

## Dumping margin calculation

This Annex contains the dumping margin calculations for HRF imports from China. It comprises the following documents:

1. Normal value is constructed as shown in the NV cost buildup template (file “Cost build-up HRF”).
  - a. The overall template is based on data contained in the template provided by HRF producer (see folder “Cost templates from HRF producer”). The template contains the following fields:
    - i. 6-digit or 4-digit HS code of each input used in the production of HRF (the main raw materials used are Steel scrap, Iron ore, Coal, Coke, Ferroalloys and Slabs, plus Credits & By-products – i.e., scrap obtained in the production process and re-introduced back into steelmaking)
    - ii. Unit – kg, m3, kWh, etc.
    - iii. Usage rate per tonne of finished goods produced
    - iv. Unit price of the input (EUR/unit)
    - v. Total cost per tonne of finished goods produced
2. The source of each type of data is quoted in column I of the HRF cost buildup template. The following sources were used:
  - i. Raw material usage rates are the average usage rates as reported by the EU producer in its cost buildup templates.
  - ii. Raw material unit prices are based on the import value for Mexico as found in the Trade Data Monitor (folder “TDM HRF inputs”).
  - iii. The average usage rates of natural gas and electricity are calculated in cells F24 and F25. Their prices are taken from Mexican public sources as shown in column J of the CNV template (see folder “Input prices in Mexico”).
  - iv. Usage ratios of Labour expenses, Repairs and maintenance, Other variable costs, External services, Depreciation, Selling, General and Administrative expenses, Financial expenses, Other expenses and actual profit margin are taken from the annual financial report of the Mexican producer Ternium (provided in folder “Mexican producer FS” and publicly available at [https://investors.ternium.com/English/ternium/financial-](https://investors.ternium.com/English/ternium/financial-information/default.aspx)

[information/default.aspx](https://investors.ternium.com/English/ternium/financial-information/default.aspx) ). This is one of the main producers in Mexico; in addition, it is the same producer whose financials the Commission used in the previous investigation in which Mexico was selected as a representative country for China<sup>1</sup>.

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<sup>1</sup> COMMISSION IMPLEMENTING REGULATION (EU) 2019/687 of 2 May 2019 imposing a definitive anti-dumping duty on imports of certain organic coated steel products originating in the People's Republic of China.

2. Chinese export prices are based on FOB export data extracted from the TDM (see folder “Customs statistics”), for the 8-digit CN codes covered by the investigation.
  - a. The dumping margin calculation file contains four calculations – one is based on the overall Chinese export prices, the others are based on the export prices to the three largest export destinations of China in the IP – i.e., Vietnam, South Korea and Pakistan. The magnitudes of the calculated margins are comparable.
3. Transport costs calculations are also provided in ANNEX D-4 (file “Inland freight and recent ocean freight quotation”) and are based on calculations provided by [a EU producer] concerning inland freight and port operations in China (to convert FOB prices to EXW level). Since the dumping margin calculations is based on a comparison between constructed normal value and FOB export prices, ocean freight figures are only used to estimate the CIF values of the export prices. The ocean freight figures are calculated as described in Annex D-4 “Evidence of transportation cost”.