Trade Remedies Authority

Recommendation to the Secretary of State

Transition review of an anti-dumping measure applying to electric bicycles originating in the People's Republic of China (PRC)

Review No. TD0037

28 November 2024

Contents

SECTION A: Introduction

1. This section briefly summarises the legal framework for this recommendation and the Trade Remedies Authority (TRA)'s main findings.

2. This document sets out our recommendation and the essential facts on which we have based our recommendation. It should be read in conjunction with other public documents available for this case on the public file. Its purpose is to set out our recommendation to the Secretary of State.

3. For further guidance and information regarding transition reviews, please see our public guidance.

A1 Legal framework

4. This recommendation is made pursuant to regulation 100(1), 100(2)(a)(ii), and 100B of the Trade Remedies (Dumping and Subsidisation) (EU Exit) Regulations 2019[1] (the Regulations). In accordance with regulation 100(2)(b) of the Regulations, this recommendation includes:

    - a description of the goods to which the recommendation relates;
    - the name of overseas exporters;
    - a summary of the review; and
    - the reasons for the recommendation.

A2 About this review

5. At the time, the Secretary of State for International Trade (currently the Secretary of State for Business and Trade) (the Secretary of State) published a Notice of Determination, under regulation 96(1) of the Regulations, setting out the decision to transition the corresponding EU trade remedies measure, and a Taxation Notice, before replacement of the EU trade duty. The TRA conducts transition reviews to determine whether the measures in the Notice of Determination and Taxation Notice should be varied or revoked in the UK.

6. This recommendation is in respect of a transition review of a United Kingdom

(UK) trade remedies measure pursuant to regulation 97(1) and (2)(b) of the Regulations. The Taxation Notice 2020/24 gives effect to the European Union (EU) Trade Remedies measure specified in Notice of Determination 2020/24. The relevant EU measure is the European Commission (EC) Implementing Regulation 2019/73.

7. This review concerns the anti-dumping measure applying to electric bicycles (e-bikes) originating in the People's Republic of China (PRC). The Notice of Initiation (NOI) was published on 22 May 2023. The scope of the measure transitioned by this review, as detailed within the NOI, is defined in section D.

8. The Period of Investigation (POI) for the review is 01 April 2022 to 31 March 2023. To assess injury, we examined the period 01 April 2019 to 31 March 2023 (the injury period).

9. On 24 May 2024, pursuant to regulation 62 of the Regulations, we published our Statement of Essential Facts (SEF). Interested parties were invited to make submissions within 21 days of the publication.

10. We received six submissions in response to the SEF from the following parties:

- Raleigh UK Ltd. (Raleigh), who are an importer of e-bikes to the UK and were registered to the case;
- Orbea UK Ltd. (Orbea), who are an importer of e-bikes to the UK but were not registered to the case;
- Oneway Bike Industry BV (Oneway), who are an importer of e-bikes to the UK but were not registered to the case;
- Brompton Bicycles Ltd. (Brompton), who are the participating UK producer registered onto the case;
- The China Chamber of Commerce for Import and Export of Machinery and Electronic Products (CCCME), who are registered onto the case; and
- The Government of the PRC (the GOC) through its Ministry of Commerce (MOFCOM), who are registered onto the case.

11. The submissions made by the importers mentioned above and Brompton have been titled and make reference only to the parallel subsidy investigation into e-bikes (TS0038) and therefore were not published to the public file of this case, nor have they been commented on within this recommendation.

12. We have considered the other SEF comments received from parties and have addressed points made in the relevant sections of this recommendation.

SECTION B: Summary and Findings

B1 Likelihood of dumping assessment

13. In accordance with regulation 99A(1)(a) of the Regulations we assessed whether dumping of the goods subject to review would be likely to continue or recur if an anti-dumping amount was no longer applied (the likelihood of dumping assessment). We determined that it is likely, on the balance of probabilities, that dumping of the goods subject to review from the PRC would recur if the measure were no longer applied.

B2 Likelihood of injury assessment

14. In accordance with regulations 99A(1)(b) of the Regulations, we considered whether injury to the UK industry in the relevant goods would be likely to continue or recur if the measure were no longer applied (the likelihood of injury assessment). We determined that it is likely, on the balance of probabilities, that injury would recur if the measure were no longer applied to the goods subject to review.

B3 Economic Interest Test (EIT)

15. In accordance with paragraph 25 of Schedule 4 to the Taxation (Cross-Border Trade) Act 2018 ("the Act"), the EIT is met in relation to the application of an anti-dumping remedy if the application of the remedy is in the economic interest of the United Kingdom.

16. Overall, we consider the negative impacts on the UK economy of imposing the measure to be disproportionate to the benefits of extending the measure. The disparity between the costs and the benefits would be less severe if the measure were to only apply to folding e-bikes but we still consider that the negative impacts of the measure would be disproportionate to the benefits. Therefore, we conclude that the EIT is not met and recommend that the anti-dumping duty on e-bikes be revoked.

B4 Final recommendation to the Secretary of State

17. In accordance with regulation 100(1) of the Regulations, the TRA must make a final recommendation following a transition review, to vary or revoke the application of the anti-dumping amount to the relevant goods.

18. Our preferred option within our recommendation is to revoke the application of the anti-dumping amount under regulation 100(1) of the Regulations for the goods subject to review originating from the PRC. We recommend that the anti-dumping amount is revoked from 19 January 2024 in accordance with regulation 100B(2) of the Regulations.

19. We make this recommendation on the grounds that we have assessed that it is likely that dumping would recur from the PRC, if the measure were no longer applied; that injury would recur to the UK industry if the measure were no longer applied; but that the continuation of the measure does not meet the EIT.

20. In reaching this recommendation, we considered the current and prospective impact of the measure with respect to regulation 100A(2)(b) of the Regulations.

SECTION C: Background

C1 Initiation of the transition review

21. On 22 May 2023, the TRA initiated a transition review into the anti-dumping measure relating to e-bikes originating from the PRC.

C2 Participation in the investigation

22. The TRA invited interested parties and contributors to register in order to participate in the review. 'Annex A: Interested parties and contributors' contains a summary of information received from all interested parties and contributors.

C2.1 UK Industry

23. The UK producer Brompton Bicycle Ltd. (Brompton) registered an interest in the case, submitted information and represent the UK e-bike industry.

24. We are aware of other UK producers of e-bikes but no other UK producers aside from Brompton registered an interest to the case or submitted information.

25. The China Chamber of Commerce for Import and Export of Machinery and Electronic Products (CCCME) in their additional submission in January 2024 (see Contributors section below), expressed concern that there was 'a questionable existence of a UK domestic industry' and that Brompton's data is not representative of the UK industry.

26. Brompton's volume of production is estimated to account for more than 50% of the overall UK production during the POI, much larger than the estimated production quantities of the other identified potential UK producers. Estimated UK production was provided with the UK Bicycle Association Market report. The underlying data is accessible via subscription only and has therefore not been disclosed due to confidentiality.

27. We estimate that Brompton account for 60% of total employment of UK e-bike producers according to employment figures from the most recent published accounts of known UK e-bike producers.

28. Since Brompton meets the definition of "UK industry" under paragraph 6(1)(b) of Schedule 4 of the Act, that is, producers 'whose collective output of like goods constitutes a major proportion of the total production in the United Kingdom of those goods', it will be treated accordingly for the purposes of this investigation, particularly within the injury assessment.

C2.2 Exporters/Producers from the PRC

29. Overseas exporters and overseas producers that registered their interest in the case are included in 'Annex A: Interested parties and contributors'.

30. Due to the number of responses to the pre-sampling questionnaire received during the registration period, with respect to Regulation 56(3)(b) of the Regulations, the TRA limited its examination of overseas exporters. The TRA published a notice of proposed sample on 23 June 2023 that was based on sampling two companies with the largest volume of exports and two companies with the largest volume of exports and domestic sales.

31. The overseas exporters selected to be within the sample were:

- Zhongxin Power (Tianjin) Bicycle Co. Ltd (Zhongxin)
- Jinhua Vision Industry Co. Ltd (Vision)
- Changzhou HJ Pedal Co. Ltd (HJ Pedal)
- Giant Electric Vehicle (KunShan) Co. Ltd (Giant China)

32. On 30 June 2023, Giant China, via their legal representatives, outlined that they would not be able to submit the questionnaire response.

33. On 14 July 2023 we received notification from 'Zhongxin' that they had considered our request but that they would not be submitting a questionnaire to the review team.

34. On 21 August 2023 we published an updated notice of proposed sample that was based on sampling two companies with the largest volume of exports and three companies with the largest volume of exports and domestic sales, which included those named above as well as:

- Changzhou Merrygold Machinery & Electronic Co. Ltd (Merrygold)

C2.3 Importers

35. Merida Bicycles Ltd (Merida) submitted a pre-sampling questionnaire (PSQ) which was published to the public file on 29 June 2023. They were asked to provide a questionnaire via email on 4 August 2023, but no response was received.

36. Halfords Limited (Halfords) submitted a PSQ which was published to the public file on 29 June 2023. They replied to say that they would not be completing the full importer questionnaire.

37. Raleigh UK Ltd (Raleigh) submitted a PSQ which was published to the public file on 23 August 2023.

38. Madison Cycles Limited (Madison) submitted a PSQ but did not provide a satisfactory non-confidential version. They were asked to complete a full importer questionnaire via email on 4 August 2023, but this was not received.

C2.4 Foreign Government

39. The Government of the PRC (the GOC) registered its interest in the case through its Ministry of Commerce (MOFCOM). MOFCOM submitted a pre-sampling questionnaire and full questionnaire to the review team. They also submitted comments on the SEF which were published to the public file on 20 June 2024.

C2.5 Contributors

40. CCCME registered an interest in the case and has submitted a full questionnaire, published to the public file on 16 October 2023. Additionally, they submitted additional comments to the case team on 23 January 2024 which were published to the public file on 2 February 2024 and comments on the SEF published to the public file on 20 June 2024.

41. With regard to the CCCME additional comments which included the claim of a ‘lack of transparency in the present reviews’ due to the ‘absence of non-confidential summaries’ for the participating domestic producer. We identified confidential information within the original non-confidential submission, and required the party to resubmit the submission, which delayed the publication. Additionally, to improve the transparency, we approached

the UK industry to request an amended non-confidential annex, which would contain fewer redactions and this was published on 6 March 2024.

42. The Bicycle Association of Great Britain (BAGB) registered an interest in the case and completed a PSQ that was published on 14 June 2023.

C2.6 How we have used submitted data

43. Throughout this transition review, we have used submitted data as part of our evidence base upon which we have made our assessments and formed our conclusions. We have compared submitted evidence against the totality of relevant evidence available to us – whether this is evidence submitted by other interested parties; evidence taken from purchased publications or publicly available data from governmental and other sources.

44. In addition to information submitted, secondary source information was used in accordance with the Regulations. This secondary information was treated with special circumspection and, where practicable, verified using independent sources. This included, but was not limited to, official import statistics and data pertaining to relevant markets.

45. We considered whether it was appropriate, pursuant to regulation 99A(2)(a)(i) of the Regulations, to recalculate the anti-dumping amount. In doing so, we considered a number of factors including whether the existing measure was affecting the supply of e-bikes into the UK during the POI and injury period, and therefore potentially distorting any recalculation and the lack of cooperation from overseas exporters. Taking these factors into consideration, it was considered not appropriate to recalculate the anti-dumping amount.

C2.7 Verification of data

46. We undertook verification activities in relation to the information provided by the cooperating interested parties, during which we assessed the completeness, relevance, and accuracy of that information. We have had regard to the information supplied by interested parties and contributors, provided that this:

- complied with our statutory obligations and public guidance;
- was verifiable;

- could be used without undue difficulty; and
- was supplied within an applicable time limit and in a form that the TRA requested.

47. We conducted both on-site and remote verification during this review.

48. We visited Brompton's Headquarters in Greenford, London on 06 November 2023 to carry out an initial walkthrough of their accounting systems for verification purposes. We conducted a follow up verification visit between 21 to 23 November 2023. Details of the verification work completed can be found in our verification report on the public file.

49. We conducted a virtual walkthrough of Vision's accountancy systems on 31 October 2023. This was followed up with a more detailed verification activity, conducted virtually between 5 & 6 December 2023. Details of the verification work completed can be found in our verification report on the public file.

50. Although Merrygold's data is considered verifiable, a decision was taken not to undertake specific verification activity as it was less representative of the Chinese market, in that they submitted very little data on domestic sales. The data has, however, been taken into account where relevant in the analysis and conclusions within this review.

SECTION D: The Goods and Like Goods

D1 Description of the goods subject to review

51. The goods subject to review are electric bicycles originating from the PRC and exported to the UK, described in the NOI as:

    - Cycles, with pedal assistance, with an auxiliary electric motor.

52. The commodity codes under which these goods are categorised are:

    - 8711601000
    - 8711609010

D2 Scope

53. Regulation 99A(2)(a)(ii) of the Regulations makes provision for the TRA to consider, within the conduct of a transition review, whether the goods or the description of the goods to which an anti-dumping amount is applicable should be varied.

54. Within their submission dated 23 January 2024, CCCME requested that the TRA should consider changing the scope of the measures so that they were limited to folding electric bicycles only. The reason being that the sole cooperating UK producer, Brompton, only produce this type of e-bike. Whether the description of the goods to which the anti-dumping amount applies should be varied has been considered during the course of this review, more details of which can be found in the Economic Interest section.

55. Within the scope assessment we have determined that all e-bikes share the same basic physical characteristics and commercial likeness and that consumer perception and uses overlap significantly. Therefore, no subcategory of e-bikes would be removed from the measure on this basis.

D3 Like Goods

56. Like goods are defined as goods which are like the goods subject to review in all respects or, if there are no such goods, goods which, although not alike in all respects,

have characteristics closely resembling the goods concerned under paragraph 7 of Schedule 4 to the Act.

57. In identifying like goods, the TRA has considered:

- physical likeness, such as physical characteristics;
- commercial likeness, including competition and distribution channels;
- functional likeness, such as end-use or interchangeability;
- similarities in production, such as method and inputs; and
- other relevant characteristics.

58. The like goods produced by UK industry are electric bicycles that have the same general construction as the goods subject to review. They are also used for the same application.

SECTION E: The UK industry and UK market

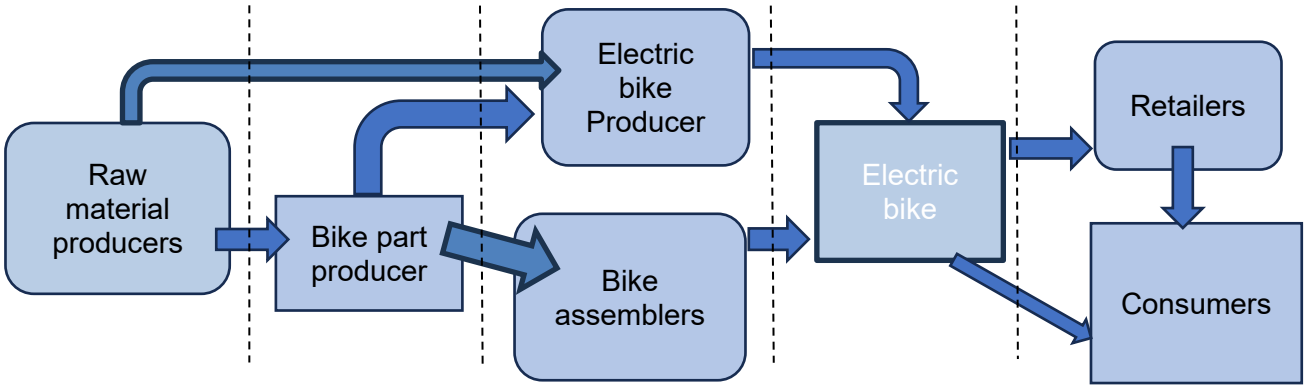
E1 Overview

59. The UK industry is comprised of businesses who produce e-bikes for sale to consumers. Some UK producers sell directly to consumers and others sell via retailers. As seen in figure 1 below, bike producers often supplement their own production with the purchase of bike parts in order to produce the final bike.

60. E-bikes are a final product used for transportation for both business and leisure. E-bike producers may sell directly to customers or via retailers such as Evans, Halfords and smaller bike shops. Some e-bikes are used in cycle hire schemes, but we do not believe these represent a significant portion of the market.

61. We are aware of almost 800 businesses who import and/or sell e-bikes to consumers. Some of these are specialist bike shops while others such as Argos or Decathlon are more general retailers who sell a wider range of products.

Figure 1: The UK e-bike industry



E2 Production process

62. The main components for e-bikes are made from raw materials including carbon fibre, steel and aluminium. Except for the final category (electric bike components), e-bikes are made using the same types of parts as conventional bicycles.

E3 Market size and structure

63. Our research indicates there are at least 15 UK producers of e-bikes. The largest is Brompton which accounts for 60% of the roughly 1,000 people employed by known UK producers of e-bikes. Brompton produces many of its own bike parts but we believe some UK producers only assemble bike parts purchased from other businesses (often from outside the UK). Most UK e-bike producers also produce conventional bikes. Brompton sells significantly fewer e-bikes than conventional bikes but we do not know if this ratio is similar for other UK producers.

64. Table 1 below shows the estimated market share by value for different types of e-bikes. E-mountain bikes and e-hybrid bikes constitute around 80% of the market. Within each of these types, there is significant price differentiation by both brand and quality.

Table 1: Estimated share of total UK e-bike sales value, by product type, 12 months up to June 2023

Type	Share of total value of UK e-bike sales
E-Mountain Bike	45.2%
E-Hybrid Bike	32.5%
E-Cargo Bike	11.9%
E-Folding Bike	4.2%
E-Road Bike	4.0%
E-Gravel Bike	2.0%
Other	0.1%

Source: Bicycle Association (Market Data Mid-Year Report 2023 – The UK Cycling Market H1 2023)

65. There is also substantial government interest in the use of bikes and e-bikes. The Department for Transport's Cycling and Walking Investment Strategy includes an ambition to make walking and cycling the natural choices for shorter journeys, or as part of a longer journey by 2040.[1]

[1] Department for Transport (The second cycling and walking investment strategy)

E4 Market trends

66. The Bicycle Association estimates that 161,000 e-bikes were sold in the UK in 2022. There was significant growth in the number of e-bikes sold from 2018-2021 but there has been a slight dip more recently which the Bicycle Association believe may be due to the cost-of-living crisis. E-bikes are becoming increasingly important relative to conventional bikes. In 2018, just 3% of all bikes sold were e-bikes but this proportion was 8% by 2022[2].

[2] Bicycle Association (Market Data Mid-Year Report 2023 – The UK Cycling Market H1 2023)

E5 Competition in the market

67. There are a lot of e-bike producers domestically and abroad. For producers who buy parts and assemble them, there are low barriers to entry in the market. Producers who make some of their own parts will face higher barriers to entry.

68. We estimate that UK producers accounted for around 4% of e-bikes sold in the UK over the injury period. This figure is highly uncertain as we only have sales data for one UK producer. The remaining e-bikes are imported. Import data shows that e-bikes were imported from 42 countries in the last two years of the injury period with the largest values coming from Taiwan and Germany.

69. E-bikes are relatively expensive consumer products with a varied range of models. It is unclear how willing consumers are to switch between types of e-bikes. 50% of consumers responding to our survey indicated that the type of e-bike was the most or second-most important consideration when buying an e-bike which implies that competition between types of e-bikes may not be as strong as competition within types. E-bikes also face competition from other modes of transport. Research from the Department for Transport suggests that conventional bikes and cars are the modes which compete most directly with e-bikes.[3]

70. The market has significant use of advertising, high levels of consumer choice and strong brand recognition. Around 20% of respondents to our consumer survey indicated that brand was the most or second-most important consideration when buying an e-bike.

[3] Department for Transport (Cycling Diversion Factors Rapid Evidence Assessment Summary Report)

SECTION F: Likelihood of Dumping Assessment

F1 Introduction

71. In accordance with regulation 99A (1)(a) of the Regulations, we have considered whether the dumping of the goods subject to review would be likely to continue or recur if the anti-dumping amount were no longer applied to those goods.

72. We conducted a likelihood of dumping assessment, on a countrywide basis. The assessment considered the following at country level:

- Continued dumping;
- Production levels & Production capacity (current and future);
- Inventories;
- Ability to shift production to the goods subject to review;
- Market prices in the UK and the overseas exporters' market;
- Exports to third countries;
- Conditions in exporter's domestic market;
- Attractiveness of the UK market to exporters;
- Whether exporters have previously circumvented or absorbed the effects of trade remedy measures; and
- Any other relevant factors.

F2 Continued dumping

73. We assessed if there has been a continuation of imports of e-bikes from the whole of the PRC using 10-digit commodity codes as shown in table 2 below, covering the period before the measures were in place, the injury period of this review and the POI.

74. The European Commission (the Commission) implemented anti-dumping duties on the imports of the goods subject to review on 17 January 2019, which also covered goods entering the UK.

75. Data obtained from HMRC reported that imports from the PRC increased in volume from April 2015 to March 2018. There was a large decrease in PRC volume of imports of 72

percentage points in April 2018 – March 2019. PRC import volume dropped again in April 2019 – March 2020 increasing through April 2021 – March 2022. These decreases are likely to be due to anticipation and implementation of the current measure, since the total volume of e-bikes entering the UK continued to increase up until the POI. The volume of goods subject to review did not recover to the levels before April 2018 and is 81% lower during the POI than April 2015 – March 2016.

Table 2: Volume (kg) of e-bike imports from the PRC (April to March)

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Index (2015/16)	100	94	122	50	10	16	32	19

Source: Customs Declaration data, HMRC. Total Import volumes by kg. Prior to 2018, imports dispatched from the EU but originating from the PRC are unavailable.

76. As shown in table 3 below, the proportion of non-EU imports of e-bikes accounted for by PRC goods, to enter the UK, decreased after the measure came into effect from 57% to 8% in April 2019 – March 2020. This increased slightly to 12% during the POI. This shows the measure potentially reduced the amount of dumped goods that were able to enter from the PRC, and if the measures were removed the proportions of dumped Chinese imports could be expected to increase.

Table 3: The PRC percentage of non-EU imports volume (kg) (April to March)

	2018/19	2019/20	2020/21	2021/22	2022/23
PRC	57%	8%	10%	12%	12%

Source: Customs Declaration data, HMRC. Total import volumes by kg.

77. Although measures have been in place, there has been a continuation of imports from the PRC entering the UK market, although at a reduced level. This means that the PRC industry has maintained trade channels to the UK that could be easily exploited in the future to increase import volumes.

78. Due to the current level of data available and the inability to differentiate variations of e-bikes obtainable through import we have been unable to conclude on possible continued dumping through price comparison.

F3 Do the conditions for dumping exist?

F3.1 Production and production capacity

79. The PRC produces the greatest volume of e-bikes in the world[4]. During 2022 the Chinese Bicycle Association estimated the PRC produced 49,238,000 e-bikes[5]. The UK bicycle association estimated the size of the UK e-bike market to be 161,000 units sold in 2022[6]. The size of the UK market represents 0.32% of the e-bike production in the PRC during 2022 showing PRC production far exceeds UK demand.

80. We have assessed whether conditions in the PRC encourage the dumping of imports from the PRC in the future. The PRC has the largest existing production capacity of e-bikes in the world. Giant are one of the largest bicycle and e-bike producers in the world, they have production centres in the PRC, Taiwan, and Europe. Giant China produced between 250,000 – 300,000 e-bikes during the POI and had a production capacity of 250,000 – 340,000[7]. Giant China exported under 110 e-bikes to the UK during the POI meaning they have capacity to increase exports to the UK and acquire a large portion of the market. Tianjin Fuji-ta are the largest bicycle manufacturer in the world and are located in the PRC, with an annual production capacity of 20 million bicycles and have nine e-bike production lines[8]. Current PRC production capacity could supply the UK market with only a small percentage of PRC production.

81. Production capacity in the PRC is likely to continue expanding. Ming Cycle Group is a Taiwanese e-bike producer which has expanded into the PRC with a new plant in Chengdu, Sichuan in October 2019, with an annual capacity of 150,000 e- bikes[9]. Merida are another Taiwanese based e-bike producer with three factories based in the PRC[10]. They are able to produce over one million bicycles annually with e-bikes accounting for 30% of total sales revenue. They have invested in new land, equipment, and machinery to increase e-bike production capacity to around 420,000 units[11]. There are many more

[4] Eco Motion Central (Where are e-bikes made? A comprehensive guide to their global manufacturing locations)
[5] China Daily (China's electric bicycle industry sees strong growth)
[6] Bicycle Association (Annual Market Data Report 2023)
[7] TD0037 Pre-Sampling Questionnaire (Exporter) GEV Non Confidential
[8] Tianjin Fuja-ta (Company Story)
[9] Page 116, Bikes News Online (Bike & E-Bike Market Update, 2020 Spring Edition)
[10] E-Mountainbike (An exclusive behind the scenes look at MERIDA Bikes in Taiwan – where do our bikes actually come from?)
[11] MERIDA Bikes (2021 Annual report)

producers in the PRC, and we can see producers are investing in increasing their production capacity.

82. To conclude, the PRC has vast production capacity for e-bikes, which is expanding. If capacity and production levels exceed demand within the PRC, the conditions in which dumped goods are more than likely to enter the export market would exist, which would include the UK.

F3.2 Ability to shift production to the goods subject to review

83. The process of making an e-bike is very similar to a regular bicycle, the frame is assembled, painted, the components are added to the frame including lights, cables, wheels, saddle and for e-bikes the battery and motor are added[12]. Many Chinese producers also produce goods such as bicycles, e-scooters, and other throttle-based bicycles. These can all be assembled using similar equipment and workers, with small adjustments to the production line. This suggests they can switch production to e-bikes should the demand increase.

84. We assessed Jinhua Vision's verified production and production capacity and found that they appear to have the ability to shift production capacity to e-bikes and increase volume when needed.

Table 4: Production capacity for like goods per year from Jinhua Vision's questionnaire annex (April to March)

	2019/20	2020/21	2021/22	2022/23
Production (Index)	100	554	1,196	292
Production capacity (index)	100	200	516	166

Source: TD0037 Jinhua Vision non-confidentiel Questionnaire annex III

85. Production and production capacity increased significantly from April 2019 to March 2022, before declining during the POI. There has been no indication of closed production lines during this period, therefore these trends show Jinhua Vision are able to scale up and down production without the need for new equipment. Production can be easily switched between production lines of electric and conventional bicycles. This would

[12] PROQC International (E-bike manufacturing, quality control & in-process inspections)

suggest if the measures were removed the PRC could scale up production for the goods subject to review and increase exports to the UK.

86. Therefore, we can conclude that Chinese e-bikes producers have the ability to shift production from bicycles and other throttle-based bicycles to the goods subject to review, should the market conditions encourage exports to the UK.

F3.3 Inventory

87. Jinhua Vision state in their questionnaire that they make the e-bikes to order rather than building up a large back stock of inventory[13]. This is shown in table 5 below, during the POI they held 3% of their production as stock. However, this is not the general consensus from the e-bike industry as a whole which indicates that bike inventories have been high since COVID-19 and "these are key issues faced by the entire bicycle industry in 2024"[14] and would increase the likelihood of future dumping of the goods subject to review.

Table 5: Closing stock of e-bikes from Jinhua Vision (April to March)

	2019/20	2020/21	2021/22	2022/23
Closing stock Index	100	485	417	147
Closing stock as % of production	7%	6%	2%	3%

Source: TD0037 Jinhua Vision non-confidential Questionnaire annex III

F3.4 Conclusion on conditions for dumping

88. We have concluded that PRC e-bike producers currently manufacture high volumes of e-bikes with spare capacity available and plans of expanding production capabilities. The PRC producers have the ability to shift production from other bicycles and throttle-based bicycles to e-bikes. Based on a holistic assessment, we conclude that, on the balance of probabilities, the conditions for dumping exist.

[13] Page 22, TD0037 Questionnaire Jinhua Vision (Exporter) Non-Confidential
[14] GCN (Giant sees e-bikes and China as key growth areas for embattled cycling industry)

F4 Incentives to dump

F4.1 Market prices in the UK and the overseas exporters' market

89. We assessed the market prices in the UK domestic market and the exporters' market for e-bikes. The Bicycle Association estimates that the average selling price for an e-bike in the UK in 2022 was £2,126.70[15]. E-bike manufacturers offer a wide variety of bikes on the market, from entry level hybrid shopper style framed bikes (single speed) to multi-geared alloy framed bikes, with considerable price differences. From the evidence we have been provided by PRC producers and our own research, it has been difficult to compare prices since the data has not been available at this level. We have been able to calculate an indicative undercutting margin (see G4 Undercutting of UK industry) which suggests undercutting of UK like goods by the goods subject to review. Additionally, the domestic PRC price may be distorted by non-market forces, which are discussed below.

F4.2 Particular Market Situation

90. During our review we examined areas in e-bike production which may not be determined by market forces.

91. Data submitted to the investigation indicated that all e-bikes currently entering the UK from our participating PRC exporters have an aluminium frame. We reviewed the TRA investigation into aluminium extrusions exported into the UK from the PRC to get a better understanding of the aluminium market within the PRC. That investigation found that there was a particular market situation (PMS) in relation to aluminium input and energy costs. Those factors affected the domestic aluminium price and impacted the normal value[16] within the investigation. The frame is one of the highest individual cost components of an e-bike. Adjustments would be necessary to account for any aluminium that enters the e-bike supply chain below market value, which would likely result in an increased normal value. This in turn would increase the likelihood of dumped e-bikes entering the UK from the PRC.

92. We also reviewed the TRA investigation into optical fibre cable (OFC) exported from the PRC. Within the investigation there was evidence found that the provision of land,

[15] Bicycle Association (Annual Market Data Report 2023)
[16] Trade Remedies Authority (AD0012 - Aluminium Extrusions from China - Final determination)

provision of bank loans, energy costs and labour costs reflected non-commercial factors[17]. These beneficial practices were found to be made available to encouraged industries such as OFC. Like OFC, e-bike production (as described below in 'conditions in exporter's home market') is an encouraged industry which means it likely has access to these same practices and receives financial support and benefits at non-commercial prices. Again, due to the possible adjustments that would be necessary to account for non-commercial factors in e-bike production, it would be likely that the normal value would increase.

93. Within its submitted SEF comments MOFCOM suggested the TRA erroneously understands relevant rules concerning 'particular market situation' in the Anti-Dumping Agreement in this review, and that any non-commercial factors in relation to the production of the subject products would equally and simultaneously affect the price of the domestic sales and the subject exports under review, and therefore enable proper comparison.

94. Although this is a transition review and we have not undertaken a full PMS assessment, we believe there is an indication of a particular market situation in areas that would affect the production of e-bikes within the PRC and this in turn would increase the likelihood of dumped goods subject to review entering the UK in the future.

95. The prevailing conditions of competition within the UK e-bike market and the e-bike market in the PRC appear to indicate that they differ. The differing conditions of each market are evident when you look at the import and export levels of each country. In the UK market there is a large amount of competition through imports, estimated at around 90% of the UK market, calculated using HMRC import statistics. Whereas the PRC market is dominated by Chinese based companies and trade barriers exist for any international producer who desires to export into the Chinese market. Therefore, any competition that is present within the PRC market appears to be limited to domestic suppliers. These companies could benefit from access to any inputs that reflect non-commercial factors, as well as any subsidies, such as reduced income tax (for high and new technology enterprises), that would reduce the cost to produce. These differing market conditions would prevent a proper comparison due to the domestic prices not being reflective of market conditions, while the export prices are affected by the market

[17] Trade Remedies Authority (AD0021 - Single-mode Optical Fibre Cables from China, The Statement of Essential Facts)

conditions within the UK. These conditions increase the likelihood of dumped e-bikes entering the UK from the PRC.

F4.3 Conditions in exporter's home market

96. The e-bike market in the PRC is the largest in the world with 300 million e-bikes on Chinese roads[18] with 49 million being produced in the PRC in 2022[19]. The Chinese government has set out a framework to further support and develop the e-bike industry. The 14th 5-year General Plan mentions *"increasing the share of the strategic and emerging industries (i.e., advanced manufacturing, including high-end machinery and equipment, advanced materials, and electric vehicles)"*[20]. The General Plan mentions the importance of technological innovation in the economic development of the PRC. This shows the Chinese e-bike industry will continue to be supported by the Government of China potentially increasing production capacity which could lead to overcapacity issues and the dumping of products overseas.

97. Due to the size of the market in the PRC there is increased competition between producers, with 51,600 e-bike manufactures being registered in the PRC[21]. The PRC has been an early adopter of e-bikes in their society with over 10 million units produced for the domestic market in 2005[22]. With 300 million e-bikes on Chinese roads already there could be saturation of the e-bike market and the competition for domestic sales could cause PRC producers to look elsewhere to sell their products and the UK could look like an attractive destination with the measure removed. We know from participation within this review that certain Chinese e-bike manufacturers were not close to utilising full production capacity during the POI.

98. In addition to a possibly saturated domestic market, the Communist Party of China Central Committee and the State Council has issued an outline to Chinese companies to create stronger international brand recognition to improve export sales. The PRC aims to increase the quality and influence of Chinese brands by 2025[23] and Chinese brands should focus on both domestic and international markets. The Chinese Bicycle

[18] Bloomberg UK (E-Bikes Rule China's Urban Streets: Hyperdrive Daily)
[19] Sixth Tone (Why China's E-Bike Market Is Facing a Wave of Battery Fires)
[20] Asian Development Bank (The 14th Five-Year Plan of the People's Republic of The PRC - Fostering High-Quality Development, Observations and Suggestions No. 2021-01)
[21] Bloomberg UK (E-Bikes Rule China's Urban Streets: Hyperdrive Daily)
[22] Weinert, J., Ma, C. & Cherry, C. The transition to electric bikes in China: history and key reasons for rapid growth. Transportation 34, 301–318 (2007)
[23] China Daily (High-quality development helps Chinese brands explore overseas market

Association in 2021 also discussed how the PRC e-bike export market has been increasing significantly compared to previous years, and the industry is "actively going abroad to deploy overseas"[24]. These directives encourage PRC e-bike producers to increase exports to third countries where possible, which would be easily facilitated due to the extremely large production capacity already present in the PRC.

99. The conditions in the PRC market support a positive assessment that there would be incentives for Chinese export and that it is likely e-bikes would be dumped onto the export market.

F4.4 Attractiveness of the UK market to exporters

100. The UK e-bike market has previously been open to imports from the PRC as shown in 'F.1 continued dumping'. Previously selling in the UK means additional PRC producers could reestablish trade links that may have temporarily closed in the UK if the current measures were removed.

101. The PRC producers are able to meet the UK e-bike regulations for road use of a maximum motor output of 250 watts and a maximum assisted top speed of 15.5 mph[25]. The EU is protected by trade remedies measures which are currently going through an expiry review in 2024. The UK has similar e-bike regulations to the EU and if the measures are continued in the EU while the UK's are removed, the UK would be an attractive market to divert exports to.

102. The UK market is competitive with many brands available, for example 13 different brands of e-bikes are available at Halfords[26]. As such, there is no company with a monopoly in the market with mixture of many brands offering low-cost and high-cost e-bike options. Brompton are the largest UK producer with other smaller businesses competing within the UK e-bike market. The fragmentation of the UK market could be attractive to Chinese producers with large production capacities and the ability to capture a large section of the market.

103. The Bicycle Association has estimated the volume of sales in the top ten European markets, show in table 6 below.

[24] Magic Cycling (Bicycle Industry News: The electric assistance will increase)
[25] GOV UK (Electric bikes: licensing, tax and insurance)
[26] Halfords (Electric Bicycles)

Table 6: Estimated volume (000 units) of e-bike sales 2019 – 2022 [27]

	2019	2020	2021	2022
Germany	1,360	1,950	2,000	2,200
Index	*100*	*143*	*147*	*162*
France	388	515	659	738
Index	*100*	*133*	*170*	*190*
Netherlands	424	551	478	486
Index	*100*	*130*	*113*	*115*
Italy	195	280	296	337
Index	*100*	*144*	*152*	*173*
Belgium	251	241	233	250
Index	*100*	*96*	*93*	*100*
Austria	171	204	222	247
Index	*100*	*119*	*130*	*144*
Spain	143	213	224	236
Index	*100*	*149*	*157*	*165*
UK	91	164	171	165
Index	*100*	*180*	*188*	*181*
Denmark	68	75	100	135
Index	*100*	*110*	*147*	*199*
Czechia	80	90	123	130
Index	*100*	*113*	*154*	*163*

Source: Bicycle Association

104. As shown in table 6 above, the UK is the 8th largest e-bike market in Europe. It also shows that the UK market grew faster than any other larger European market between 2019 to 2021 before declining but only falling behind France in terms of level of growth. The UK shows indicators for continued growth as supported by e-bike sales making up nearly a third of all new 2022 sales in the UK, by value, making the UK an attractive market for export[28].

[27] Bicycle Association (Market Data Mid-Year Report 2023 – The UK Cycling Market H1 2023)
[28] Cycling Weekly (The government should make ebikes cheaper, not more powerful, if they want more people on bikes)

105. This is further evidenced by the Bicycle Association UK Cycling Market Data Report which states, 'the UK e-bike market offers significant growth prospects but continues to lag behind much of Europe'[29]. A core objective of the Bicycle Association is to work with the industry and government to position e-bikes as a key part of the UK's electric transport future and the drive for net zero. E-Bikes form the first of three key themes at the heart of the BA's new Cycle Industry Growth Plan. This market growth could be exploited, making the UK an attractive market to export to in the future.

F5 Circumvention of trade remedy measures

106. As shown in 'F2 Continued Dumping' whilst measures have been in place, as of January 2019, the volume of imports from the PRC have decreased significantly. However, there is a possibility that this is an underestimate due to evidence that suggests some PRC e-bikes enter protected markets illegally.

107. E-Bikes originating from PRC are subject to EU trade defence measures. A press release from February 2024 has indicated investigators from the European Anti-Fraud Office (OLAF) tracked down 20,000 e-bikes from the PRC that had circumvented at least 8 million euros of anti-dumping duties. OLAF's investigation uncovered a trade route that went from the PRC to e-commerce warehouses in Poland instead of the destinations declared at customs. False import documentation passed the e-bikes off as other products that are not subject to import duties. The e-bikes were then sold on to European customers on online platforms operated by non-European traders.

108. With circumvention having been identified in the EU, this is an indicator that it could also be occurring in other markets including the UK.

F6 Any other relevant factors

109. We received no further evidence from interested parties and have found no other relevant factors through our own research.

[29] Bicycle Association (Market Data Mid-Year Report 2023 – The UK Cycling Market H1 2023)

F7 Conclusion on likelihood of dumping assessment

110. MOFCOM suggested that although factors examined in the review, such as production and capacity demonstrate that it is likely that the goods subject to review would continue as imports into the UK, should the measure be removed, it is not enough to conclude that these goods are likely to be dumped. In particular MOFCOM mentioned that whether or not the UK market is attractive, is not relevant to the definition of dumping.

111. We have taken a two stage approach in assessing the likelihood of dumping should the measure be removed. We have firstly, assessed whether Chinese e-bikes companies have the ability to dump through factors such as production and capacity. Factors such as attractiveness of the UK market, assess incentives to dump and consider whether the UK is likely to be chosen as a destination to export over other markets.

112. Based on our assessment, we have concluded that dumping of e-bikes from the PRC into the UK marketplace would be likely to recur should the current measures be removed. Evidence suggests PRC e-bike producers are investing in expanding their already large production capacities. They have continued to export to the UK in small numbers and can reestablish previous trade links to exploit a growing UK market. The attractiveness of the UK market would increase should the anti-dumping duties be removed. This is due to a highly competitive UK market with many small companies and potential portions of the market available with competitive pricing. The UK market also has significant growth potential which could be exploited in the future.

113. Overall, we conclude that, on the balance of probabilities, dumping of e-bikes from the PRC would continue or reoccur should the measures no longer apply.

SECTION G: Likelihood of Injury Assessment

G1 Introduction

114. We are required under regulation 99A(1)(b) of the Regulations to consider whether injury to the UK industry in the relevant goods would be likely to continue or recur if the measure were no longer applied (the injury likelihood assessment).

115. The factors to consider in this assessment are:

- Current state of the UK industry;
- Other causes of injury (non-attribution);
- Undercutting of the UK industry;
- Domestic and international market conditions;
- Historic injury; and
- Any other relevant factors.

116. We conducted this assessment to determine whether injury to UK industry would be likely to continue or recur if the measure no longer applied. The assessment of the likelihood of injury was concluded on the balance of probabilities.

117. It is important to note that while there were imports of the goods subject to review during the injury period, these volumes were reduced once the measure was in place. We will therefore conduct the following analysis in the context of a UK industry being protected by the measure across this period. We will analyse the injury factors during this time and consider what would happen if the current measure were to be removed.

G2 Current state of UK Industry

118. In assessing the current state of the UK industry, we considered the following injury indicators:

- Actual and potential decline in:
    - Sales;
    - Profits;
    - Output;

- Market share;
- Productivity;
- Return on investment;
- Utilisation of capacity;

- Factors affecting domestic prices
- Actual and potential negative effects on:
  - Cash flow;
  - Inventories;
  - Employment;
  - Wages;
  - Growth;
  - Ability to raise capital or investments.

119. We have considered each factor individually to get an understanding of the current UK industry but our overall conclusion is based on a holistic assessment of all relevant economic factors.

G2.1 The level of UK industry's domestic sales

Table 7: UK industry domestic sales (units) of like goods over the injury period (April to March)

	2019/2020	2020/2021	2021/2022	2022/2023
Domestic sales volume (Index)	100	185	158	162
Domestic sales value (Index)	100	194	177	200
Domestic sales unit price (Index)	100	105	112	123
Domestic sales as a % of total sales by volume (Index)	100	116	109	107
Domestic sales as a % of total sales by value (Index)	100	114	110	106

Source: UK Producer questionnaire responses

120. The UK industry's domestic sales by volume and value increased between injury year 1 and injury year 2. Volume and value of domestic sales then decreased in injury year 3

before increasing again in the POI. Brompton's domestic sales figures show an overall increase by both volume and value over the injury period.

121. The most significant increase in the UK industry's domestic sales volume and value occurred between injury year 1 and injury year 2 with an 85% increase in volume and 94% increase in value. We consider this increase in domestic sales to be a consequence of the protection afforded by having the current anti-dumping measure in place and the added circumstances of the COVID-19 pandemic and its subsequent lockdowns which had a positive effect on the UK cycling market and in turn on e-bike sales.[30]

122. Despite the decrease to domestic sales by volume and value in injury year 3, sales figures remained above the levels reported in injury year 1. We found the decline in the UK industry's domestic sales of like goods in injury year 3 to be consistent with information available via secondary sources concerning the UK e-bike market. For example, The Guardian reported in August 2022 that e-bike sales plateaued following the sales boom in 2020 during the COVID-19 pandemic[31]. Cycling Industry News UK also reported in 2022 that e-bike sales overall had fallen to 25% below the 2019 level[32]. An increase in domestic sales by volume and value is then evident in the POI.

123. The UK industry's domestic unit price has increased by 23% over the injury period. The Financial Times reports Brompton CEO Will Butler-Adams as outlining that aluminium shortages, expensive steel, higher shipping rates and Brexit as factors contributing to the price of Brompton bicycles increasing by 6% in 2021[33] and were likely to increase further to 10% when compared with 2020[34].

124. Research by Mintel highlights that the average cost of an e-bike has increased by 25% since the start of the pandemic.[35] We determine that, with measures currently in place, the UK industry is able to cope with cost increases by passing these onto the customer. However, any increase in the volume of dumped goods from the PRC would likely put pressure on the UK industry's profitability.

[30] Cycling Industry News (What changed forever when Covid landed with the bike industry?).
[31] The Guardian (Cycling growth in UK at risk of being left behind by Europe, experts warn)
[32] Cycling Industry News (UK bike sales take pause, cargo movement powers on).
[33] Financial Times (Bikemaker Brompton warns of soaring costs for UK manufacturers).
[34] road.cc (Brompton reels from impact of Brexit and Covid).
[35] Mintel (Cost of living puts brakes on e-bike growth - as sales slow for the first time in five years)

125. Table 2 (see section F2 continued dumping) shows PRC imports of e-bikes between 2015/2016 and the POI. The current anti-dumping measure came into effect in January 2019. There was a large decrease in the volume of imports of 50% between 2017/18 and 2018/19. This drop is likely due to anticipation of the current measure coming into effect. There was a further decrease in PRC import volumes in 2019/20 and this drop is likely to be due to the current measure coming into effect.

126. Injury year 3 saw a significant (48%) increase in PRC imports compared with levels in injury year 2. This PRC import volume increase coincides with a 27 percentage point decrease in the UK industry's domestic sales volume and a 17 percentage point decrease in value over the same period.

127. Market data reports that e-bike sales in the UK covering the 12 months to June 2023 are estimated to be down in volume and value by 5.5% and 4.3% respectively compared with 2022[36].

128. While some sources within the UK e-bike market predict discounting in 2024 due to the oversupply of e-bikes in the market[37], there is optimism around the rising popularity of e-bikes[38] and a prediction that e-bike sales are set to rise by 2025[39]. In particular the growth potential for the UK market is outlined in section F4.5 attractiveness of the UK market.

129. We conclude that although the overall increase in domestic sales figures across the injury period does not indicate current injury to the UK industry, as mentioned above any increase in imports of goods subject to review would put price pressure on the UK industry and affect sales volume. Therefore, in combination with only a minor increase in domestic sales volume of 4 percentage points between injury year 3 and the POI, we determine the UK industry is in a somewhat susceptible position to future injury through sales volume should dumped goods increase as a result of the removal of the current anti-dumping measure.

[36] Page 24, Bicycle Association (Market Data Mid-Year Report 2023 – The UK Cycling Market H1 2023)
[37] Cycling Electric (2024 predictions: What next for the electric bike market?).
[38] BikeRadar (Is the bike industry in recovery? UK bike sales expected to reach £1 billion in 2024 with ebikes leading the charge)
[39] Page 48, Bicycle Association (Market Data Mid-Year Report 2023 – The UK Cycling Market H1 2023)

G2.2 Profits

Table 8: UK industry profitability over the injury period (April to March)

	2019/2020	2020/2021	2021/2022	2022/2023
Net operating profit after tax (NOPAT) for like goods only (Index)	100	182	112	87
Average net operating profit after tax (NOPAT) margin of like goods (%)(Index)	100	110	70	50

Source: UK Producer questionnaire responses

130. Table 8 above demonstrates the UK industry has remained profitable throughout the injury period in terms of net operating profit after tax (NOPAT) for the like goods. However, the industry has experienced a declining rate of profit since injury year 2. Profitability for the like goods halved between injury year 1 and the POI.

131. Brompton's financial accounts ending FY21 outline that increased staff costs relating to the growth of the business resulted in operational costs increasing by 25% from the previous year[40]. This may have impacted overall profit margins, but we are unable to determine the extent to which increased operational costs alone impacted the profitability of the like goods specifically in injury year 2.

132. Injury year 2 saw the first increase in PRC goods subject to review entering the UK market in three years (see table 2 in section F2 continued dumping). This was followed by a decline in Brompton's profitability margin for the like goods in injury year 3 and the POI. This fall in profitability of the like goods represents a susceptibility to injury for the UK industry.

133. Despite remaining profitable, all profitability figures in table 8 show a decline following injury year 2. The NOPAT margin for the like goods halved during the injury period. We therefore conclude that profitability indicates a likelihood of injury should dumped goods increase if the current measure was removed.

[40] Brompton Group Company Accounts FY21

G2.3 Production output

Table 9: UK industry like goods production output (units) over the injury period (April to March)

	2019/2020	2020/2021	2021/2022	2022/2023
Output by volume (Index)	100	187	137	158

Source: UK Producer questionnaire responses

134. Production output volume underwent an overall increase from injury year 1 to the POI. The most significant increase occurred in injury year 2 in which output increased by 87%. We determine this is likely a result of the protection afforded by having the current anti-dumping measure in place and the increased demand for the like goods due to COVID-19[41].

135. In injury year 3 and the POI, production output followed a similar trend to that observed in Brompton's domestic sales figures; a decrease in injury year 3 followed by an increase in the POI.

136. Brompton's questionnaire response outlines 'the manufacturing process is driven by demand, so if demand drops, so does the procurement – and with such long lead times there is no feasibility to change such levels of production as it is market driven'.[42]

137. Brompton state in their questionnaire submission that the production process is 90% similar between the like goods and conventional bicycles[43]. This demonstrates Brompton's ability to produce goods flexibly, which may suggest Brompton are likely to remain profitable despite future changes in demand between e-bikes and conventional bicycles.

138. The decline in Brompton's production volumes in injury year 3 coincides with an increase in import levels of the goods subject to review (see table 2 in section F2 continued dumping). This may indicate a susceptibility to being injured by dumped goods originating from the PRC.

[41] BikeBiz (A breakthrough moment: How e-bike market growth 'exploded' during the pandemic)
[42] Page 28, TD0037 & TS0038 - Brompton Producer (Combined Questionnaire) Non-Confidential
[43] Page 48, TD0037 & TS0038 – Brompton Producer (Combined Questionnaire) Non-Confidential

139. The PRC produces the greatest number of e-bikes in the world and during 2022 they produced over 49 million e-bikes[44]. Data provided by PRC exporters indicated a total export volume of 19,850 e-bikes to the UK during the POI[45]. However, export volumes are likely to be larger as this figure only reflects export volumes of exporters who engaged in this transition review.

140. In conclusion, whilst production output is currently healthy, we determine an increase in goods subject to review would negatively affect UK industry production volumes and cause future injury given the significantly larger e-bike production volumes of the PRC.

G2.4 Capacity Utilisation

141. The UK Industry submitted estimated production capacity figures for the like goods during the injury period. This estimation was based on several factors without supporting evidence. We outlined in Brompton's verification report[46] that the capacity figures provided by Brompton should be considered a reasonable, yet unverified assumption, rather than an assured capacity figure and we outlined that we had limited assurance on Brompton's production capacity figure.

142. We subsequently found the production capacity estimation figures provided by Brompton to be inconsistent with information available via secondary sources. We therefore determined that it would be inappropriate to base our assessment of capacity utilisation on the figures provided. On this basis we are unable to draw any conclusions on the information supplied.

G2.5 Market share

Table 10: UK industry market share for like goods only by volume (units) (April to March)

	2019/2020	2020/2021	2021/2022	2022/2023
Market share by volume (Index)	100	124	105	113

Source: UK Producer questionnaire responses and UK Bicycle Association data

[44] China Daily (China's electric bicycle industry sees strong growth)
[45] See exporter PSQ responses, TD0037 Public File
[46] Page 15, TD0037 VR-P Verification Report - Brompton NON CONFIDENTIAL

143. The UK industry did not provide market share information in their written submission to the TRA. We calculated their estimated market share using market data from the UK Bicycle Association and the UK industry's domestic sales data, both of which are confidential.

144. The UK's market share by volume is very low, remaining approximately less than 2% of the overall UK e-bike market throughout the injury period. Whilst the index figures may depict large changes to Brompton's market share throughout the inury period, the changes are very small in absolute terms. We found Brompton have a larger share of the UK folding e-bike market, estimated to be around 23% by volume.

145. PRC import volumes of goods subject to review peaked in injury year 3 in which imports doubled in comparison to levels in injury year 2. This appears to coincide with Brompton's market share by volume and value decreasing by approximately 20 percentage points over the same period.

146. In conclusion, while the UK industry's market share has remained relatively stable during the injury period, its overall market share is very small which reflects the UK e-bike market as a whole, being made up of many small companies, with not one dominant force. As a result, an increase in dumped imports from the PRC if the current measures removed would likely result in injury within this area.

G2.6 Productivity

147. Productivity figures for the UK industry's like goods were approximations based on apportionments of both production output and full-time employees (FTE) according to the like goods share of Brompton's total sales revenue.

148. Given that productivity figures for the like goods were approximations based on apportionments, rather than specific figures, we determined that the trends in productivity may not provide an accurate representation of actual productivity related to the production of like goods.

149. Due to a lack of specific figures for employees involved in activities related to the like goods we were unable to fully assess productivity related to the like goods. On this basis, no conclusion has been reached on this factor.

G2.7 Return on Investments

150. The UK industry were unable to submit figures relating to return on investments (RoI) for the like goods. They have outlined that they do not always see an annualised return on investments made. They provided figures relating to total company wide investments during the injury period but provided no information on the return of these investments, nor do they relate to the like goods exclusively.

Table 11: UK industry total company wide investments over the IP (April to March)

	2019/2020	2020/2021	2021/2022	2022/2023
Total investment (Index)	100	122	202	168

Source: UK Producer questionnaire responses

151. Therefore, given the lack of information specifically regarding return on investments related to the like goods only, no conclusion has been reached on this factor.

G2.8 Prices and factors affecting domestic prices

Table 12: UK industry average domestic unit price of the like goods over the injury period (April to March)

	2019/2020	2020/2021	2021/2022	2022/2023
Average domestic unit price (Index)	100	105	112	123

Source: UK Producer questionnaire responses

152. The average domestic unit price of the like goods increased consistently throughout the injury period, increasing by 23% overall. The largest increase in unit price occurred between injury year 3 and the POI which accounted for a rise of 11 percentage points. Some of this increase could be attributed to the UK industry's higher priced P-Line e-bike entering the market in June 2022.

153. Figures submitted by Brompton in their business report[47] demonstrates that the average selling price for the folding category of e-bikes has risen by 45% between 2019 and 2022.

154. Market data from the Bicycle Association[48] states that e-bikes sold on the UK market during the 12 months to June 2023 were sold at a range of price points up to and exceeding £6,000. Almost half (48%) of e-bikes sold in the UK between July 2022 and June 2023 were priced under £1,500.

155. Several other e-bike subcategories appear to have increased their average selling price by a higher percentage than Brompton[49]. This suggests that the increase in Brompton's average selling price has not kept pace with average selling price increases seen across the UK e-bike market, which may make Brompton susceptible to injury.

156. Brompton argue in their written submission that should the current measures be removed; it is expected that there will be materially significant reductions in Brompton's domestic sales of e-bikes[50].

157. Jinhua Vision's production is based on production to order[51], and like the majority of PRC e-bike manufacturers they have the range and capability of producing a wide range of e-bikes[52]. The removal of current measures may therefore make the UK industry vulnerable to undercutting.

158. Brompton have been able to raise prices slightly, increase sales figures and remain profitable during the injury period. However, as seen in the profitability figures (see table 8 in section G2.2 Profits), the UK industry is decreasing in profitability. Brompton may therefore have limited flexibility to reduce prices to compete with any increase in dumped goods from the PRC following any removal of the current measure.

159. Despite the UK industry's average domestic selling price increasing by 23% over the IP which does not indicate current injury, the UK industry has performed less well compared to increases in average selling prices observed between 2019 and 2022 in the wider UK e-bike market. Given the UK industry has limited ability to increase prices further due to

[47] Page 15, TD0037 & TS0038 Brompton Business Report Non-Confidential
[48] Page 28, Bicycle Association (Market Data Mid-Year Report 2023 – The UK Cycling Market H1 2023)
[49] Page 15, TD0037 & TS0038 Brompton Business Report Non-Confidential
[50] Page 53, TD0037 & TS0038 – Brompton Producer (Combined Questionnaire) Non-Confidential
[51] Page 10, Jinhua Vision Dumping Questionnaire Response Non-Confidential
[52] See annex A7.1 'Your company's products', Jinhua Vision Combined Questionnaire Annex II Non-Confidential

decreasing profitability margins throughout the injury period, we conclude the UK industry is susceptible to future injury in the event of an increase in dumped imports should the current measure be removed.

G2.9 Cash Flow

160. The UK industry submitted net cash flow figures for all goods. They did not supply cash flow figures for the like goods only. The available information for us to assess cashflow performance for the like goods only is therefore limited.

161. As a result, no conclusion could be reached on this factor.

G2.10 Inventories

Table 13: UK industry inventories (units) over the injury period (April to March)

	2020/2021	2021/2022	2022/2023
Stocks at year end, total volume of like goods, all manufactured by Brompton in UK (Index)	100	64	111
Stock volume as a % of production volume (Index)	100	87	132

Source: UK Producer questionnaire responses

162. Brompton were unable to supply data relating to inventories of the like goods for injury year 1. Brompton manufacture all the like goods that they sell, and all manufacturing of the like goods is undertaken in the UK. Volume of like goods total stock at year end decreased between injury year 2 and 3, followed by an increase in the POI. This resulted in an overall increase in stock levels.

163. We compared stock volumes at year end and with annual production output volumes. Stock volumes at year end remained at similar levels in comparison to production volume and Brompton do not appear to be holding on to excess finished stock.

164. Brompton's questionnaire outlines that Brompton have high stock levels of parts, (such as batteries and motors) due to suppliers extending their lead times from a typical 6

months to 1 to 2 years due to a combination of higher demand and a shortage of raw materials because of COVID-19[53]. Whilst this may indicate an increased level of unfinished inventory, Brompton did not provide figures relating to inventory of parts for us to assess.

165. Brompton advised during our verification visit that the e-bike market is currently saturated with stock as retailers have surplus stock following the growth in demand during the COVID-19 pandemic and consequential lockdowns. According to the Bicycle Association, the UK e-bike market continues to be highly over-stocked as imports have totalled 581,000 and volume sales totalled 390,000 since the start of 2021 resulting in a surplus of around 190,000 units[54].

166. If import volumes of dumped goods were to increase following the removal of the current measures, inventory levels could rise further, resulting in injury.

167. As Brompton's stock increased during the injury period and we have found evidence of surplus stock in the UK market, we determine this factor contributes towards a positive indicator of current injury and a likelihood within the UK industry of future injury if there was an increase in dumped goods from the PRC in the event the current measures were revoked.

G2.11 Employment

168. Most of Brompton's workforce is concentrated at their site at Greenford, with a small number based in Sheffield at their titanium manufacturing site. The total number of employees increased significantly and consistently across the injury period.

169. The number of employees for the like goods specifically is an approximation based on apportioning total employee figures according to sales revenue and follows a similar trend, as total employees have grown significantly. This is to be expected, as there is significant interconnectivity between like goods and conventional bicycles, given the production process is 90% similar.

170. The UK industry is currently in a strong position in terms of employment and has been able to increase the number of employees involved with like goods production. However,

[53] Page 48, TD0037 & TS0038 – Brompton Producer (Combined Questionnaire) Non-Confidential
[54] Page 38, Bicycle Association (Market Data Mid-Year Report 2023 – The UK Cycling Market H1 2023)

Brompton indicate in their questionnaire response, 'any action which would reduce the demand of the like goods would have a negative effect on headcount.'[55]

171. To conclude, we find that the UK industry's growing total number of employees and employees involved in the like goods does not indicate current injury. Despite this, the UK industry's headcount is contingent on maintained demand and therefore this represents a likelihood of injury if imports of dumped goods from the PRC increases following the removal of the current measure.

G2.12 Wages

Table 14: UK industry wages over the injury period (April to March)

	2020/2021	2021/2022	2022/2023
Median wage for FTE engaged in activities related to the like goods (Index)	100	101	111

Source: UK Producer questionnaire responses

172. Brompton provided median wage data for injury year 2 to the POI. Median wages for employees engaged in activities related to the like goods increased consistently during this three-year period.

173. Brompton outlined in their questionnaire response that wages are set via reference to the living wage standards and are subject to an annual cost of living inflationary adjustment. This explanation would support the largest increase that can be observed between injury year 3 and the POI, when wages increased by 10%. According to the Office for National Statistics (ONS), average inflation during the POI was 10%[56].

174. Overall, we found Brompton's wages have increased throughout the injury period, and that wages are set via the living wage standards and benefit from an annual cost of living inflationary adjustment. This would suggest that Brompton have not been affected by wage suppression and are still able to sell goods and be profitable despite wage increases. On this basis, we determine this factor does not indicate current injury.

[55] Page 53, TD0037 & TS0038 – Brompton Producer (Combined Questionnaire) Non-Confidential
[56] Office For National Statistics (Consumer Price Inflation)

However, it is uncertain whether wages would have increased during the injury period without the wage setting policy being in place.

G2.13 Growth

Table 15: UK industry turnover in the injury period (April to March)

	2019/2020	2020/2021	2021/2022	2022/2023
Turnover related to like goods (Index)	100	194	177	200

Source: UK Producer questionnaire responses

175. Turnover of the like goods sold on the UK market increased by 94% between injury year 1 and injury year 2. This increase in turnover was followed by a decrease between injury year 2 and 3. Turnover then recovered in the POI, to finish at 100% higher than injury year 1. This large overall increase in revenue during the injury period suggests growth within the UK industry.

176. Profitability (see section G2.2 Profits), production output volumes (see section G2.3 Production Output), and average sales value of the like goods (see section G2.8 Prices and factors affecting domestic prices) are other indicators that can be used to assess growth within the UK industry. Whilst average sales value and production output by volume have increased during the injury period, NOPAT for the like goods has decreased.

177. According to market data information from the Bicycle Association, the UK e-bike market expanded in 2019, before undergoing a larger expansion in 2020 in which COVID-19 appeared to drive an increase in sales by volume and value. Market data figures show market volume and value peaked in 2021 and the market has not recovered since and is unlikely to until 2025[57].

178. Brompton's planned new production site in Ashford would represent the biggest expansion in Brompton's history[58]. Although these plans are for Brompton growth

[57] Bicycle Association (Market Data Mid-Year Report 2023 – The UK Cycling Market H1 2023)
[58] Made Here Now (Riding a wave of expansion, Brompton sounds call for young talent)

generally, it is reasonable to expect this could lead to growth for the like goods, as the production process is notably 90% similar between e-bikes and conventional bikes.

179. However, Brompton may be able to plan expansion due to the protection afforded by the current measure in place.

180. To conclude, there is indication of growth within the UK industry. There are positive indicators of growth according to turnover, production, and average sales value. Brompton's operations relating to the like goods are also likely to benefit from the planned new factory expansion. However, these expansion plans could be put at risk following the removal of the current measure.

181. NOPAT for the like goods also reduced during the third injury year when goods subject to review increased in the UK. Given that NOPAT for the like goods has decreased throughout the injury period also, we consider growth to be a factor that represents a susceptibility to injury should the removal of current measures lead to an increase in dumped goods from the PRC.

G2.14 Ability to raise capital or investments

182. The UK industry acquired a Revolving Credit Facility (RCF) which it utilises to aid working capital requirements as well as investing activities. The UK industry also acquired equity financing through BFG, reportedly worth £19million. Brompton state that, in part, this was used to repay the RCF (in full), as well as being marked for future investment. This is clear evidence that the UK industry can currently raise capital or investments as needed and therefore current injury is unlikely.

183. In the event the current measure is removed, and with it the protection the UK industry receives, may mean it is unable to compete with dumped goods originating in the PRC and the UK industry suffers injury as a result, it is reasonable to assume that the UK industry's ability to raise future capital or investments may be threatened.

G2.15 Conclusion on the current state of the UK industry

184. Considering the factors detailed above, we determine that on the balance of probabilities, the current state of the UK industry would be susceptible to future injury

from an increase in dumped goods originating in the PRC. Some factors within the UK industry do not contribute to a determination of current injury. These factors include the ability to raise capital or investments, increased wages, increased employment levels and a planned increase in production capacity. However, we determine that this positive performance is due to the current anti-dumping measure being in place.

185. If the current measure were to be removed, we determine that there would be increased imports of dumped goods from the PRC. We determine this would lead to greater competition for UK producers which would consequently impact their performance and they would therefore likely experience injury. This is due to our observations of profitability decreasing throughout the injury period, low market share, minimal growth in domestic sales volumes during the POI, limited price increases compared with the wider UK e-bike market and a limited ability to increase prices in response to any undercutting due to low profit margins.

186. Therefore, we determine there is a likelihood of future injury to UK industry in the event that dumped goods increase if the current measure was removed.

G3 Other causes of injury

187. The TRA has considered whether any other factors have had or are likely to have injured the UK industry, other than dumped e-bikes originating from the PRC.

G3.1 COVID-19 and oversupply in the UK market

188. The COVID-19 pandemic and its subsequent lockdowns had a positive effect on the UK cycling industry[59] and in turn on e-bike sales.

189. According to the UK Bicycle Association's 2020 UK cycling market report, the impact of COVID-19 led to a 92% year on-year rise in e-bikes sold and a value increase of 118% between April and September 2020[60]. The founder and CEO of VOLT Bikes, James Metcalfe, outlined that the interest in e-bikes 'exploded' in 2020 as COVID-19 led to

[59] Cycling Industry News (What changed forever when Covid landed with the bike industry?).
[60] Bicycle Association (Official industry stats reveal record extent of covid cycling sales growth)

customers using e-bikes as a form of transport and exercise that remained socially distanced.[61]

190. Brompton outlined during verification that e-bike retailers needed availability of stock to keep up with the increased demand during COVID-19. There have been reports of excess stock within the market as a result[62].

191. According to secondary sources this excess stock is now leading to discounting at retailers[63]. We found that discounting at retailers could 'create some downward pressure on average selling prices across the bicycle industry as a whole', long term price reductions are unlikely[64]. Furthermore, excess stock resulting directly from the COVID-19 pandemic is unlikely to be permanent or recur due to the temporary nature of the event.

192. As a result, we do not consider the COVID-19 pandemic and its subsequent impacts contributed to any injury to the UK industry as sales increased during this period; and determine that excess stock as a direct result is short term and does not contribute to the susceptibility of the UK industry to injury.

G3.2 Inflation

193. Factors such as congested global supply chains, the Russian invasion of Ukraine and greater demand for goods post-COVID-19 has led to high levels of inflation in the UK and worldwide[65]. According to the Office for National Statistics (ONS), average UK inflation during the POI was at 10%[66] and inflation peaked in October 2022 at 11.1% during the injury period.

194. High levels of inflation affect the affordability of consumer goods. However, we determine the UK industry may be less impacted by inflationary pressures compared with more standard e-bikes as these are likely to be lower priced. As reported by the Bicycle

[61] BikeBiz (A breakthrough moment: How e-bike market growth 'exploded' during the pandemic).
[62] Page 38, Bicycle Association (Market Data Mid-Year Report 2023 – The UK Cycling Market H1 2023)
[63] Cycling Electric (2024 predictions: What next for the electric bike market?)
[64] BikeRadar (Bike prices will fall in 2023 due to excess stock, but not across the board)
[65] Statista (Global inflation rate from 2000 to 2028)
[66] Office For National Statistics (Consumer Price Inflation)

Associations market report, the lower priced 'mainstream' part of the e-bike market is being impacted by the cost-of-living crises[67] which has largely been driven by inflation[68].

195. Additionally, research from Blackhawk Network (BHN) shows that UK workers on average can save £1,262 a year on commuting costs by cycling to work. So those in the UK appear to be buying a wide range of bikes in an effort to beat the cost-of-living crisis[69] resulting from inflation.

196. Increases in production and operational costs can increase the vulnerability of businesses, and the UK industry have found that increased costs led to pre-tax profits falling by a quarter to £7.3 million in FY22 (injury year 3)[70].

197. According to Brompton CEO Will Butler Adams, the firm plans to put price rises in place to recover profit if costs have not stabilised[71]. This suggests Brompton are able to adjust prices to some extent to remain competitive. As mentioned in section G2.2 profits, we can see that NOPAT for the like goods decreased in the POI. Therefore, Brompton have been able to stabilise the effect of inflation and can rely on increasing demand for cost effective ways of travel. On that basis, we determine that inflation has not contributed to the susceptibility of the UK industry (Brompton) to injury.

G3.3 Imports of e-bikes from third countries

198. Data obtained from HMRC reports that Thailand, Taiwan, Germany and the PRC have been the largest importers of e-bikes by total volume and value during the injury period. Import volumes from these countries during the injury period are indexed and shown in table 16 below.

[67] Page 24, Bicycle Association (Market Data Mid-Year Report 2023 – The UK Cycling Market H1 2023)
[68] A News Education (Britain's Cost of Living Crisis, Explained)
[69] Black Hawk Network (Monthly savings while doing cycling to the workplace)
[70] Brompton's financial accounts FY22
[71] Cycling Weekly (Brompton profit falls as turnover rises on high demand in post-pandemic world)

Table 16: Comparison of UK e-bike import volumes (kg) from the PRC and third countries

Country	Units	2019/2020	2020/2021	2021/2022	2022/2023
Thailand	Index (2019/20 = 100)	100	130	181	90
Taiwan	Index (2019/20 = 100)	100	106	169	163
Germany	Index (2021/22 = 100)	-	-	100	43
PRC	Index (2019/20 = 100)	100	154	320	187
Total Imports to UK	Index (2019/20 = 100)	100	124	319	232

Source: Customs Declaration data, HMRC. Total import volumes by kg. Trade with Germany collected via Intrastat survey declarations prior to EU Exit.

199. Table 16 above shows import volumes from the PRC during 2021/22 (injury year 3) were over three times the import volume during 2019/20 (injury year 1). Whilst volumes from Thailand and Taiwan also increase over the same period, the increase is not as significant as the PRC's. The significant increase in PRC imports during injury year 3 coincides with indicators of injury to UK industry including a decrease in domestic sales and market share.

200. We found import values of the like goods have varied between the top four importing countries. During the injury period, imports from the PRC had the lowest import value per kg and Germany had the highest import value per kg of the top four importing countries. Yet Germany shares 10% of the total import volume compared to 7% for the PRC during the POI.

201. Import values for like goods originating in the PRC and Thailand share the lowest values for each year of the injury period. This may infer that like goods imported from Thailand are at a similar price point to like goods originating in the PRC. However, the import values per kg are based on the total import value divided by total import volume and therefore do not represent actual sales prices, since the figure does not take into consideration the different specifications of e-bikes being imported, nor do they reflect

that lighter e-bikes are typically more expensive. We were unable to obtain more detailed pricing. As a result, we are unable to reliably compare these import values with UK industry domestic sales data to help identify potential undercutting of UK industry. Therefore, the conclusions we can derive are limited.

202. We determine that, whilst export volumes from third countries may have been a contributing factor, there is insufficient evidence to attribute a likelihood of injury to the UK industry from third country imports.

G3.4 UK industry's export sales

Table 17: The UK industry's export sales (units) of e-bikes over the injury period (April to March)

	2019/2020	2020/2021	2021/2022	2022/2023
Export sales by volume (Index)	100	147	140	147
Export sales by value (Index)	100	159	152	182
Average Export Unit	100	108	109	124
Export sales as % of total sales by volume (Index)	100	93	96	97
Export sales as % of total sales by value (Index)	100	93	95	97

Source: UK Producer questionnaire responses

203. The UK industry outlined in their business report that 70% of their sales are derived from 43 overseas markets[72]. According to the UK industry's export sales figures for e-bikes during the injury period (table 17 above) export sales represented the majority of sales by volume and value, constituting an average of 66% by volume and 64% by value throughout the four-year period.

[72] Page 21, TD0037 & TS0038 Brompton Business Report Non-Confidential

204. We can observe in table 17 above that export sales of the like goods by volume and value have increased over the injury period, at levels 47% higher and 82% higher in the POI than in injury year 1 by volume and value respectively. This demonstrates strong export performance of the UK industry's like goods, especially given export sales as a percentage of total sales by volume and value have declined slightly throughout the IP, finishing 2% lower in the POI compared with 2019/20.

205. These figures demonstrate that any indication of current injury to the UK industry and future susceptibility cannot be attributed to export performance of the like goods.

G3.5 Conclusion on other causes of injury

206. We found that COVID-19, inflation and the UK industry's export sales could not be attributed to causing injury to the UK industry during the injury period. We found that whilst there is oversupply in the UK market, this was unlikely to contribute to a long-term reduction in prices. We determined that, whilst export volumes from third countries may have been a contributing factor, there is insufficient evidence to attribute any injury to UK industry to third country imports.

207. We therefore find that other causes of injury do not negate any finding of injury likelihood we may reach in this assessment.

G4 Undercutting of UK industry

208. Price undercutting is where dumped goods are consistently priced lower than those of the like goods produced in the UK. In the event of undercutting, the UK industry may be forced to reduce its prices to compete against the lower priced goods or risk losing market share. This may also prevent prices of the like goods in the UK from rising to a level that the UK industry would otherwise achieve.

209. Despite the low volumes of goods subject to review entering the UK from our participating PRC exporters, we were still able to conduct an indicative comparison of UK domestic sales prices using the import prices of Jinhua Vision's closest matching e-bike to assess potential undercutting of the UK industry.

210. Jinhua Vision's closest matching e-bike shares the same number of wheels, motor output, motor type, and motor location as the UK industry's. The remaining differences were frame material, suspension and type of foldability.

211. We were able to adjust for suspension using the UK industry's purchase of raw materials data and adjust for the difference in frame material by using the UK industry's cost to make data and frame prices from secondary sources. We were unable to make an adjustment for the difference in foldability between standard fold and compact fold.

212. With the included adjustments, our indicative comparison of UK domestic sales prices suggested a significant undercutting margin on the UK industry e-bikes.

213. Whilst the indicative undercutting margin suggests undercutting of UK like goods by the goods subject to review, the assurance we can derive is limited given the lack of full PCN match and subsequent adjustments. However, undercutting of UK like goods by the goods subject to review during the POI would suggest a likelihood of injury to the UK industry.

G5 Domestic and international factors

214. The TRA have considered market conditions in the UK and international market for the goods subject to review and the like goods.

G5.1 Increased operational costs for manufacturers

215. We have found increasing labour costs[73], energy costs[74], raw material costs[75] since COVID-19 have contributed to an overall increase in operational costs for the UK industry, as outlined in their financial accounts[76]. These factors are affecting manufacturing industries both internationally[77] and in the UK[78]. This is compounded by supply chain disruptions[79] evident within the like goods market and inflation[80] which impacts producers globally.

[73] See '2. Labour costs' ONS (Labour costs and labour income, UK)
[74] Make UK (Out of control energy bills are now business threatening for 60% of manufacturers)
[75] Electrek (Electric bicycle prices are rising, and it's not only because the tariff exceptions expired)
[76] Brompton's financial accounts FY22
[77] Supply Chain Dive (How manufacturers can tackle supply chain costs in 2023)
[78] Black Country Chamber of Commerce (Supply, raw materials and import costs top UK manufacturing concerns)
[79] Financial Times (Bikemaker Brompton warns of soaring costs for UK manufacturers)
[80] Cycling Weekly (Brompton profit falls as turnover rises on high demand in post-pandemic world)

216. We found reports of two UK e-bike producers becoming insolvent shortly after the POI; NewGen Global Ltd.[81] and Wau Motors Ltd.[82] There were also further reports of another UK producer of the like goods facing financial difficulty; Orange Bikes, which was recently saved after being placed into administration[83] citing rising costs and market trajectory[84].

217. Whilst we are unable to define the extent to which these businesses were impacted by operations related to the like goods specifically it does demonstrate that the UK market is susceptible to injury should there be an increase in dumped goods.

G5.2 Developments in technology

218. We found that e-bikes have benefited from a number of developments in technology. One of the most significant of which is the development of more powerful and efficient motors which provide better power than more traditional e-bike motors. This has allowed cyclists to use e-bikes on more difficult terrain and has led to longer battery life[85].

219. There have been developments in the batteries used in e-bikes, which Brompton note in their business report make e-bikes an 'increasingly attractive prospect to potential customers.[86] Brompton acknowledge in their business report that innovations and development of technology is a key driver within the e-bike industry[87].

220. Brompton outline that they invest in ongoing research and development to improve their bikes and introduce new features[88].

221. The UK industry is clearly at the forefront of e-bike innovation, as evidenced by an Innovate UK grant to support cutting-edge innovation in manufacturing and motor development[89] and Brompton's collaboration with Williams Advanced Engineering, a division of Williams Formula 1 team, for the electric hub motor[90].

[81] Companies House (NEWGEN GLOBAL LTD insolvency)
[82] Companies House (WAU MOTORS LTD. insolvency)
[83] Pinkbike (Orange Bikes Resumes Trading Under Owner Ashley Ball)
[84] BikeRadar (Orange Bikes saved by owner Ash Ball)
[85] EcoMove (The future of UK electric bikes: technology advancements and trends)
[86] Page 29, TD0037 & TS0038 Brompton Business Report Non-Confidential
[87] Page 17, TD0037 & TS0038 Brompton Business Report Non-Confidential
[88] Page 25, TD0037 & TS0038 – Brompton Producer (Combined Questionnaire) Non-Confidential
[89] Page 23, TD0037 & TS0038 Brompton Business Report Non-Confidential
[90] Page 24, TD0037 & TS0038 – Brompton Producer (Combined Questionnaire) Non-Confidential

222. The UK industry therefore appears to be keeping pace with technological advancements and we determine there are no developments in technology which would give imported e-bikes a competitive edge.

G5.3 Cycling within UK transport policy

223. One of the Bicycle Association's core aims is to work with UK industry and government to position e-bikes as a key part of the UK's electric transport future and integral to achieving net zero[91]. Whilst e-bike sales volumes are forecast to rise to 176,000 units by 2026[92], there is scepticism within the industry of a more momentous development in the UK market akin to the 'European-style take off', unless there is significant market intervention from government[93].

224. According to a recent National Audit Office (NAO) report into active travel in England[94] the government believes active travel has the potential to support its wider strategic objectives, including achieving net zero by 2050. However, the report concludes that it is unlikely that the Department for Transport's (DfT) objectives for increased active travel will be met by 2025.

225. Consumer research by bike component manufacturer Shimano, in its 2021 'State of the Nation' report[95] examined attitudes towards e-bike usage in 12 European states. The report indicates that consumer attitudes to e-bikes and e-cargo bikes is dependent on the perception of safety. The research found that, in the UK, 'not feeling safe' was the second largest barrier to cycling (41%), only just behind cost (49%). This appears to be corroborated by other research which found better infrastructure is critical in encouraging cycling in the UK.[96]

226. At present, cycling within UK transport policy does not appear to mitigate the susceptibility of the UK industry to injury.

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[91] Bicycle Association (Market Data Mid-Year Report 2023 – The UK Cycling Market H1 2023)
[92] Bicycle Association (Annual Market Data Report 2023)
[93] Page 7, Bicycle Association (Market Data Mid-Year Report 2023 – The UK Cycling Market H1 2023)
[94] NAO (Active Travel in England)
[95] Shimano (State of the Nation report, the changing attitudes to e-bike use)
[96] Pauls Cycles (What stops people in the UK from Cycling more?)

G5.4 Global e-bike market

227. The global e-bike market has an estimated value of $34.98 billion USD in 2024[97], rising to $51.78 billion USD by 2029.

228. In 2022, the PRC had the largest value share of the market at 34% and is the largest manufacturer of e-bikes in the world, producing 49 million units in 2022[98]. It appears PRC producers are keen to expand and grow their market share, as evident in reports of the Golden Wheel Group, a leading Chinese bicycle producer, opening a new R&D and marketing centre in Frankfurt, aiming at the high-end markets in the US and Europe[99].

229. Given the market position of Chinese e-bike producers and the volumes produced, it is likely to contribute to the UK industries susceptibility to injury if the current anti-dumping measure was removed.

G6 Historic injury data

230. Injury analysis in the original EU case[100] found the EU industry suffered a significant loss of market share of 24%, mainly to PRC goods, which gained 17% of market share during the period considered. This shows that without adequate protection dumped goods can gain an increased foothold within the domestic industry and cause significant injury.

G7 Any other relevant factors

231. The TRA have considered any other relevant factors relevant to this case. We have not identified any other factors that can contribute to the likelihood of injury assessment.

G8 Conclusion

232. We found that despite some current positive performance in the UK industry, there is a likelihood of future injury in the event of an increased volume of dumped goods entering from the PRC, should the current measure be removed. We found a likelihood of future

[97] Mordor Intelligence (E-bike Market Size & Share Analysis)
[98] China Daily (China's electric bicycle industry sees strong growth)
[99] The State Council Information Office, PRC (China races ahead with smart-bike exports)
[100] COMMISSION IMPLEMENTING REGULATION (EU) 2019/ 73 - of 17 January 2019 - imposing a definitive anti-dumping duty and definitively collecting the provisional duty imposed on imports of electric bicycles originating in the People's Republic of China (europa.eu)

injury to UK industry in sales volume, profitability, production, market share, prices, and growth in general.

233. We found that COVID-19, inflation and the UK industry's export sales have had and would have little effect on the level of injury felt by the UK industry. We found that whilst there is oversupply in the UK market, this was unlikely to contribute to a long-term reduction in prices. We determined that, whilst export volumes from third countries may have been a contributing factor, there is insufficient evidence to attribute any injury to the UK industry from third country imports.

234. A limited assessment performed for indicative purposes on the current level of undercutting, comparing the closest matching e-bikes from the PRC and the UK industry found evidence of undercutting. This suggests that if the current measure were removed the likelihood of injury to the UK industry would increase.

235. When assessing domestic and international market conditions we found that these conditions did not negate the likelihood of future injury to the UK industry in the event the current anti-dumping measure was removed.

236. Considering the evidence available, we determine there is a likelihood (greater than 50%) of future injury to UK industry resulting from an increased volume of dumped e-bikes originating in the PRC, should the current measure be revoked.

237. In response to the SEF, MOFCOM commented that in the opinion of the GOC, there is not, or would not be material injury to the UK industry.

238. The TRA notes that the injury likelihood assessment is conducted to assess the likelihood of injury occurring or recurring only, on a balance of probabilities. The TRA have determined that material injury is likely to recur.

239. In the following section, we consider the size of the potential injury averted alongside other potential impacts from retaining the existing measure as part of the economic interest test.

SECTION H: Economic Interest Test (EIT)

H1 Introduction

240. The aim of the EIT is to determine whether making a recommendation to vary the measure and apply an anti-dumping amount on the goods subject to review imported from the PRC is in the economic interest of the UK.

241. In accordance with paragraph 25 of Schedule 4 to the Act, the EIT is met in relation to the application of an anti-dumping remedy if the application of the remedy is in the economic interest of the United Kingdom.

242. In line with paragraph 25(4) of Schedule 4 to the Act, we have taken account of the following factors in conducting the EIT:

- the injury caused by the dumping of goods to the UK industry of the goods and the benefits to that UK industry in removing that injury;
- the economic significance of affected industries and consumers in the UK;
- the likely impact on affected industries and consumers in the UK;
- the likely impact on particular geographic areas, or particular groups, in the UK;
- the likely consequences for the competitive environment, and for the structure of markets for goods, in the UK; and
- such other matters as the TRA considers relevant.

H1.1 Evidence base

243. In addition to the evidence submitted as set out in section C2, we also conducted a survey for upstream and downstream businesses and consumers. Once we had conducted checks to remove ineligible responses, the remaining responses were from:

- 1 upstream producer
- 5 downstream producers
- 41 consumers

244. The sections that follow assess each of the factors of the EIT in turn.

H2 Injury caused by dumping and benefits to UK industry in removing injury

245. Section G sets out the injury likelihood assessment. This concluded that, if the measure was removed, injury to UK industry would be likely to continue or recur due to increased competition from dumped PRC imports. Whilst we conclude the UK industry (as defined in C2.1 UK Industry) is likely to face injury if the measure was to be removed, it is unlikely that the impact would be large because the UK industry has grown substantially over the past few years whilst remaining profitable and we are uncertain about the extent to which the UK produced like goods compete directly with the range of e-bikes produced in the PRC which potentially could be entering at the lower end of the market.

H3 Economic significance of affected industries and consumers in the UK

246. We have identified the following groups as potentially being affected by the proposed measure:

- **Upstream businesses:** primarily manufacturers of e-bike parts
- **UK producers** of e-bikes
- **Importers and retailers** of e-bikes
- **Consumers** of e-bikes

247. There is some overlap between these groups (for instance, some e-bike producers make bike parts and sell directly to consumers), but we have attributed all known businesses to one group based on their main activity to avoid double counting. We have combined importers and retailers due to the substantial overlap between these groups.

248. We have identified businesses in each of these groups and looked at a selection of them because it was not feasible to fully investigate all known businesses given case time constraints. For each selected business, we looked at the four most recent published accounts.

H3.1 Upstream businesses

249. From Brompton's questionnaire response, we identified 40 UK businesses which produce parts used in the production of e-bikes. We selected the six businesses who sold the highest value of parts to Brompton. These accounted for 65% of the value of Brompton's purchases of bike parts. Four of these companies filed small business accounts which contain more limited financial data.

250. Purchases by Brompton equate to around 13% of turnover for the two selected upstream companies for which data was available. This includes parts used by Brompton to make conventional bikes, but upstream businesses may also sell to other e-bike producers. Overall e-bikes are likely to be a somewhat important product to upstream businesses.

251. From the four most recent published accounts, the selected businesses employed around 170 staff. Only two of the six selected businesses published full accounts, these had a combined annual turnover of £19m and a combined annual EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation – a measure of profits) of £3m. We estimate their combined GVA (Gross Value Added – a measure of the value of the total contribution to the economy) was £6m per year. Some of the selected businesses have negative growth and low profits so they may be somewhat vulnerable to economic shocks.

H3.2 UK producers

252. Through research and submitted evidence, we have identified 15 UK producers of e-bikes. This includes one small producer which made themselves known to us following the SEF so we have updated the EIT analysis to include them. Brompton is by far the largest UK producer. We also looked at the second largest producer to give a wider range of product coverage because Brompton only produce folding e-bikes. The most recent published accounts suggest these two producers account for around 80% of employment from known UK producers. Comparing e-bike sales to total turnover, it appears that e-bikes are an important product to UK producers.

253. Looking at the four most recently published accounts, the two producers employed approximately 580 staff with a combined annual turnover of £87m. We estimate their combined GVA was £32m per year. Both businesses had strong growth and profits, so they are unlikely to be as vulnerable to economic shocks as other affected groups. We are aware of one small producer currently in administration and one which was recently liquidated. This indicates that some smaller producers may be more vulnerable to economic shocks. However the combined employment of these three producers is very small (less than 30 employees) so this does not alter our assessment of the group as a whole.

H3.3 Importers and retailers

254. From evidence submitted and our own research, we are aware of around 800 businesses which import and/or sell e-bikes in the UK. The majority of these are small businesses like bike shops but three are very large: Halfords, Argos and Decathlon.

255. With so many known importers and retailers, it is not possible to look at a representative selection. We selected the eight importers and retailers with the largest known numbers of employees except for Argos and Decathlon. We did

not include Argos and Decathlon because they sell such a wide range of products that e-bikes are unlikely to be an important product to them. We have included Halfords because they submitted a pre-sampling questionnaire which indicated that e-bikes are somewhat important to them.

256. According to the four most recently published accounts, the eight selected businesses employed over 10,000 people, had a combined annual turnover of £1.4bn and a combined GVA of £389m. Half of the selected businesses appeared to be vulnerable to negative economic impacts with poor growth and employment trends.

H3.4 Consumers

257. E-bikes are predominantly a consumer good. The Bicycle Association estimates that 150,000 e-bikes were purchased in the UK in 2023[101].

258. The latest DfT Transport Technology Tracker, which surveys over 3,000 adults in England, found that nine in ten people had never used an e-bike or had done so less than once a year. It also found that younger people and those without a car were more likely to use e-bikes than other groups. 45% of respondents suggested that e-bikes may be beneficial to help those with mobility issues while 69% said that a disadvantage of e-bikes was the high cost.

259. We received 41 responses to our consumer survey. Given the number of responses, there are limitations to the strength of conclusions we can draw from the survey. The results showed respondents considered price to be the most important consideration when buying an e-bike and that their demand for e-bikes was sensitive to differences in prices. Around a quarter of responses suggested that the brand of e-bike was more important than the price. A number of respondents indicated that they used e-bikes due to protected characteristics (age and disability).

[101] Bicycle Association (Annual Market Data Report 2023)

260. This evidence suggests that e-bikes are used by a relatively small fraction of the UK population and that they are disproportionately used by certain groups. It also suggests that price is a major consideration when purchasing e-bikes so demand for e-bikes is likely to be quite sensitive to changes in prices.

H3.5 Summary table

261. Table 18 summarises the economic significance metrics for the affected industries. It shows e-bikes are at least somewhat important to all groups. Retailers and importers are far more economically significant than UK producers, but UK producers are more significant than upstream businesses. All affected groups have healthy average profit margins (EBITDA), but some upstream businesses and retailers have less healthy financial data suggesting these groups may be more vulnerable to economic shocks.

Table 18: Significance metrics for affected industries

	Upstream businesses	UK producers	Importers and retailers
Total known businesses	40	15	around 800
Total selected	6	2	8
Estimated importance of e-bikes to this group	*Somewhat important* (sales to Brompton vs turnover)	*Important* (sales of e-bikes vs turnover)	*Somewhat important* (e-bike purchases vs turnover or % of import transactions from relevant commodity codes)
Total employment of selected businesses	172	579	10,111
Total turnover of selected businesses (£m)	18.9*	86.8	1,411.1
Total GVA of selected businesses (£m)	5.9*	32.1	388.5
Average EBITDA margin for selected businesses (%)	16%*	10%	11%
Vulnerability to economic shocks	*Somewhat vulnerable* Some producers have negative growth and low profits	*Not vulnerable* Strong growth and good profitability	*Somewhat vulnerable* Some businesses with negative growth and profit trends

Sources: Questionnaire responses, Companies House and Dun & Bradstreet. Methodology: The importance of e-bikes to each group was estimated using the comparison metrics set out in brackets for each group. GVA was estimated by summing operating profits, employment costs, depreciation, and amortisation. Average EBITDA margin was estimated by dividing the sum of operating profit, depreciation, and amortisation by turnover. The assessment of vulnerability to negative economic impacts was made by looking at financial data from the most recent four accounts.

** Data was only available for two of the six selected upstream businesses because others only published small business accounts.*

H4 Likely impact on affected industries and consumers

262. In this section, we assess the overall impact that the proposed variation of the measure might have on the affected groups identified. We do this by looking at how prices and quantities of goods in the supply chain might change (i) if the measure were to be extended, and (ii) if it were revoked. The likely impact of the measure is the difference between these two states. We assessed a range of scenarios due to the uncertainty around the effects of the measure.

H4.1 Evidence and key assumptions

263. Costs, prices and sales of e-bikes for Brompton came from its questionnaire response. Due to a lack of evidence for other producers, we estimated their sales by comparing their employment to Brompton's employment and considering whether they produced only e-bikes or also non-e-bikes. These estimates used evidence from published accounts and company websites.

264. We used data from the Bicycle Association on total e-bike sales and prices in the UK. In the absence of detailed price data, we assumed that e-bikes made by third country producers and UK producers apart from Brompton were sold at the average price for the UK market. We used import data from HMRC to estimate the market shares for PRC producers and third country producers.

265. Jinhua Vision was the only PRC producer with which we verified a questionnaire response. We assumed that prices for other PRC producers were the same as those for Jinhua Vision. We converted prices to pound sterling using HMRC exchange rates. We estimated the prices paid by consumers by looking at the prices listed on retailer websites for the models produced by Jinhua Vision.

266. Our estimates of the price elasticity of demand for e-bikes (between -1 and -3) came from an academic study which suggests that demand for e-bikes is very sensitive to

prices.[102] This is consistent with other evidence such as responses to our consumer survey.

267. We assumed that a high proportion of the duty is passed onto consumers (between 75% and 100%). This is because the retailer market is very competitive with many businesses and low start-up costs. E-bikes are a consumer good, and a duty more directly affects the price of the final good.

268. We assumed that Brompton's marginal costs were equivalent to its variable costs provided in the questionnaire response. We assumed that raw material costs, overtime costs and some selling costs were variable and other costs were fixed. Given a lack of participation from other UK producers, we did not have any data on their costs. For our calculations, we therefore assumed that the ratio between marginal costs and prices was the same for Brompton and other UK producers. We also assumed that marginal costs for retailers were equivalent to the costs of the e-bikes they purchased, which we believe is reasonable given they do not transform the product before selling to consumers.

H4.2 Expected impacts if measure is extended

269. Following the injury and dumping likelihood assessments, the existing anti-dumping duties of between 10.3% and 62.1% could be extended. We expect that prices and quantities for e-bikes sold in the UK would remain similar to their current levels if the measure were to be extended. We do not account for the natural growth of the market, which we hold steady across all scenarios.

270. There is a parallel transition review of the countervailing duty on subsidies available for the production and export of e-bikes imported from the PRC. Data on current prices and quantities gathered from questionnaires and other sources already captures the effects of both the anti-dumping and countervailing measures on e-bikes that are currently in place. For the purposes of our analysis in this transition review where we assess the impact of the anti-dumping duty alone, we have constructed a hypothetical baseline with no countervailing duty (Scenario B). Comparing this hypothetical baseline against

[102] https://www.tandfonline.com/doi/full/10.1080/03081060.2021.1956806Bigazzi and Berjisian (2021), (Modeling the impacts of electric bicycle purchase incentive program designs, Transport Planning and Technology Volume 44, Issue 7)

scenarios where the anti-dumping duty is also removed allows us to estimate the impact of the anti-dumping measure alone.

H4.3 Estimated impacts if the measure is revoked

271. Due to the uncertainty around what would happen if a measure were to be revoked, we looked at three scenarios representing the range of realistic impacts. It is unlikely that any of these scenarios represents the true impact of revoking the measure, but the impacts are very likely to fall somewhere between them.

Scenario A1: Prices of all e-bikes fall

272. In this scenario we assume that if the measure were to be revoked, prices for all e-bikes would fall and producers' market shares would stay the same. Revoking the measure would mean that prices for PRC produced e-bikes would fall by up to the level of the measure. Under this scenario, UK producers and third country producers also reduce their prices by the same amount. However, we think this is unlikely in reality because there are a number of non-price differences between e-bikes produced in the PRC and the UK.

Scenario A2: Only prices for PRC e-bikes fall, some loss of market share for UK producers

273. In this scenario we assume that if the measure were to be revoked, UK producers would not reduce their prices in response to lower prices from PRC producers and that this would lead to a loss of market share for UK producers. We consider that the market share for smaller UK producers would be more at risk than the market share for larger UK producers with strong brand recognition because evidence from the consumer survey suggested that there is significant brand loyalty from some e-bike consumers. We do not have evidence for the level of duty required to allow these smaller UK producers to remain competitive, so we have assumed that any change in the level of the measure could cause them to lose market share. This means that they would do so even without the measure because of the effects of the countervailing duty being removed.

Scenario A3: Only prices for PRC e-bikes fall, no loss of sales for UK producers

274. In this scenario, we assume that sales and prices of UK produced e-bikes would not be affected by revoking the measure. This would be the case if UK produced e-bikes do not substantially compete with PRC produced e-bikes as was claimed by CCCME. We think it is unlikely that there is no competition between any UK producers and PRC producers but were unable to entirely rule out this possibility due to the differences in price and specification of the e-bikes produced by the participating UK producer and PRC producer.

Table 19: Summary of scenarios used in the impacts analysis

Scenarios	
Scenarios where the measure is extended	
B	Prices of PRC imports fall due to the parallel countervailing duty being removed. Anti-dumping duty is extended.
Scenarios where the measure is removed	
A1	Prices for all e-bikes decrease by level of the measure
A2	Prices for PRC e-bikes decrease by the level of the measure, small UK producers exit market
A3	PRC e-bikes do not compete with other producers at all so only their prices and quantities are affected by a measure

H4.4 Estimated welfare impacts of extending the measure on effected UK businesses and consumers

275. We estimated welfare impacts for each scenario by looking at the change in producer and consumer surplus. Consumer surplus is the welfare a consumer gets from buying a product. Producer surplus is the welfare a producer gets from selling a product.

276. Surplus was estimated using the following formulas:

$$Producer\ Surplus = (Price\ per\ unit - Marginal\ Cost) * Quantity\ sold$$

$$\Delta Consumer\ Surplus = \frac{Q_{tariff} + Q_{no\_tariff}}{2} * (P^{C}_{no\_tariff} - P^{C}_{tariff})$$

277. Where:

Q_{tariff} is the quantity of e-bikes consumed with a duty
Q_{no_tariff} is the quantity of e-bikes consumed without a duty
$P^{C}_{no\_tariff}$ is the average consumer price of e-bikes without a duty
P^{C}_{tariff}) is the average consumer price of e-bikes with a duty

278. Table 20 shows the welfare impacts for each of the modelled scenarios. The impacts on different groups are explained in the following sections.

Table 20: Estimated annual welfare impact of extending the existing measure (as compared to revoking it) on affected UK businesses and consumers (£m)

Scenario	UK Producers	Importers/ retailers	Consumers	Total welfare impact
Scenario A1 - High PT, High PED	£0.8m	-£17.5m	-£62.3m	-£79.0m
Scenario A1 - High PT, Low PED	£1.7m	-£5.8m	-£49.1m	-£53.2m
Scenario A1 - Low PT, Low PED	£0.3m	-£14.4m	-£47.8m	-£61.9m
Scenario A1 - Low PT, High PED	£1.3m	-£4.8m	-£39.2m	-£42.8m
Scenario A2 - High PED	£0.0m	-£1.6m	-£3.1m	-£4.8m
Scenario A2 - Low PED	£0.0m	-£0.5m	-£1.6m	-£2.2m
Scenario A3 - High PED	£0.0m	-£1.3m	-£2.5m	-£3.8m
Scenario A3 - Low PED	£0.0m	-£0.4m	-£1.3m	-£1.7m
Range	**£0.0m to £1.7m**	**-£0.4m to -£17.5m**	**-£1.3m to -£62.3m**	**-£1.7m to -£79.0m**
Average across all scenarios*	**£0.5m**	**-£5.8m**	**-£25.9m**	**-£31.1m**

PED = price elasticity of demand, assumed value is -3 for high scenarios and -1 for low scenarios.

PT = tariff cost pass through to consumers, assumed value is 100% for high scenarios and 75% for low scenarios

*The average value should not be treated as a central estimate. It serves to indicate whether the majority of scenarios are closer to the top or bottom of the range.

H4.4.1 UK producers

279. We estimate that extending the measure could lead to UK producers benefitting by between £0.0m and £1.7m per year. The average benefit across all scenarios is £0.5m per year. The lowest impacts would come if there is minimal competition between e-bikes produced in the UK and the PRC (scenario A3). The highest impacts would be UK producers are forced to significantly reduce their prices (scenario A1) and demand for e-bikes is less elastic than expected with high pass-through. Neither end of the range is very likely.

H4.4.2 UK importers/retailers

280. Our analysis suggests that extending the measure could lead to costs of between £0.4m and £17.5m per year. The average cost across all scenarios is £5.8m per year. Costs will

be lower where the measure is having only a small effect on average prices for e-bikes (scenario A3) and higher where the effect on prices is much higher (scenario A1) and demand is more price sensitive. Neither end of the range is very likely.

H4.4.3 UK consumers

281. Consumers are subject to the greatest range in estimated welfare impacts. If the measure were to be extended, we estimate that UK consumers could experience welfare costs of £1.3m to £62.3m per year. The average cost across all scenarios is £25.9m per year. Consumers could also continue to face significant costs on a per e-bike basis (between £10 and £248 with an average value of £143 per e-bike purchased). The impacts of the measure are felt strongly due to the price sensitivity and the effects of the measure on a relatively expensive consumer good. Costs for consumers would only be low if there is minimal demand for PRC imports, a possible effect as a result of them not competing with UK e-bikes, but in these circumstances, there will also be low benefits for UK producers.

H4.4.4 Overall welfare impacts

282. Overall, extending the existing measure is very likely to lead to a significant overall welfare loss of between £1.7m to £79.0m per year. The average impact across all scenarios is £31.1m per year. The highest benefits for UK producers occur in the scenarios with the highest costs to importers/retailers and consumers, and there are no scenarios in which extending the measure would have a positive impact.

H5 Likely impact on particular geographic areas, or particular groups in the UK

283. This section explores how impacts of the proposed measure are likely to be geographically distributed and whether any particular groups might be disproportionately impacted.

H5.1 Likely impact on particular areas

284. We have assessed geographical significance of affected groups, using employment, at the level of Travel to Work Areas (TTWAs).

285. We used three sources for the employment analysis.

- Questionnaire responses: these included data on total employment by site;
- Dun and Bradstreet business directory: this provides the location of known sites and estimates of employment by site for listed companies.
- ONS estimates of working age population by TTWA.

286. Questionnaire responses were our preferred source because those figures were verified. For businesses without questionnaire responses, we used Dun and Bradstreet to estimate employment by site but scaled down these estimates wherever the sum of employment from all sites exceeded the total employment in the most recent published accounts. Where sites were listed without employment figures, we assumed employees were distributed equally between all sites.

287. We did not find any areas where the estimated employment from affected groups constituted a significant portion of the working age population of any TTWA. The selected businesses were either small, concentrated in large TTWAs (like Brompton in London), or had a lot of sites (e.g. Halfords).

H5.2 Likely impact on particular groups

288. In the evidence provided via surveys and questionnaires, it was stated that usage of e-bikes could be linked to disability or age. E-bikes require less effort to operate than conventional bikes so they may be more likely to be used by older people or by people with mobility issues. These are protected characteristics under the Equality Act 2010. Extending the measure could lead to higher negative impacts on these groups than on others which may cause them to have reduced mobility or to have to take less preferred modes of transport.

H6 Likely consequences for the competitive environment and for the structure of markets for goods in the UK

289. The assessment of likely consequences for the competitive environment and structure of the UK market considers four areas:

    - The impact on the number or range of suppliers
    - The impact on the ability of suppliers to compete
    - The impact on the incentives to compete vigorously
    - The impact on the choices and information available to consumers.

290. The UK market for e-bikes appears to be very competitive with a large range of suppliers and brands, relatively low start-up costs, and competition from other transport modes. We estimate that UK producers have a fairly small market share of around 4%.

291. If the measure were extended, it may help UK producers to compete but it would also make it harder for PRC producers to compete. The net impact is not clear but is unlikely that extending or revoking the measure would significantly alter the number or range of suppliers in the market.

292. Extending the measure could limit consumers' ability to buy cheaper e-bikes from the PRC. However we do not have evidence that e-bikes produced in the PRC are of different varieties to those available from other countries. Therefore we have no evidence that consumer choices would be significantly affected if the measure were to be extended.

293. There is no evidence to suggest that either the ability of suppliers to compete or the incentives to compete vigorously would be affected by extending the measure.

H7 Such other matters as the TRA considers relevant

294. Within the EIT, we consider any other factors additional to those set out in the legislation which have implications in concluding whether the proposed measure is in the economic interest of the UK.

295. Extending the measure is likely to lead to higher prices and lower demand for e-bikes compared to removing the measure. We estimate that extending the duties could mean around 18,000 fewer e-bikes being purchased per year.[103] It is a stated government ambition to increase the use of walking and cycling for shorter journeys.[104] Active travel including e-bikes is more physically exerting and so can lead to health benefits for the user. E-bikes also lead to lower greenhouse gas emissions and better air quality than cars and motorbikes.

296. The Department for Transport's research suggests that most people would use a conventional bike or a car if they did not use an e-bike.[105] A conventional bike is better than an e-bike from an environmental and health perspective but a car is significantly worse.[106] It is likely that, if the existing measure were to be extended, there would be lower demand for e-bikes than without a measure which would lead to negative environmental and health impacts for the UK but the extent of this will depend on the proportion of those who switch to using cars instead of e-bikes. A shift from cars to e-bikes could have negative effects for businesses involved in the manufacture and sale of cars but these effects are likely to be very small. Far more cars are sold than e-bikes and many e-bike users may still own cars but use them less frequently.

297. Responses from our survey and from Brompton asserted that e-bikes produced in the PRC are less safe than those produced in the UK and are more prone to fires. No evidence was provided to support this claim. Regulations would be a more appropriate solution to safety issues than tariffs.

298. Brompton also noted that Chinese regulations make it impossible for them to export e-bikes to the PRC. Extending the measure would not help to address this.

H8 Form of measure

299. In the EIT we consider the most appropriate form of measure to recommend, in particular whether any changes to the length or coverage of the measure would minimise the negative impacts of the measure on some parties while retaining the overall benefits.

[103] Using the same assumptions as the economic modelling set out in section H4
[104] Department for Transport (The second cycling and walking investment strategy)
[105] Department for Transport (Cycling Diversion Factors Rapid Evidence Assessment Summary Report)
[106] University of Westmintster Active Travel Academy & Bike is Best (Benefits of Achieving our e-bike potential, March 2022)

300. The current measure is an ad valorem tariff of 10.3% to 70.1% covering all products imported from the PRC under the commodity codes set out in section D1.

301. CCCME suggested the coverage of the measure could be limited to folding e-bikes. They argue that Brompton only produce folding e-bikes and that there is extremely limited competitive overlap between the imported Chinese e-bikes and Brompton's e-bikes. Bicycle Association data shows that only 7% of e-bikes sold in the 6 months up to June 2023 were folding e-bikes so this would substantially reduce the coverage of the measure.[107] We know of seven UK producers who make folding e-bikes. This includes Brompton and six small producers. We estimate UK producers make around 4% of all e-bikes sold in the UK but around 40% of folding e-bikes so they have a much larger share of this market. UK producers who do not make folding e-bikes would no longer be protected by the measure if the coverage were to be reduced to folding e-bikes.

302. Our conclusions on likelihood of injury and likelihood of dumping would not be affected by this potential change in the coverage of the measure because both the UK producer and PRC producer who cooperated with the case produce folding e-bikes, and it is not possible to split out folding e-bikes in the trade data so our evidence base for our dumping, subsidy and injury assessments would be unchanged.

303. There is evidence to suggest that competition between folding e-bikes and other e-bikes is less strong than competition between different types of folding e-bikes. Our consumer survey results show that the type of e-bike was the most important consideration for a third of respondents and it was the second most important consideration overall after price. Almost all UK e-bike producers make either folding e-bikes or non-folding e-bikes with only two small producers making both types. This suggests that producers consider these products to be relatively distinct.

304. We have adapted the analysis set out in section H4 to consider how the impacts of the measure would change if the coverage were reduced to only include folding e-bikes. The results are set out in table 21 below. Reducing the coverage of the measure significantly reduces the negative impacts on retailers and consumers. The positive effects for UK producers are also reduced but not to such a large degree. The measure is still expected

[107] Bicycle Association (Market Data Mid-Year Report 2023 – The UK Cycling Market H1 2023)

to have an overall negative welfare impact but to a lesser extent than a measure covering all e-bikes would have.

Table 21: Estimated annual impact of a measure covering folding e-bikes on affected UK businesses and consumers (£m)

	Impact on welfare	
	Range	*Average across all scenarios**
E-bike producers	£0.0m to £1.0m	£0.3m
E-bike retailers	£0.0m to -£1.2m	-£0.4m
E-bike consumers	£0.0m to -£3.6m	-£1.5m
Total change in welfare	**-£0.1m to -£4.3m**	**-£1.6m**

*The average value should not be treated as a central estimate. It serves to indicate whether the majority of scenarios are closer to the top or bottom of the range.

305. We do not have any evidence to say whether the impacts on particular groups might be affected by reducing the coverage of the measure to folding e-bikes. We do not know whether consumers of folding e-bikes are similar to consumers of other types of e-bikes. Therefore, the negative impacts on older people and people with mobility issues may still be a concern even with a reduced coverage.

306. Reducing the coverage of the measure would reduce the negative environmental and health impacts because fewer consumers would be affected. For consumers of folding e-bikes, these negative impacts would remain.

H9 Conclusion

307. In accordance with paragraph 25 of Schedule 4 to the Act, the EIT is met in relation to the application of an anti-dumping remedy, if the application of the remedy is in the economic interest of the UK. This test is presumed to be met unless we are satisfied that the application of the remedy is not in the economic interest of the UK.

308. In the injury section we concluded that if the measure were to be removed, there would be a likelihood of injury. However this injury could be relatively low given the strong performance and high brand loyalty for the only UK producer which submitted evidence.

309. Our assessment of economic significance found e-bikes are important to UK producers and somewhat important to upstream businesses, retailers and importers. Retailers and importers are more economically significant in terms of all metrics considered. Upstream businesses, retailers and importers were found to be somewhat vulnerable to economic shocks, but UK producers were not.

310. When considering the impacts on affected businesses and consumers we found extending the measure would benefit UK producers by £0m to £2m per year. Retailers and importers could experience costs of £0m to £17m per year and consumers could experience costs of £1m to £62m per year. We estimate that extending the measure would cause welfare losses to the UK of £2m to £79m per year.

311. In assessing the likely impacts on particular areas and groups, we found no evidence of disproportionate impacts on any area but some evidence that extending the measure could have disproportionate negative impacts on older people and those with mobility issues.

312. In the competition assessment, we found no evidence that the measure significantly affects competition in the e-bike market.

313. In the other factors section, we found that extending the measure would be likely to reduce the use of e-bikes and increase the use of cars. This would have negative environmental and health impacts.

314. We have identified the following key positive impacts of extending the measure:

- We estimate there may be positive impacts for UK producers of between £0m and £2m per year.

315. The contrasting key negative impacts are:

- We estimate there could be an overall welfare cost to the UK of between £2m and £79m per year.

- Consumers would have to pay significantly higher prices which could affect their overall welfare by between £1m and £62m per year but also impose substantial costs on individual consumers (an average across scenarios modelled of £143 per e-bike purchased).
- Importers and retailers could face costs of £0m to £17m per year.
- There could be disproportionate impacts on older people and people with mobility issues.
- The duties would cause higher prices which would be likely to reduce demand for e-bikes and increase the use of cars leading to negative health and environmental impacts.

316. Overall we consider the negative impacts of imposing the measure to be disproportionate to the benefits of extending the measure.

317. Following a suggestion by CCCME, we have also considered whether the EIT would be met if a measure were applied to only cover folding e-bikes. This would remove the negative impacts on consumers and retailers of non-folding e-bikes which constitute over 90% of e-bikes sold. However, it would also remove protections for UK producers who do not produce folding e-bikes (half of known UK producers).

318. We estimate change to the measure, so that it would only apply to folding e-bikes would reduce the negative welfare impact on the UK to between £0m and £4m per year because fewer consumers would be harmed but also reduce the benefit to UK producers to between £0m and £1m because fewer UK producers would be protected. Even with the change in coverage, there are no scenarios under which the welfare impacts for the UK would be positive. Scenarios where the benefits to UK producers are the largest are also those where the costs to the UK as a whole are the largest. The negative impacts on the environment, health and protected groups would still apply to consumers of folding e-bikes.

319. The disparity between the costs and the benefits would be less severe if the measure were to only apply to folding e-bikes but we still consider that the negative impacts of the measure would be disproportionate to the benefits. Therefore we conclude that the economic interest test is not met and recommend that the anti-dumping duty on e-bikes be revoked.

SECTION I: Findings and Final Recommendation

I1 Findings

320. We have found that it is likely that dumped goods subject to review would recur if the measure were no longer applied; that injury to the UK industry would be likely to recur if the measure were no longer applied but continuation of the measure would not be in the economic interest of the UK.

I2 Final Recommendation

321. Our preferred option within our recommendation is to revoke the application of the anti-dumping amounts under regulation 100(1) of the Regulations for the goods subject to review originating from the PRC. We recommend that the anti-dumping amount is revoked from 19 January 2024 in accordance with regulation 100B(2) of the Regulations.

322. Under regulation 100(1B)(a) of the Regulations, where the EIT is not met, we must consider providing at least one alternative option. We have found there is a likelihood of both dumping and injury recurring. The alternative options included in this recommendation are:

- Option 1: Extending the existing duties - The current anti-dumping duties could be extended for five years ad valorem.
- Option 2: Extending the existing duties on folding e-bikes only – A change of coverage could be made to the existing measure, to be extended for five years ad valorem.

The conditions that dumping and injury would continue or recur have been met for both these options, but neither option meets the EIT.

323. We confirm that the EIT has not been met for any of the alternative options, so our preferred option is to revoke the measure.

Annex A: Summary of information received from interested parties and contributors of the review

Interested Party/Contributor	Information received
Brompton Bicycle Limited	Pre-sampling questionnaire (PSQ), Questionnaire
Ministry of Commerce, P.R.C. (MOFCOM)	PSQ, Questionnaire, additional comments, SEF comments
China Chamber of Commerce for Import and Export of Machinery and Electronic Products (CCCME)	PSQ, Questionnaire, additional comments, SEF comments
Halfords Limited	PSQ
Merida Bicycles Limited	PSQ
Raleigh UK Ltd	PSQ
Madison Cycles Limited	PSQ
Changzhou Merrygold Machinery & Electronic Co., Ltd	PSQ, Questionnaire
Zhongxin Power (Tianjin) Bicycle Co., Ltd	PSQ
Changzhou HJ Pedal Co., Ltd	PSQ
Jinhua Vision Industry Co., Ltd	PSQ, Questionnaire
Giant Electric Vehicle (KunShan) Co., Ltd	PSQ
The Bicycle Association of Great Britain Limited	PSQ
Frog Bikes Limited	PSQ
Cemoto Ltd	PSQ
Anhui Youken Trade Co., Ltd	PSQ
Changzhou Velomove Technology Co., Ltd	PSQ
Anhui Xingmai Trade Co., Ltd	PSQ
Changzhou INBIKE E-Vehicle Co., Ltd	PSQ
Jinhua Jobo Technology Co., Ltd	PSQ
JinHua Epower Industry Co., Ltd	PSQ
Jinhua Geobyke Co., Ltd	PSQ
Skyland Sport Tech Co., Ltd	PSQ
Suzhou Rununion Motivity Co., Ltd	PSQ
Taioku Maunfacturing (Jiangsu) Co., Ltd	PSQ
Yonkang Aijiu Industrial & Trade Co., Ltd	PSQ
Yongqi (China) Bicycle	PSQ

	Industrial Corp.	
	Yongkang Heming Vehicle Co., Ltd	PSQ
	Yongkang Lohas Vehicle Co., Ltd	PSQ
	Yongkang Mars Vehicle Co., Ltd	PSQ
	Zhetai Vehicle (Jiangsu) Co., Ltd	PSQ
	Zhejiang Linbo Transportation Technologies Co., Ltd	PSQ
	Zhejiang JSL Vehicle Co., Ltd	PSQ
	Cycleman E-Vehicle Co., Ltd	PSQ
	Hangzhou Hangpai Electric Vehicle Co., Ltd	PSQ
	Hangzhou Top Mechanical and Electrical Technology Co., Ltd	PSQ
	Jiaxing Hongfa Tech Co., Ltd	PSQ
	Jinhua Baochi Vehicle Co., Ltd	PSQ
	Jinhua Qidian Vehicle Co., Ltd	PSQ
	Jinhua Suntide Vehicle Co., Ltd	PSQ
	Joysun (Zhejiang) MFG Co., Ltd	PSQ
	Jinhua Leichten Electric Technology Co., Ltd	PSQ
	Jinhua QueenE Electric Technology Co., Ltd	PSQ
	Suzhou Joydeer E-Bicycle Co., Ltd	PSQ
	Sino Lithium (Suzhou) Electric Technology Co., Ltd	PSQ
	Universal Cycle Corp. Guangzhou	PSQ
	Wuxi Shenyun Technology Development Co., Ltd	PSQ
	Zhejiang Feishen Vehicle Industry Co., Ltd	PSQ
	Zhejiang Hangpai Electric Technology Co., Ltd	PSQ
	Zhejiang Eshion Electric Technology Co., Ltd	PSQ
	Jinhua Otmar Technology Co., Ltd	PSQ
	Changzhou Heyeah Technology Co., Ltd	PSQ
	Changzhou Merry Ebike Co., Ltd	PSQ
	Easy-Try Cycles (Tianjin) Co., Ltd	PSQ

	Guangzhou Symbol Bicycle Co., Ltd	PSQ
	Jiangsu Lvneng Electrical Bicycle Technology Co., Ltd	PSQ
	Jinhua Zodin E-Vehicle Co., Ltd	PSQ
	Jinhua Feirui Vehicle Co., Ltd	PSQ
	Jinhua Seno Technology Co., Ltd	PSQ
	Joy Kie Corporation Limited	PSQ
	Tianjin Golden Wheel Totem Import and Export Co., Ltd	PSQ
	Tianjin Golden Wheel X-Development Bicycle Co., Ltd	PSQ
	Tianjin Upland Bicycle Co., Ltd	PSQ
	Wuxi Shengda Vehicle Technology Co., Ltd	PSQ
	Wuyi Simino Industry and Trade Co., Ltd	PSQ
	Xiangjin (Tianjin) Cycle Co., Ltd	PSQ
	Zhejiang Xinzhuoluo Intelligent Technology Co., Ltd	PSQ
	Zhejiang Jollo Technology Co., Ltd	PSQ
	Suzhou Guoxin Group Fengyuan Imp & Exp Co., Ltd	PSQ
	UBC Co., Ltd	PSQ
	Erocgo Co., Ltd	PSQ
	Wuxi Yadea Import-Export Co., Ltd	PSQ
	Yadea Technology Group Co., Ltd	PSQ
	Ningbo Nanyang Vehicle Co., Ltd	PSQ
	Zhejiang Apollo Sports Technology Co., Ltd	PSQ