

Subject; Review No. TS 0038 & TS0037

Transition review of countervailing duties applying to electric bicycles originating in the People's Republic of China (PRC)

Dear Sir/Madam,

We are writing this objection to the TRA findings on TS0038 & TS0037, as Brompton Bicycle Ltd are the biggest UK manufacturer of e-bikes in the UK and this recommendation will have a significant financial and structural impact on our business if implemented.

We note and fully support the Statement findings that it is likely that:

- 1) subsidisation of the goods subject to review from the PRC would recur if the measure were no longer applied; and
- 2) injury would recur if the measure were no longer applied.

It must be clearly noted that the TRA determined, that if the tariffs are lifted it is probable that the subsidisation of e-bikes would recur.

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

The TRA also stated under the injury to UK producers that:

18. 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.**

Brompton's case here is if the TRA found such evidence of both the above and that there is evidence these would reoccur why has the proposal been identified to scrap these measures? So, if the Chinese trade practices are unfair as have been clearly identified by the TRA, then these measures should remain.



Brompton Bicycle Ltd believe that the correct application of that test with a greater voice from the UK bicycle industry would lead to the conclusion that it is in the best interests of the UK to extend the current measure and not derogate the UK Electric Bicycle Industry. Furthermore, as Brompton Bicycle Ltd was the only UK manufacturer that took part in the full engagement with the TRA, we believe without other UK manufacturers' input into these proceedings this distorted the test completed – without identifying the true injury to the UK Electric Bicycle industry and the ramifications this decision would bring.

From the review undertaken we believe the incorrect assumptions on Brompton's extrapolated growth were identified, if these tariff measures for electric bicycles is removal, and this in our opinion is unrealistic.

Brompton believes that the scope of the reviews to only consider electric bicycles is a gross oversight when calculating damages to the UK manufacturers and industry. The removal of countervailing measures would lead to increased competition of electric bicycles against non-electric bicycles due to the much more aligned pricing.

The non-electric bicycle market is much larger than that for electric bicycles in the UK, the damage suffered by non-electric bicycle manufacturers should also be considered before recommendations to remove measures can be made.

We believe it is a mistake that the TRA only considers the importation into the UK, and no other consideration is provided towards public safety and challenges that UK manufacturers face when importing goods into PRC.

In the absence of any Free Trade Agreement between the United Kingdom & PRC, a pertinent question remains on why such safeguards should be removed when these would remain in place for imports into PRC. This should be a bilateral decision that should appease both Chinese and UK imports into either customs jurisdiction.

As the only UK Manufacturing folding bicycle participant in this engagement, and from confirmation stated by the Chinese Chamber of Commerce, the minimal decision should be to include folding bicycles in the UK Integrated Tariff for which the countervailing duties should remain to minimise impact for the UK electric folding bicycle industry. Currently in the UK Integrated Tariff, there is no tariff heading in place for folding bicycles and this in our opinion should be created.

Indeed, the UK would be making a major mistake to remove the existing measure simply on the basis of a relatively small percentage price consideration (with no out-of-pocket impact) for what is a higher-priced consumer item, while ignoring other considerations of equal importance for consumers, as well as the dislocation and other harm the removal of the measure would bring about, not least to the livelihood of those manufacturing or importing the product in the UK, to further UK investments in e-bike production, and to the innovations and synergies with other precision manufacturing sectors in the UK.

We hope our voice will be heard and that the TRA will revise its final recommendation.

Of course, we remain at your disposition for any further information you may find useful.

Sincerely,

