and performance standards in the upper tiers, the more the price gap between the tier 3 and the upper segments widens, the more buyers would switch to lower segments. Accordingly, dumped Chinese imports do not merely injure the segment in which they directly compete, they distort purchasing behaviour across the market as a whole, suppressing demand and prices for Union produced tyres at every tier. This is even more true considering the fact that tier 2 or 3 products have, for certain technical parameters, similar performances to products from higher tiers. The claims on lack of injury suffered by the Union industry were therefore rejected.
- (522) Following the definitive disclosure, GITI Group agreed that the Union industry suffered material injury from the predominantly tier 3 Chinese imports, however it claimed that this injury was limited to tier 3 (i.e. 14 % of the Union industry's sales) and could not be extrapolated to the rest of the Union sales, i.e. to tier 1 and 2 without a fully segmented injury analysis. GITI Group referred to the findings of the Appellate Body in China – HP-SSST (Japan) case<sup>(179)</sup> without providing further details in their open comments. According to GITI Group when looking at tier 1 and tier 2 separately, no injury could be found. In this respect, GITI Group argued that the profitability decline in tier 1 was contradicted by the trends in return on investment and investment during the same period and in any event, could not be due to the predominantly tier 3 Chinese imports given the limited direct competition between tier 3 and tier 1. Instead, GITI Group argued that profitability for tier 1 declined due to export volume losses and the ensuing unit cost increase. For tier 2, GITI Group considered that the Commission failed to analyse to what extent the profit decline might have been caused by a shift towards OE sales. Moreover, GITI Group argued that given that no undercutting was found in tier 2, the Commission, by extrapolating its findings on undercutting from 14 % of its sales to the rest, violated its obligations under Articles 3(2) and 3(3) of the basic Regulation, i.e. to establish price effects based on an objective investigation and positive evidence. As a result, GITI Group claimed that measures (if any) could only be imposed on tier 3 Chinese imports.

<sup>(179)</sup> Appellate Body Reports, China – Measures Imposing Anti-dumping Duties on High Performance Stainless Steel Seamless Tubes (HP-SSST) from Japan / China – Measures Imposing Anti-dumping Duties on High Performance Stainless Steel Seamless Tubes (HP-SSST) from the European Union, WT/DS454/AB/R and TW/DS460/AG/R and add. 1, paragraph 5.204 which in turn cites Appellate Body Report, United States – Anti-Dumping Measures on Certain Hot-Rolled Steel Products from Japan, WT/DS184/AB/R, paragraph 195.

- (523) In a similar vein, Kumho argued that a segmented market called for a segmented injury assessment and that injury was limited to tier 3 and could not be extrapolated to the whole Union industry, which had 86 % of its sales in tiers 1 and 2. Kumho considered that tiers 1 and 2 showed no sign of injury as in those two tiers no undercutting was found and the Union industry remained profitable. Kumho also added that the average undercutting margin aggregating tier 2 and tier 3 was methodologically flawed, as it did not compare same with same. Finally, Kumho also added that the market share of the Union industry remained above 50 % during the period considered and declined only to a limited extent. Kumho evoked a court case <sup>(180)</sup> where under similar circumstances, the Court annulled a Regulation imposing definitive anti-dumping duties due to manifest error by the Commission on concluding that the Union industry had suffered material injury.
- (524) CRIA also added that the Commission must conduct a fully segmented injury and causation analysis while also examining the Union industry as a whole. CRIA stated that the market share decline needed to be viewed in the context of expanding Union consumption that largely concentrated in tier 3 while the sales in tier 1 and 2 remained stable. CRIA claimed that even though profitability declined, it remained positive and in light of the increased investments it did not constitute material injury. Finally, CRIA also insisted on a need for an additional segmented analysis for the niche tyres due to their lack of inter-changeability and referred to the data provided by Shandong Linglong, an exporting producer sampled in the parallel ongoing subsidy investigation <sup>(181)</sup> on the basis of which this analysis could be carried out.
- (525) The Commission considered that given the product substitutability and competitive relationship among tiers and various product types (including niche tyres), as addressed in Section 4.3 above, the conditions for a fully segmented injury and causation analysis were not met. With regard to the alleged lack of material injury in tiers 1 and 2, the Commission recalled that the analysis of price undercutting and other injury indicators should not be taken in isolation and that elements such as price suppression and the evolution of profitability for tier 1 and 2 clearly point to material injury in a context of increasing Chinese imports that impact all tiers whether directly or indirectly (inter-tier competition). Furthermore, GITI's argument comparing the evolution of return on investment and investments to the Union industry's performance in tier 1 could not be accepted as it relied on information pertaining to different sets of data (all tiers v tier 1 only). Equally, the claim that the deterioration of tier 1 performance was linked to a decrease in export performance had to be rejected. Whereas the export volume indeed decreased, the Commission observed that export prices increased significantly during the period considered (+ 39 %, as indicated in Table 18). Such increase was much more significant than that observed in the Union market over the same period (+ 15 %, as in Table 8). Hence, the Commission concluded that the decrease in export volume was largely compensated by an increase in prices and disconnected from the evolution of the performance in tier 1. In any case, the export performance relates to all tiers whereas GITI only referred to the performance in tier 1. The speculative claim regarding a shift towards OE sales was rejected in the absence of supporting evidence.
- (526) Similarly, these parties arguing that the injury suffered in tier 3 by the Union industry could not be extrapolated to the rest of its sales due to lack of undercutting in tiers 2 and 1 disregarded the determination on price suppression in all tiers. Article 3(3) of the basic Regulation equally recognises price suppression as a valid indication of the price impact of dumped exports, which was noted across all tiers as demonstrated in Sections 4.6.3.1 and recital (521) above. In response to the claim on the validity of the aggregated undercutting margin, the Commission noted that it still ensured product matching and was provided as an additional indication and not as a replacement of the tier level price comparison. As regards the level of profitability and market share, the Commission noted that in order to give an indication of economic performance, these indicators have to be viewed in terms of their trends as opposed to their absolute level. Their trends showed a clear deterioration (in case of profitability on all tiers) and thus qualified as demonstrating injury. In any event, the Commission considered the average profitability of 8 % obtained in the investigation period not to be sufficient for a capital-intensive industry such as tyres and below the

<sup>(180)</sup> Judgment of the Court of Justice of 4 February 2021, *eurocylinder systems*, C-324/19, ECLI:EU:C:2021:94, paragraphs 49 and 50.

<sup>(181)</sup> Notice of Initiation of an anti-subsidy proceeding concerning imports of new pneumatic tyres, of rubber, of a kind used on motor cars, buses or lorries with a load index not exceeding 121 originating in the People's Republic of China (OJ C, C/2025/5924, 6.11.2025, ELI: <http://data.europa.eu/eli/C/2025/5924/oj>).

established target profit. Regarding the market share, as provided in Table 6 above, a loss of 10 percentage points is another sign of material injury. Moreover, CRIA's claim that the increase in Union consumption was limited to tier 3 was not substantiated and was in any event not confirmed by the investigation, which showed that the Union industry could (albeit to limited extent) increase its sales volumes in higher tiers (as indicated in Table 16 above). The claims of GITI Group, Kumho and CRIA were therefore rejected.

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

## 5. CAUSATION

- (528) In accordance with Article 3(6) of the basic Regulation, the Commission examined whether the dumped imports from the country concerned caused material injury to the Union industry. In accordance with Article 3(7) of the basic Regulation, the Commission also examined whether other known factors could at the same time have injured the Union industry. The Commission ensured that any possible injury caused by factors other than the dumped imports from the country concerned was not attributed to the dumped imports. These factors were: export sales performance of the Union industry; imports into the Union from other third countries; high level of self-imports from China realised by the Union industry, and the increase of costs of production.

### 5.1. Effects of the dumped imports

- (529) As explained in Section 4.6.2, the analysis of injury indicators showed that in a growing Union market, the Union industry lost sales, market shares and production volumes while during the same period, Chinese imports into the Union increased by over 35 million pieces. Consequently, Chinese exporting producers managed to increase their market share from 18 % to 28 % mainly to the detriment of the Union industry, which experienced a decline in market share from 60 % to 53 %.
- (530) Prices of dumped Chinese imports significantly undercut Union industry prices during the investigation period. As shown in recital (445) the average undercutting margin (with a comparison ensuring tier matching for which information was requested at sales transaction level) reached 19 %. In tier 3, the average undercutting was even higher at 34,7 %. Moreover, as already explained in recital (461), the Union industry was subject to continuous and increasing price suppression. Throughout the period considered, average Chinese import prices to the Union were constantly below the Union industry's prices and not only at full product level but also when looking at tier 3 and 2 individually. By being consistently cheaper than the Union industry sale prices, the Chinese imports exerted a continuous price suppression and thereby prevented the Union industry from being able to raise its prices in line with the increase in the cost of production. As a consequence, overall profitability of the Union industry on the full product scope showed a clear downward trend, confirmed by an analysis at tier level (Tables 14 and 15).
- (531) In sum, the analysis of the injury indicators clearly showed that the economic situation of the Union industry had worsened and that this coincided with the significant increase of Chinese import volume at very low prices. The prices of Chinese exporting producers undercut those of the Union industry and have exerted a price suppression on the Union industry, thereby gaining market shares.
- (532) CRIA, Deldo, the GITI Group and Interpneu argued that even if the Union industry experienced any injury, this cannot be attributed to imports from China, since those were concentrated almost exclusively in tier 3 which plays a marginal role in the performance of the Union industry, which has shifted its focus to higher and more profitable tiers. Consequently, CRIA and the GITI Group called on the Commission to carry out a causation analysis per tier.

- (533) In response to these claims, as already explained in recitals (425) and (426), the Commission found that dumped tyres from lower tiers do exert a downward price pressure on tyres from higher end tiers and thus erode their profitability. Moreover, the assertion that tier 3 plays only a marginal role ignores the integrated nature of tyre production. Tyres destined to different tiers are usually manufactured on the same equipment whereby a decrease in production volume on one tier affects other tiers at the same time, since it inevitably impacts capacity utilisation, cost absorption, and overall efficiency across all tiers. This interdependence means that pressure in one segment cannot be isolated without consequences for the industry as a whole. Consequently, the injury assessment was carried out on the full product scope, with additional analysis of certain injury indicators on a tier level. This analysis confirmed the injury suffered in higher tiers (tier 2 and tier 1) as well.
- (534) Moreover, as explained in recitals (425) and (426), the Commission considered that there was inter-tier competition meaning that tyres from different tiers did compete with each other and consequently dumped Chinese tier 3 imports exerted a downward price pressure not only in tier 3 but on higher tiers too. A separated, tier level causation analysis was therefore not warranted. Therefore, these claims were rejected.
- (535) Following the definitive disclosure, CRIA, GITI Group, Kumho and Shandong Yongsheng argued that due to the limited substitutability and competitive overlap between tier 1 and tier 3 there was no causal link between the predominantly tier 3 Chinese imports and the injury suffered by the Union industry, which concentrated its economic activity in tier 1 and 2. In this respect, CRIA emphasised that the marginal overlap with tier 3 was wholly insufficient to exert competitive pressure on tier 2 let alone tier 1. GITI Group also added that given that the price analysis did not comply with Articles 3(2) and 3(3) of the basic Regulation, namely to be established based on an objective investigation and positive evidence as explained in recital (522) above, the entire causation analysis was undermined as well. Shandong Yongsheng also argued that the fact that the Union industry was still able to increase its prices and remained profitable also demonstrated its healthy status and the price effect of Chinese imports was therefore manifestly overestimated.
- (536) The claims concerning aspects of interchangeability, inter-tier competition and the price analysis were already rebutted in detail by the Commission in Sections 4.3 and 4.7 above, and consequently the arguments contesting the causal link between the dumped Chinese imports and the injury suffered by the Union industry on their basis were rejected. The Commission thus maintained the conclusion concerning the causal link between the Chinese dumped imports and the injury suffered by the Union industry.

## 5.2. Effects of other factors

### 5.2.1. Imports from third countries

- (537) The volume of imports from other third countries developed over the period considered as follows:

Table 17

#### Imports from other third countries (tyres, pieces)

Country		2021	2022	2023	Investigation period (2024)
South Korea	Quantity (pieces)	13 763 494	16 571 153	14 635 104	19 365 770
	<i>Index</i>	100	120	106	141
	Market share (%)	4	5	5	6
	Average price	45,9	53,5	55,7	57,0
	<i>Index</i>	100	117	121	124

Country		2021	2022	2023	Investigation period (2024)
Türkiye	Quantity (pieces)	11 677 022	12 866 097	11 644 406	11 475 348
	<i>Index</i>	100	110	100	98
	Market share (%)	4	4	4	3
	Average price	40,74	47,05	53,84	52,13
	<i>Index</i>	100	116	132	128
Serbia	Quantity (pieces)	8 129 672	8 656 664	8 295 019	9 956 224
	<i>Index</i>	100	106	102	122
	Market share (%)	3	3	3	3
	Average price	32,10	40,06	43,31	42,66
	<i>Index</i>	100	125	135	133
Rest of the world except the PRC	Quantity (pieces)	34 865 261	31 413 055	21 839 531	23 506 414
	<i>Index</i>	100	90	63	67
	Market share (%)	11	10	7	7
	Average price	47,62	54,52	62,12	61,46
	<i>Index</i>	100	115	130	129
Total of all third countries except the PRC	Quantity (pieces)	68 435 449	69 506 969	56 414 060	64 303 756
	<i>Index</i>	100	102	82	94
	Market share (%)	22	22	18	19
	Average price	44,25	51,09	55,98	55,54
	<i>Index</i>	100	115	127	126

Source: Eurostat.

(538) Throughout the period considered Chinese import volumes exceeded by far the volumes from any other exporting country. In fact, as from 2023, imports from China alone were higher than imports from all other countries combined.

- (539) The total volume of imports from all other countries except China declined by around 4 million pieces during the period considered and their market share decreased from 22 % to 19 % over the period considered. The Commission does not have information on the tier distribution of other third country imports into the Union, but in any event, the average price level of third country imports was well above the tier 3 and tier 2 average Union industry prices throughout the period considered. Moreover, in contrast with Chinese price developments, the rate of price increase of third country exports was roughly in line with the rate of cost increase of the Union industry, thus were unlikely to suppress the Union industry's prices.
- (540) On the basis of the data above, the Commission concluded that imports from third countries other than China neither in terms of volume nor in terms of prices caused injury to the Union industry.

### 5.3. Export performance of the Union industry

- (541) The volume and average price of exports of the Union producers developed over the period considered as follows:

Table 18

#### Export performance of Union producers (tyres, pieces)

	2021	2022	2023	Investigation period (2024)
Export volume (pieces)	84 931 094	83 323 695	77 955 961	74 399 154
<i>Index</i>	100	98	92	88
Average price (EUR/ piece)	56,9	69,2	75,4	78,8
<i>Index</i>	100	122	133	139

Source: Eurostat and verified questionnaire reply of sampled Union producers.

- (542) Based on Eurostat, export volumes decreased during the period considered by 12 %, i.e. around 10 million pieces. This decline should be seen in the context of the overall reduction in Union industry production, which was double, i.e. 20 million tyres. The average price level of exports however steadily increased in line with the developments of cost of production and proportionally more than the selling price of the Union industry in the Union. Given this trend in prices, the Commission concluded that the export activity could not attenuate the causal link between the dumped imports and the injury found.

### 5.4. Increase in cost of production

- (543) CRIA, Deldo, the GITI Group, Guangzhou Jiachi Tire Co Ltd ('Jiachi') and Interpneu claimed that the deterioration of the economic situation of the Union industry, if any, was due to the general increase of cost of production in the Union, in particular energy and labour costs as well as some raw material prices, such as synthetic rubber and carbon black for which alternative suppliers in replacement of Russia had to be found by the Union producers.
- (544) Indeed, as already mentioned in Section 4.6.3.1 and Table 11, the unit cost of production increased during the period considered. Importantly, the investigation also found that due to the aggressive price suppression by dumped low-priced Chinese imports, the Union industry was not able to raise its sale prices in line with these cost developments. In this respect, it is also very telling that, as can be seen in Table 4 and explained in recital (443), the rate of price increase of Chinese imports remained below that of all other third countries individually and combined (Table 17). This aggressive pricing behaviour was the main reason for the Union industry's inability to adjust its prices to the cost increases that in turn has led to the decline in profitability. The cost increases, as mentioned in

recital (489), were partly due to the higher fixed costs, such as depreciation and overheads per unit, resulting from the decline in production. This decline in production volumes was, in turn, to big extent a consequence of the presence of dumped imports. Under normal market conditions, economic operators usually can pass on their cost increases, without being forced to bear the impact of higher fixed costs, especially related to those cost elements that are not industry specific (energy and labour) and affect equally other industries/sectors too.

- (545) Therefore, on the basis of above, the Commission concluded that even though the increase in costs of production may have contributed to the economic difficulties of the Union industry, it did not attenuate the causal link between the dumped Chinese imports and the injury suffered.
- (546) After the definitive disclosure, CRIA, Kumho and Shandong Yongsheng reiterated their claim that increasing energy costs and inflation were the main causes of injury. In this respect, Kumho claimed that in its costs analysis the Commission failed to address the impact of the energy crisis and the European energy and sustainability policies. According to Kumho, the Commission also failed to substantiate its findings that the Union industry was unable to pass on cost increases to its customers due to Chinese imports' pricing behaviour. Instead, given that the decline of profitability was in line with the cost increase, Kumho concluded that the injury reflected in the profitability decline was due to the cost increases. Shandong Yongsheng also submitted that increased production costs admittedly harmed the Union industry.
- (547) The Commission considered these arguments were either unsubstantiated or did not factually challenge the analysis and conclusions reached in recitals (544) and (545) above. In particular, the Commission has already confirmed that it analysed the impact of production cost increases, which also included that of the energy costs. The fact that the profitability decline coincided with a cost increase does not *per se* mean it was due to it or the cost(s) increase (s) is the only cause of injury. This analysis is only meaningful together with the price trends, which clearly show that in the same period and in all tiers, the rate of sales price increases were consistently below the rate of the cost increases, which in fact constitutes the definition of price suppression. In this respect, the Commission noted that the sales price increase achieved by the Union industry was even more modest in light of the inflationary pressure evoked by CRIA, further reinforcing the argument that the Union industry was not operating under normal market conditions, but under price suppression instead. The evolution of prices on export markets as presented in Table 18 also supports such reasoning. On this basis, their claims were rejected.

#### 5.5. Self-inflicted injury: investments and self-imports from the PRC

- (548) Various parties claimed that the injury of the Union industry, if any, is due to its own business decisions, in particular the high investment costs as well as high volume of self-imports by the Union industry from the PRC.
- (549) CRIA, Deldo, the GITI Group and Interpneu claimed that the decline in the profits of the Union industry, if any, was due to the high investment costs aiming at improving production and automatization in various plants focussing at tier 1 products. Interested parties cited various news articles and announcements by major Union producers on their executed or planned investment activities.
- (550) Deldo and Interpneu also claimed that the Union industry contributed to its own injury by increasing imports of the product concerned from China during the period considered referring to Annex 10 of the complaint indicating a 237 % increase during the period considered.

- (551) As already explained in Section 4.6.3.4 above, the high level of investments in the Commission's view, is more a consequence, rather the cause of injury. As rightly pointed out by interested parties themselves, these investments were necessary in order to adapt to a changed market situation, namely the dumped Chinese imports entering in growing volume. The Union industry had no other option but to increase investments aiming at improving production efficiency and at adapting the product portfolio and the plant facilities to a higher segment, which was however already negatively affected by unfair Chinese imports. Moreover, these allegations were found to be speculative and unsubstantiated. The interested parties did not demonstrate the existence of any investment which was economically unjustified. The claim was therefore rejected.
- (552) As regards the claim on increasing imports from China of the product concerned by the Union industry the Commission considered, that given the overall low volume (below 1 % of total Chinese import volumes into the Union in the investigation period) the rate of increase could not have had an important impact. Therefore, the Commission concluded that there was nothing on file indicating that the volume and/or trend of imports from China by the Union industry would cause any injury to the Union industry, let alone would break the causal link established between the dumped Chinese imports and the injury suffered by the Union industry.
- (553) After the final disclosure, CRIA reiterated the allegation that high investments were the main cause of decline in profitability. According to CRIA, given the timing of these investments (most significant increase in investments occurred already in 2022, when profitability still stood at 12,8 %) these investments could not be interpreted as a reactive measure to Chinese imports. CRIA added that instead investments were due to stringent environmental requirements prevailing in the Union. Shandong Yongsheng concurred that the excessive investments must explain the decline in profitability in tier 1 via the increased cost of depreciation as opposed to tier 3 Chinese imports. Kumho and CRIA both argued that injury was caused by high investments, which stemmed from a strategic business decision of the Union industry to prioritise higher profit segments (such as tier 1 and 2) and thus they both contested the Commissions' assessment that the focus on higher tiers was a consequence of Chinese imports and argued that instead it was a deliberate and economically well justified commercial decision. This view was also shared by the Coalition of PC-LL Importers.
- (554) CRIA also submitted that the Commission failed to assess its earlier submission, namely that injury was in fact due to the poor quality of Union tier 3 tyres. In support of this CRIA provided a list of test results indicating a number of Union brands failing various safety tests.
- (555) As regards the claims on investments, the Commission already explained in recitals (505) and (516) above that these occurred in the context of plant closures and the necessary reorganisation, re-adaptation of production and nothing in their timing or rate of increase, which contrary to the statement of CRIA, was the highest in the investigation period in any event, contradicts this determination. Moreover, the investigation showed that, contrary to CRIA's claim, investments in environmental area were less than 6 % at the sampled Union producers throughout the period considered, where such information was available. On the statements concerning the Union industry voluntarily quitting tier 3, the Commission noted that apart from being unsubstantiated, these claims seem to deny the main underlying reason for this shift, namely the untenable market conditions created by the dumped Chinese imports. This is despite the fact that in the same submissions, these same parties acknowledged that tier 3 Chinese imports caused injury to the Union industry.
- (556) As regards the claim on poor quality of Union industry tier 3 tyres, the fail tests brought forward by CRIA include equally tier 3 and tier 2 brands, further confirming two very important determinations. First, that quality aspects (reflected in the test results) overlap for tier 3 and tier 2 tyres and second that both tier 3 and tier 2 tyres are thus challenged by high performing Chinese alternatives. The claims of CRIA, Kumho and Shandong Yongsheng were thus rejected.

#### 5.6. Conclusion on causation

- (557) A genuine and substantial causal link has been established between the injury suffered by the Union industry and the surge in dumped import volumes from China.

- (558) The combined volume and price pressure exerted on the Union industry by the increasing volume of low-priced imports from China during the period considered did not allow the Union industry to benefit from the growth in the Union consumption. As a consequence, Chinese exporting producers gained market share at the expense of the Union industry. Moreover, due to the price suppression, the Union industry was unable to raise its prices in line with the cost of production increase.
- (559) The assessment of price undercutting at tier level also confirmed the above analysis. Average Chinese import price remained below the average selling price of the Union industry in all tiers, even in tier 3, thus confirming the downward pressure on the Union industry.
- (560) The Commission distinguished and separated the effects of all known factors on the situation of the Union industry from the injurious effects of the dumped imports. The impact of other identified factors namely: imports from other third countries; export performance of the Union industry; evolution of cost of production and investments as well as self-imports was found to be negligible or non-existent on the Union industry's negative developments, such as loss in production, sales volume, market share as well as decline in profitability.
- (561) On the basis of the above, the Commission concluded that the dumped imports from the PRC caused material injury to the Union industry and that the other factors, considered individually or collectively, did not attenuate the causal link between the dumped imports and the material injury.

## 6. LEVEL OF MEASURES

- (562) To determine the level of the measures, the Commission examined whether a duty lower than the margin of dumping would be sufficient to remove the injury caused by dumped imports to the Union industry.

### 6.1. Injury margin

- (563) The injury would be removed if the Union industry were able to obtain a target profit by selling at a target price in the sense of Articles 7(2c) and 7(2d) of the basic Regulation.
- (564) In accordance with Article 7(2c) of the basic Regulation, for establishing the target profit, the Commission took into account the following factors: the level of profitability before the increase of imports from the country under investigation, the level of profitability needed to cover full costs and investments, R & D and innovation, and the level of profitability to be expected under normal conditions of competition. Such profit margin should not be lower than 6 %.
- (565) As a first step, the Commission established a basic profit covering full costs under normal conditions of competition. In the absence of other available data, the Commission set the target profit at the Union industry's profit margin for sales of the like product in the Union market in 2021, the first year of the investigation period. Even though, in this year, Chinese imports were already present on the Union market, their market share (18 %) was the lowest during the period considered and their average sales price (27 EUR/tyre) was in a similar range to that of the Union industry (on the tier 3 segment, 29 EUR/tyre). In that year, the profit margin was established at 14,8 % on average and 15,1 %, 17,6 % and 9,4 % for tier 1, 2 and 3 respectively.
- (566) The GITI Group claimed that 2021 was not an adequate year for the target profit given the artificially high profit rates achieved due to lockdown in China and disruptions in maritime trade. To support its claim, the GITI Group evoked various anti-dumping investigations where the Commission dismissed the use of 2021 profit levels based on these considerations, such as softwood plywood and candles <sup>(182)</sup>.

<sup>(182)</sup> Commission Implementing Regulation (EU) 2025/2219 of 3 November 2025 imposing provisional anti-dumping duties on imports of softwood plywood originating in the Federative Republic of Brazil (OJ L, 2025/2219, 4.11.2025, ELI: [http://data.europa.eu/eli/reg\\_impl/2025/2219/oj](http://data.europa.eu/eli/reg_impl/2025/2219/oj)), recital (194) and Commission Implementing Regulation (EU) 2025/1732 of 13 August 2025 imposing a provisional anti-dumping duty on imports of candles, tapers and the like originating in the People's Republic of China (OJ L, 2025/1732, 14.8.2025, ELI: [http://data.europa.eu/eli/reg\\_impl/2025/1732/oj](http://data.europa.eu/eli/reg_impl/2025/1732/oj)), recital (321).

- (567) The Commission recalled that the choice of adequate target profit was a result of a case-by-case analysis, and it was contingent on industry specific parameters. In other words, conclusions reached concerning adequate years for target profit in one investigation do not preclude the most adequate choice in another. More importantly, apart from a generic statement and reference to other cases, the party did not provide any evidence or concrete statistics regarding the market situation in the Union concerning the product under investigation to substantiate its claim that 2021 was not suitable for the target profit determination. As regards imports of the product concerned from China, neither their volume nor their price level showed a particular drop or hike in 2021 compared to the years prior to the period considered, namely 2019 or 2020 that would suggest an exceptional market circumstance in the favour of the Union industry in 2021. Chinese import volumes were around 57 million tyres in 2019 (same volume as in 2021) and 55 million in 2020. Their price level was 24,9 EUR/tyre and 23,8 Euro/tyre in 2019 and 2020 respectively. Therefore, this claim was rejected.
- (568) After the definitive disclosure Hankook and Kumho submitted that the year 2021 did not reflect normal conditions of market competition and that the target profit used for tier 2 was unreasonably high. As regards the year 2021, these parties argued that it was a recovery year with a sharp rebound after the Covid-19 induced lockdowns and mobility restrictions. These parties also added that in the expiry review of the anti-dumping measures on imports of certain pneumatic tyres used for buses and lorries <sup>(183)</sup> ('TBR tyres case'), the Commission itself found that the profitability of the Union industry improved on an exceptional basis in 2021. These parties further claimed that the profit in 2021 may have been inflated, since that year was affected by semiconductor shortages which have negatively influenced OE sales and this in turn may have increased the share of replacement sales which on average are more profitable. To demonstrate the exceptional nature of 2021, these parties referred to Eurostat's corresponding NACE classification <sup>(184)</sup> that reported much more modest profit margins between 8 % to 10 %. As regards the level of the target profit used by the Commission, these parties argued that the Commission had failed to explain why the profit level in tier 2 was higher than in tier 1 and that in any event, the tier 2 profit margin was unreasonably high in light of the EBIT margins reported in publicly available financial statements by Michelin and Pirelli, two leading Union tyre manufacturers. Finally, these parties proposed that in the absence of undercutting in tier 2 in the investigation period, the Commission should use the profit obtained by the Union industry in that period, namely 13 % as target profit for tier 2.
- (569) As regards the year 2021, the Commission considered that the claim that it had generated exceptional or extraordinary profitability for the Union industry was not substantiated. Year 2021 has indeed seen recovery from record drops experienced during the COVID-19 lockdowns and restrictions, however, these parties did not bring any evidence forward to demonstrate that apart from normalisation this year had indeed resulted in an exceptional overshoot. Similarly, contrary to the statements of these parties, the TBR tyres case did not establish that 2021 was marked by exceptionally or unreasonably high profits, rather that profits recovered from 2019 and were the highest in the period considered (2019–2023). The statistics provided based on the NACE sector were not considered to be a better approximation of a target profit for this particular industry given that they referred to a much wider sector, involving re-treaders as well, who admittedly operate with considerably lower profit margins. Moreover, these same NACE level statistics did not show a profitability dip in 2020, thereby contradicting these parties' own argument. Also, the Commission considered that the claim related to the situation on the semiconductor market and its potential impact on tyres was speculative and not supported by evidence as far as inferred consequences were concerned. In any case, a shortage in semiconductors supply does not automatically mean that profits obtained by the Union industry increased. Admittedly, these same shortages might have caused important losses/delays in OE contracts and thereby affected negatively the Union industry's overall performance. In other words, there was nothing on file suggesting that this event had a positive push on the average profitability of the Union industry. As regards the claims on the level of the target profit and in particular that of tier 2, the Commission noted that this was based on verified data of sampled Union producers and as such was not challenged by aggregated profit results published in financial statements by certain Union producers presumably covering a considerably wider product scope and regional distribution. Moreover, for the sake of completeness, the Commission noted that in the financial results quoted by these parties the profits of 2021 were introduced under the terms such as: 'return to normality' in case of Pirelli and 'back in line with 2019' by Michelin, further contradicting the allegation that 2021 was an extraordinary year for this industry. Concerning the fact that tier 2 profit level was higher than that of tier 1, the Commission noted that first, as acknowledged by the parties themselves, this could have multiple valid

<sup>(183)</sup> Implementing Regulation (EU) 2025/58, recitals (357) and (358).

<sup>(184)</sup> Manufacture of rubber tyres and tubes; retreading and rebuilding of rubber tyres.

economic reasons (including product mix and OE versus replacement sales) and second, this had no bearing on the investigation, as tier 1 profit level was not even used in the injury calculations due to the absence of imports in this tier from the sampled exporting producers. The claim, that tier 2 profit margin was too high was not substantiated. Based on all above, these claims on the target profit were rejected.

- (570) One of the sampled Union producers provided evidence that its level of investments, R & D and innovation during the period considered would have been higher under normal conditions of competition. The Commission verified this information and found the claim to be warranted. To reflect this in the target profit, the Commission calculated the difference between IRI expenses under normal conditions of competition as provided by the Union industry and verified by the Commission with the actual IRI expenses over the period considered. Based on this, the target profit margin was increased by [1 % to 2 %] for that producer.
- (571) Hence, the target profit which was established in this investigation and in accordance with Article 7(2c) of the basic Regulation ranged between 9,4 % and [18,6 %–19,6 %].
- (572) On this basis, the Commission calculated a non-injurious price for the like product of the Union industry by applying the above-mentioned tier-specific target profit margins to the cost of production<sup>(185)</sup> of the sampled Union producers during the investigation period.
- (573) In accordance with Article 7(2d) of the basic Regulation, as a final step, the Commission assessed the future costs resulting from Multilateral Environmental Agreements, and protocols thereunder, to which the Union is a party, and of ILO Conventions listed in Annex Ia that the Union industry will incur during the period of the application of the measure pursuant to Article 11(2). One of the sampled Union producers provided verifiable information based on company records and forecasts, on the basis of which an additional compliance cost linked to purchase of CO<sub>2</sub> emission allowances [below 0,5 EUR/tyre] was added to the target price, as established in recital (572), in accordance with Article 7(2d) of the basic Regulation.
- (574) The Commission then determined the injury margin level on the basis of a comparison of the weighted average import price of the sampled cooperating exporting producers in the country concerned, as established for the price undercutting calculations, with the weighted average non-injurious price of the like product sold by the sampled Union producers on the Union market during the investigation period. Any difference resulting from this comparison was expressed as a percentage of the weighted average import CIF value.
- (575) Following the definitive disclosure the complainant requested that the full cost of production be used for the calculation of the target price, also including the full SG & A (excluding transport) incurred at the level of related sales entities on the sales on the Union market. According to the complainant, this was justified because the target price intends to establish the price on which injury ceases to occur and as such should capture all costs associated with the production and sales of the like product. Failing to do so would underestimate the target price and therefore the injury margin on the level of which the duties were set for Hankook. The complainant added, that alternatively, the Commission should adjust the level of the target profit from 2021 against the reduced costs that were included in the target price, i.e. the same amount of profit would correspond to a higher margin. Finally, the complainant also argued that the injury calculation had to be amended to the extent that for some transactions the actual sales price was higher than the target price.

<sup>(185)</sup> Including the amount of the SG & A at the production plant and/or its related headquarter, depending on where it was incurred.

- (576) Shandong Yongsheng requested the Commission to re-verify its injury calculation since a reverse engineered cost of production based on the disclosed calculations and the average sales prices and the target profit for tier 3 showed an inconsistent result with the Commission's determination. In addition, Shandong Yongsheng and CRIA requested the Commission to remove PCNs with unrepresentative or negative quantities from the injury calculation. Shandong Yongsheng also pointed to very low matching between its sales and those of the Union industry (only 157 PCNs out of the 500 PCNs sold by Shandong Yongsheng) and called on the Commission to expand the matching by using the closest comparable PCNs in order to obtain a fairer outcome. These claims were reiterated by Shandong Yongsheng after the additional final disclosure.
- (577) Regarding the inclusion of the full SG & A cost (excluding transport) incurred at the level of related sales entities on the sales on the Union market, the Commission noted that, where Article 2(9) of the basic Regulation is applied by analogy for the purposes of establishing the export price, that price is constructed at the Union border by taking the CIF import price, adding customs duties and post-importation costs, and deducting the related importer's SG & A and a notional profit. The resulting constructed export price is therefore placed at the Union frontier, a level that is functionally equivalent to the ex-works price of a Union producer selling directly to its first independent customer. Since both elements of the comparison must be placed at an equivalent level of trade, the Union industry's target price must equally be established on an ex-works basis and as explained in recital (572) above, already included the amount of the SG & A at the production plant and/or its related headquarter. There was accordingly no basis to add the SG & A of related traders on the Union industry side when establishing that target price, as doing so would have pushed the Union industry's reference price to a level of trade downstream of the Union border and would thereby have created an asymmetry with the constructed export price. The argument was therefore rejected.
- (578) As regards the proposal to adjust the target profit, the Commission noted that the target profit is a notional margin representative of the industry as a whole and is supported by evidence found in the investigation. It is considered indicative for the entire Union industry. In a similar vein, the target price is an industry level construct, with a purpose to protect the Union industry as a whole. The Commission therefore considered that it was not justified to adjust this hypothetical price upward to match the actual prices of individual sampled producers who may, in a given year, on specific transactions have achieved prices above such industry average (for reasons such as unique product mix, exceptional contract terms or specific market conditions).
- (579) Concerning the claim of Shandong Yongsheng on the calculations, the Commission confirmed that these were re-verified and validated. Regarding the PCNs with unrepresentative quantities, the Commission noted that they reflected genuine sales transactions of the Union industry during the investigation period and were within the price range of similar PCNs. In a similar vein, negative quantities (eventual credit notes or returns) were also considered valid transactions and were netted at a PCN, company or Union industry level. Finally, the Commission also noted that the proportion of matching PCNs reached around 70 % of Shandong Yongsheng's sales volume and value and therefore was considered sufficiently high. Based on the above, the claims of Shandong Yongsheng and CRIA were rejected.
- (580) The injury elimination level for 'other cooperating companies' and for 'all other imports originating in the country concerned' is defined in the same manner as the dumping margin for these companies and imports (see recitals (400) and (401)).

(581) As described in recitals (391) to (392) and (453) to (455), the Chinese exporting producers' CIF price and the data of Company T and Company G were corrected whereby the injury margins were amended for the Hankook Group, Shandong Yongsheng, 'other cooperating companies' and for 'all other imports originating in the country concerned' as shown in the table below:

Company	Definitive dumping margin (%)	Definitive underselling margin (%)
Hankook Group: — Chongqing Hankook Tire Co., Ltd — Jiangsu Hankook Tire Co., Ltd — Hankook Tire China Co., Ltd	7,4	4,3
Shandong Yongsheng Rubber Group Co., Ltd	45,3	92,5
Other cooperating companies	24,4	40,0
All other imports originating in country concerned	45,3	92,5

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

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

(583) Having found that for Shandong Yongsheng, the underselling was higher than the dumping, the analysis of the raw material distortions became moot as the anti-dumping duty to be imposed cannot be higher than the dumping margin established for this exporting producer.

(584) However, in the case of the Hankook Group, since the dumping margin was higher than the underselling margin, the Commission assessed whether there were distortions on raw materials with regard to the product concerned, pursuant to Article 7(2a) of the basic Regulation.

#### *Raw material distortions*

(585) The complainant has provided sufficient evidence in the complaint that there are raw material distortions within the meaning of Article 7(2a) of the basic Regulation in China with regard to the product concerned. According to the evidence in the complaint, synthetic rubber, carbon black and steel cord, each of which accounting for more than 17 % of the cost of production of the product under investigation, were subject to non-refundable export VAT in the PRC.

(586) Therefore, as announced in the Notice of Initiation, in accordance with Article 7(2a) of the basic Regulation, the Commission examined the alleged distortions and any other distortions covered by Article 7(2a) of the basic Regulation in China.

(587) The Commission first identified the main raw materials used in the production of the product concerned by each of the sampled exporting producers. As main raw materials were considered those raw materials which are likely to represent at least 17 % of the cost of production of the product concerned.

- (588) The investigation established however, that none of these materials accounted for 17 % or more of the costs of production of the Hankook Group. This was done in accordance with the basic Regulation based on undistorted prices of the raw material as established in Section 3.2.5.1. Therefore, the condition of Article 7(2a) of the basic Regulation was not fulfilled and definitive anti-dumping measures were established in accordance with the lesser duty rule in Article 7(2) of the basic Regulation.

## 7. UNION INTEREST

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

### 7.1. Interest of the Union industry

- (590) Union producers representing a large majority of the Union production volume cooperated with the investigation.
- (591) The investigation showed that the Union industry was suffering material injury and that it was not able to benefit from the domestic growing market nor was it able to fully pass-on the cost increases to its customers and its profit margins had diminished.
- (592) Measures, if imposed, will likely enable the Union industry to recapture some of the lost sales volumes and market share. Moreover, duties by removing the unfair price pressure exerted by dumped Chinese imports, would enable the Union industry to increase its sales prices in line with the evolution of costs and thereby improve its financial situation.
- (593) In the absence of measures, given the aggressive pricing behaviour displayed by the Chinese exporting producers, there is a strong likelihood that dumped imports will increase in volume and exert further downward price pressure on the Union industry. This would lead to further decline in both sales volumes and profitability.
- (594) On the basis of above, the Commission concluded that the imposition of measures was clearly in the interest of the Union industry.

### 7.2. Interest of unrelated importers and users

- (595) Four unrelated importers replied to the sampling questionnaire. They represented [10%–15%] of the total imports from the PRC in the investigation period. As already mentioned in Section 1.6 none of the sampled importers provided a questionnaire reply.
- (596) None of the users or users' association provided a questionnaire reply nor made written submission on issues related to Union interest.
- (597) In their submission, Deldo and Interpneu, two large sized importers argued against the imposition of measures claiming that duties would lead to shortages of supply, especially in tier 3. According to their claim, such supply gap would harm businesses (namely car manufacturers as it would further increase car prices) as well as consumers who would, as a result, delay their tyre replacements leading to road safety and environmental issues. They also alleged that duties would lead to a further concentration in a market that was already under investigation for non-competitive conduct.
- (598) Other interested parties, namely CRIA and Hankook reiterated some of these claims. In particular, they argued that duties would reduce market efficiency and competition and would lead to supply shortages in the budget segment hitting more price sensitive customers disproportionately.

- (599) Additionally, numerous parties claimed that the imposition of measures on certain specific product types was against the Union interest as the Union industry did not produce them or in not sufficient quantities. This concerned in particular the temporary tyres (4M Pro&Invest, CRIA, Hyundai and Hankook) and trailer tyres (4M Pro&Invest, CRIA and Otto Just), whitewall tyres (Vannetukku) and various further niche tyres such as off-road tyres, bias tyres, tyres for old-timer cars, specific brands for vintage vehicles, highspeed trailer tyres and competition, semi-slick tyres used for motorsport drifting (B.I.S. Srl, Baltityre Group, Bronson Wheels AB, Edison, Gummistrada B.V, Maxxis Hellas, Pneurama Lda and VA-PA Toute Oy).
- (600) The Commission considered most of these claims as rather generic and unsubstantiated. In particular, there was nothing on the file substantiating the claim that, should car makers continue to import their tyres from the PRC, they would not be able to pass on the slight price increase on their end product (cars) to their customers. Similarly, claims on delayed tyre replacements due to increased prices are highly speculative and given the strict regulatory requirements and checks in place in this regard, are not confirmed. Finally, regarding the claims on the concentration of the market, the Commission noted that there are at least 10 known Union producers currently operating on the Union market and in any event, parties failed to bring any evidence forward as to why duties would lead to any further concentration. Similarly, the ongoing investigation evoked by parties has a different scope both in its timeframe and product scope and in any event, has not delivered any concrete findings substantiating the claim that anti-dumping duties would be against the Union interest.
- (601) As regards the claim on supply shortages, these were not confirmed by the investigation. Firstly, the Union industry produces tier 3 tyres in significant quantities and can increase its production volume. Even if in recent years, the Union industry lost sales volume in this tier due to unfair competition posed by unsustainably low prices offered by the Chinese exporting producers, this does not mean that once prices normalise the Union industry would not be able or willing to increase its production and sales of tier 3 products. The very same applies for the more specific product types listed in recital (599) above. The Commission found that most of these specific tyres, such as temporary tyres, trailer tyres, whitewall tyres, bias tyres and off-road professional tyres were in fact produced by the Union industry. While it is possible that for certain product types the Union industry has been squeezed out by low-priced Chinese imports, none of the parties provided a substantiated claim that the Union industry, composed of over 70 plants and over 20 R & D centres across Europe, would not be capable of producing any of these specialized tyres. Moreover, there are numerous alternative supply sources available as can be seen from Section 5.2.1 on third country imports.
- (602) After the definitive disclosure numerous parties expressed their disagreement with the determinations on Union interest.
- (603) Hyundai submitted that the Union industry was not interested in the production of temporary spare tyres. Hyundai argued that even if this segment was small, it should not be disregarded especially in light of the parallel anti-subsidy investigation that may further increase the level of duties and called for a balanced assessment. According to Hyundai the determination that car-makers were able to pass on the price increases resulting from the duties was inadmissible as it did not adequately address the interests of the Union citizens. Hyundai also considered that the availability of alternative supply sources was not relevant for the Union interest as it did not support the Union industry.
- (604) Otto Just reiterated that duties on trailer tyres would lead to supply shortages as the Union industry was not producing these in sufficient quantities and at the required specifications.
- (605) The Coalition of PC-LL Importers reiterated that based on their extended market knowledge, the Union industry was not interested in the tier 3 segment from which it deliberately withdrew in order to focus on more profitable products. This interested party also claimed that there were no alternative sources to China at comparable scale and price for tier 3 tyres. According to this party, duties would therefore directly increase prices hitting the most price-sensitive buyers hardest. Moreover, even if duties might lead to some trade diversion by increased sales to the Union from Thailand, Vietnam or Cambodia, this would not help the Union industry. Finally, the Coalition of PC-LL Importers emphasised the broad support for their views expressed in a joint letter signed by more than 100 independent tyre wholesalers and distributors.

- (606) Mileage Tyres, an importer, expressed similar concerns and submitted that duties by increasing the price of budget and mid-range tyres would directly impact consumers, in particular households with lower income. These additional costs may slow the replacement of tyres potentially leading to road safety implications. According to Mileage Tyres, supplies outside of China had limited production capacity and operated with longer delivery times and higher costs. Traders, especially smaller garages and retailers already working on small margins would be unduly hit by these measures. Finally, Mileage Tyres added that duties would significantly decrease the price difference between budget and mid-range tyres leading to a decrease in consumer choice and change in demand that could cause supply issues.
- (607) Kumho submitted that the determination of the Commission that duties will enable the Union industry to increase its prices in line with its costs was not substantiated. Kumho also considered that the Commission failed to adequately take into account the interest of consumers and the automotive industry which was experiencing economic hardships due to inter alia cost increases, ever stricter EU regulatory environment as well as shrinking sales not least due to competition from Chinese manufacturers. Finally, Kumho also stated that measures would limit competition and efficiency on the Union market.
- (608) The Commission considered that given the existence of price suppression, it was a legitimate expectation that duties would contribute to the Union industry's ability to raise its prices in line with its costs. Consumers may be negatively impacted by the price increase. However, the preservation of the Union industry's ability to offer a wide range of products is ultimately in the interest of consumers as well. The same applies to car manufacturers. Despite the valid hardships raised by Kumho and Hyundai, in the absence of cooperation by any user and verified data, there was nothing on the file underpinning the conclusion that car manufacturers would indeed not be able to pass on this marginal cost increase. The aim of the measures is to restore fair conditions on the Union market and the claim that they would limit competition or efficiency was found to be wholly unsubstantiated. Similarly, the claims on supply shortages of specific tyres (trailer tyres or temporary spare-tyres) or the entire tier 3 segment for that matter due to a deliberate decision by the Union industry to permanently withdraw from those products were not substantiated. Moreover, these claims seem to wholly deny the main underlying reason for the Union industry's shift towards higher end tiers, namely the untenable market conditions created by the dumped Chinese imports in the tier 3 segment. The alleged limitations concerning alternative, third country supplies were equally unsubstantiated. In this respect the Commission must underline that in an anti-dumping investigation it has to assess the quality and substantiation of evidence provided, and repetition or even broad support in itself does not qualify as proof or evidence for an allegation, especially when no representative importer/user provided a questionnaire reply. The Commission therefore concluded that its determinations were not substantively challenged by the comments on the definitive disclosure and thus its assessment as explained in recitals (600) and (601) were maintained.

### 7.3. Conclusion on Union interest

- (609) On the basis of the above, the Commission concluded that there were no compelling reasons that it was not in the Union interest to impose measures on imports of passenger car and light lorry tyres originating in the PRC.

## 8. DEFINITIVE ANTI-DUMPING MEASURES

- (610) On the basis of the conclusions reached by the Commission on dumping, injury, causation, level of measures and Union interest, definitive anti-dumping measures should be imposed to prevent further injury being caused to the Union industry by the dumped imports.
- (611) Definitive anti-dumping measures should be imposed on imports of passenger car and light lorry tyres originating in the People's Republic of China, in accordance with the lesser duty rule in Article 7(2) of the basic Regulation. The Commission compared the injury margins and the dumping margins in Section 6 above. The amount of the duties was set at the level of the lower of the dumping and the injury margins.

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

Company	Definitive anti-dumping duty (%)
Hankook Group: — Chongqing Hankook Tire Co., Ltd — Jiangsu Hankook Tire Co., Ltd — Hankook Tire China Co., Ltd	4,3
Shandong Yongsheng Rubber Group Co., Ltd	45,3
Other cooperating companies	24,4
All other imports originating in country concerned	45,3

- (613) Following definitive disclosure Kumho argued that minimum import prices ('MIP') would be the most appropriate form of measures.
- (614) Giti Group, Hankook, Kumho and the Coalition of PC-LL Importers submitted that measures should take a form of a fixed duty. These parties claimed that in a segmented market such as tyres, ad valorem duties were not appropriate as they impacted more the pricier products and were thus likely to preserve or even enforce the incentive to focus sales in the cheapest (tier 3) segment which had already been the hardest hit by Chinese imports. These parties claimed that fixed duties were also imposed in the TBR tyres case based on the same consideration. GITI group in addition emphasised that the form of the measures formed an integral element of their remedial effect. Given that price pressure was not equal among tiers and was the strongest in tier 3, ad valorem duties impacting higher end tiers more and tier 3 the least, were thus not adequate. Hankook, Kumho and the Coalition of PC-LL Importers further added that present inflationary trends and likely increase of raw material costs were already pushing tyre prices up which thus in case of ad valorem duties would be further and unjustifiably inflated. Finally, Giti Group, Hankook and Kumho also claimed that fixed duties were more likely to protect against price absorption practices.
- (615) The complainant on the other hand insisted that the remedial effect of duties would need to be preserved over the entire time of their duration and fixed duties were likely to quickly erode under the recent inflationary tendencies and raw material price increases as illustrated by the GOES case<sup>(186)</sup> where a safeguard investigation had to be initiated following the hollowing out of the remedial effect of the duties in a form of a MIP. The complainant therefore called on the Commission to accept fixed duties only under the conditions that (a) these would be automatically swapped to ad valorem duties whenever they became inferior to these; and (b) duties may be converted to ad valorem duties upon the request of the Union producers representing more than 25 % of the Union production.
- (616) The Commission considered that under the present conditions of the case involving a wide range of products at varying prices, MIPs would need to be created for numerous categories rendering the implementation and enforceability of such measure impractical. Moreover, the fact that a significant share of sales were executed via related traders would further complicate the proper enforcement of such form of measure due to potential cross-compensations. This claim was therefore rejected.
- (617) Even though, fixed duties may have a stronger corrective effect on lower priced tyres which constitute the majority of the current tier 3 Chinese exports to the Union, the Commission noted that injury found was not limited to tier 3. Moreover, fixed duties would provide a comparatively reduced level of protection against higher rim or heavier products (light lorry tyres) regardless of their tier classification without any real economic justification. As regards the TBR tyres case, despite the similarities, the choice of fixed duties was equally motivated by the specific interests of the re-treaders who are absent in this case. The Commission also noted that some of the arguments raised in

<sup>(186)</sup> Commission Implementing Regulation (EU) 2015/1953 of 29 October 2015 imposing anti-dumping duty on imports of certain grain-oriented flat-rolled products of silicon-electrical steel originating in the People's Republic of China, Japan, the Republic of Korea, the Russian Federation and the United States of America (OJ L 284, 30.10.2015, p. 109, ELI: [http://data.europa.eu/eli/reg\\_impl/2015/1953/oj](http://data.europa.eu/eli/reg_impl/2015/1953/oj)).

support of fixed duties (higher protective impact on tier 3 tyres) were in fact exacerbating the same parties' concerns raised under Union interest, the alleged tier 3 supply shortages caused by the imposition of measures as described in recitals (605) and (606) above. Moreover, even if fixed duties were less likely to encourage absorption practices they do not preclude them per se, while at the same time, the remedial effect of fixed duties is undoubtedly more susceptible to erosion by inflationary trends and production cost increases, which were equally evoked by the these parties. The proposals of the complainant on fixed duties that could be swapped or converted into ad valorem duties under certain conditions were considered impractical. Thus, on the basis of all above, the Commission considered that there were no compelling reasons for changing the form of duties proposed.

- (618) The individual company anti-dumping duty rates specified in this Regulation were established on the basis of the findings of this investigation. Therefore, they reflect the situation found during this investigation with respect to these companies. These duty rates are exclusively applicable to imports of the product concerned originating in the country concerned and produced by the named legal entities. Imports of the product concerned produced by any other company not specifically mentioned in the operative part of this Regulation, including entities related to those specifically mentioned, should be subject to the duty rate applicable to 'all other imports originating in country concerned'. They should not be subject to any of the individual anti-dumping duty rates.
- (619) A company may request the application of these individual anti-dumping duty rates if it changes subsequently the name of its entity. The request must be addressed to the Commission<sup>(187)</sup>. The request must contain all the relevant information enabling to demonstrate that the change does not affect the right of the company to benefit from the duty rate which applies to it. If the change of name of the company does not affect its right to benefit from the duty rate which applies to it, a regulation about the change of name will be published in the *Official Journal of the European Union*.
- (620) To minimise the risks of circumvention due to the difference in duty rates, special measures are needed to ensure the application of the individual anti-dumping duties. The application of individual anti-dumping duties is only applicable upon presentation of a valid commercial invoice to the customs authorities of the Member States. The invoice must conform to the requirements set out in Article 1(3) of this regulation. Until such invoice is presented, imports should be subject to the anti-dumping duty applicable to 'all other imports originating in country concerned'.
- (621) While presentation of this invoice is necessary for the customs authorities of the Member States to apply the individual rates of anti-dumping duty to imports, it is not the only element to be taken into account by the customs authorities. Indeed, even if presented with an invoice meeting all the requirements set out in Article 1(3) of this regulation, the customs authorities of Member States must carry out their usual checks and may, like in all other cases, require additional documents (shipping documents etc.) for the purpose of verifying the accuracy of the particulars contained in the declaration and ensure that the subsequent application of the lower rate of duty is justified, in compliance with customs law.
- (622) Should the exports by one of the companies benefiting from lower individual duty rates increase significantly in volume after the imposition of the measures concerned, such an increase in volume could be considered as constituting in itself a change in the pattern of trade due to the imposition of measures within the meaning of Article 13(1) of the basic Regulation. In such circumstances and provided the conditions are met an anti-circumvention investigation may be initiated. This investigation may, inter alia, examine the need for the removal of individual duty rate(s) and the consequent imposition of a country-wide duty.

<sup>(187)</sup> European Commission, Directorate-General for Trade and Economic Security, Directorate G, Rue de la Loi/Wetstraat 170, 1040 Bruxelles/Brussel, Belgique/België, email: Trade-defence-complaints@ec.europa.eu.

- (623) To ensure a proper enforcement of the anti-dumping duties, the anti-dumping duty for all other imports originating in the PRC should apply not only to the non-cooperating exporting producers in this investigation, but also to the producers which did not have exports to the Union during the investigation period.
- (624) Exporting producers that did not export the product concerned to the Union during the investigation period should be able to request the Commission to be made subject to the anti-dumping duty rate for cooperating companies not included in the sample. The Commission should grant such request provided that three conditions are met. The new exporting producer would have to demonstrate that: (i) it did not export the product concerned to the Union during the IP; (ii) it is not related to an exporting producer that did so; and (iii) has exported the product concerned thereafter or has entered into an irrevocable contractual obligation to do so in substantial quantities.

## 9. REGISTRATION

- (625) As mentioned in recital (3), the Commission made imports of the product concerned subject to registration. Registration took place with a view to possibly collecting duties retroactively under Article 10(4) of the basic Regulation.
- (626) As provisional measures were not imposed in this proceeding, the conditions as set out in Article 10(4) of the basic Regulation for the retroactive application of the definitive anti-dumping duty were not met.
- (627) After the definitive disclosure, the complainant called for the retroactive collection of duties arguing that these were not conditional on the application of provisional measures and that the four conditions stipulated in points (a) to (d) of Article 10(4) of the basic Regulation were met. The complainant argued that there was no conceivable reason as to why provisional measures should be a precondition for retroactive collection of duties, the primary purpose of which was to prevent the remedial effect of measures to be undermined and evoked a case law of the General Court (T-749/16 *Stemcor*)<sup>(188)</sup> supporting this view. Numerous other parties, namely Hankook, Kumho, CRIA and Adine on the other hand, submitted that retroactive collection of duties was legally precluded in the absence of provisional measures to which Article 10(4) of the basic Regulation clearly referred to. Adine also argued that without provisional measures in the absence of the necessary information in terms of potential budget and timeframe for the retroactive collection, economic operators were deprived from their rights of making balanced and educated decisions. Finally, Adine also argued that the conditions for retroactive collection of duties stipulated under point (d) of Article 10(4) of the basic Regulation, namely substantial rise of imports was not met either.
- (628) The Commission disagreed with the argumentation of the complainant and considered that the case law cited did not support the claim that imposition of provisional measures was not a condition for retroactive collection of duties, as in the case before the Court, unlike in the present investigation, provisional measures were in fact imposed and this issue was not addressed by the Court. Moreover, the approach advocated by the complainant were to result in longer periods of retroactive collection of duties in cases without provisional measures as opposed to cases with provisional measures without clear indication as to why such differentiation would be intended by the legislator. The claim of the complainant was thus rejected.

## 10. FINAL PROVISIONS

- (629) In view of Article 109 of Regulation (EU, Euratom) 2024/2509 of the European Parliament and of the Council<sup>(189)</sup>, when an amount is to be reimbursed following a judgment of the Court of Justice of the European Union, the interest to be paid should be the rate applied by the European Central Bank to its principal refinancing operations, as published in the C series of the *Official Journal of the European Union* on the first calendar day of each month.

<sup>(188)</sup> Judgement of the General Court (Second Chamber) of 8 May 2019, *Stemcor London and Samac Steel Supplies v Commission*, T-749/16, ECLI:EU:T:2019:310.

<sup>(189)</sup> Regulation (EU, Euratom) 2024/2509 of the European Parliament and of the Council of 23 September 2024 on the financial rules applicable to the general budget of the Union (OJ L, 2024/2509, 26.9.2024, ELI: <http://data.europa.eu/eli/reg/2024/2509/oj>).

(630) The measures provided for in this Regulation are in accordance with the opinion of the Committee established by Article 15(1) of Regulation (EU) 2016/1036,

HAS ADOPTED THIS REGULATION:

#### Article 1

1. A definitive anti-dumping duty is imposed on imports of new pneumatic tyres, of rubber, of a kind used: on motor cars (including station wagons and racing cars) and on buses or lorries with a load index not exceeding 121 currently falling under CN codes 4011 10 00 and 4011 20 10 and originating in the People's Republic of China.

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:

Country of origin	Company	Definitive anti-dumping duty (%)	TARIC additional code
The People's Republic of China	Hankook Group: — Chongqing Hankook Tire Co., Ltd — Jiangsu Hankook Tire Co., Ltd — Hankook Tire China Co., Ltd	4,3	88CO
The People's Republic of China	Shandong Yongsheng Rubber Group Co., Ltd	45,3	88CP
The People's Republic of China	Other cooperating companies listed in Annex	24,4	See Annex
The People's Republic of China	All other imports originating in country concerned	45,3	8999

3. The application of the individual duty rates specified for the companies mentioned in paragraph 2 shall be conditional upon presentation to the Member States' customs authorities of a valid commercial invoice, on which shall appear a declaration dated and signed by an official of the entity issuing such invoice, identified by his/her name and function, drafted as follows: 'I, the undersigned, certify that the (volume in unit we are using) of (product concerned) sold for export to the European Union covered by this invoice was manufactured by (company name and address) (TARIC additional code) in (country concerned). I declare that the information provided in this invoice is complete and correct.' Until such invoice is presented, the duty applicable to all other imports originating in the People's Republic of China shall apply.

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

#### Article 2

The Annex mentioned in Article 1(2) may be amended to add new exporting producers from the People's Republic of China and make them subject to the appropriate weighted average anti-dumping duty rate for cooperating companies not included in the sample. A new exporting producer shall provide evidence that: (a) it did not export the goods described in Article 1(1) during the period of investigation (1 January 2024 to 31 December 2024); (b) it is not related to an exporter or producer subject to the measures imposed by this Regulation, and which could have cooperated in the original investigation; and (c) it has either actually exported the product concerned or has entered into an irrevocable contractual obligation to export a significant quantity to the Union after the end of the period of investigation.

*Article 3*

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, 6 July 2026.

*For the Commission*  
*The President*  
Ursula VON DER LEYEN

## ANNEX

**Other cooperating companies**

Company name	TARIC additional code
Anhui Jichi Tire Co., Ltd.	88CQ
CHENG SHIN RUBBER (XIAMEN) IND. LTD.	88CR
CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	88CS
Continental Tires (China) Co., Ltd.	88CT
Cooper (Kunshan) Tire Co., Ltd.	88EV
DONGYING FANGXING RUBBER CO., LTD	88CU
Dongying Zhangao Rubber Co., Ltd.	88CV
Double Coin Group (Anhui) Warrior Tire Co., Ltd.	88CW
Doublestar-Dongfeng Tyre Co., Ltd.	88CX
GITI Radial Tire (Anhui) Company Ltd.	88EW
GITI Tire (Fujian) Company Ltd.	88CY
GITI Tire (Hualin) Company Ltd.	88EX
GUIZHOU TYRE CO., LTD.	88CZ
Goodyear Dalian Tire Company Limited	88EY
HEBEI WANDA TYRE CO., LTD.	88DA
JIANGSU GENERAL SCIENCE TECHNOLOGY CO., LTD.	88EZ
Jining Shenzhou Tyre Co., Ltd.	88DB
KENDA RUBBER (CHINA) CO., LTD.	88DC
KENDA RUBBER (TIANJIN) CO., LTD.	88DD
Kumho Tire (Changchun) Co., Inc.	88FA
Kumho Tire (Tianjin) Co., Inc.	88FB
Nanjing Kumho Tire Co., Ltd.	88FC
NANKANG (ZHANGJIAGANG FREE TRADE ZONE) RUBBER INDUSTRIAL CO., LTD.	88DE
Pirelli Tyre (Jiaozuo) Co., Ltd.	88DF
Pirelli Tyre Co., Ltd.	88DG
Prinx Chengshan (Shandong) Tire Co., Ltd.	88DH
Qingdao Doublestar Tire Industrial Co., Ltd.	88DI
Qingdao Fullrun Tyre Tech Corp., Ltd.	88DJ
QINGDAO NEXEN TIRE CORPORATION	88DK
Qingdao Sentury Tire Co., Ltd.	88DL
Qingzhou Rydanz Rubber Science And Technology Co., Ltd.	88DM
Sailun (Dongying) Tire Co., Ltd.	88DN
Sailun Group Co., Ltd.	88DO

Company name	TARIC additional code
Shaanxi Yanchang Petroleum Group Rubber Co., Ltd.	88DP
Shandong Changlu Hong Tire Co., Ltd.	88DQ
Shandong Duratti Rubber Corporation Co., Ltd.	88DR
Shandong Fengyuan Tire Manufacturing Co., Ltd.	88DS
Shandong Habilead Rubber Co., Ltd.	88DT
Shandong Haohua Tire Co., Ltd.	88DU
Shandong Hongsheng Rubber Technology Co., Ltd.	88DV
Shandong Linglong Tyre Co., Ltd.	88DW
Shandong Lutai Rubber Company Limited	88DX
SHANDONG MIRAGE TYRES CO., LTD.	88DY
Shandong New Continent Tire Co., Ltd.	88DZ
Shandong Province Sanli Tire Manufacture Co., Ltd.	88EA
SHANDONG WANDA BOTO TYRE CO., LTD.	88EB
Shandong Xinghongyuan Tyre Co., Ltd.	88EC
SHANDONG YONGFENG TYRES CO., LTD.	88ED
Shandong Youyue Rubber Technology Co., Ltd.	88EE
Shouguang Firemax Tyre Co., Ltd.	88EF
Sichuan Tyre & Rubber Co., Ltd.	88EG
Sichuan Yuanxing Rubber Co., Ltd.	88EH
Sumitomo Rubber (Changshu) Co., Ltd.	88EI
Sumitomo Rubber (Hunan) Co., Ltd.	88EJ
Tercelo Tire (Qingzhou) Co., Ltd.	88EK
TIANJIN WANDA TYRE CO., LTD.	88EL
TRIANGLE TYRE CO., LTD.	88EM
Wanli Tire Corporation Limited	88EN
ZHAOQING JUNHONG CO., LTD.	88EO
Zhongce Rubber Group Co., Ltd.	88EP
Zhongyi Rubber Co., Ltd.	88EQ
ZODO TIRE CO., LIMITED	88ER