26 November 20017

Preliminary Comments on the EBMA Complaint and the EU anti-dumping proceeding concerning imports of electric bicycles originating in the People's Republic of China

AD 643

Submitted on behalf of the Collective of European Importers of Electric Bicycles

Version open for inspection by interested Parties

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Submission for the attention of the European Commission, Directorate-General for Trade, Directorate H, on behalf of the Collective of European Importers of Electric Bicycles (hereafter called the Collective)

Subject: written submission with reference to the Notice of initiation of an anti-dumping proceeding concerning imports of electric bicycles originating in the People's Republic of China – AD 643

Preamble:

- On 20 October 2017, the Commission has initiated an anti-dumping proceeding concerning imports of electric bicycles originating in the People's Republic of China, AD643.
- In point 5.5 of the Notice, the Commission states: "*Subject to the provisions of this Notice, all interested parties are hereby invited to make their views known, submit information and provide supporting evidence. Unless otherwise specified, this information and supporting evidence must reach the Commission within 37 days of the date of publication of this Notice in the Official Journal of the European Union.*"
- The Collective consists of the companies listed in Annex I to this submission, all fully or partly active in the field of developing imports from the People's Republic of China and possibly elsewhere as well as the commercialization of electric bicycles.
- The companies in Annex I to this submission have decided to establish a Collective aimed at informing the Commission on the absence of well-founded reasons for imposing an anti-dumping duty on electric bicycles imported from China and at explaining the negative consequences for the European Union that would result from such a measure.
- For all further dealings with reference to AD 643, the Collective will use the following address Collective of European Importers of Electric Bicycles, c/o LEVA-EU, Guinardstraat 32, 9000 Gent, Belgium, email leva-eu@telenet.be, tel. +32 9 233 60 05.

The Collective's submission:

Introduction

This submission stems from a group of importers in the EU, some of which have been on the market for a long time and who all share the intention and efforts to develop solid, successful and growing businesses. They have chosen to achieve this by developing long-term relationships with among other Chinese suppliers.

This submission is the voicing of great concerns about the future of their businesses and the impact on European citizens should the EU decide to impose anti-dumping duties on the electric bicycles, which the companies in the Collective imports from China. In the submission, the Collective extensively shows that there is insufficient ground for such duties.

There is no doubt in the minds of the Collective's companies that there are some issues with some Chinese suppliers who are only seeking a "quick win". Their only intention is to briefly surf on the waves of the electric bike success in Europe as well as the growing success of light electric vehicles in general. However, such suppliers have no intentions to establish long-lasting and profound trade relations with the EU.

As we argue further in this submission, the problems caused by these suppliers, need to be tackled, but not necessarily by means of an anti-dumping proceeding.

We are aware that for some elements of our submission the Commission issued earlier deadlines. We found these deadlines rather tight, to say the least. In any case, we required some time to effectively establish our Collective.

In accordance with Article 6.5 of Regulation 2016/1036, and in view of the fact that the Collective represents a substantial number of importers, the Collective herewith declares to be an interested party. The companies in the Collective are likely to be affected by the result of the proceeding. For that reason and with a view to further clarifying this submission, the Collective requests a hearing.

In accordance with Article 6.7 of Regulation 2016/1036, the Collective requests to inspect all information made available according to this article.

The Collective reserves the right to expand upon and address all issues and submissions arising and presented in the course of this proceeding.

As an interested party, the Collective wishes to submit the following preliminary comments on the issues raised in the Commission's Notice of Initiation 2017/C353/06 following the Union Industry's Complaint of 7 September 2017.

1. Proceeding based on legislation in breach of WTO rules

The Complaint has been made according to the Basic Regulation, which is in breach of the Protocol of Accession of the People's Republic of China to the WTO.[1] Article 15 (d) states: "(…) *In any event, the provisions of subparagraph (a)(ii) shall expire 15 years after the date of accession.* (…)" Since expiry took place end of last year, WTO Members may no longer use a methodology that is not based on a strict comparison with domestic prices or costs in China, if the producers under investigation cannot clearly show that market economy conditions prevail in the industry producing the like product with regard to manufacture, production and sale of that product.

The European Union has not respected this deadline and failed to amend the Basic Regulation on time. The Proposal for an amending Regulation was only published on 9 November 2016. Although the Proposal is still awaiting approval from Parliament and Council, there is a political agreement[2]. In this framework, the Collective finds it unacceptable that this Complaint has been accepted and is being treated, not only in accordance with European legislation in breach of WTO rules, but also along lines which go diametrically against the spirit and the objectives of a Proposal to amend this breach of WTO-rules, a Proposal on which the EU has reached a political agreement.

What's more, the choice of Switzerland as analogue country also goes diametrically against the spirit and objectives behind the changes in the Proposal for amending the Regulation: "*The analogue country methodology would cease to apply to those WTO members currently classified as NMEs. The standard approach, which uses domestic prices and costs, would apply to all WTO members. But, in case of substantial market distortions the Commission would be allowed under Article 2(6a) to construct values based on 'costs of production and sale reflecting undistorted international prices, costs, or benchmarks, or corresponding costs of production and sale in an appropriate representative country with a similar level of economic development as the exporting country'.*"[3]

This Proposal not only eliminates the market economy criteria, it also reverses the burden of proof. The Commission will have to prove the existence of market distortions allowing for the application of the alternative method, i.e. the use of a constructed value.

Completely contrary to the above, the Commission has provisionally chosen, in accord with the Complainant, Switzerland as the most suitable analogue country. To us, this comparison appears neither appropriate, nor convincing to prove China is dumping electric bicycles in Europe through undercutting and underselling.

[1] Accession of the People's Republic of China, Decision of 10 November 2001by the Ministerial Conference, retrieved on 15/11/2017 from https://docsonline.wto.org/dol2fe/Pages/SS/DirectDoc.aspx?filename=t%3A%2Fwt%2Fl%2F432.doc&

[2] Anti-dumping: EU agrees on new rules for protecting its producers against unfair trade practices, retrieved on 16/11/2017 from http://www.consilium.europa.eu/en/press/press-releases/2017/10/11/anti-dumping-unfair-practices/

[3] European Parliament Briefing – Protection from dumped and subsidised imports, retrieved on 15/11/2017 from http://www.europarl.europa.eu/RegData/etudes/BRIE/2017/595905/EPRS_BRI%282017%29595905_EN.pdf

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2. Comments on the Complaint

a. Inaccurate lists of interested parties

The Collective sincerely doubts whether the identification of the different interested parties meets the formal requirements of Regulation (EU) 2016/1036 on protection against dumped imports from countries not members of the European Union, hereafter called the "Basic Regulation".

The Complaint does not contain a list of all known Union producers of the concerned product, nor a description of the volume and value produced by these producers, as required by Article 5.2.a. In the open version of the Complaint there is no reference to such information in the confidential version. Consequently, it is impossible for interested parties to examine whether the Complaint has been made on behalf of those Union producers whose collective output constitutes more than 50 % of the total production of the like product produced by that portion of the Union industry expressing either support for or opposition to the complaint. Furthermore, TNT Cycles is mentioned both in the producers' and importers' list. BH Bikes Europe S.L. has been selected by the European Commission for the sample of unrelated importers, whilst in the Complaint the company is listed as part of the EU Industry.

The list of EU importers is totally inaccurate. This inaccuracy is proven by the fact that none of the companies who are signatories of this submission are listed as importers in the Complaint. On the other hand, quite a few companies which are on the list are not importing, among others Moore Large, Sportex AB, Aldi Group, Lidl Dienstleistung GmbH, Auchan Group SA, Carrefour, E.Leclerc, Toys R Us Ltd, …. Any calculations and/or information on these companies used by the Complainant to argue the Complaint should be dismissed.

As for the Chinese producers, the Complainant produces an extremely lengthy list of companies. It is virtually impossible to check whether each of these companies produces and/or exports the like product.

Even though Bosch has not been listed as an interested party, the Collective is baffled how Complainant uses Bosch to make the case for anti-dumping. The Complainant uses Bosch and at the same time abuses Bafang. It is utterly unacceptable for the Complainant to accuse Bafang at length of among other things subsidization without producing any evidence. This is all the more peculiar given that several companies supporting the Complaint, are buying from a supplier whom they accuse through this Complaint of illegal trade practices. On the other hand, there is more than one press article on Bosch receiving various kinds of aid[4].

We do not understand the relevance of arguments pertaining to components for a dumping complaint on electric bicycles. From our experience, Bafang is one of those Chinese suppliers who, for quite a few years now, has been working on establishing serious, long-term trade relationships with the EU. In order to be able to provide European customers with the information and service

[4] Retrieved on 17/11/017 from https://global.handelsblatt.com/companies-markets/germany-asks-e-u-to-allow-subsidies-for-microelectronics-717907, http://www.manager-magazin.de/unternehmen/it/bosch-baut-chipfabrik-milliarden-investition-in-dresden-a-1152881-2.html, https://hipa.hu/bosch-creates-600-new-jobs-in-hatvan

they require, Bafang has set up European headquarters including a service centre in the Netherlands.

The prominent role of Bosch in the Complaint, strengthens our impression that this Complaint is an anti-circumvention complaint in the making. Should anti-dumping duties be followed by anti-circumvention measures, then the whole European electric bicycles business, including the European producers of electric bicycles will sustain very considerable damage and reduction of competition may well further deteriorate into the creation of monopolies. The production of components for electric bicycles in Europe is by no means at a level to supply the demand that would result from anti-circumvention measures. The consequences of such shortage would be incalculable.

The Complainant quite systematically accuses both Chinese producers and Bafang of receiving government subsidies. Apart from the fact that there is no evidence available for these allegations, these do not belong in a dumping complaint. If relevant, this issue must be addressed by an anti-subsidy proceeding, which offers the correct rules for such a case.

The Collective urges the Commission to dismiss all references to Bosch and Bafang in the Complaint.

b. Calculation Methodology for dumping margins

As explained in point 1, the Commission's intended procedure of using an analogue country to calculate the exporters' normal value is in breach of the EU's legal obligations under WTO. Therefore, the Collective contests this methodology.

Without prejudice to that position, the Collective strongly objects to the Commission's provisional choice of Switzerland as analogue country. Switzerland is not an appropriate third country. Complainant does not offer any evidence of the fact that there is considerable production in Switzerland that allows for a fair comparison. Electric bike sales were at 75,665 in 2016, but Complainant does not offer solid figures to establish the level of production for that total. What's more, Complainant admits in footnote 49 to point 65 of the Complaint that "*there is no public data available on e-bike production in Switzerland.*" and keeps the production mentioned for some of the 38 brands on the Swiss market confidential.

Switzerland can by no means be considered as a country with a similar level of economic development as China. The cost of labour in Switzerland for instance is among the highest in Europe: average monthly wage in Switzerland in 2016 was € 5,370, compared to for instance € 1,064 for Bulgaria or € 1,130 for Portugal. In China, average monthly wage in 2016 amounted to € 730 per month[5].

Reportedly[6], of the 76,665 electric bicycles sold in 2016, 16,189 were speed EPACs, i.e. 22% of all electric bicycles sold in Switzerland. No other market in the world has such a high share of speed EPACs.

[5] Retrieved on 15/11/2017 from https://tradingeconomics.com/country-list/wages

[6] E-Bike Sales Growth Continues in Switzerland, retrieved on 25/11/2017 from http://www.bike-eu.com/sales-trends/nieuws/2017/6/e-bike-sales-growth-continues-in-switzerland-10130411

Complainant states in point 66: "*Swiss producers have the same or similar methodology and equipment as Chinese producers (and the EU producers).*" Apart from the fact that this statement is incorrect, complainant completely ignores that cost of production in these two countries is a world apart.

In point 29, Complainant explains that the Complaint is to do with 25 km/h – 250W EPACs rather than with speed EPACs: "*The lack of a specific regulatory framework for type-approval of speed EPACs before January 2017 made it very difficult if not impossible to sell speed EPACs in many EU Member States, whether those produced by the EU industry or imported. The Complaint therefore focuses on EPACs in analysing EU e-bike imports from China and third countries.*"

Apart from the fact that the statement on the regulatory framework is also manifestly incorrect, the Complainant does not shy away from proposing an analogue country with the relatively highest sales of speed EPACs in the world.

With that, Complainant fails to mention that both in Switzerland and in the EU, technical regulations for speed EPACs are complex to a point where the legally required type-approval is a very considerable factor in overall costs.

Furthermore, the Collective challenges point 29 of the Complaint because before January 2017, there was a specific regulatory framework for the type-approval of speed EPACs, i.e. Directive 2002/24. All Stromer (Swiss producer) speed EPACs, just to name one example, have been type-approved according to this Directive until Regulation 168/2013 definitely entered into force.

In conclusion, it is incoherent and unacceptable to use the country with the relatively highest sales of speed EPACs in the world as analogue country in a Complaint that focuses on EPACs (i.e. 25 km/h – 250W) in analysing EU e-bike imports from China and third countries.

The Collective believes that this proceeding should anticipate the legally required amending of the Basic Regulation by a least choosing a third country with "*a similar level of economic development as the exporting country*".

c. Comments on injury

i. Questionable validity of import/export data

It is very peculiar that Complainant in point 85 states that, although for all other third countries imports are based on Eurostat figures, for China import data are based on Chinese export statistics obtained from Chinese customs. There is no further explanation in the Complaint as to this choice.

Complainant did give an explanation on this differentiation to the European trade paper Bike Europe. In an article of 7 November[7], Complainant explains that the Eurostat figures for import of electric bicycles from China were "*polluted*". According to the Complainant, the Eurostat figures included among other things hoverboards and conventional bicycles, in order to avoid import duties and circumvent anti-dumping duties.

[7] EBMA Counters Comments on Unjust Use of Import Data in E-Bike Dumping Case, retrieved on 15/11/2017 from http://www.bike-eu.com/laws-regulations/nieuws/2017/11/ebma-counters-comments-on-unjust-use-of-import-data-in-e-bike-dumping-case-10131902

In the article, the Complainant states: "*We examined very carefully all China customs data with all the descriptions of each export. Our investigating team in China did a very complicated and detailed work for the last 3 years.*" In other words, for 3 years and counting, Complainant was aware of illegal trade practices, i.e. circumvention of duties, but took no action what so ever against these practices. And whilst these practices continue, Complainant engages in a dumping Complaint, which is based on a highly debatable argumentation.

Contrary to Article 18.5 of the Basic Regulation, which mentions checking procedures based on among other things "*official import statistics*", Complainant uses checks based on export statistics.

As the Notice says, these proceedings concern imports of electric bicycles. The European Commission confirms on its website about Eurostat statistics that "*These Statistics on the international trade of goods measure the value and quantity of goods traded between EU Member States (known as intra-EU trade) and goods traded by Member States with non-member countries (known as extra-EU trade). These statistics are the official source of information about imports, exports and the trade balance in the EU, its Member States and the euro area.*"[8]

Therefore, we believe Complainant should not be allowed not to use Eurostat imports to argue their case, and instead to appeal to export statistics provided by custom services of a country that in the Complaint is being extensively accused of causing injury to the European industry by using illegal trade practices.

We also believe that it is unacceptable for the Commission to ignore this proof of circumvention established by Complainant. These alleged practices are tainting the evidence to a point that they prevent a fair assessment of this Complaint.

As a by the by, the "*full export stats*" in Annex 25, to which Complainant refers by footnote 59 under point 85 are totally illegible. This makes a careful assessment of the information impossible. Furthermore, the Collective questions the principle of classifying these export statistics as confidential.

ii. Import values

Complainant explains in point 135: "*In sum, while Eurostat figures appear to indicate that imports from Vietnam may be dumped and undercutting, there is a strong indication that the imports are not complete EPACs and in any event the (finished) products are not sold at injurious price levels on the EU market.*"

With that, the Collective notes that the values for the import of Chinese electric bicycles, reported by the Complainant based on the statistics from Chinese customs are very similar to the values reported for electric bicycles from Vietnam, based on Eurostat data.

	2014	2015	2016	IP
China	€ 448	€ 492	€ 532	€ 510
Vietnam	€ 435	€ 539	€ 542	€ 543

[8] Retrieved on 15/11/2017 from http://ec.europa.eu/eurostat/statistics-explained/index.php/International_trade_in_goods

The increase of the Chinese share on the European market is also quite similar to the increase of imports from other countries.

	2014/2015	2015/2016
China	+3.7%	+3.1%
Other countries	+3.2%	+2.1%

Complainant goes at length to explain in point 132 to point 135 that, although Eurostat figures appear to indicate that imports from Vietnam may be dumped and undercutting, "*there is a strong indication that the imports are not complete EPACs and in any event the (finished) products are not sold at injurious price levels on the EU market.*" According to Complainant it is allowed to import incomplete EPACs into the EU under the same CN Code as complete vehicles.

Why does Complainant apply this assumption to Vietnam and not to China? Considering the highly acclaimed virtues of the Bosch motor, it seems quite likely that some European customers also prefer final assembly with (at least) the engines, batteries and computers in the EU.

iii. Unrealistic normal value

As for dumping, the normal value quoted in Annex 22 is exceedingly high. The lowest normal value quoted is € 1,782. The addition of, as an example, 20% margin for the importer and 30% for the dealer plus VAT (21% in Belgium) results in a retail price of € 3,364. This is way above the average selling price for electric bicycles in Belgium which was reported at € 2,260[9] in 2016. With that, it must be noted that sales of electric bicycles in Belgium are mainly in middle and upper price range. The Belgian average selling price, together with among others the Dutch, German and Danish prices, is at a level which is way above the level in all other member states, including France and the UK. Table 6 in point 93 mentions an average EU sales price for the IP of € 1,400. This is further evidence of the disparity between normal value and reality.

Furthermore, in countries where consumers mainly buy high quality electric bikes in the upper price range, there are still low- and mid-range electric bicycles available not necessarily originating in China. The Dutch Consumers' organization (Consumentenbond) has tested electric bicycles in three different price categories and published the result on their website. In the category "cheap electric bicycles", they have tested 3 models, among which the Sparta MOJO Electric with a recommended selling price of € 1.125. In the "average price" category, they tested another Sparta model, F8e, which in June 2015 was advertised at € 1,900 but by June 2017 could be found online for € 1,450. Finally, in the category "expensive" the organization tested a Batavus Stream. This bike was being offered online for less than € 2,000. Both Sparta and Batavus belong to the Accell Group, supporter of the Complaint.

[9] Retrieved on 16/11/2017, from https://www.becycled.be/magazine/belgische-fietsverkoop-2016-elektrische-fiets-damesfietsen/

Another example to show that normal value is unacceptably high. Kildemoes is a Danish brand belonging to the Cycleurope Group. Their electric bicycle programme[10] has a price range from approximately € 1,750 to € 2,690. Gitane, another Cycleurope brand operating in France, starts its electric bike programme at € 1.099[11].

All this shows that normal value used in the Complaint is not in keeping with reality.

We are unable to comment on the Chinese export prices since all relevant information behind those calculations is confidential. However, we would like to reiterate that they are very similar to Vietnamese export prices.

iv. Injury

For injury, the Complainant offers the following arguments.

According to point 73, Chinese bicycle and e-bike producers have enormous structural production overcapacity fed by government subsidies. However, Complainant fails to produce any evidence to substantiate these allegations. And as argued before, a dumping complaint is not the correct procedure to tackle alleged subsidization.

Despite alleged "*price wars to foreign markets, destroying local industry with heavily dumped and undercutting prices*", the European EPAC market "*was growing strongly*" (point 75). Furthermore, EU consumption of E-bikes increased by 55% over the period of consideration! In point 86, Complainant reports growing demand resulting in sale for both EU industry and imports to increase. In point 87, Complainant reports loss of market share for the EU industry but fails to specify that for the companies supporting the Complaint this loss was 2% in an explosively growing market.

The 2016-results of one of the biggest members of the group supporting the Complaint do not reflect the doom and gloom so widely spread out in the Complaint. We quote from the 2016 annual report on the Accell Group: "*Accell Group achieved a milestone in 2016 by generating, for the first time in its existence, a turnover of more than € 1 billion. (…) Net turnover grew by 6.3% and was, in particular due to higher sales of (sporty) e-bikes and advanced sports bikes, while demand for conventional (non-electric) bikes and simple sports bikes declined. (…) Added value (net turnover minus costs for material and inbound transport costs) as a percentage of turnover was 30%. (…) Turnover in e-bikes increased by 33%. (…) Following the increase of equity, solvency went up from 41.8 to 45.4%. (…) The return on capital employed (ROCE) at the end of the financial year increased from 11.0% to 12.2%.*"[12]

As for the numbers published in Point 90, Complainant fails to report whether these are Eurostat or Chinese customs' figures.

[10] Retrieved on 16/11/2017, from https://www.kildemoes.dk/categories/elcykler-6/
[11] Retrieved on 16/11/2017, from http://www.velo-oxygen.fr/electrique/1267-organ-e-bike-lady-2018.html#
[12] Retrieved on 17/11/20107 from http://annualreport2016.accell-group.com/docs/Accell_AR_2016/?nr=26&r_code=Accell_AR_2016

It is unacceptable that Complainant uses the case of Mitteldeutsche Fahrradwerke (Mifa) as proof of injury. In a Bike Europe article of 20 December 2016, CEO von Nathusius explains that in the newly constructed factory "*we have started with the production for our supermarket customers, while later in the season we will shift to mid and high-end bicycles as well as e-bikes*." So Mifa wasn't even producing any e-bikes yet.

A few weeks later, the company files for insolvency despite having "*orders for next Spring for 100.000 bicycles*"[13]. One of the reasons for this decision was lack of financial means to source the necessary components for these bikes. Apart from that, the reasons for the decision remain unclear, according to Bike Europe.

As for the undercutting and underselling calculations in point 101, we refer to our remarks about the normal value used by the Complainant. Again, EU EXW prices as stated in Annex 29 are high to a point that they do not square with reality.

v. Material injury and threat of material injury

In arguing material injury and threat of injury, Complainant uses surprisingly extravagant arguments, such as the link between the alleged illicit trade practices to the bike-sharing boom in China and the prediction that "*millions of Chines factory workers and low-level employees*" are unlikely to swap their throttle-driven vehicles for EPACs. The Collective fails to understand the relevance of these points in the argumentation for material injury and threat of injury.

In 2016, the EU producers increased their sales by just under 13% Their production capacity in that year increased with 20%, the supporting producers even with 27.2%. That year, Chinese import volumes increased with 122,000 units compared to 2015, imports from other countries with 65,000, so the total increase amounted to 187,000 units. This is 379.000 units less than total overcapacity (566,000) in the EU industry. Consequently, the severe drop in the utilization rate (-12%) cannot be attributed in full to increasing Chinese imports. Remarkably enough, Chinese imports did not prevent the utilization rate in 2015 from improving with 6%.

From the figures stated by Complainant it is not possible to make out if production capacity relates exclusively to electric bikes or whether it could also relate to production of conventional bicycles. It seems to us that at least part of this overcapacity could be attributed to the well reported general decrease of conventional bike sales rather than underutilized capacity for electric bicycles.

The Collective also wishes to point out that the EU production figures in the Complaint are inconsistent with those reported by the Confederation of the European Bicycle Industry (CONEBI). The 2017 CONEBI "*Industry and Market Profile*"[14] states EPAC production of 1,030,00 in 2015 and 1,164,000 in 2016 as opposed to respectively 1,023.000 and 1,004,000 in the Complaint.

Table 2 in point 86 of the Complaint shows an overall growth of EU sales in the period considered. With that, sales of EU producers supporting the Complaint grew by 45% in this period. Only EU producers not supporting the Complaint experienced a reduced level of year-on-year sales growth. The Collective fails to understand how these results can be presented as evidence of material injury.

[13] Retrieved on 16/11/2017 from http://www.bike-eu.com/home/nieuws/2017/1/mifa-stakeholders-disagree-on-further-funding-10128693
[14] European Bicycle Market 2017 – Industry and Market Profile, p. 19, retrieved on 25/11/2017 from http://www.conebi.eu/facts-and-figures/

Despite the alleged dumping and injury, job creation in the EU industry also continued throughout the 3 reported years. The statement in point 96 that employment growth "*slowed down significantly*" is manifestly incorrect. It grew with 9% in 2015 and with just under 12% in 2016.

In this framework, the Collective wishes to underline the following. Whilst Complainant calls for actions against Chinese imports with a view to, among other things, preserving jobs, it should be taken into account that such actions will result in job losses, not only among importers, but just as importantly, among dealers. Job losses must be anticipated as a result of reduced competition.

According to Complainant, the bicycle industry, which produces electric bicycles next to conventional bicycles, directly employs 45,000 people. Apart from the fact that this number is irrelevant for EU employment related to electric bicycles, we would like to add some nuance to this statement. The single most important employer in the sector is in retail, not in manufacturing. In 2010, the former European Twowheel Retailers' Association (ETRA) estimated the number of (e-)bike dealers at 30 to 35,000 and total employment around 90,000. With anti-dumping duties on Chinese imports, the offer for these dealers and their customers, the EU citizens, will be severely reduced both in terms of brands and price ranges. Shrivelling competition will result in shrinking number of dealers and their staff.

vi. Threat of injury to the EU and EU citizens

The reason why the Collective submits this extensive counter-argumentation is because we believe that it is exactly potential anti-dumping duties that cause a threat of injury, more specifically injury to the European electric bike market and therefore to the European citizens.

The Collective has strong suspicions that this Complaint is based on the ultimate objective to create a hidden non-tariff trade barrier rather than tackling a real illicit trade practice. Complainant represents companies, which to a large extent are active in mid- and high-range electric bicycles. There is a however also a considerable market for lower-range products. The companies supporting the Complaint aim to prevent non-EU producers to supply this market. Furthermore, should anti-dumping duties be imposed, this will ensure that Chinese producers are also prevented from being active in the mid- and high-range market since, as a result of the anti-dumping duties, Chinese producers will no longer be able to supply a competitive product in any of these ranges.

If Complainant achieves these two objectives, i.e. prevent Chinese producers to supply the low end as well as developing mid- and high range products, that will result in shrinking competition, which in turn will bring about a reduction of choice and higher prices for the European consumers.

In fact, the Complainant explains all this himself in point 168: "*Indeed, the demand by consumers for better quality, more safety and lighter weight in the best and richest bicycle and e-bike market in the world, Europe, has been the driving force of innovations, and EU producers have listened and quickly responded, as the increase in e-bike consumption unequivocally shows. For that reason, EU consumers, represented by the European Cyclists' Federation ("ECF"), have on many occasions clearly underlined the importance of having a strong bicycle industry in the EU.*"

It is a manifest falsehood for the Complainant to suggest support of ECF. They may have underlined the importance of a strong business in the EU, which is not the same as a strong EU industry. Many ECF-members ride bikes which have been produced outside Europe.

In point 168, Complainant refers to a document in Annex 33, which does not hold any statements from ECF in favour of a strong EU industry as suggested by Complainant. The document is an article about ECF's Cycling Industry Club in which SRAM President Stan Day says: "*The global brands such as ourselves, SRAM and Giant are the largest supporters of the Cycling Industry Club.*" SRAM is an American company and Giant is a Taiwanese company with production facilities in among other China as well as in the Netherlands.

Just like the Complainant, the Collective has a deep belief in the potential contribution of electric bicycles and other light electric vehicles to sustainable mobility, but also to improvement of public health, combatting climate change, greening the economy and creating jobs as well as improving overall quality of life. However, if the consumer is confronted with a lack of choice, because of trade restrictive measures, which are reducing competition, it is very likely that this consumer will turn away from electric bicycles and will rather continue using unsustainable means of transport to the detriment of our society as a whole.

3. <u>In conclusion</u>

In conclusion, the evidence for dumping, injury and causal link presented in the Complaint is very feeble and unconvincing.

The Collective firmly believes that the complainant does not provide convincing evidence for dumping and that the potential imposition of anti-dumping duties will seriously harm the electric bicycle sector in the EU as well as EU citizens and society as a whole. Therefore, this proceeding should be terminated without any further measures.

Annex List:

- Annex 1: list of companies belonging to the Collective (Limited)
- Annex 2: information on the Collective