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30 September 2024

By TRS

**NON-CONFIDENTIAL**

Dear Mr. Reith, Dear Case Team

**Re:** Transition Review TS0036 — *Certain tyres (China): Comments of Hankook Group on the Statement of Essential Facts (SEF)*

**Our Client:** Hankook Group (Chongqing Hankook Tire Co. Ltd., Jiangsu Hankook Tire Co. Ltd., Hankook Tyres UK Ltd., and Shanghai Hankook Tire Co., Ltd)

1. This submission is filed on behalf of Hankook Group (**Hankook**) in the framework of the above-captioned transition review initiated by the Trade Remedies Authority (**TRA**) (the **Investigation**), and outlines Hankook's comments with respect to the preliminary findings made by the TRA, as set out in the Statement of Essential Facts (**SEF**) made available in the public file on 27 August 2024.

2. In the SEF, the TRA outlined that it intends to recommend to the Secretary of State (**SoS**) that the application of the countervailing amount is varied under Regulation 100A of the Dumping and Subsidisation Regulations (the **Regulations**)<sup>1</sup> so that this applies to the goods subject to review imported to the United Kingdom for a period of five years until 13 November 2028.<sup>2</sup> The varied measure would have effect from the date on which the original measure would have expired had the Investigation not been initiated (i.e., 13 November 2023). Furthermore, the TRA intends to recommend recalculated countervailing rates and duties under Regulation 100A(4)(a) of the Regulations.

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<sup>1</sup> The Trade Remedies (Dumping and Subsidisation) (EU Exit) Regulations 2019, as amended.  
<sup>2</sup> SEF, para. 497.

3. On the basis of its preliminary findings, Hankook is the only exporter for which the TRA intends to recommend to SoS the removal of countervailing duties — reducing the amount of countervailing duty from the rate of £3.138 per tyre currently applied under the existing measure to zero. By contrast, the TRA considers that all other overseas exporters should in fact remain subject to countervailing duties and intends to recommend that the rate of this duty be established at £45.70 per tyre.

4. Hankook welcomes the TRA’s decision to recalculate the individual countervailing duty applicable to it, and in particular considers the complete removal of countervailing duties with respect to Hankook to be an appropriate reflection of its cooperation with the TRA throughout the course of the Investigation. Nevertheless, Hankook respectfully submits that certain findings outlined in the SEF — most notably with respect to the countervailability of the subsidies examined by the TRA with regards to Hankook — should be reconsidered and revised by the TRA when formulating its final recommendation to SoS.

5. In particular, Hankook notes that on 28 March 2024 it submitted detailed comments to the TRA providing clarifications on the nature of certain subsidies which had been reported in the questionnaire responses of Chongqing Hankook Tire Co. Ltd (**CHKT**), Jiangsu Hankook Tire Co. Ltd (**JHKT**), and Shanghai Hankook Tire Co., Ltd (**SHT**) (the **Comments on Countervailability of Certain Subsidies**).<sup>3</sup> Hankook submitted the Comments on Countervailability of Certain Subsidies in the good faith belief that, in doing so, the TRA would give conscientious consideration to information and evidence provided therein. However, in Hankook’s view the TRA has not satisfactorily addressed the arguments raised in the Comments on Countervailability of Certain Subsidies. Notably, this is the case concerning the following subsidy schemes reported by Hankook and which Hankook has shown not to be countervailable for the purposes of the Regulations:

▪ **Grants —**

- **SHT:** as Hankook made clear in the Comments on Countervailability of Certain Subsidies, the grants reported in Section D2 of SHT’s questionnaire response should not be taken into account for the purpose of calculating the total subsidy amount of Hankook, since the subsidies in question do not benefit “*the goods imported into the United Kingdom*” within the meaning of Regulation 19 of the Regulations. Furthermore, and in any event, these grants could not be considered as “specific” for the purposes of Regulation 22(2)(a)(iv) of the Regulations, or Article 2.1 of the WTO SCM Agreement and are therefore not countervailable within the meaning of Regulation 22(2) and (4) of the Regulations.
- **CHKT:** by the same token, the following schemes reported by CHKT could not be considered as “specific” — and thus “countervailable” — for the purposes of the Regulations:
  - The grant scheme intended to encourage companies established in Chongqing province to reduce emissions of gas pollutants.
  - The grant scheme implemented by Chongqing Municipal Commission of Economy and Informatization in order to accelerate the construction of the City’s industrial green manufacturing system.

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<sup>3</sup> See, TS0036 public file — Submission of Hankook related to the countervailable subsidies (published on 10 April 2024), available [here](#).

- The grant scheme administered by the Chongqing City Government in accordance with the “Opinions of the State Council on the good implementation of the employment and entrepreneurship in the current and future period [2017] No. 28”.
- **Preferential tax programmes —**
  - **JHKT:** the preferential tax schemes from which JHKT benefitted are general in nature and are not limited to certain companies or industries. As such, Hankook highlighted to the TRA that these were not specific within the meaning of Regulation 22(2) of the Regulations.
  - **CHKT:** also benefitted under the same conditions that applied to JHKT. Accordingly, the subsidies from which CHKT benefitted in this regard were similarly not countervailable.

6. Despite the detailed arguments put forward by Hankook, the TRA has nonetheless proceeded to reach the preliminary conclusion that these subsidies are countervailable. Hankook respectfully disagrees.

7. In these circumstances, Hankook reiterates in full the arguments brought forward in the submissions made in the Comments on Countervailability of Certain Subsidies and respectfully requests the TRA to uphold them in the final recommendation to SoS.

Kind regards,

Gabriele Coppo