Trade Remedies Authority

Statement of Essential Facts

Transition review of an anti-dumping measure applying to bicycles and certain bicycle parts originating in the People's Republic of China (PRC) (including bicycles consigned from Cambodia, Indonesia, Malaysia, Pakistan, the Philippines, Sri Lanka and Tunisia)

Review No. TD0061

31 July 2025

Contents

SECTION A: Introduction

1. This section briefly summarises the legal framework for this Statement of Essential Facts (SEF) and the Trade Remedies Authority (TRA)'s main findings. The background to the review and further detail on all aspects are set out in the remaining sections.

2. This SEF sets out the essential facts on which we will base our recommendation. It should be read in conjunction with other public documents available for this case on the public file.

3. The purpose is to set out our intended recommendation, provide interested parties with a summary of the facts considered during this review, and those facts which formed the basis of our intended recommendation. Additionally, we inform interested parties who have supplied information how we have used that information during the review, provide details of the analysis forming the basis of the intended recommendation and allow interested parties to make submissions in response.

4. Interested parties, contributors and any other person who has supplied information to the TRA are invited to make submissions within 25 calendar days of the publication date of this SEF, *i.e.* before 23:59 UK (United Kingdom) time on 25 August 2025 in accordance with regulation 62(2) of the Trade Remedies (Dumping and Subsidisation) (EU Exit) Regulations 2019 (as amended) (the Regulations).

5. We may consider submissions made after this date, but please note that we are not obliged to do so if we believe it would cause an unnecessary delay in preparing the final recommendation. Where we reject information for any reason, we will publish our reasons for rejection in our final recommendation.

6. Registered interested parties to the case can make submissions on the Trade Remedies Service (TRS) online platform. All submissions containing confidential information must be accompanied by a non-confidential version for the public file. Those not registered on the TRS may send submissions by email to TD0061@traderemedies.gov.uk.

7. In exceptional circumstances it may not be possible to summarise confidential information. If this is the case, the party must provide a 'statement of reasons'[1] setting out the reasons why the TRA should treat the information as confidential and why summarising the information is not possible.

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

A1 Legal Framework

9. This SEF is made pursuant to regulation 62 of the Regulations. It includes:

- the recommendation that the TRA intends to make;
- a summary of the facts considered during the transition review;
- those facts referred to in the summary which formed the basis of our recommendation;
- details of the analysis forming the basis of the intended recommendation; and
- details of how we have used the information supplied by interested parties in making the intended recommendation.

A2 About this Review

10. On 31 December 2020, the Secretary of State for International Trade determined the anti-dumping duty on bicycles and certain bicycle parts originating in the People's Republic of China (including bicycles consigned from Cambodia, Indonesia, Malaysia, Pakistan, the Philippines, Sri Lanka and Tunisia) imposed by the following European Union (EU) instrument was to be transitioned: Commission Implementing Regulation (EU) 2020/45 of 20 January 2020 amending Implementing Regulation (EU) 2019/1379 by Council Regulation (EC) No 71/97.

[1] A 'statement of reasons' means a statement setting out reasons of a person supplying information to the TRA, explaining why we should treat the information as confidential and why summarisation of confidential information is not possible, as defined under Regulation 45(6)(b) of the Regulations.

11. This determination follows a Call for Evidence conducted by the Department for International Trade (now Department of Business and Trade) to identify anti-dumping duties imposed by the EU that should be transitioned into the UK system.

12. The EU measure transitioned into UK law and as set out in the Taxation Notice 2020/34 took effect as a UK measure on replacement of EU trade duties. Under regulation 97C of the Regulations, this measure will continue until the Secretary of State for Business and Trade (SoS) publishes a notice accepting or rejecting a recommendation following a transition review.

13. The Taxation Notice 2020/34 gives effect to the European Union (EU) Trade Remedies measure specified in the Notice of Determination 2020/34. The TRA conducts transition reviews to determine if the measures in the Taxation Notice should be varied or revoked in the UK.

14. The Notice of Initiation (NOI) was published on the 23 August 2024. The scope of the measure transitioned by this review, as detailed within the NOI, is defined in Section D.

A3 Period of investigation and injury period

15. The period of investigation (POI) for the review is 01 July 2023 to 30 June 2024.

16. To assess injury, the TRA has chosen to examine the period from 01 July 2020 to 30 June 2024.

SECTION B: Summary and Findings

B1 Likelihood of Dumping Assessment

17. 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 would be likely to continue if the measure were no longer applied.

B2 Likelihood of Injury Assessment

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 be likely to continue if the measure were no longer applied to the goods subject to review.

B3 Economic Interest Test (EIT)

19. 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.

20. Overall, we consider there is a benefit on the UK economy of varying the measure by maintaining it on the goods subject to review. Therefore, we conclude the EIT is met.

B4 Circumvention aspects of the measure

21. In addition to the current measure concerning the goods subject to the original measure, that being category 1 goods – bicycles, this measure also includes category 2 goods – certain bicycle parts, as described in section D1 Description of goods. The addition of bicycle parts into the measure acts as further protection to the UK bicycle industry and specifically exists to protect against circumvention of the original measure. This

additional protection was added after a circumvention review carried out by the European Commission (EC).

22. Under regulation 99A(2)(a)(iii) of the D&S Regs, in accordance with the definition of circumvention, as set out in regulation 73 of the D&S Regs, we have examined the potential likelihood for circumvention of the measure on the original goods (bicycles) by the importation of certain bicycle parts or the consignment of the category 1 goods through the 3rd countries as set out in the taxation notice, and considered the impact removal of these circumvention measures would have on the likelihood of dumping and injury continuing or recurring under regulation 99A(1) of the D&S Regs.

23. We determined that circumvention through third countries is still a risk and may contribute to the risk of continued or recurring dumping of the primary goods (bicycles) within the UK. We also conclude that there would be an increased likelihood of injury or increased likelihood of the remedial effects of the anti-dumping amount being undermined in respect of prices or quantities of the goods subject to review. Therefore, the 3rd country countervailing measures should remain in place.

24. Our analysis of secondary source information on the costs associated with the assembly of bicycles in the United Kingdom suggests that it may not be cost-effective for Chinese exporters to circumvent the anti-dumping measures by assembling bicycles in the UK. This information is set out in Section I2 Bicycle Parts. Therefore, we determined that circumvention through the importation of certain bicycles parts to the UK may be reduced due to potentially more restrictive extra costs when compared with varying costs in the European Union. We are unable to address this risk without any evidence from participants within this review concerning whether Chinese manufacturers are currently circumventing, or would be encouraged to circumvent, the original measure on bicycles by importing certain bicycle parts if the measure was removed. However, interested parties are welcome to submit written evidence on this element of the review during the SEF comment window.

25. Due to the lack of primary evidence from interested parties, and a reliance on cost assumptions in our analysis, we cannot rule out that Chinese exporters may still be able to cover the extra costs associated with assembling bicycle parts into complete bicycles within the UK. Therefore, a risk remains of an increased likelihood of injury or of the remedial effects of the anti-dumping amount being undermined in respect of prices or quantities of the goods subject to review from certain bicycles parts. Therefore, certain bicycle parts should remain in place as part of the full measure.

B5 Intended recommendation to the Secretary of State

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

27. Our intended recommendation for the goods subject to review is to maintain the application of the anti-dumping amount under regulation 100A of the Regulations. We intend recommending that the anti-dumping amount be maintained from 30 August 2024 in accordance with regulation 100A(4) of the Regulations extended for five years ad valorem.

28. We intend to make this recommendation on the grounds that we have assessed that it is likely that dumping would continue if the measure were no longer applied; that injury would continue to the UK industry if the measure were no longer applied; and confirm that the continuation of the measure against bicycles meets the EIT.

29. In reaching this intended recommendation, we considered the current and prospective impact of the measure on various groups (as described further in Section H Economic Interest Test).

SECTION C: Background

C1 Initiation

30. On 23 August 2024, the TRA initiated a transition review into the anti-dumping duty on bicycles and certain bicycle parts originating in the PRC (including bicycles consigned from Cambodia, Indonesia, Malaysia, Pakistan, the Philippines, Sri Lanka and Tunisia).

C2 Participation in the review

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

C3.1 UK Industry

32. The UK producers who registered an interest in the case were Frog Bikes Limited (Frog Bikes); Brompton Bicycle Limited; Winlong Garments Ltd; Pashley Holdings Limited; Moulton Bicycle Company Limited and Cyclesport North (Ribble).

33. Due to the number of responses to the pre-sampling questionnaire received during the registration period, in accordance with regulation 57(2)(d) of the Regulations, the TRA limited its examination of UK producers. The TRA published a notice of proposed sample on 17 October 2024 that was based on the two companies with the largest volume of UK sales, in combination with the largest range of like goods, which was determined to be a reasonable method in accordance with regulation 57(3) of the Regulations.

34. A number of objections were made about the sample of UK producers by Frog Bikes, Brompton and an anonymous party. Full details of which can be found on the public file. The TRA clarified the decision making and the original sample was confirmed with the publication of the notice of the final sample, published on 4 November 2024.

35. The UK producers selected to be within the sample were:

- Frog Bikes
- Ribble

36. Ribble failed to meet all the deadlines for submission of the full questionnaire and therefore failed to participate any further with this review. Therefore, Frog Bikes accounted for much of the detailed information used in the injury analysis of this review.

37. Using submitted questionnaire data and published market report data; it is estimated that Frog Bikes account for over 40% of the volume of UK production during the POI.

38. We estimate that Frog Bikes account for 9% of total employment of UK bicycle producers according to employment figures from the most recent published accounts of known UK bicycle producers.

39. Since Frog Bikes 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 examining category 1 goods within this investigation, particularly within the injury assessment.

C3.2 Exporters/Producers from the PRC

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

41. Due to the number of responses to the pre-sampling questionnaire received during the registration period, in accordance with Regulation 56(2)(a) of the Regulations, the TRA limited its examination of overseas exporters/producers. The TRA published a notice of proposed sample on 17 October 2024, which set out that the sample was determined using a statistically valid method in accordance with regulation 56(3)(b) of the Regulations. No comments were received on the selection of the sample of overseas exporters/producers. This sample was confirmed with the publication of the notice of the final sample, published on 4 November 2024.

42. The overseas exporters/producers selected to be within the sample were:

- Oyama Technology (Oyama)
- Ningbo Tekmax Bicycle Co., Ltd. (Ningbo Tekmax)

- Ningbo Nanyang Vehicle Co., Ltd (Ningbo Nanyang)

43. Once selected for the sample, Ningbo Nanyang (an unrelated company to Ningbo Tekmax) failed to supply a completed questionnaire. Both Oyama and Ningbo Tekmax continued to participate by completing and submitting a full questionnaire.

C3.3 Importers

44. Halfords Limited and United Wheels Ltd both submitted a pre-sampling questionnaire (PSQ) which was published to the public file on 24 September 2024. As importers of the goods subject to review, they were both asked to submit a questionnaire. Both submitted a completed questionnaire which were published to the public file on 21 & 24 January 2025 respectively.

C3.4 Foreign Government

45. There was no registration of interest in this review from the Government of the PRC (the GOC).

46. Due to the inclusion of additional countries within the scope of the measure, the Government of Malaysia; the Government of Indonesia via the Directorate of Trade Defence, Ministry of Trade of Indonesia and the Government of Sri Lanka all registered an interest in the review by submitting PSQs.

C3.5 Contributors

47. The China Chamber of Commerce for Import and Export of Machinery and Electronic Products (CCCME) registered an interest in the case.

48. City Cycle Industries Manufacturing Pvt. Ltd (City Cycle), a bicycle producer based in Sri Lanka, registered an interest in the review and also submitted a contributor questionnaire that was published to the public file on 15 January 2025.

49. A full list of contributors who registered an interest in the case can be found in ‘Annex A: Interested parties and contributors.

C3.6 How we have used submitted data

50. 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.

51. 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.

52. 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 factors including whether the existing measure was affecting the supply of bicycles into the UK during the POI and injury period, and therefore potentially distorting any recalculation and the lack of cooperation from overseas exporters. Additionally, no party provided compelling evidence that the data would be available, or it may be appropriate to recalculate. Taking these factors into consideration, it was considered not appropriate to recalculate the anti-dumping amount.

C3.7 Verification of data

53. We undertook verification activities (both on-site and remote) in relation to the information provided by the sampled interested parties, during which we assessed the completeness, relevance, and accuracy of that information. The information supplied by those sampled interested parties:

- 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.

54. We also had regard to information supplied by non-sampled parties and contributors to the review.

55. We visited Frog Bikes' offices in Ascot on 19 March 2025 after carrying out an initial walkthrough of its accounting systems for verification purposes. We also conducted virtual verification activities with Oyama during the 8th & 9th April 2025 and Ningbo Tekmax during the 22nd & 23rd April 2025. Details of the verification work completed can be found in our verification reports on the public file.

56. Although both Halford's and United Wheels' data is verifiable, a decision was taken not to conduct further verification work on their data. The data has, however, been used to validate some analysis and conclusions within this review.

SECTION D: The Goods and Like Goods

D1 Description of the goods

57. The goods subject to review come in two categories:

Category 1 goods - bicycles and other cycles (including delivery tricycles but excluding unicycles) originating in the PRC (including bicycles consigned from Cambodia, Indonesia, Malaysia, Pakistan, the Philippines, Sri Lanka and Tunisia) and exported to the UK.

Category 2 goods – certain bicycle parts, in quantities of 300 or more units per month (per type), originating in the PRC and exported to the UK, including:

- Brake levers
- Coaster braking hubs
- Complete wheels with or without tubes, tyres and sprockets
- Crank-gears
- Derailleur gears
- Frames (painted, anodised, polished or lacquered)
- Free-wheel sprocket-wheels
- Front forks (painted, anodised, polished or lacquered)
- Handlebars
- Hub brakes

D2 Category 2 goods

58. In January 1997, the EC extended the anti-dumping duty on bicycles originating in the PRC, to imports of essential bicycle parts also originating in the PRC. This followed an investigation into the alleged circumvention of the duty in the form of assembly of

bicycles in the European Union by using Chinese bicycle parts. This was reviewed and maintained in 2008.

59. In identifying bicycle parts that would be subject to the circumvention measure, the EC limited the extension of the measure only to those bicycle parts it considered 'essential' for the assembly of a completed bicycle and not all bicycle parts. As per paragraph (27) Council Regulation (EC) No 71/97 of 10 January 1997, extending the definitive anti-dumping duty imposed by Regulation (EEC) No 2474/93.

D3 Additional countries

60. After the original definitive measures were set against the PRC in September 1993, in June 2013 an anti-circumvention investigation resulted in Indonesia, Malaysia, Sri Lanka and Tunisia being added to the measure. Additionally, in May 2015 another anti-circumvention investigation resulted in Cambodia, Pakistan and the Philippines also being added to the measure.

D4 Exceptions and exemptions contained within the current measure

Exceptions to measure on category 1 goods

61. As additional countries were added to the original measure by the EU, some bicycle producing companies that existed within these seven countries applied for an exemption from the measure and were examined by the EC for a likelihood of circumvention of the original measure. They were examined for transhipment activities where there was a combination of:

- an overall decrease of the exports from the PRC to the EU
- an increase of exports from the third counties to the EU
- an increase of exports from the PRC to the third countries

after the increase of the anti-dumping measures in July 2005. This constituted a change in the pattern of trade between the countries concerned and the EU.

62. The EC also examined whether there was any evidence of the producer being an assembly operation, whereby the parts used in production were found to be sourced primarily from the PRC. The sources of raw materials (bicycle parts) and the cost of production were analysed for each cooperating company to establish whether they were any assembly operation based in the 3rd country. This was examined by identifying if:

- Chinese-origin raw materials (bicycle parts) constituted 60 % or more of the total value of the parts of the assembled product, and
- If there was value added during the assembly, in that the parts brought in, were less than 25% of the manufacturing cost.

63. Furthermore, these producers were also asked to demonstrate that they were not related to any of the producers/exporters engaged in circumvention practices nor to any of the Chinese producers/exporters of bicycles.

64. Where it was found that a company was not related to Chinese companies or where there was no evidence of circumvention or historic relationship before measures were in place, these were given an exception to the duty. The taxation notice includes a number of 'exceptions to duty', given to companies in the seven additional countries. These are:

- A and J Co., Ltd (Cambodia)
- Bestway Industrial Co., (Cambodia)
- Smart Tech Co., Ltd, (Cambodia)
- Speedtech Industrial Co. Ltd, (Cambodia)
- P.T. Insera Sena (Indonesia)
- P.T. Terang Dunia Internusa, (United Bike) (Indonesia)
- PT Wijaya Indonesia Makmur Bicycle Industries (Wim Cycle)
- Procycle Industrial Inc., (Philippines)
- Asiabike Industrial Limited (Sri Lanka)
- BSH Ventures (Private) Limited (Sri Lanka)
- Samson Bikes (Pvt) Ltd (Sri Lanka)

- Look Design System (Tunisia)
- Euro Cycles SA (Tunisia)

Exceptions to measure on category 2 goods

65. The original EC investigation into circumvention has shown that the imports of pre-assembled, pre-treated or pre-painted parts is typical of assembly operations. It appeared domestic producers treat or paint the parts they import and do not import bicycle sub-assemblies. Therefore, to minimise the risk of affecting imports which do not constitute circumvention, in particular imports of non-essential parts, the extension of the duty was limited to essential parts.

66. The taxation notice contains certain exceptions in respect of Category 2 goods, in order that producers of other goods within the UK are not disadvantaged by the goods' inclusion.

67. One of the categories for exceptions is linked to the use of the bike parts as below:

- The goods are used in the assembly of cycles fitted with an auxiliary motor.
- The goods are used in the assembly of vehicles other than cycles, whether fitted with an auxiliary motor.

68. Several parties were entitled to an exemption on category 2 goods, prior to the transition of the measure and these are listed below:

- Cyclesport North Limited (Ribble) (UK)
- Accell Nederland B.V.,
- Cycles France Loire
- CYCLES LAPIERRE
- Cycleurope Industries
- Cycleurope Sverige AB
- Derby Cycle Werke GmbH
- Engelbert Meyer GmbH
- Esmaltina- Auto ciclos S.A.

- F.lli Masciaghi S.p.a.,
- KTM Fahrrad GmbH,
- Manufacture Française Du Cycle
- MBM S.r.l.,
- Montana SRL
- Panther International GmbH
- Promiles
- Prophete GmbH & Co. KG
- TNT Cycles S.L.,

69. An application for an exemption review can be submitted to the TRA by a UK manufacturer, which is reviewed before the possible exemption is granted. Those companies that have been permitted an exemption include Frog Bikes. Frog Bikes Manufacturing Limited was a UK importer that held an exemption to the measure. As a result of a company restructure, Frog Bikes Manufacturing Limited ceased to exist and Frog Bikes Ltd took over all the operational activity previously carried out, thus becoming a UK importer of the category 2 goods. They were granted an exemption after a review in 2023.

70. Other completed exemption reviews involve Winlong Garments Ltd (Planet X), Martlet Group and Myrider, who were all granted exemptions.

71. The SPE16610 - Bicycle parts: scope of relief explains how category 2 goods can be imported into the UK without applying for an exemption and HMRC have clarified that this links to the end use of the bicycle parts. Importers can, on a monthly basis, import fewer than 300 units per type of essential bicycle parts if declared for free circulation or delivered to an ‘authorised use authorised trader’. They do not have to be assembled into complete bicycles to obtain relief.

72. Category 2 goods are also exempt from anti-dumping duties if they are delivered to:
- an exempted party
- another holder of an authorisation for final delivery to an exempted party

D5 Scope

73. 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.

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

75. Although the two categories of goods described above in D1 Description of goods have been transitioned into a single taxation notice, the current measure's primary focus is to protect against the injury to the UK industry resulting from the goods subject to the original anti-dumping duty, that being, bicycles originating from the PRC. The tariffs additionally imposed on the circumvention goods, those being certain bicycle parts, are there solely to ensure the effectiveness of tariffs on those original goods.

76. Certain bicycle parts (category 2 goods) were originally defined by the EU during their 1997 circumvention review. The parts were identified as essential for the assembly of a completed bicycle and are therefore likely to be used to circumvent the original measure. We have no evidence that any individual category 2 goods should be removed from scope.

D6 Like Goods

77. 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.

78. 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.

79. The category 1 like goods produced by UK industry are 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

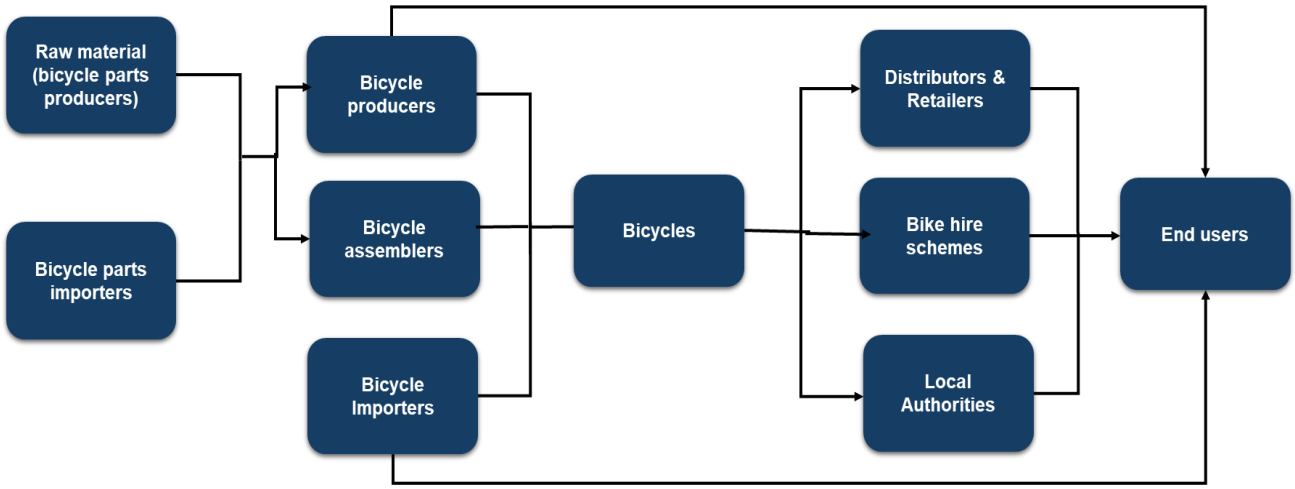
80. The UK bicycle industry is comprised of businesses who produce bicycles for sale to consumers used for transportation for both business and leisure. Some UK bicycle producers sell directly to consumers and others sell via retailers such as Evans, Halfords, Decathlon and smaller bike shops. Some bicycles are used in cycle hire schemes, but the available evidence is insufficient to access their overall share of the market. We have also been made aware, towards the later part of the review, of at least two UK bicycle part (category 2) manufacturers.

81. As described in more detail in F1 Introduction within Section F: Likelihood of Dumping Assessment, the focus of the likelihood assessments and the EIT will be on the category 1 goods bicycles, therefore this is the focus of the rest of this section.

82. We are aware of over 800 businesses that import and/or sell bicycles to UK 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. Approximately 50% of all UK sales are from leading or popular brands such as Brompton according to the Bicycle Association 2024 market report.

E2 Production Process

Figure 1: The UK bicycle industry



83. Bicycles are produced by combining various bike parts. The main bike parts can be categorised as follows:

- Chassis parts – frames, forks and shocks
- Steering parts – headsets, handlebars, handlebar stems and grips
- Brake parts – brakes, brake cables/rotor for disc brakes, brake levers
- Wheel parts – rims, spokes, hubs, tyres, tubes and rim tape
- Saddle parts – seat posts, seat clamps and saddles
- Transmission parts – pedals, derailleurs, derailleur hoses, cranks, cassette sprockets, chain, shifters
- Other cycle components – chainguards, mudguards, carriers, kickstands, bells, lights and reflectors

84. The main components for bicycles are made from raw materials including carbon fibre, steel and aluminium.

E3 Market size and structure

85. Our research indicates there are over 50 UK producers of bicycles. This is a rough estimate as it is difficult to identify certain UK manufactured bicycles. Given the limited participation from UK manufacturers of bicycles, we are unable to accurately estimate their numbers or production capacity.

86. Our own research and other party contributions have indicated that there are at least two known UK producers of bicycle parts. They appear to produce category 2 goods within the scope of this measure but do not appear to produce for mass consumption in the production of bicycles. These bicycle parts are generally fitted by enthusiasts looking to upgrade their bicycle and are supplied through specialist retailers. Neither of these businesses have registered an interest in this review and therefore adds to the lack of data when assessing circumvention of the original measure using bicycle parts (see I2 Bicycle parts).

87. Table 1 below shows the estimated market share by value for different types of bicycles. Road bicycles and mountain bikes constitute around 61% 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 bicycle sales value, by product type, H1 2024

Type	Share of total value of UK bike sales
Road Bike	31%
Mountain Bike	30%
Kids Bike	14%
Hybrid Bike	10%
Gravel Bike	7%
Folding Bike	4%
Other	4%

Source: Bicycle Association (Market Data Mid-Year Report 2024 – The UK Cycling Market H1 2024).

E4 Market trends

88. The Bicycle Association (BAGB) reports that there has been further decline of 11% in bicycle sales volume in the first half of 2024 compared to the same period the year before. In terms of the five-year picture, bicycles sales volume is down 40% from 2019 levels.

E5 Competition in the market

89. There are a lot of bicycle 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.

90. We estimate that UK producers accounted for around 5% of bikes sold in the UK over the injury period. The remaining bicycles are imported. Import data shows that bicycles were imported from 55 countries in the last two years of the injury period with the largest volumes coming from China and Tunisia.

91. Bicycles can be purchased at a wide variety of prices with a varied range of models depending on consumer budget and end use. It is unclear how willing consumers are to switch between types of bicycles. However, consumers of leading or popular bicycle brands are less likely to switch due to brand loyalty.

92. The market has significant use of advertising, high levels of consumer choice and strong brand recognition.

SECTION F: Likelihood of Dumping Assessment

F1 Introduction

93. For the purposes of the dumping likelihood assessment, the injury likelihood assessment and EIT, the primary focus will be on the original goods, which is the category 1 goods, bicycles. Category 2 goods (certain bicycle parts) are considered in the context of the original measure. Specifically, the TRA examined if dumping of bicycles originating from the PRC and injury would continue or recur if the anti-dumping amount were not imposed on the bicycles. Certain bicycle parts support the original measure against bicycles. However, we have not considered whether dumping of these circumvention goods (certain bicycle parts) would continue or recur.

94. As mentioned in paragraph 63, in addition to certain bicycle parts being added to the original measure, an additional seven extra countries were also added into the measure and are subject to the same country wide duties to that which the PRC is subjected to. This ensures there is further protection to the UK bicycle industry and specifically exists to protect against circumvention of the original measure.

95. We have therefore considered whether the circumvention practices may continue to contribute to the risk that dumping of the bicycles would continue or recur.

96. In accordance with regulation 99A(1)(a) of the Regulation, 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.

97. We conducted a likelihood of dumping assessment on a PRC countrywide basis. Our assessment considered the following factors:

- Continued dumping;
- Production levels & Production capacity (current and future);
- Inventories;
- Ability to shift production to the goods subject to review;
- Market prices in the United Kingdom (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

98. To assess continued dumping we accessed HMRC's import data, under the 8-digit commodity codes. The data corresponds to the POI and injury period (Table 2).

Table 2: Bicycle Imports by Volume (Units) from PRC (July 2020 to June 2024)

	Year 1	Year 2	Year 3	Year 4
% (year-on-year change)	-	9%	-29%	-21%
Index if Year 1 = 100	100	109	77	61

Source: HMRC data.

99. During the first two years, UK imports of bicycles from the PRC increased by 9% in volume by unit (Table 2). However, imports declined sharply in the following years, down 29% year-on-year for the third year and a further 21% decline during the POI. Total decline over the whole period equated to 39%.

Table 3: Bicycle Imports by Value (£) from PRC (July 2020 to June 2024)

	Year 1	Year 2	Year 3	Year 4
% (year-on-year change)	-	1%	-23%	-46%
Index if Year 1 = 100	100	101	78	42

Source: HMRC data.

100. The total import value in GBP of bicycles from the PRC (Table 3) remained stable from July 2020 to June 2022 but declined significantly in later years. Between July 2022 to June 2023 bicycle import value declined by 23%, a trend which continued between July 2023 and June 2024, when import value fell by 46%. The total decline in value in GBP between July 2020 and June 2024 was 58%.

Table 4: Calculated Price per Unit - Bicycle Imports from PRC (Excludes Tax or Duty) (July 2020 to June 2024)

	Year 1	Year 2	Year 3	Year 4
Index if Year 1 Calculated Price = 100	100	92	101	68

Source: HMRC data.

101. Unit price trends and import levels by unit between July 2020 – June 2024 (Table 4), show that regardless of whether import volumes by unit increased or decreased, the price per unit never went above its year 1 starting point by any substantial amount. Significantly, the price of bicycle imports originating in the PRC show a considerable reduction in price per unit during the POI, as demand in the UK decreased.

Between year 1 and year 2, unit prices decreased as import volumes by unit rose. By year 3, unit prices returned to year 1 levels but import value and volumes had declined below year 1 levels. By year 4, both import volume in units and unit prices reached their lowest point during the injury period, with a price per unit lower by 32% compared with year 1.

102. Despite the decline in volume, bicycle imports from the PRC continue to hold a substantial share of the UK market by volume in units. However, they represent a much smaller share in terms of value in GBP.

Table 5: Bicycle Import Trends – Share of imports - Top Countries vs PRC Value (£) (July 2020 to June 2024)

	Year 1	Year 2	Year 3	Year 4
PRC as a % of top 10	16%	18%	14%	10%
Index of PRC as a % of top 10 if Year 1 = 100	100	110	88	62

Source: HMRC data.

Table 6: Bicycle Import Trends – Share of imports - Top Countries vs PRC Volume (Units) (July 2020 to June 2024)

	Year 1	Year 2	Year 3	Year 4
PRC as a % of top 10	20%	27%	26%	28%
Index of PRC share of imports as a % of top 10 if Year 1 = 100	100	136	129	138

Source: HMRC data.

103. Tables 5 (value in GBP) and 6 (volume by unit), shows the PRC's share of imports of bicycles imported into the UK as a percentage of the top ten countries.

104. As shown in Table 6, the PRC's share of imported bicycles into the UK by volume when compared with the other top 10 countries, was 20% at the start of the injury period (Year 1) and increased by 7% by Year 2. The PRC maintained this level for the rest of the injury period. Overall, throughout the IP, the PRC's total share of imports by unit to the UK when compared with the other top 10 countries increased by 38% relative to its initial share. The PRC's increase in import market share did not occur due to an increase in imports but rather a smaller decrease of imports compared to the rest of the top 10 exporting countries to the UK (some of which are also subject to the measure). PRC exporters reduced their prices while imports by volume decreased when compared with the other top 10 countries, as shown in Table 7 below. The same applies to the average price over the period when comparing it to Year 1.

Table 7: Imported Bicycle Prices (£/Unit) from July 2020 to June 2024 from top exporters to the UK

Country	Index Year 4 Compared to Year 1 (Year 1 = 100)	Index Average Price for the Whole Period when Compared to Year 1
China	**68**	**90**
Tunisia	**131**	**124**
Vietnam	**145**	**135**
Bangladesh	**142**	**115**
Indonesia	**122**	**126**
Taiwan	**506**	**280**
India	**114**	**103**
Sri Lanka	**107**	**112**
Thailand	**148**	**121**

Portugal	**177**	**141**

Source: HMRC data.

105. Table 4 shows the trend in PRC bicycle export prices. The PRC's average price per unit dropped by 10% during the injury period. The PRC's price per unit dropped by 32% when comparing Year 4 (POI) to Year 1. As shown in table 7, no other top ten country had a decrease in average price during the injury period. No other top ten country had a decrease in price per unit when comparing Year 4 (POI) to Year 1.

106. This pricing behaviour occurred during a period of rising global raw material costs and a notable decline in UK demand for bicycles. Despite these conditions, PRC exporters reduced their export prices, unlike any other major supplier. This suggests that PRC exporters are willing and able to continue selling at depressed prices under adverse conditions, despite the application of the current anti-dumping measure.

107. To conclude, data from Tables 5, 6 and 7 shows that PRC bicycle export prices and volumes to the UK declined throughout the injury period. However, from June 2020 to July 2024, the PRC's market share of bicycle imports by unit to the UK, when compared with the other top exporting countries, increased by 38%.

108. Even with the current measures in place, the PRC have increased their UK market share by volume. Meanwhile, other large exporting countries have struggled to maintain their market share by volume, during a time when demand for bicycles in the UK has dropped.

F3 Do the conditions for dumping exist?

F3.1 Production and production capacity

109. The PRC is the world's largest bicycle producer, accounting for approximately 60% of global production, with total output reaching 48.83 million bicycles[2] in 2023, of which 81% was exported. This scale is supported by a government driven policy of maintaining a highly developed manufacturing base with a strategic focus on exports (see section

[2] Lauren Jenkins, *China's Cycling Boom: Brands Capitalise on New Market*. Bikebiz, [online]. Available at: Link [Accessed 17 April 2025]

F4.4). Many of the PRC's manufacturers of bicycles and bicycle parts operate at massive scale, with production capacities far exceeding the needs of the UK market.

110. Due to the fact there was limited participation in the case, some data has been gathered using open-source material. It should be noted, therefore, that total production figures were only able to be obtained from Giant Manufacturing, Merida, and Ideal Bike and that these figures also include electric bicycles production. However, as can be seen under section F3.2 'Ability to Shift Production', production lines can be interchangeable between product types when demand changes.

111. Giant Manufacturing Co. is one of the world's largest producers, and has five manufacturing centres in the PRC, which account for about 3.5 million bicycles per year — more than half its global capacity. The company also has plants in Taiwan, the Netherlands and Hungary. By the end of 2022, Giant started production in a factory in Vietnam (Giant Manufacturing, 2025[3]), benefiting from the country's free-trade agreement with the EU, which accounts for almost 40 percent of Giant's global sales (Bloomberg, cited in Taipei Times, 2022[4]). Table 8 shows Giant's production capacity for the years 2022 and 2023, in both years this company alone could have provided the UK with its entire bicycle market demands several times over.

Table 8: Giant Manufacturing - Production Capacity (Units) (Calendar Year)

Giant Manufacturing	2022	2023
Total production capacity	6,203,000	5,517,000
Total of actual production	5,843,000	4,198,000
Remaining Production Capacity	360,000	1,319,000
Index (Max Capacity = 100)	94	76

Source: Giant Manufacturing Co. Ltd[5].

112. As can be seen in the tables below, both Merida and Ideal Bikes, two smaller producers compared with Giant yet still major manufacturers of bicycles, together fulfil either nearly

[3] Giant Manufacturing (2025), *Locations*. [Online] Available at: Link [Accessed 07 May 2025]

[4] Bloomberg (2022), *Snarled supply chains stretch wait times for Giant*. Taipei Times, [online]. Available at: Link [Accessed 15 April 2025]

[5] Giant Manufacturing Co. Ltd (2023) *Annual report 2023*.

the UK's entire bicycle market demand (2.04 million in 2022[6] and 1.9 million in 2023[7], or separately they fulfil a significant proportion of the UK's need without utilising their entire production capability.

- Giant's actual production amounts to 286% of UK demand for 2022 and 221% for 2023.
- Merida's actual production amounts to 60% of UK demand for 2022 and 58% for 2023.
- Ideal Bike's actual production amounts to 16% of UK demand for 2022 and 20% for 2023.

Table 9: Merida - Production Capacity (Units) (Calendar Year)

Merida	2022	2023
Total production capacity	1,940,000	1,850,000
Total of actual production	1,217,105	1,109,007
Remaining Production Capacity	722,895	740,993
Index (Max Capacity = 100)	63	60

Source: Merida Industry Co., Ltd[8].

Table 10: Ideal Bike - Production Capacity (Units) (Calendar Year)

Ideal Bike	2022	2023
Total production capacity	700,000	700,000
Total of actual production	327,760	186,196
Remaining Production Capacity	372,240	513,804
Index (Max Capacity = 100)	47	27

Source: Ideal Bike Corporation[9].

113. All three producers sit on unused production capacity ranging from several hundred thousand units to over a million bicycle units. Regardless of any expansion plans, each of the three companies can supply, if not all, then a large proportion (in the case of Merida)

[6] Statista, (2023). *Bicycle industry in the United Kingdom*. Market Insights by Statista.
[7] Statista, (2024). *Bicycles: market data & analysis*. Market Insights by Statista.
[8] Merida Industry Co., Ltd (2023) *Annual report 2023*.
[9] Ideal Bike Corporation (2023) *Annual report 2023*.

of UK bicycle demand and supply an increase in volume should demand change in the UK quickly through their existing facilities.

114. If each company operated at full capacity, they would produce:

- Giant: 304% of UK's demand for 2022 and 290% for 2023.
- Merida: 95% of UK demand for 2022 and 97% for 2023.
- Ideal Bike: 34% of UK demand for 2022 and 37% for 2023.

115. We were able to look in detail at the production capacity of both the sampled, co-operating PRC exporters.

Table 11: Ningbo - Production Capacity (Units) (July 2020 to June 2024)

Ningbo	Year 1	Year 2	Year 3	Year 4
Index Used Capacity (Max Capacity = 100)	72	58	36	59

Source: Submitted questionnaire.

116. As shown in Table 11, Ningbo operated at about 59% of its total capacity during the POI, which suggests that it could have significantly increased production to meet demand. Across the injury period, Ningbo consistently operated below full capacity, reaching a low of 36% in the third year of the injury period. This demonstrates a persistent ability to expand output if market conditions became favourable.

117. As mentioned in section F4.3 Exports to Third Countries, Ningbo already sells bicycles at lower prices in other third country markets in comparison to the UK prices. This demonstrates its ability to adjust pricing flexibly across markets, reinforcing its capacity to increase exports to the UK at lower prices if conditions change.

Table 12: Oyama - Production Capacity (Units) (July 2020 to June 2024)

Oyama	Year 1	Year 2	Year 3	Year 4
Index Total Production Capacity Change (Year 1 = 100)	100	100	75	38
Actual Production vs Total Capacity (%)	107*	91	99	100

Source: Submitted questionnaire

* Where production exceeded capacity employees worked overtime.

118. Oyama's production capacity, as shown in Table 12, had decreased from year 1 to year 4 (POI), which indicates that Oyama can supply more bicycles to the UK if demand existed.

119. PRC exporters have both the capacity and flexibility to increase bicycle exports to the UK if market conditions became favourable.

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

120. PRC is the world's largest producer of electric bicycles, manufacturing over 30 million units annually (Smith, 2023[10]). Most published manufacturing capabilities within the PRC do not differentiate between pedal bicycles and electric bicycles; however, manufacturers that produce both goods can readily shift production between the two types of bicycles in response to fluctuations in demand, due to their similar manufacturing process.

121. Both manufacturing processes share the same features. In each instance, the frame is assembled and painted, after which various components, including lights, cables, wheels, and the saddle, are installed. For electric bicycles the battery and motor are also incorporated. The assembly process utilises similar equipment and workers, requiring only minor adjustments to the production line.

122. These shared processes allow flexibility for manufacturers to increase pedal bicycle and bicycle parts output significantly—potentially by millions of units—if market conditions become favourable to such a move or a decision to participate in aggressive expansion of market share by unit volume is made.

F3.3 Inventory

123. The global bicycle industry has faced significant inventory challenges since the COVID-19 pandemic. During the pandemic, demand surged, and manufacturers rapidly scaled up production, but as lockdowns eased and consumer interest reduced, markets were

[10] David Smith, *Where Are E-Bikes Made? A Comprehensive Guide to Their Global Manufacturing Locations*. Economic Central, [online]. Available at: Link [Accessed 17 March 2025]

left with excess stock. In the United States, wholesale bicycle inventory reached $765 million in Q1 2023—nearly double the number of units compared to February 2018, marking the highest level recorded since tracking began (Rick Vosper, 2023[11]). In Europe, bicycle sales fell by 8.9% in 2023, while production and exports dropped nearly 20%, prompting widespread discounting and inventory build-up. Tjeerd Jegen, Chief Executive of Accell Group—one of Europe's largest cycling firms—summed it up: "We're still collectively sitting on too much stock." (Olaf Storbeck, 2024[12])

124. While the PRC is the world's largest bicycle producer, it has also been impacted by global oversupply. While output remained high at 48.83 million units in 2023, bicycle exports dropped by 43% between 2021 and 2023 (from 69.23 million to 39.65 million units), and domestic sales of bicycles declined to just 23% of total domestic bicycle sales (electric bicycles make up 77% of domestic sales as seen under Table 16, Section F4.4).

125. Despite the shrinking demand at home and abroad, production levels remain high, strongly indicating a growing stockpile of unsold bicycles within the PRC. Given its scale, export reliance, and narrowing sales channels, it is likely that the PRC holds a greater volume of surplus inventory than any other country.

Table 13: PRC Participating Producers' Retained Stock vs UK Consumption

	Year 1 Compared to 2020	Year 2 Compared to 2021	Year 3 Compared to 2022	Year 4 Compared to 2023
Index: UK Consumption = 100	**8**	**23**	**14**	**22**

Source: Submitted questionnaire | Statista, (2023)[13] | Statista, (2024)[14]

126. PRC participating producers provided stock levels for bicycles in their submission. The data shows that their retained stock has reached nearly a quarter of the UK's total annual consumption on several occasions (Table 13). On average, the PRC's participating

[11] Rick Vosper (2023), *Vosper: 2023 is shaping up to be the year of the double whammy*. Bicycle Retailer, [online]. Available at: Link [Accessed 17 April 2025]
[12] Olaf Storbeck (2024), *Why the global cycling industry is struggling to regain speed*. Financial Times, [online]. Available at: Link [Accessed 17 April 2025]
[13] Statista, (2023). *Bicycle industry in the United Kingdom*. Market Insights by Statista.
[14] Statista, (2024). *Bicycles: market data & analysis*. Market Insights by Statista

producers retain 9% of their annual production as inventory (Table 14), allowing them to respond to market changes quickly.

Table 14: PRC Participating Producers - Stock Used and Retained (Units) (July 2020 to June 2024)

PRC Participating Producers	Year 1	Year 2	Year 3	Year 4
Index - Utilised Stock (Total Stock = 100)	**95**	**88**	**91**	**91**

Source: Submitted questionnaire.

127. A PRC-wide estimate suggests that retained stock levels at any given time could supply most of, if not all, the UK's market demand for bicycles, which would increase the likelihood of future dumping of the goods subject to review.

F3.4 Conclusion on conditions for dumping

128. We have concluded that Chinese bicycle producers currently manufacture high volumes of bicycles, have spare capacity available for bicycle and bicycle part production and are export orientated. Many Chinese producers also produce e-bikes, which have bike parts that are often identical to pedal bicycles and have the ability to shift production to full pedal bicycles should there be demand. Based on a holistic assessment, we conclude that, on the balance of probabilities, the conditions for dumping exist.

F4 Incentives to dump

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

129. The BAGB (2024[15]) reports that across the whole of 2023, the average bicycle selling price within the UK was £414, with a forecasted increase of 4% to £430 in 2024. With mountain bikes representing approximately 30% of the UK market with a selling price averaging approximately £500, this suggests that the UK market is largely dominated by

[15] Bicycle Association, (2024). *Market Data Mid-Year Report 2024: The UK Cycling Market*. Market Data Service by Sporting Insights.

lower-priced bicycle sales, a segment in which the PRC holds a significant market share among imported goods (see section F2).

130. The half year data in Table 15 includes both UK produced bicycles as well as imported bicycles and all bicycles described are included within the scope of this review.

Table 15: Average UK Selling Price by Bike Type (£) (H1 2024 vs H1 2023)

Type	Price 2024	Price 2023
Kids	170	172
Mountain	522	497
Hybrid	390	402
BMX	169	174
Balance	76	67
Road	2,074	1,957
Folding	915	796
Gravel	1,644	1,566
Cyclocross	2,389	2,811
Triathlon	4,629	4,096
Weighted Average	**478**	**460**
Note: H1 2023 prices calculated based on the data provided in the report.		

Source: The Bicycle Association (2024[23]).

131. Frog Bikes, the UK producer contributing to this investigation, specialises in children's bicycles, sold at an average price of £283 during POI. Comparing Frog Bikes prices with our participating PRC exporters it is evident that PRC domestic selling prices for children's bicycles during the POI were significantly lower than those of their UK counterpart (selling those bicycles at approximately £50-£60 on average), indicating that PRC exporters would be able to place considerable price pressure on UK prices to gain market share.

However, bicycle manufacturers offer a wide variety of bicycles on the market, and even children's bicycles vary a great deal in design, from tricycle style bicycles to junior road bicycles. Adult bicycles, similarly, can range from entry level hybrid commuter style bicycles to carbon fibre road bicycles, with considerable price differences. From the evidence we have been provided by PRC producers, the UK industry and our own research, it has been difficult to compare prices since wide ranging data has not been

available at this level. Additionally, the domestic PRC price may be distorted by non-market forces, which are discussed below.

132. In conclusion, and as outlined in section F2 Continued Dumping, PRC exporters historically maintain market share by maintaining lower prices. This supports the argument that imports from the PRC are likely to be dumped to compete in the UK market with other exporting countries, to maintain or capture a larger market share.

F4.2 Particular Market Situation

133. As we are not recalculating the dumping margins, the case team decided a full PMS assessment would not be appropriate. Alternatively, we have looked at previous TRA investigations to look for areas within bicycle production in the PRC which may not be determined by market forces.

134. There are numerous production factors for Chinese bicycle production where there is evidence of a situation whereby prices may not be determined by market forces, including steel and aluminium for major bicycle parts, and electricity, land and labour costs. This environment would artificially reduce the production costs of bicycles within the PRC.

135. The Government of China (GoC), via the Ministry of Commerce, People's Republic of China (MOFCOM) was contacted on 5 November 2024 and presented with a summary of the previous allegations of a PMS within the PRC regarding bicycle manufacturing and export. The TRA did not receive a response from the GoC.

136. Claims were made during the European Commission's full interim review R407, regarding the market conditions that affect the production and export of the goods subject to review and the production and domestic sales of like goods within PRC. The following allegations were raised:

- The market in question is being served to a significant extent by enterprises which operate under the ownership, control or policy supervision or guidance of the authorities of the exporting country;
- State presence in firms allow the state to interfere with respect to prices and/or costs;

- Public policies or measures discriminate in favour of domestic suppliers or otherwise influence free market forces;
- The lack of discriminatory application or inadequate enforcement of bankruptcy, corporate or property laws;
- Distorted wage costs;
- Access to finance granted by institutions which implement public policy objectives or otherwise not acting independently of the State.

137. Most bicycles have a considerable proportion of their raw material costs attributed to steel and aluminium prices. This would be the same for Chinese bicycle manufacturers. Bicycle frames are generally made from one of these two materials and account for the largest individual component cost, generally over 20% in bicycle manufacturing. Bicycle forks, handlebars, wheels, chains, derailleurs, gears and cables are also usually made from steel.

138. Data submitted to this review indicated that most bicycles currently entering the UK from our participating PRC exporters have either an aluminium or steel frame and fork combination.

139. We reviewed the TRA publication relating to the transition review into the steel manufactured hot-rolled flat and coils products[16], originating in the PRC. The TRA concluded that financial institutions in PRC, under the supervision of the China Banking and Insurance Regulatory Commission (CBIRC), continue to be entrusted or directed by the State to pursue governmental policies towards the steel industry including the provision of preferential loans to Chinese steel producers. Therefore, although this subsidy-based transition review was not directly linked to the Chinese bicycle industry it is highly likely, from the conclusions drawn that subsidised steel is likely to enter the manufacturing process of other goods in the PRC including bicycle parts, making it more likely that those parts are available to PRC bicycle manufacturers at artificially low prices.

[16] Trade Remedies Authority (TRA), *Hot-rolled Flat and Coil Products from China – Final Determination*. Available at: Link [Accessed 17 April 2025]

140. We reviewed the aluminium extrusions published conclusions by the TRA against the PRC to look for any distortions in the domestic aluminium price. That investigation found that there was a PMS in relation to aluminium input and energy costs and those distortions impacted normal value[17]. Therefore, although this review focused on aluminium extrusions, rather than bicycles from the PRC, it is highly likely, due to the conclusions drawn that the price of aluminium in the PRC would be impacted by non-commercial factors and therefore artificially low-priced aluminium bicycle parts would enter the bicycle manufacturing process.

141. With the frame and other steel-based components contributing a large proportion for the cost to manufacture the goods subject to review. Any possible adjustments that would be necessary to account for either steel or aluminium that enters the supply chain at an artificially low domestic Chinese cost would likely increase the normal value, which would increase the likelihood of dumped goods entering the UK from the PRC.

142. In October 2023, the TRA published its Final Determination on optical fibre cables from the PRC which found evidence of provision of land, provision of bank loans, energy costs and labour costs reflecting non-commercial factors[18]. These conclusions were drawn against the PRC in general and like OFC, bicycle production is an encouraged industry which means it likely has access to these factors at non-commercial prices. In the likelihood that there would also be evidence of non-commercial factors in the production of bicycles, there would likely be additional adjustments to costs related to the provision of land, bank loans, energy costs and labour costs, which would increase the normal value and increase the likelihood of dumped goods entering the UK from the PRC.

F4.3 Exports to Third Countries

143. Both Ningbo and Oyama did not provide country-specific export data but submitted information on their exports to third countries for the injury period.

[17] Trade Remedies Authority (TRA), *Aluminium Extrusions from China – Final Determination*. Available at: Link [Accessed 17 April 2025]
[18] Trade Remedies Authority (TRA), *Single-mode Optical Fibre Cables from China – Statement of Essential Facts (SEF)*. Available at: Link [Accessed 17 April 2025]

144. By analysing Ningbo's submitted data we have identified that it exported a particular model of bicycle to the UK at a price 65% higher than to third countries. This 3rd country price is significantly closer to the PRC domestic price and therefore indicates that PRC exporters can reduce export prices to the UK further, which would increase the risk of dumping should the measures be removed.

F4.4 Conditions in exporter's home market

145. The Chinese manufacturing sector is heavily influenced by policies and guidance, set out by the GoC through a planning system of priorities and prescribed goals, on which central and local governments must focus. These policies encourage the development of domestic producers, which greatly affect free market forces in the PRC. The objectives set by the planning instruments are of a binding nature, and the authorities at each administrative level monitor the implementation of the plans. Overall, this system of planning in the PRC results in resources being driven to sectors designated as strategic or otherwise politically important by the government, rather than being allocated in line with market forces.

146. The PRC's 14th Five-Year Plan (CSET, 2021[19]), which spans from 2021 to 2025, outlines a framework to support, develop, and prioritise key industries, including manufacturing and eco-friendly initiatives, both of which are relevant to the bicycle industry. The plan aims to reduce carbon intensity and peak carbon dioxide emissions before 2030, which suggests a push for sustainable transport solutions. This means greater support for bicycle friendly infrastructure to promote low-carbon transportation. Specific priority is given to the development of urban public transportation and the 'building a slow-moving network of bicycle lanes', which would encourage the expansion of the domestic bicycle and bicycle parts manufacturing sector.

147. The Chinese bicycles sector is regulated by the 14th 5-Year Plan for Bicycles and Electric Bicycles (Bicycle plan). According to this plan, there will be a centralised focus for increased development of the bicycle industry, which will drive quality improvement

[19] Center for Security and Emerging Technology (CSET), 2021. *Outline of the People's Republic of China 14th Five-Year Plan for National Economic and Social Development and Long-Range Objectives for 2035*.

and efficiency enhancement. This links to reported comments from Liu Suwen, president of the China Bicycle Association, who stated in November 2024 (as reported by China Daily[20]) that '*the industry has shown continuous recovery and positive growth, as Chinese companies have made efforts in deepening structural adjustments and accelerating transformation and upgrading*'. Liu made the remarks during an annual three-day bicycle industry conference. Discussions from industry insiders and company representatives centred on further accelerating the development of the Chinese bicycle industry. Liu also linked back to the five-year plan when stating that the current technological revolution, focusing on green energy and health, would lead to significant new demand in the bicycle industry.

148. The Bicycle plan also stipulates targets for maintaining a strong export performance through high volume of bicycles sales, and an improvement for Chinese bicycle producers of the share of international markets. Those goals are thought to be achieved through the implementation of supporting policies, such as the granting of special funds to support the development of the bicycle industry. According to Liu, '*Intelligent and high-end products have been produced to meet the increasingly diverse needs of consumers, with a number of internationally competitive brands emerging, laying a solid foundation for Chinese two-wheeled products to reach global markets*.'

149. Together with these general frameworks, items linked to the bicycle industry such as aluminium alloy materials and R&D, and manufacturing of production equipment for carbon fibre products have been listed as encouraged industries in various catalogues adopted by the GoC, such as the Catalogue of Industries Encouraged for Foreign Investment in the Central and Western Region of China (2020 Version).

150. The PRC is the world's largest bicycle producer, accounting for over 60% of global production (Worldometer, 2024[21]). It produced 48.83 million bicycles[22] in 2023 and sold

[20] Qiu Quanlin (2024), Bicycles and e-bikes show positive progress. China Daily, [online]. Available at: Link [Accessed 09 May 2025]
[21] WorldOMeter, 2025. *Bicycles*. Available at: Link [Accessed 17 April 2025].
[22] Lauren Jenkins, *China's Cycling Boom: Brands Capitalise on New Market*. Bikebiz, [online]. Available at: Link [Accessed 17 April 2025]

10.5 million bicycles domestically[23]. That equates to 79% of production being exported, indicating a significant export-oriented market. In 2023, the PRC ranked first in global exports (OEC, 2024[24]).

151. Although bicycle sales are in decline within the PRC's domestic market as detailed below, which would mean a much more export orientated manufacturing sector, it should be noted as mentioned in F3.2 'Ability to Shift Production', that there is an interchangeability between the manufacturing of standard bicycles and e-bikes, and each are able to take advantage of the manufacturing capability if demand exists.

- In 2023, only 25% of sales in the PRC were pedal bicycles, while electric bicycle sales accounted for 75% (Statista, 2024[25]).
- Overall, pedal bicycle sales in the PRC have declined from 40% of the market in 2015 to 23% in 2024 (Table 16).

Table 16: Percentage of Bicycle Sales in the PRC vs Electric Bicycles

Calendar Year	Bicycles (%)	Electric Bicycles (%)
2015	40	60
2016	37	63
2017	34	66
2018	31	69
2019	25	75
2020	25	75
2021	25	75
2022	24	76
2023	25	75
2024	23	77

Source: Statista, 2024[26].

152. Several domestic factors contribute to an increased trend towards export in the PRC:

- Declining domestic demand for pedal bicycles in the domestic market.

[23] Statista, (2024). *Bicycles: market data & analysis*. Market Insights by Statista.
[24] The Observatory of Economic Complexity (OEC), *Bicycles in China*. Available at: Link [Accessed 17 April 2025]
[25] Statista, (2024). *Bicycles: market data & analysis*. Market Insights by Statista.
[26] Statista, (2024). *Bicycles: market data & analysis*. Market Insights by Statista.

- State incentives for industrial production, including modernising and cost reduction in manufacturing.

153. As of 2024, the PRC's bicycle manufacturing industry comprises 709 businesses (IBISWorld, 2024[27]), which illustrates considerable competition between producers. This competition for domestic sales would cause PRC producers to look elsewhere to sell their products, and the UK would look an attractive destination if the measures were removed.

154. The conditions mentioned above incentivise PRC manufacturers to focus on exports. Given these factors, pedal bicycle production in the PRC is expected to remain high, even as domestic demand decreases, making exports more attractive and increasing pressure on markets such as the UK. Likelihood of dumping into export markets increases under these circumstances.

F4.5 Attractiveness of the UK market to exporters

155. Despite a general decline in bicycle sales across Europe between 2019 and 2023, the UK remains one of the largest and most strategically relevant markets, as seen in Table 17. In 2023, it had the third-highest bicycle sales volume in Europe (1.55 million units), behind Germany (1.85 million) and France (1.56 million). Over the period, Germany experienced a 37% drop, while the UK saw a 33% decline, similar to France at 31%, but the UK's drop between 2022 and 2023 was just 5%, indicating greater short-term stability when compared with Germany's 23% and France's 16% decline. This, combined with high average prices and sustained demand, increases the UK's attractiveness to PRC exporters.

Table 17: Estimated Bicycle Unit Sales in The Top Ten Largest European Markets, 2019-2023

Calander Year	2019	2020	2021	2022	2023	% change 2022-2023	% change 2019-2023

[27] IBISWorld (2024), *Bicycle Manufacturing in China - Market Research Report (2014-2029)*. IBISWorld, [online]. Available at: Link [Accessed 17 April 2025]

Germany	2,950,000	3,090,000	2,700,000	2,390,000	1,850,000	-23%	-37%
France	2,264,000	2,170,000	2,131,000	1,858,000	1,559,000	-16%	-31%
UK	2,310,000	2,746,000	2,127,000	1,639,000	1,553,000	-5%	-33%
Italy	1,518,000	1,730,000	1,679,000	1,435,000	1,090,000	-24%	-28%
Spain	1,118,000	1,352,000	1,347,000	1,122,000	979,000	-13%	-12%
Poland	965,000	850,000	1,030,000	795,000	565,000	-29%	-41%
Portugal	359,000	500,000	340,000	314,000	373,000	19%	4%
Romania	444,000	461,000	450,000	420,000	357,000	-15%	-20%
Netherlands	587,000	552,000	445,000	372,000	351,000	-6%	-40%
Ireland	243,000	351,000	400,000	400,000	332,000	-17%	37%
Total	12,758,000	13,802,000	12,649,000	10,745,000	9,009,000	-16%	-29%
Average	1,276,000	1,380,000	1,265,000	1,075,000	901,000	-16%	-29%

Source: Bicycle Association, 2024[28].

156. By contrast, smaller European markets such a Portugal or Ireland, despite some growth, remain limited in scale and import potential. This reinforces the UK's position as a key target market for PRC exporters, particularly if trade remedy measures remain in place across the EU but are revoked in the UK. Under such conditions, PRC exporters would have a clear incentive to divert trade volumes to the UK market, increasing the likelihood of continued dumping, based on the conclusion below.

157. The UK bicycle market is competitive with lots of brands available. As such there is no company with a monopoly in the market with mixture of many brands offering low-price and high-price bicycle options. Brompton and Frog bikes account for almost 90% of UK production; however, underneath them are numerous relatively small UK companies offering a variety of bicycle options. The fragmentation of the UK market is attractive to PRC companies who can enter the market without facing overwhelming competition from large, established brands. In a fragmented market there are typically lower barriers to entry, making it easier for exporters to penetrate the UK market. Initial costs are typically reduced, which allows an exporter to test the market without significant financial risk. Many of the current UK bicycle producers are businesses that lack the resources to benefit from economies of scale, such as accommodating large orders, unlike the larger PRC exporters that can benefit from this; continue to export; have large production

[28] Bicycle Association, (2024). *Market Data Mid-Year Report 2024: The UK Cycling Market*. Market Data Service by Sporting Insights.

capacity and could produce any type of bicycle. This increases the likelihood that they could flood the market with their products to capture a larger section of the market.

158. Taken together, the PRC's shrinking domestic demand for pedal bicycles (see Table 16 in section F4.4, which shows a 17% decrease from 2015 to 2024, with 42 million pedal bicycle and electric bicycles sold in total in 2023), strong export orientation, and substantial surplus production capacity suggests that the PRC will remain a significant exporter in the years to come. The UK will remain an attractive export destination for these PRC produced bicycles due to its strong demand, fragmented market and its ongoing reliance on imports. In 2023, 79% of the PRC's bicycle production was exported, while the UK's total bicycle demand accounted for just 3.5% of that output. Any increase in UK demand could be readily absorbed by PRC producers without requiring significant adjustments to their operations for they could simply increase production within existing capacity limits.

F5 Circumvention of trade remedy measures

159. Since the application of the original anti-dumping measure in 1993, as confirmed in Council Implementing Regulation (EU) No 501/2013 of 29 May 2013 and Commission Implementing Regulation (EU) 2015/776 of 18 May 2015 , the European Commission found that PRC exporters circumvented existing anti-dumping duties by consigning bicycles through third countries, including Indonesia, Malaysia, Sri Lanka, Tunisia, Cambodia, Pakistan, and the Philippines, regardless of their declared origin. These practices involved transhipment and assembly operations outside the European Union, and they resulted in the extension of anti-dumping duties to those consigned imports.

160. Recent insight into motivation for changing bicycle trading practices comes from Bonnie Tu, chairperson of Giant Manufacturing Co, Ltd., who told Bloomberg that, "*Competitors have shifted their supply chains away from China to Cambodia, which has zero export duties on goods sent to the US*." (cited in Taipei Times, 2022[29])

[29] Bloomberg (2022), *Snarled supply chains stretch wait times for Giant*. Taipei Times, [online]. Available at: Link [Accessed 17 April 2025]

161. On 13 January 2025, at the request of the European Public Prosecutor's Office in Rotterdam, Dutch authorities arrested four individuals suspected of large-scale customs fraud involving the importation of bicycles from the PRC. The suspects allegedly circumvented EU anti-dumping measures by systematically undervaluing goods and falsely declaring their origin in 380 import declarations, thereby evading the payment of a significant share of the anti-dumping duties. This activity allegedly resulted in an estimated financial loss of €7.2 million. The investigation is ongoing in the Dutch courts but highlights the EU's ongoing concern regarding attempts to undermine anti-dumping bicycle measures. Additionally, as demonstrated in section F2 Continued Dumping, during the review period from June 2020 to July 2024, PRC exporters continued to export significant volumes of bicycles to the UK despite the PRC on the whole, being subject to anti-dumping duties. This indicates that certain PRC exporters may have the ability to absorb the effects of the measures and continue to sell at prices that would have been available had the measure not been in place. The goods subject to review are currently decreasing in price, not increasing as would be expected when a measure is imposed. However, this trend may be impacted by the duration in which the measure has been in place.

F6 Other factors

162. No other factors were found that would impact the likelihood of dumping.

F7 Conclusion on likelihood of dumping assessment

163. The evidence considered throughout this likelihood assessment shows the dumping of Category 1, bicycles, from the PRC is likely to continue, if the measure is no longer applied to the goods subject to review.

164. The PRC continue to export to the UK in relatively large volumes despite the existence of the measure. These exports continue to decrease in value per unit, while increasing their share of the UK's import market by volume (see section F2). Despite global production costs increasing and a decline in UK demand for bicycles (see Tables 2 and 3 under

section F2), PRC exporters continued to lower export prices throughout the injury period while maintaining or increasing market share by unit volume (see Tables 5 and 6 under section F2). Other major exporters to the UK increased prices while losing share by volume to the PRC. No other major supplier demonstrated this same pricing pattern, highlighting the distinct behaviour of PRC exporters (see Table 7 under section F2).

165. Furthermore, PRC exporters have substantial spare production capacity (see section F3.1), significant volumes of retained inventory (see section F3.3), and the ability to shift production from electric to bicycles (see section F3.2). These structural conditions demonstrate a clear ability to rapidly expand the volume of dumped goods to the UK.

166. The UK market remains commercially attractive due to it being a fragmented, highly competitive environment, with many small companies and potential low barriers for entry It continues to have high demand, with growth potential and short-term market stability relative to other European countries.

167. The PRC's industrial policy continues to promote export-driven growth, scale-based production, and efficiency gains through state-led support. Additionally, the combination of falling domestic demand, and a fragmented Chinese producer base intensifies the incentive to further increase export market share.

168. The ability of PRC exporters to continue exporting to the UK during the period of investigation despite existing duties, highlight the willingness of PRC producers to export even into protected markets. Current UK trade links could be exploited further, with an unprotected market.

169. Pursuant to regulation 99A(1)(a) of the Regulations, the TRA must consider whether dumping of the goods subject to review would be likely to continue or recur if the anti-dumping measure were no longer applied to those goods.

170. Having conducted a holistic assessment of relevant dumping factors, we assess that it is likely, on the balance of probabilities, that dumping of the goods subject to review would continue should the measures no longer apply.

SECTION G: Likelihood of Injury Assessment

G1 Introduction

171. 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).

172. 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
- any other relevant factors

173. As mentioned in 'D2 Scope', for the purpose of the injury likelihood assessment, the focus has been on the original goods, namely the category 1 goods (bicycles). Specifically, we have examined whether injury to UK bicycle industry would be likely to continue or recur if the measure were no longer applied. The assessment of the likelihood of injury was concluded on the balance of probabilities. Since the original measure was transitioned from the EU to protect the UK's completed bicycle industry, it was deemed appropriate to focus the injury assessment on this sector. Specifically, the manufacture of bicycles (category 1 goods) rather than any manufacture of category 2 goods by UK bicycle manufacturers or independent UK bicycle parts manufacturers. The extension of the measure to category 2 goods serves to support the original measure concerning bicycles to mitigate circumvention through practices such as assembly of bicycles within the UK because of the importation of PRC bicycle parts. Within the review (see Section I 'Circumvention Activity') we have considered whether circumvention practices, namely the use of bicycle parts, to circumvent the original measure, may contribute to the risk of continued injury caused by dumped PRC bicycles.

G2 Current state of UK Industry

174. 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
    - 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

175. 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 18: UK industry domestic sales of like goods over the injury period (July 20 to June 24)

	Year 1	Year 2	Year 3	Year 4
Domestic sales by unit volume (Index)	100	90	66	49
Domestic sales by value (Index)	100	100	81	62

Domestic sales unit price (Index)	100	111	123	126
Domestic sales as a % of total sales by volume (Index)	100	97	127	126
Domestic sales as a % of total sales by value (Index)	100	96	128	131

Source : Frog Bikes UK Producer questionnaire response.

176. The UK industry's domestic sales figures show an overall decrease in both volume by units and value over the IP. The domestic sales volume fell by over half, 51%, from year 1 of the IP to the end of the POI. Domestic sales by value also followed a negative trend but to a lesser degree, decreasing by 38% over the injury period.

177. The average domestic unit price saw an increase over the IP. This may be a direct result of inflation, increased costs, and increased sales of more expensive models or action to counteract its decreasing domestic sales volume. The unit price increased by 26% over the IP.

178. Domestic sales as a percentage of total sales volume and value both increased over the IP. We have indexed this trend due to confidentiality restrictions but by the end of the IP, UK industry domestic sales by volume and value increased by 16% and 18% of the original value (being represented here by 100) respectively. This displays UK industries growing reliance on UK domestic sales and increasing vulnerability to challenges such as dumping.

Table 19: Volume of bicycle imports by unit from the PRC (July 20 to June 24)

	Year 1	Year 2	Year 3	Year 4
Bicycles Imported from the PRC (units)	562,823	614,635	434,338	341,865
Percentage of total UK imports of bicycles (%)	17%	23%	23%	24%

Source: HMRC 8-digit import data of bicycles into the UK, may include unicycles within the commodity code.

179. Table 19 shows a negative trend of imports of bicycles by unit to the UK from the PRC over the IP after an increase during the second year. The imports were 562,823 in year 1 but increased during year 2 to 614,636. The rise in demand during the pandemic is likely the cause and the subsequent decrease resulted in large stock levels remaining in the

UK over the latter two years. Imports dropped to 341,865 by the end of the IP which is a decrease of 40% from the start of the IP.

180. Import volumes correspond with the UK industry's reduced domestic sales, as seen in Table 18 with a reduction of 51% over the IP, with both decreasing by similar percentages. When comparing the PRC's import volume by a percentage of total UK imports, the PRC held a 17% market share in year 1. This rose to 23% by year 2 and 3 and finally to 24% by the end of the IP.

181. With the PRC's import market share growing throughout the IPwithin the UK market, despite the existance of the current measures and the decrease in demand within the UK, shows the strong position the PRC exporters hold in the market.

Imports from additional seven countries covered by the measure

Table 20: UK Imports from the additional seven countries included in the measure by units (July 20 to June 24)

	Units	Year 1	Year 2	Year 3	Year 4
Cambodia	Volume (Units)	50,492	44,992	31,109	13,249
	Share of Imports	2%	2%	2%	1%
	Import Value (£/Unit)	214	305	294	268
Indonesia	Volume (Units)	239,138	148,776	106,220	101,275
	Share of Imports	7%	6%	6%	7%
	Import Value (£/Unit)	130	168	196	158
Malaysia	Volume (Units)	2,917	1	2	0
	Share of Imports	0%	0%	0%	0%
	Import Value (£/Unit)	55	1203	3253	0
Pakistan	Volume (Units)	5,776	0	900	3,990
	Share of Imports	0%	0%	0%	0%
	Import Value (£/Unit)	12	0	117	38
The Philippines	Volume (Units)	82,509	56,777	23,960	9,822
	Share of Imports	2%	2%	1%	1%
	Import Value (£/Unit)	50	53	55	44
Sri Lanka	Volume (Units)	95,697	87,425	54,408	32,361
	Share of Imports	3%	3%	3%	2%
	Import Value (£/Unit)	75	85	94	80
Tunisia	Volume (Units)	398,327	256,388	206,468	201,875
	Share of Imports	12%	10%	11%	14%
	Import Value (£/Unit)	66	76	97	86

Source: HMRC 8-digit data.

182. Tables 19 and 20 show import volumes and values from the PRC and the countries subject to the anti-circumvention measure into the UK over the IP.

183. The data indicates that import shares from the countries covered by the anti-circumvention measure remained stable throughout the IP. Cambodia, Malaysia, Pakistan, the Philippines, and Sri Lanka each accounted for between 0-3% of total imports, while Indonesia and Tunisia held shares of approximately 7% and 14% respectively by the end of the IP. The low level of imports is likely a direct consequence of the measure being in place, which has limited the ability of these countries to be used to circumvent. The existing measure appears to have been effective in suppressing potential increases in import levels from these countries.

184. Given that the anti-circumvention measures were in place throughout the IP, the available data does not allow for conclusive assessment of its effect on the import volumes, or the level of injury sustained by the UK industry. As such, no significant changes in imports from the circumventing countries can be observed during the IP.

185. Revoking the anti-circumvention measures applying to these countries could create a renewed opportunity for circumvention of the original measure by the PRC through these additional countries, potentially resulting in future injury to UK industry.

G2.2 Profits

Table 21: Frog Bikes profitability over the injury period (July 20 to June 24)

	Year 1	Year 2	Year 3	Year 4
Total net operating profit after tax (NOPAT) whole company (%) (Index)	100	156	-351	252

Source : Frog Bikes UK Producer questionnaire response.

186. The data provided by Frog Bikes for NOPAT was for the company as a whole and not isolated for like goods only. However, since the out-of-scope goods produced by Frog Bikes accounted for less than 10% of the total revenue, it was reasoned that this would not impact the NOPAT trend analysis. It was concluded that this would not hinder the

understanding of suspitibility to injury based on its profitiability and a representivity of the UK bicycle market.

187. Table 21 shows the relative change in profit for Frog Bikes. The company did not make profit in the first year of the IP and it was not profitable until year 4. In year 1 Frog Bikes made a NOPAT loss, this improved in year 2, but they still made a loss. Year 3, Frog Bikes made its biggest loss down -351 percentage points from year 1. This equated to a 451 percentage points increase in losses when compared to the start of the IP.

188. When referenced to Table 18 (Sales), it can be seen that this correlates to when sales began to decrease, with the positive affects of the pandemic halted, demand decreased and overstocking became a major issue.

189. The bicycle market began to recover from the over stocking issue and Frog Bikes showed an increase in average unit price over the IP. Despite now being profitable, profitability remains extemely low and Frog Bikes depend more on the UK domestic market than previously, with an domestic sales now accouting for more of a percentage of total sales, therefore making them vulnerable to an increase in dumped goods.

Table 22: Cyclesport North (Ribble) turnover and profitability over the injury period

	1-Nov-20	31-Oct-21	6-Nov-22	5-Nov-23
Turnover (£)	18,277,464	27,079,236	26,043,049	28,458,571
Cost of Sales (£)	12,382,131	16,825,611	17,268,514	19,795,855
Loss for Financial year (£)	-233,249	-81,387	-4,970,133	-2,658,587

Source: Cyclesport North Ltd Companies House data.

190. The above table shows profitability of Cyclesport North Ltd, who registered interest in the case but did not provide a questionnaire response. The data has therefore been gathered from publically available information and is therfore not in the standard injury period format. Their data is only used to get a wider understanding of the profitability in the wider UK bicycle sector and is not used further during injury analysis.

191. The data shows that despite having increased turnover throughout the IP, cost of sales has steadily risen from £12,382,131 to £19,795,855, which has contributed to losses

throughout the IP increasing from -£233,249 to -£2,658,587 by the end of the IP. This shows the struggle to remain profitable in the current UK market.

Table 23: Brompton turnover and profitability over the injury period

	31-Mar-20	31-Mar-21	31-Mar-22	31-Mar-23	31-Mar-24
Turnover (£)	57,043,741	76,123,912	106,889,338	129,430,635	122,568,053
Cost of Sales (£)	28,716,663	38,775,531	56,520,422	64,280,447	61,334,831
Profit or Loss for Financial year (£)	5,283,662	8,436,731	6,451,725	8,685,432	-1,046,280

Source: Brompton Companies House data.

192. Brompton registered an interest but were not sampled to participate further in this investigation. As mentioned in the sampling decision, the sampled UK producers offered a wider range of goods and a heavy reliance on UK sold goods. The data on Brompton has been gathered from publically available information and is therefore not in the standard injury period format. Their data is only used to get a wider understanding of the profitability in the wider UK bicycle sector and is not used further during injury analysis.

193. The financial year for its accounts ends on 31 March for every year in its data. Table 23 shows Brompton's turnover increased from £57,043,741 in 2020 to £122,568,053 by 2024.

194. Its cost of sales rose year on year following a similar trend with its turnover. It was profitable in 2020 with £5,283,662 and this increased over the period until 2024, where it had a loss of -£1,046,280.

195. Although turnover has steadily increased, gaining a profit has been increasingly difficult with rising costs and overstocking contributing to the issue.

196. With measures already in place, examined UK producers have struggled to be profitable over the IP. Over the same period, the PRC maintained its share of the UK import market.

G2.3 Production output

Table 24: UK industry like goods production output (units) over the injury period (July 20 to June 24)

	Year 1	Year 2	Year 3	Year 4
Output by volume (Index)	100	122	37	35
Output by value (Index)	100	134	47	49

Source : Frog Bikes UK Producer questionnaire response.

197. Over the injury period, UK industry production output changed to match demand. Through the first and second years when demand was high, the UK industry increased production by 22%. As seen with sales figures in Table 18, the demand for bicycles declined and the UK industry's production reduced by 85% in year 3 and failed to recover by the end of the POI, reducing a further 2%. This is a 65% decrease from the start of the IP and shows the vulnerable position of the current UK bicycle industry.

198. The value of its production followed a similar trend to the volume of units produced. The total value decreased by 51% during the IP. Value of output initially increased from year 1 to year 2 by 34% but then decreased from the second to the third year of the IP by 87%. In year 4 UK industry's output showed minimal recovery and saw an increase of 2%. This correlates with the average unit price increase seen in Table 18.

199. As production output followed a similar trend to domestic sales throughout the IP, it suggests that UK industry is capable of changing production output in accordance with changes to demand in the market. UK industry mentioned in its questionnaire response that its production can affect factory and warehouse staff levels. During the POI it reduced headcount and therefore reduced its capacity for manufacturing due to lack of demand.

G2.4 Capacity Utilisation

Table 25: UK industry like goods capacity utilisation over the injury period (July 20 to June 24)

	Year 1	Year 2	Year 3	Year 4
Production capacity (Index)	100	100	100	100
Capacity utilisation (Index)	100	122	37	35

Source : Frog Bikes UK Producer questionnaire response.

200. UK industry's total capacity to produce bicycles over the IP was provided in its questionnaire response. Information on whether it would invest in new facilities or expansions on current production was not disclosed.

201. Capacity to produce bicycles for the entire injury period remained constant. As mentioned previously in G2.3 Production Output, UK industry needed to manage its production and decrease output to match falling demand after COVID-19, and by reducing output, cashflow was improved within the company.

202. The utilisation initially increased by 22% in the second year compared to the indexed first year of the IP. It significantly reduced by 85% during the third year and a further 2% during the POI.

203. To conclude, capacity utilisation remained low and has been declining over the IP, showing UK industry is struggling to maintain outputs.

G2.5 Market share

Table 26: UK industry market share for like goods only by volume (July 20 to June 24)

	Year 1	Year 2	Year 3	Year 4
Market share by volume (Index)	100	116	101	81

Source: Frog Bikes UK Producer questionnaire responses and BAGB data.

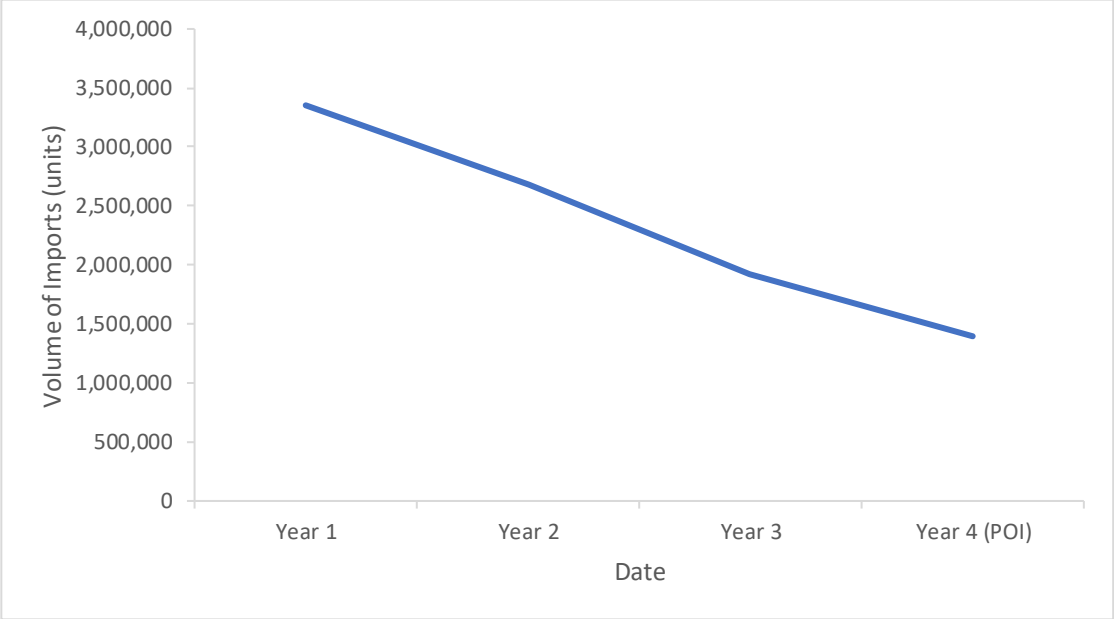
Table 27: UK industry market share for like goods only by value (July 20 to June 24)

	Year 1	Year 2	Year 3	Year 4
Market share by value (Index)	100	119	109	88

Source: Frog Bikes UK Producer questionnaire responses and BAGB data.

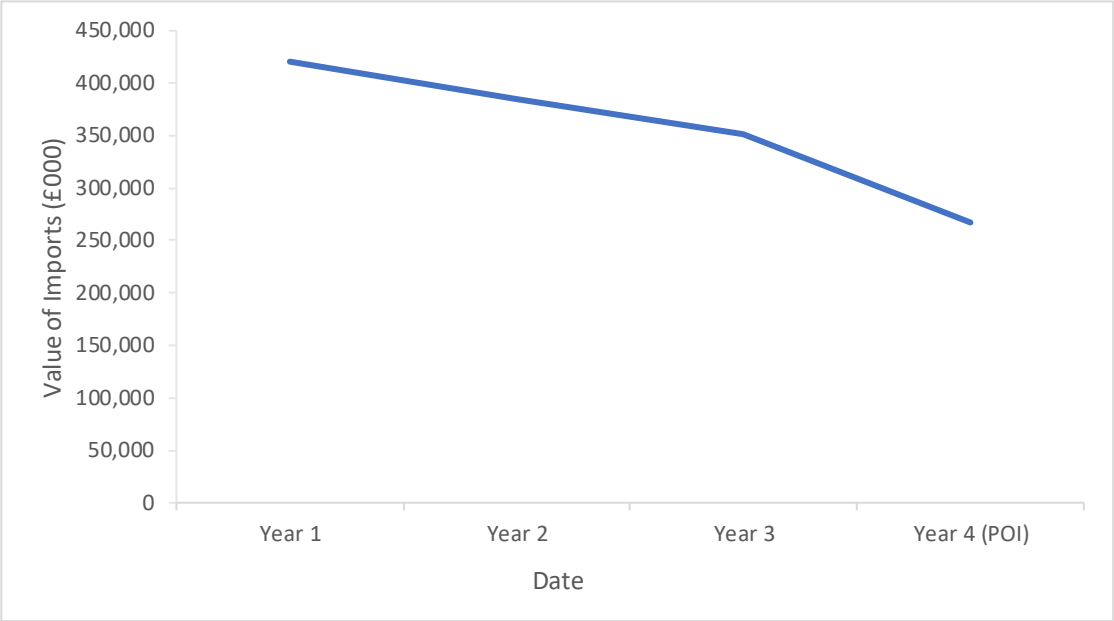
204. The UK industry was able to increase its UK market share by 16% in volume and 19% in value in the second year, when the market was at the height of its demand. This shows that the UK industry has the capacity to grow with increased demand. The following years showed a decline back to first year levels, with volume of market share dropping 15% and value fairing slightly better, with only a 10% drop. UK industry market share dropped further during the POI, with volume at 19% less than first year levels.

Figure 2: Total bicycle imports into the UK by volume over the IP (July 20 to June 24)



Source: HMRC 8-digit data. Commodity Codes [87120030 10, 20, 30] and [87120070, 91, 92, 99] in scope of current measures.

Figure 3: Total bicycle imports into the UK by value (£000) over the IP (July 20 to June 24)

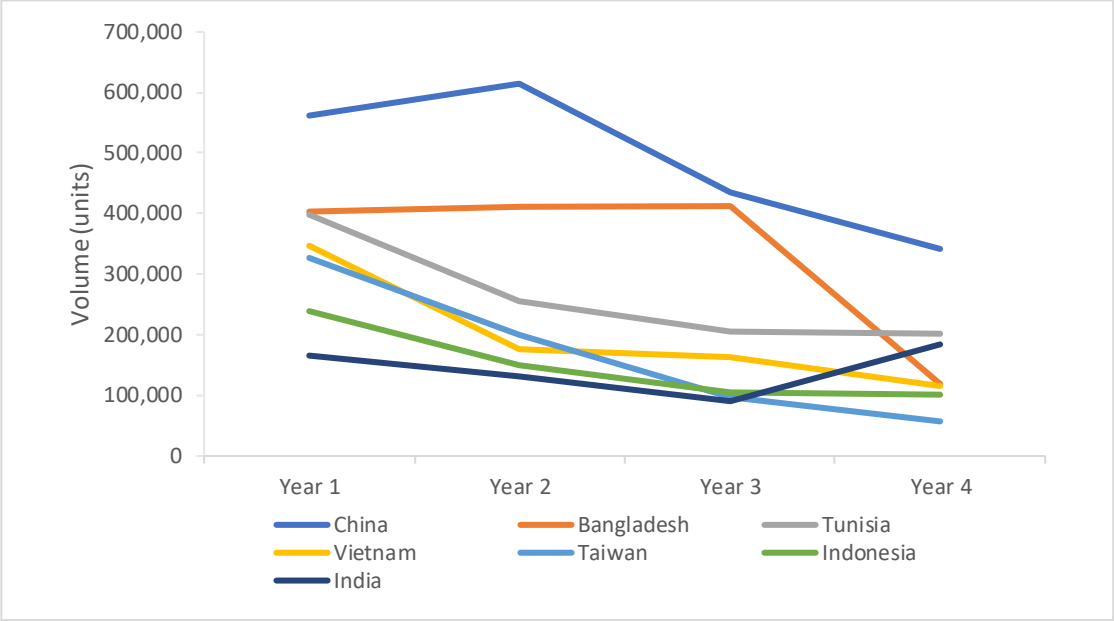


Source: HMRC 8-digit data. Commodity Codes [87120030 10, 20, 30] and [87120070, 91, 92, 99] in scope of current measures.

205. Total imports of bicycles into the UK were at the highest at the start of the IP in year 1 by both volume and value, seen in Figures 2 and 3, and have been trending downward. This coincides with UK industry data for market share and sales volume which have followed a similar trend. Total import levels have decreased by 58% whilst the UK industry have lost 19% of its market share.

206. When taking the import data into the UK over the IP as seen in Figure 4 (below), the PRC imports are consistently trending against other major importers despite having measures in place. In year 2 the PRC's imports into the UK increased dramatically reaching over 600,000 units whilst other top exporter's volumes were seen to decrease.

Figure 4: Top 7 exporters of category 1 bicycle units into the UK (July 20 to June 24)



Source: HMRC 8-digit data. Commodity Codes [87120030 10, 20, 30] and [87120070, 91, 92, 99] in scope of current measures.

207. As seen in Figure 4, in addition to the PRC, Tunisia and Indonesia, two countries also subject to the measure, are included in the top seven countries, exporting to the UK over the injury period.

Table 28: PRC import market share by units over the IP (July 20 to June 24)

	Year 1	Year 2	Year 3	Year 4
PRC import share (%)	17%	23%	23%	24%

Source: HMRC 8-digit import data of bicycles into the UK, may include unicycles within the commodity code which are outside the scope of investigation.

208. The PRC can maintain its UK import market share and grow it despite the decreased demand following the COVID-19 boom. Year 4 shows the PRC import share remaining steady as opposed to all other major importers decreasing, with the exception of India. This shows the strength of the PRC within the UK market. It is capable of capitalising on changes to demand in the UK market and pushing exports heavily during these periods such as year 2 where demand was at its highest. This allows the PRC to claim more market share from other exporting countries and UK producers.

G2.6 Employment

Table 29: UK Industry employment numbers over the IP (July 20 to June 24)

	Year 1	Year 2	Year 3	Year 4
Employees for the like goods (FTE) (Index)	100	109	74	76

Source: Frog Bikes UK Producer questionnaire response.

209. Table 29 shows an initial increase in the UK industry's number of employees from year 1 to year 2. This reflected the increased demand expected in the UK bicycle market from the COVID-19 boom. As demand decreased, the UK industry reduced its headcount in the following years, down 35% in the third year, from the high in the second. Changes in UK production levels directly affect headcount which has seen a 24% reduction since the start of the IP.

210. The employees for the like goods and total employee data provided by UK industry indicates that it had no employees outside of the scope of like goods, which shows the impact any change would have on the entirety of the company.

G2.7 Productivity

Table 30: UK industry bicycle productivity over the IP (July 20 to June 24)

	Year 1	Year 2	Year 3	Year 4
Average output in volume per employee for the light goods (FTE) (Index)	100	113	50	46

Source: Frog Bikes UK Producer questionnaire response.

211. The productivity per employee figures shown in Table 30 are estimated and provided by Frog Bikes by dividing the total like goods output for volume of units by the total number of employees for the like goods.

212. Productivity for producing bicycles has decreased over the IP, with an increase only seen in year 2. Overall, the average output in volume per employee for the like goods has decreased by 54% from the start of the IP to the end.

213. Trends regarding productivity are influenced by changes in both employment and production output over the IP. Table 29, in section G2.6 Employment, demonstrates that UK industry's employees decreased over the IP.

G2.8 Investments

Table 31: UK industry total company wide investments over the IP (July 20 to June 24)

	Year 1	Year 2	Year 3	Year 4
Total investment (Index)	100	86	52	7

Source: Frog Bikes UK Producer questionnaire response.

214. Table 31 shows a significant decrease over the IP for UK industry total investments. Between the first and second years, investment decreased by 14% during a period where UK industry had high production and sales. As demand decreased, the investments fell a further 34% in year 3 which decreased further down to 7% of first year levels, by the end of the POI. The data shows a clear, significant, downward trend in investment which equates to a decrease of 93% over the course of the IP, a severe level of injury and signalling minimal current investment in the UK bicycle industry.

215. In the first IP year, the UK industry invested in expanding its production capacity, in response to the large increase to overall demand from the market. R&D investments were also made during this period. However, significantly both R&D and expansion related investments have virtually stopped over the next three years, due to the indirect consequences of the drop in demand for bicycles and pressure from the goods subject to review.

G2.9 Prices and factors affecting domestic prices

Table 32: UK industry average domestic unit price of the like goods over the injury period (July 20 to June 24)

	Year 1	Year 2	Year 3	Year 4
Average unit price (Index)	100	111	123	126

Source: Frog Bikes UK Producer questionnaire response.

216. The UK industry average domestic unit price (the price of like goods produced by UK industry and sold in the UK 'UK industry average selling price') over the IP has been constructed by taking the total domestic sales by value and dividing by total domestic sales by volume.

217. The average unit price for domestic sales has increased consistently throughout the IP and has increased by 26%, by the end of the IP. From year 3 to the end of the POI saw the smallest increase of 3% compared to previous 11% and 12% increases.

Table 33: Total UK market average selling price change for bicycles (July 20 to June 24)

	Year 1	Year 2	Year 3	Year 4*
Average unit price (Index)	100	108	112	115

Source: Market data from the Bicycle Association (BAGB) is in calendar years so it has been converted to years ending by June by taking 50% of the value from the first year and 50% from the second. *The initial value in the 2024 calendar year was forecasted and was used when estimating the 2023-2024 for half of the calculation.

218. Frog Bikes stated in its questionnaire response that the removal of the measure would make its production less profitable and increases the likelihood it would have to move its production offshore.

219. The data in Table 33 shows an increase in selling price for bicycles sold within the UK, but to a lesser extent than the UK industry average selling price. The average selling price for a bicycle within the UK steadily rose over the entire IP by 8%, 4% and 3% respectively. When compared to the UK industry sales volume in Table 18, when the largest volume was in the first year, and there was a 10% drop in sales in the second year. This is when the average selling price also saw the biggest increase, 8% , where demand outstripped supply, due to global demand for bicycle parts and essential parts being concentrated in a handful of companies. As the demand fell in the subsequent years, smaller increases in selling price were found, with a selling price increasing approximately 3 percentage points from year 1, in the year of the POI.

220. As described above, Table 33 shows a 15% increase in UK average selling price over the IP. This compares to the UK industry having a 26% increase over the same period. This indicates that the UK industry needs to increase its prices more than the average prices and has an increased sensitivity to changes in the market.

221. Table 41 in G3.3 Imports of bicycles from third countries section shows the opposite trend to the UK market, with the price of the PRC bicycle imports into the UK decreasing over the IP. This contrasts with the data in Table 32 and 33 which shows increased average prices for Frog Bikes and the UK average price. The data shows that the PRC

had a unit price of £99 at the start of the IP and an average unit price of £89 throughout the IP. This is a £10 decrease and is the only major exporter to show a decreasing trend in average unit price during the IP. With demand low and sales reduced, the UK industry has increased average selling price as costs have increased. PRC importers can reduce their average selling price to increase market share and place increased pressure on the UK industry.

G2.10 Cash Flow

Table 34: UK Industry cash flow over the IP (July 20 to June 24)

	Year 1	Year 2	Year 3	Year 4
Net cash flow for all goods(Index)	100 (-ve)	101 (-ve)	217 (+ve)	196 (-ve)

Source: Frog Bikes UK Producer questionnaire response.

222. The UK industry has been severely struggling with cash flow over the IP. During the first year, cash flow was over £1m in deficit. As seen in table 34, this remained similar for the following year where the cash flow increased by 1%. For year 3 the cash flow recovered into positive figures for the first time with an increase of 117% from the start of the injury period. During the POI cash flow returned to a negative value, although nearly a 100% positive increase from the first year.

223. Frog Bikes stated in its questionnaire response that it reduced production in the IP to help increase cash flow within the company when production was reduced by 65%, as seen in Table 24. This reduction in production had a positive impact on cashflow within the company and shows its sensitivity to changes in the market. If the measure was removed, increased dumping of the goods subject to review would have a negative effect on the UK industry's cash flow, with the direct impact of reduced sales and less cash entering the business, causing disruption to its business activities. Sustained negative cashflow would impact its production.

G2.11 Inventories

Table 35: UK Industry inventory over the IP (July 20 to June 24)

	Year 1	Year 2	Year 3	Year 4
Stock at year end, volume (units) (Index)	100	996	539	432
Stock at year end, value (£) (Index)	100	1115	710	660

Source: Frog Bikes UK Producer questionnaire response.

224. Table 35 shows UK industry stock increased by almost 1000% in the second year of the IP and to over 400% by the end of the POI. Although the industry had lowered its production levels, inventory was still at over 332% of what it was in year one.

Table 36: UK Industry stock volume as a percentage of production volume of the IP (July 20 to June 24)

	Year 1	Year 2	Year 3	Year 4
Stock volume as a % of production volume (Index)	100	813	1452	1229

Source: Frog Bikes UK Producer questionnaire response.

225. UK industry stock levels have increased over the IP by 1129%. Stock increasing at a faster rate than output over the IP indicate difficulties selling the like goods and is causing overstocking issues throughout the UK bicycle market.

G2.12 Wages

Table 37: UK Industry inventory over the IP (July 20 to June 24)

	Year 1	Year 2	Year 3	Year 4
Median wage for FTE engaged in activities related to the like goods (Index)	100	102	130	133

Source: Frog Bikes UK Producer questionnaire response.

226. Table 37 shows median wage increases across each year, throughout the IP for employees working in relation to the like goods produced by the UK industry. Wages saw a minimal increase over the first two years, during a period of increased production and sales. As sales declined, the median wage of employees related to the like goods saw the largest increase between the 2nd and 3rd year with an increase of 28%. This was the

same period where capacity was lowered for production of bicycles within the industry and is likely to be due to an increased number of better paid, experienced staff remaining when headcount was lowered.

227. Frog Bikes outlined in its questionnaire that wages are set via reference to the living wage standards and are subject to an annual cost of living inflationary adjustment. Frog Bikes have confirmed that the median wage variation during the IP is attributed to elevated levels of inflation as well as having several pay bands based on the level of training and skills required for manufacturing. It encourages and promotes the upskilling and diversification of skills of its employees with these incentives.

228. In addition to the living wage standards, Frog Bikes base the wages set within its company on market expectations for the roles & responsibilities and qualifications required for the job role, while considering experience. Annual inflationary increases are given to employees employed for more than 6 months at the time of the increase and in line with National Minimum Wage.

G2.13 Growth

Table 38: UK industry turnover in the injury period (July 20 to June 24)

	Year 1	Year 2	Year 3	Year 4
Turnover related to the like goods (Index)	100	104	63	48

Source: UK Producer questionnaire response.

229. To assess growth specifically within the UK industry, we have considered the revenue of the like goods over the IP. Turnover for the like goods sold increased by 4% into the second year IP. This decreased significantly during the following two injury years, where turnover decreased by 37% and 52% respectively since the start of the IP.

230. After growth in the second year due to the increased demand due to COVID-19, the UK industry has struggled to maintain similar levels of growth, due to failing demand and price pressure from PRC imports which maintains a significant presence in the UK market.

G2.14 Ability to raise capital or investments

231. As discussed in section G2.10 Cashflows, the UK industry is struggling with its cashflow due to decreased sales. A reduction in its capacity and headcount is needed to improve cashflow within the company.

232. As seen with cashflow, investments were also seen to reduce over the IP by 93% as discussed in section G2.8, indicating the UK industry is struggling to raise capital for investments.

233. The UK industry's future ability to raise capital or investments may be threatened by a reduced market demand for their goods if dumped PRC goods increase following the removal of current measures.

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

234. Although the magnitude of the margin of dumping could not be calculated, in section G2 of this paper, we assessed the following indicators to determine the current state of the UK industry:

- sales volumes
- profits
- production output
- capacity utilisation
- market share
- productivity
- investments
- prices and factors affecting domestic prices
- cash flows
- inventories
- employment
- wages
- growth
- ability to raise capital or investments

235. In respect of our assessment under section G2 of the paper, we determine 14 positive indicators of injury.

236. It was found that sales volume, profits, production output, capacity utilisation, market share, productivity, investments, prices and factors affecting domestic prices, cash flows,

inventories, investments, employment, wages, and growth indicated that the UK industry is currently being injured and is in a vulnerable position. This is due to our observations of profitability decreasing throughout the injury period, reduced market share and significant decline in growth in domestic sales volumes during the POI. It is also likely that the UK industry will struggle to raise capital or investments in the future.

237. It is likely there would be increased imports of dumped goods from the PRC should the current measure be removed. We believe this would lead to greater pressure on UK producers, which would consequently impact on its performance. Therefore, we determine there is a likelihood of injury to UK industry in the event dumped PRC imports increase should the current measure be removed.

G3 Other causes of injury

238. The TRA has considered whether any other factors have had or are likely to cause injury to the UK industry beyond that from the dumped PRC products.

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

239. It has been widely reported that the COVID-19 pandemic and its consequent lockdowns had a positive effect on the UK cycling industry.[30] As reported by the Guardian, "A combination of quieter roads, more free time, good weather and, for many, the realisation that a cycle is their best option for getting to work… prompted a surge of more than 50% in bicycle sales in April (2020)".[31]

240. To match the general trend, UK industry sales during year 1 and year 2 were much higher than subsequent years due to this large increase in demand. Cycling was seen an exercise that remained socially distanced and accepted during this time. Initially the COVID-19 pandemic has had a positive impact on sales, as expected demand decreased after this period, inventories increased, and sales volume struggled.

[30] Cycling Industry News
[31] The Guardian

Table 39: Import stock accumulation in the UK bicycle market (July 20 to June 24)

	Year 1	Year 2	Year 3	Year 4*
UK total imported volume (units)	100	80	57	42
Total UK bicycle sales (Index)	100	77	66	61
Accumulation (Index)	100	86	36	-9

Source: 8-digit HMRC data for imported volume. Sales data from the Bicycle Association (BAGB) is in calendar years, so it has been converted to years ending by June by taking 50% of the value from the first year and 50% from the second. *The initial value in the 2024 calendar year was forecasted and was used when estimating the 2023-2024 for half of the calculation.

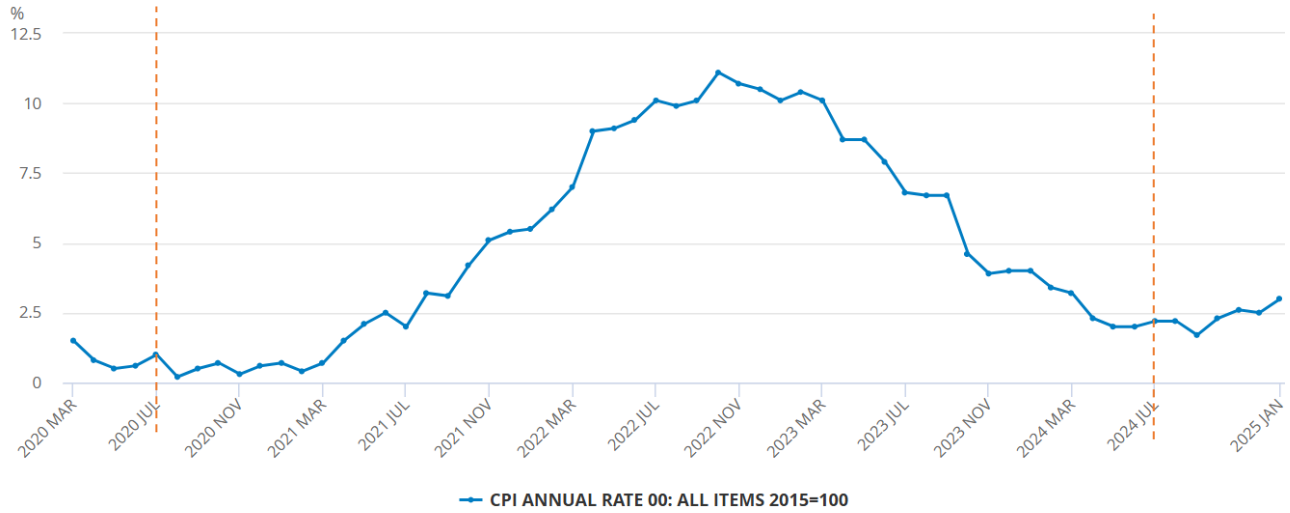
241. Table 39 was created using the market data from the BAGB for the total bicycle sales within the UK market and using forecasted values for year 4. Accumulation was calculated by subtracting this value from the total UK imports from the HMRC 8-digit data.

242. From year 1 to year 3 the UK market struggled with overstocking issues where more bicycles entered than were sold. The number of bicycles being imported is now lower than the bicycles being sold and shows the market beginning to recover from overstocking issues.

243. Although overstocking issues are easing, with export sales volume now being lower than sales volume, UK industry sales continue to struggle. This contributed to the negative performance of the UK industry. The PRC is seen as the biggest factor here, as it maintains and has even grown its market share, while overall total imports have declined.

G3.2 Inflation

Figure 5: Inflation CPI annual rate relative to 2015 levels



Source: Office for National Statistics (ONS).

244. Many factors have led to high levels of inflation in the UK and worldwide such as congested global supply chains, the Russian invasion of Ukraine and greater demand for goods post COVID-19.[32] Figure 5 shows the inflation CPI annual rate relative to 2015 levels. At the start of the IP inflation was 1% in July 2020. This trended upwards to a height of 11.1% in October 2022. At the end of the IP (July 2024) inflation levels returned to 2.2%.

245. High levels of inflation affect the affordability of consumer goods. When we compare this to the sales figures seen by the UK industry throughout the IP, we see that the largest sales were between 2020-2022 during the period where inflation was beginning to increase. Subsequent years saw decreased sales and increased held stock levels, when inflation was returning to lower levels.

246. We do not consider inflation to have a lasting effect on UK industry and thus is not a positive indicator of injury.

[32] Statista (Global inflation rate from 2000 to 2028)

G3.3 Imports bicycles from third countries

247. In this section we assess the volumes and values of bicycles being imported into the UK from third countries and analyse whether these imports had an impact on the UK industry's market share and sales of UK produced like goods in the UK.

Table 40: Comparison of UK Imports from the top seven countries including PRC, Tunisia and Indonesia and third countries by units (July 20 to June 24)

	Units	Year 1	Year 2	Year 3	Year 4
PRC	Volume (Units)	562,823	614,635	434,338	341,865
	Share of Imports	17%	23%	23%	24%
	Import Value (£/Unit)	99	91	99	67
Bangladesh	Volume (Units)	404,569	411,544	412,516	119,090
	Share of Imports	12%	15%	21%	9%
	Import Value (£/Unit)	70	86	66	99
Tunisia	Volume (Units)	398,327	256,388	206,468	201,875
	Share of Imports	12%	10%	11%	14%
	Import Value (£/Unit)	66	76	97	86
Vietnam	Volume (Units)	347,140	176,774	162,413	115,551
	Share of Imports	10%	7%	8%	8%
	Import Value (£/Unit)	182	218	319	264
Taiwan	Volume (Units)	327,054	200,072	96,524	57,150
	Share of Imports	10%	7%	5%	4%
	Import Value (£/Unit)	166	233	617	838
Indonesia	Volume (Units)	239,138	148,776	106,220	101,275
	Share of Imports	7%	6%	6%	7%
	Import Value (£/Unit)	130	168	196	158
India	Volume (Units)	166,485	132,395	90,486	184,239
	Share of Imports	5%	5%	5%	13%
	Import Value (£/Unit)	46	45	45	52
UK Total	**Volume (Units)**	**3,353,077**	**2,675,674**	**1,922,500**	**1,395,605**
	Import Value (£/Unit)	**125**	**144**	**183**	**191**

Source: HMRC 8-digit data.

248. Table 40 shows import volumes and values from third countries with the largest import levels over the IP, with the PRC consistently having the biggest share of imports.

249. The overall trend of volume of units being imported into the UK over the IP has been decreasing, this is consistent with what was seen in UK industry sales figures and the market struggle with overstocking issues. The data shows that together with the PRC,

Tunisia, Indonesia, Bangladesh, Vietnam and Taiwan were the five highest importers at the start of the IP by units. The top five exporters to the UK changed by the end of the IP where it was seen that Taiwan imports decreased from 327,054 to 57,150 units. This allowed other importers to claim this market share decrease of 6% and India's market share rose from 5% to 13%. Tunisia and the PRC collectively also increased their market share by 9%, with Indonesia having a stable level. During the period where sales began to decline in the last two years of the IP, these two countries under the measure were able to maintain and even grow their market share even with the measure in place.

250. When analysing the data for import value for unit prices, all major exporters to the UK had its price per unit increase from the start of the IP to the year of the POI. The exception was the PRC, where the unit price began at £99 at the start of the IP and decreased down to £67 by the end of the IP, a 32% decrease.

Table 41: Comparison of the top seven exporters by volume into the UK including the PRC, Tunisia and Indonesia, starting IP unit price and average unit price over the IP (July 20 to June 24)

Country	Year 1 (£/Unit)	Average Unit price for IP (£/Unit)	Change (£)
PRC	99	89	-10
Bangladesh	70	80	10
Tunisia	66	81	15
Vietnam	182	246	64
Taiwan	166	464	298
Indonesia	130	163	33
India	46	47	1

Source: HMRC 8-digit data. Year 1 is the unit price at the start of the IP, and the average is for the entire IP.

251. Table 41 shows the changes in the average unit price for the entire IP and compares it to its starting value at the beginning of the IP. Of the top exporters into the UK, only the PRC has seen its unit price decrease. The unit price average decreased by £10 when compared to the start of the IP.

252. The data shows that throughout the IP, imports of bicycles from the PRC have trended counter to imports from other 3rd countries, which we would not expect to observe with the anti-dumping duty in place as such measures are intended to prevent dumped

imports from increasing and undercutting prices in the protected market. The PRC is the largest exporter by volume with the largest market share. Its market share increased by 7% throughout the IP. This indicates that it is likely increased dumped exports from the PRC would contribute to increased vulnerability of the UK industry. Therefore, when considering the countries within the top seven exporting to the UK which are not impacted by the measure, the like goods from these other 3rd countries are not considered to have as large an impact on injury as does the PRC, along with Indonesian, and Tunisian exports of the goods subject to review, and therefore do not significantly contribute to further injury to UK industry.

G3.4 UK industry's export sales

Table 42: The UK industry's export sales of bicycles over the IP (July 20 to June 24)

	Year 1	Year 2	Year 3	Year 4
Export sales as % of total sales by volume (Index)	100	105	53	55
Export sales as % of total sales by value (Index)	100	105	59	54

Source: UK Producer questionnaire response.

253. Frog Bikes' export sales over the IP can be seen in Table 42. Its export sales throughout the IP show a clear downward trend.

254. The export sales as a percentage of its total sales volume increased 5% into the second year, before dropping to approximately half the volume in the latter two years. This near 50% reduction in export sales would impact the UK industry suffering some injury, but we do not consider it to be the major contributing factor. Export sales contribute to between 10-35% of total sales so any factors relating to the decrease of domestic sales with have a much more detrimental impact. With UK industry's export sales becoming a smaller portion in comparison to its entire sales, this further increases its reliance on the UK market, comprising 80% of sales by the end of the IP. As the UK industry relies more heavily on UK sales, it will be more susceptible to changes in the UK market. Increased dumped bicycles from the PRC into the UK would likely lead to increased injury from this area of sales, should the measure be revoked.

G3.5 Conclusion on other causes of injury

255. From our analysis, we found that COVID-19, inflation and UK industry export sales have had a significantly lower impact on UK industry injury when compared to increased PRC imports. We found that whilst there is an oversupply in the UK market, this was unlikely to contribute to long-term reduction in prices. We determine that, whilst export volumes from third countries may have been a contributing factor, the PRC has a significant presence in the import sector, having the highest proportion of imports and the ability to reduce prices even with measures in place. There is insufficient evidence to attribute significant injury to the UK industry from third country imports or a reduction in export sales.

G4 Undercutting of UK industry

256. 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 the UK industry would otherwise achieve.

257. As Frog Bikes are a children's bicycle producer in the UK, comparisons against either of the participating exporters has not been feasible. Oyama had no matching PCNs exported to the UK. Another PRC producer and exporter Ningbo Tekmax only had 1 matching PCN of a single bicycle exported to the UK but was found not to be an appropriate comparison for a representation of the price and therefore we were unable to conduct an indicative comparison against UK domestic sales prices using the import prices and assess potential undercutting.

258. Although we have been unable to conduct any of our own undercutting calculations, internal research done by the UK industry had found that a particular type of Frog Bike bicycle manufactured in the PRC would undercut the UK production cost by 28%. If measures were removed it would likely result in considerable pressure on the UK market from the PRC exporters, with sales and profit likely affected.

G5 Domestic and international factors

259. 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

260. The labour costs,[33] energy costs, and raw material costs[34] since COVID-19 have contributed to an overall increase in operational costs for UK industry. These factors are affecting manufacturing industries both internationally[35] and within the UK.[36] This was compounded with supply chain disruptions[37] evident within the like goods market and inflation which impact producers globally. With the UK bicycle market already struggling, these additional increased costs make the UK industry increasingly susceptible to injury.

G5.2 Cycling within UK transport policy

261. In 2017 the UK government set out a Cycling and Walking Investment Strategy. It believed that increased levels of active travel, such as cycling, has substantial benefits. It will mean cheaper travel and better health. It involved loan schemes, pooled schemes and salary sacrifice programs where the employee agrees to give up part of their pre-tax salary in exchange for a benefit from their employer, in this case contributing to the purchase of a bicycle for active travel and safety equipment.[38] 'Cycle to work' schemes continue to be available across government departments but much more is thought to be needed around better infrastructure to encourage cycling growth in the UK.

262. The previous UK government promised to double levels of cycling by 2025, and government initiatives across the UK have put forward strategies, plans and proposals to increase active travel. Frog Bikes' questionnaire response echoes this narrative as it believes the major hurdle for bicycle purchases in the UK is safety and infrastructure.

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[33] Labour Costs - ONS
[34] Cost of Cycling Crisis - Lia
[35] Supply Chain Costs – Supply Chain Dive
[36] Supply, raw materials and import costs – Black Country Chamber of Commerce
[37] Brompton warns of soaring costs for UK manufacturers – Financial Times
[38] Cycle to Work Scheme – Department for Transport

263. The current UK Government, in partnership with Active Travel England (ATE), has announced an almost £300 million investment to enhance cycling, walking and wheeling infrastructure across England. This funding aims to deliver 300 miles of new cycle lanes and walkways to make active travel safer, more accessible and more attractive.[39] As more people take up cycling within the UK, more sales are predicted within the UK sector. This will in turn encourage growth and investment in UK cycling businesses. This positive outlook would be undermined if there is continued injury from dumped PRC imports.

G5.3 US tariffs

264. International bicycle market conditions have been extremely volatile since the announcement by the US government of restrictive tariffs on all Chinese goods exported to the US. This is compounded by the fact that the US tariffs have included all other major bicycle manufacturing countries. The PRC is by far the biggest global exporter of bicycles and the US has historically been its biggest customer. Although the restrictive tariff placed on Chinese bicycles by their biggest importer has currently been removed, any future tariff placement, is likely to result in the UK market being targeted by excess capacity in Chinese bicycles exporters, that would cause injury should the measures be removed.

G6 Historic injury data

265. The TRA have considered whether the UK industry has suffered material injury in the past because of PRC dumped goods and when/if this changed.

266. On 28 August 2019, the European Commission (EC), extended its imposition of definitive anti-dumping duty on imports of bicycles and certain bicycle parts originating in the PRC including bicycles consigned from Indonesia, Malaysia, Sri Lanka, Tunisia, Cambodia, Pakistan, and the Philippines, regardless of its declared origin, after an expiry review. This was a continuation of the original 1993 measure and the subsequent circumvention reviews in 1997, 2013 and 2015.

[39] Almost £300m to gear up new walking, wheeling and cycling schemes – Active Travel England

267. Along similar lines to the conclusions already drawn within this review, in 2019 the EC stated that considering the price sensitivity of certain channels of distribution and the likely price level of PRC imports, the Union industry would likely be forced to decrease its prices to defend its market share. The increase in manufacturing costs combined with a decrease in selling prices would immediately negatively affect the profitability of the Union industry. Consequently, the Union industry would become loss-making, the overall economic situation of the Union industry would be negatively affected, and material injury would recur.

268. The evidence shown from our own assessments of the UK industry suggests a continued pattern of injury to that highlighted by the EC should the measures be revoked.

G7 Any other relevant factors

269. The TRA have considered any other relevant factors to this case. This includes any additional information that may assist which we have requested in our questionnaires or any supporting information.

270. As mentioned in Section F5, there is currently a case in the Dutch courts relating to an alleged large-scale customs fraud involving the importation of bicycles from the PRC. The suspects allegedly circumvented EU import and anti-dumping measures by systematically undervaluing goods and falsely declaring its origin. The case has not concluded but highlights EU concerns that companies would be willing to circumvent the measures, which if replicated in the UK could cause injury to UK industry by circumventing measures and undercutting domestic prices, thereby causing increased injury to UK bicycle producers.

G8 Conclusion

G8.1 Findings

Current state of the UK Industry

271. We have assessed indicators to determine the current state of the UK industry and found 14 positive indicators of injury. We found that sales volume, profits, production output,

capacity utilisation, market share, productivity, investments, prices and factors affecting domestic prices, cash flows, inventories, investments, employment, wages, and growth indicated that the UK industry is currently being injured and is in a vulnerable position.

272. We found that there is a likelihood of continued injury to UK industry in the event imports of dumped goods from the PRC increase following a removal of the current measures.

273. Should the measure be removed it is likely already decreased UK industry productivity would reduce further. With investment at extremely low levels, it would likely mean an end to UK investment in the bicycle industry. PRC imports can react much better to fluctuation in sales. As a result, the growth of the UK industry is likely to further suffer and additional market share is likely to be claimed by the PRC, putting more pressure on UK industry, resulting in further injury.

Other causes of injury

274. We assessed the following factors:

- COVID-19 & oversupply in the UK market
- Inflation
- Imports of bicycles from third countries
- UK Industry export sales

275. We found that COVID-19, inflation and the UK industry's export sales had no substantial contribution to injury of the UK industry. The increase in sales volume during year 2 is a positive result of lockdown rules during the COVID-19 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, the PRC is the biggest exporter to the UK and place significant price pressure on the UK industry.

Undercutting of UK Industry

276. Due to a lack of matching PCNs between the UK industry and PRC exporters we were unable to conduct a full undercutting assessment. Frog Bikes provided internal research comparing its product to a PRC equivalent. It suggests that if the current measures were

removed there is an increased likelihood of undercutting which would lead to further injury to the UK industry.

Domestic and International market conditions

277. We assessed:

- Increased operational costs for manufacturers
- Cycling within UK transport policy

278. We found that these conditions did not negate the likelihood of future injury to the UK industry in the event the current measures were removed.

Historic injury data

279. We were unable to determine whether the UK industry suffered injury historically as no distinction was made in the original EU cases.

Any other relevant factors

280. We identified a recent circumvention fraud case of the current EU measures that is still going through the courts. This demonstrates ongoing EU concern that the measure could be circumvented which if replicated in the UK with our equivalent measure could injure our industry.

G8.3 Recommendation

281. Considering the evidence available we determine there is a likelihood (greater than 50%) of continued injury to UK industry resulting from increased imports of dumped bicycles originating in the PRC (including bicycles consigned from Cambodia, Indonesia, Malaysia, Pakistan, the Philippines, Sri Lanka and Tunisia), should the current measures be revoked.

SECTION H: Economic Interest Test (EIT)

H1 Introduction

282. 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.

283. 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.

284. 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

285. In addition to questionnaire responses, we also received three responses (two from downstream businesses and one from a consumer) from the business and consumer survey we conducted.

286. We augmented this evidence with background research and compiled additional information from UK government data sources such as Companies House, HMRC and

the Office for National Statistics (ONS), as well as from recognised market data providers such as Dun and Bradstreet Hoovers (D&B) and the BAGB. The TRA has also conducted desk research relating to parties that have not participated in this investigation but are part of the supply chain.

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

H2 Likelihood of future injury to UK industry caused by dumping and benefits in removing injury

288. The TRA found that injury is likely to continue in the UK industry, if the current measure is removed.

289. The injury likelihood assessment set out in Section G states that despite the current measure, the PRC remains the largest exporter of bicycles to the UK and continues to place significant price undercutting pressure on the UK industry. We observed during the injury period that the UK industry struggled with decreasing profits, reducing market share and significant decline in domestic sales volumes during the POI. The injury indicators show the industry is currently being injured despite measures and is in a vulnerable position. We concluded there is a likelihood of continued injury to the UK industry from dumped goods entering the UK from the PRC, were current measures revoked.

H3 Economic significance of affected industries and consumers in the UK

290. This section assesses the economic significance of businesses and consumers within the UK bicycles supply chain. From the available evidence, we identified the following key groups:

- **Upstream businesses:** primarily produce bicycle parts;
- **UK producers** of bicycles;
- **Retailers of bicycles:** which includes importers, retailers and downstream businesses; and
- **Consumers** of bicycles.

291. We observed some overlap between these groups (for instance, some bicycle importers are also retailers and bicycle producers also make bicycle parts and sell directly to consumers). We assigned each business to one group based on its main activity to avoid double counting. We combined importers and retailers because the overlaps between these groups are substantial.

292. We selected businesses in each of these groups and looked at their four most recent published accounts, to assess significance against some financial and economic metrics.

H3.1 Upstream businesses

293. We did not receive any submissions from upstream businesses, but from pre-sampling questionnaires submitted by UK producers and Frog Bike's main questionnaire response, we identified 8 UK businesses which produce components used in the production of bicycles. Some of these businesses produce like goods classified under category 2 goods, which are also within the scope of the investigation. Due to limited financial data for three businesses, we selected five for further analysis.

294. We estimated that less than 1% of their turnover is related to sales to Frog Bikes. They may also sell to other UK producers, but we did not have the evidence to support that. We concluded bicycles are **not an important** product for UK upstream businesses, given their limited role in generating core business revenues within our sampled businesses. These businesses also manufacture products for other sectors, including the automotive industry.

295. The selected businesses employ over 4,000 staff, with a combined annual turnover of approximately £900m. Their estimated Gross Value Added (GVA) – a measure of total contribution to the UK economy – was £665m per year. Overall, the companies demonstrate low to moderate vulnerability to economic shocks – measured by trends in financial performance in recent years – with

one business returning to stronger financial performance following a temporary decline.

H3.2 UK producers

296. We identified over 50 UK producers of bicycles using research and evidence provided; however, after selecting companies through sampling, we only received a detailed producer questionnaire response from Frog Bikes. Nevertheless, for the EIT, we selected three of the largest UK producers for analysis to ensure a wider range of products was represented because some producers only manufacture certain types of bikes. Many of the other producers are small businesses which file small business accounts and each employ fewer than 10 employees, therefore there was only limited public information on their financial position.

297. Based on the four most recently published financial statements, the selected businesses employ around 900 employees. We estimate their combined average GVA to be £52m and combined average turnover to be £143m. While they had earnings, before interest, taxes, depreciation and amortisation (EBITDA) – a measure of profits – of £9.8m, our analysis indicates that these businesses have experienced narrowing profit margins, accompanied by a combination of stable and declining revenues. Based on this trend in their financials, we assess that they have a medium to high level of vulnerability to economic shocks. The available evidence suggests that bicycles are **very important** to UK producers, accounting for the majority of annual turnover of these businesses.

H3.3 Retailers (importers, retailers and downstream businesses)

298. We are aware of over 800 businesses which import and sell bicycles or provide bicycle related services in the UK. The producer questionnaire identified several businesses that purchase bicycles for consumers to hire, along with

local councils, schools and charitable organisations that purchase bicycles for other uses.

299. We selected 12 businesses in this group. This included the importers who registered to the case, the importers who imported most frequently under the 8-digit commodity codes and Frog Bikes' largest customers. Our analysis of the relevant importers' transactions and purchases from Frog Bikes, measured as a percentage of downstream businesses turnover, concluded that the product is **somewhat important** to this group.

300. The four most recently published accounts for the 12 selected businesses showed they employed over 8,000 staff across the UK, with a combined turnover of approximately £1.3bn. Their combined GVA estimate was £358m. The financial data also show that over half of these businesses are somewhat vulnerable to economic shocks, with most recording strong revenues but low profits or incurring losses.

H3.4 Consumers

301. Bicycles are considered a consumer good, with demand driven by individual purchases for personal use such as commuting, recreation or fitness. The BAGB, in its Market Data Mid-Year Report 2024, estimates that around 1.55 million bicycles were sold in the UK in 2023.

302. The second-hand bicycle market continues to offer consumers more affordable alternatives to purchasing new bicycles. According to estimates from the BAGB, approximately 19% of all pedal bicycles purchased in the UK in 2023 were second-hand. In addition, schemes such as the Cycle to Work Scheme also offer consumers that need bicycles for commuting the opportunity to smooth the cost of ownership and reduce the upfront costs.

303. The National Travel Attitudes Study (NTAS) which surveyed 2,011 individuals between August and September 2023, explored what would encourage people

in England to cycle or cycle more. A significant 61% of respondents selected safer roads as a motivating factor. Cost was a relatively modest factor overall in determining whether people would cycle more, with only 27% of all respondents saying cheaper bicycles would encourage them; this figure has held steady between 2021 and 2023, showing no increase in price sensitivity despite inflation and cost of living pressures.

H3.5 Summary table

304. Table 43 summarises the evidence on the economic significance for segments within the bicycles supply chain shown in Section E.

Table 43: Economic Significance Metrics for Affected Industries

	Upstream businesses	UK producers	Retailers (Importers and Downstream)
Total known businesses	8	Over 50	around 800
Total selected	5	3	12
Estimated importance of bicycles to this group	***Not very important*** (Frog Bike parts purchases vs upstream business turnover)	***Very important*** (sales of bicycles vs total turnover)	***Somewhat important*** (bicycle purchases vs turnover or % of import transactions from relevant commodity codes)
Total employment of selected businesses	4,149	971	8,965
Total turnover of selected businesses (£m)	900	144	1,470
Total GVA of selected businesses (£m)	665	53	366
Average EBITDA margin for selected businesses (%)	6%	7%	9%
Vulnerability to economic shocks	*Low to medium vulnerability*- generally strong growth, but declining profits for some businesses	*Medium to high vulnerability*- shrinking profits, along with a mix of stable and declining revenue	*Medium to high vulnerability*- most businesses experiencing strong revenue but alongside low profits or losses.

Sources: Questionnaire responses, Companies House and Dun & Bradstreet. Methodology: The importance of bicycles 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.

H4 Likely impact on affected industries and consumers

305. In this section, we assess the overall impact that the proposed variation of the measure might have on the affected groups identified: UK producers, retailers and consumers. We do this by looking at how prices and quantities of goods in the supply chain might change: (i) if the measure were varied, and (ii) if it were revoked. The likely impact of the measure is the difference between these two future states, referred to as total welfare change below. We assessed a range of scenarios due to the uncertainty around the effects of the measure.

H4.1 Key assumptions

306. Costs, prices and sales of bicycles for Frog Bikes came from its questionnaire response. We estimated the sales for other UK producers either from their submissions in the pre-sampling questionnaires or using Bicycle Association data and extrapolating information from Frog Bikes to estimate costs for other producers.

307. We have assumed a cost pass through range of between 75-100% where the measure is revoked for PRC producers.

308. We used data from the BAGB and HMRC import data to estimate market shares for PRC and third country producers. We assumed that bicycles imported from third countries were sold at the average UK price.

309. To estimate the retail prices of PRC bicycles, we used the average import price obtained from HMRC Overseas Trade in Goods Statistics (OTS). We estimated the prices paid by consumers for PRC bicycles by looking at the prices listed on retailer websites for some models produced by PRC producers. Although Oyama submitted a verified questionnaire response, we could not rely on its prices since it is exempt from the current measure.

310. We assumed that the top 20 bicycle brands which accounts for approximately 50% of bicycles sold in the UK market (according to BAGB reports), would not

be affected by the measure, either because of strong brand loyalty or because they are supplied by large exporters that are exempt from the current measure.

311. We have assumed the price elasticity for demand (PED) is moderately elastic and bicycles are a normal good, which suggests that consumers are somewhat sensitive to price changes. They increase their consumption when prices fall and reduce when prices rise. We assume PED between -1 and -2 (a PED of -1 indicates lower sensitivity, while PED of -2 reflects an increased sensitivity of demand to price changes).

312. We assumed Frog Bike's marginal costs were equal to the variable costs reported in the questionnaire response. We estimated the marginal cost for other UK producers by assuming that the ratio between marginal cost and prices was the same for Frog Bikes and other producers. For retailers we assumed that their marginal costs correspond to their purchase cost of bicycles. In scenarios where we assume some UK producers might exit the market; we assumed marginal costs were equal to total costs.

H4.2 Expected impacts if measure is varied

313. Following the injury and dumping likelihood assessments, varying the current measure would mean that imports of bicycles from the PRC would continue to face existing anti-dumping duties of between 19.2% and 48.5%. Bicycle imports consigned from Cambodia, Indonesia, Malaysia, Pakistan, the Philippines, Sri Lanka and Tunisia, whether declared as originating from these countries or not, would also continue to face these duties. However, there are several companies across the seven countries that are exempt from the measure, which will help to ensure the continued availability of affordable options for consumers.

314. The UK bicycle industry has continued to grapple with significant challenges from weakened consumer demand, which has eroded profit and led to

financial instability among several manufacturers and retailers. If the measure is varied, we expect that prices and quantities for bicycles sold in the UK would remain similar to their current levels, so we have only modelled one scenario (scenario A) in which current prices and quantities continue. We have not accounted for any growth in demand for bikes and have held this constant in all scenarios.

H4.3 Estimated impacts if the measure is revoked

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

Scenario B: All producers decrease prices by the level of measure

316. In this scenario, we assumed that if the measure were to be revoked, prices for bicycles would fall by an average duty rate, regardless of their source and all producers' market shares would remain stable. The average duty rate has been estimated by looking at the average duty paid on imports during the POI. We expect UK producers to reduce prices in response to increased competition, but they are unlikely to match PRC prices. UK producers face higher production costs and currently operate with small profit margins, which is likely to limit their ability to lower prices.

Scenario C: Only PRC and circumventing countries' producers decrease their prices by the level of measure

317. In this scenario, which we consider the most likely, we assumed that UK producers do not reduce prices and lose market shares to PRC producers. The market shares of smaller UK producers would be more at risk than larger UK producers with strong brand recognition.

318. We conducted an analysis of the likelihood of market exit assessment for 12 UK bicycle producers and estimated their Altman[40] and Taffler z-scores[41], debt to equity ratio, debt to assets ratio, current ratio, quick ratio and working capital to total assets – to assess which producers are most at risk. The results showed that there is a moderate to high risk of financial distress for a number of small UK producers (with less than 10 employees).

319. Based on this analysis, we have assumed that all small UK producers would exit the market and that PRC producers would gain their market share.

Table 44 - Summary of scenarios used in the impacts analysis	
Scenario where the measure is varied	
Scenario A	All producers retain current market share. No significant changes in prices and quantity sold in the UK.
Scenarios where the measure is revoked	
Scenario B	All producers decrease prices up to the level of the measure
Scenario C	Only PRC producers decrease prices by the level of the measure, small UK producers exit the market.

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

320. We estimated total welfare impacts for each scenario by looking at the changes in producer and consumer surplus. Consumer surplus is the welfare a consumer gets from buying a product or service lower than the maximum price they are willing to pay. Producer surplus is the welfare a producer gets

[40] How to Assess Bankruptcy Risk with the Altman Z-Score Models | StableBread

[41] Taffler, R.J. (1983) 'The assessment of company solvency and performance using a statistical model, ' *Accounting and Business Research*, 13(52), pp. 295–308. https://doi.org/10.1080/00014788.1983.9729767.

from selling a product or service higher than the minimum price they are willing to sell.

Surplus was estimated using the following formulas:

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

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

Where:

Q_{tariff} is the quantity of bicycles consumed with a duty

Q_{no_tariff} is the quantity of bicycles consumed without a duty

$P^{C}_{no\_tariff}$ is the average price of bicycles without a duty

P^{C}_{tariff}) is the average price of bicycles with a duty

321. Table 45 shows the estimated welfare impacts for each of the modelled scenarios. The impacts on different groups are explained in the following sections.

Table 45: Estimated annual welfare impact of extending the existing measure (as compared to revoking it) on affected UK businesses and consumers (£m)

Scenario	UK producers	UK retailers	Consumers	Total welfare impact
Scenario B - high PT, low PED to high PED	£2m	-£6m to -£12m	-£39m to -£41m	-£42m to -£51m
Scenario B - low PT, low PED to high PED	£1m to £2m	-£5m to -£9m	-£30m to -£31m	-£33m to -£40m
Scenario C - low PED to high PED	£9m	-£2m to -£3m	-£9m to -£11m	-£2m to -£4m
Range	**£1m to £9m**	**-£2m to -£12m**	**-£9m to -£41m**	**-£2m to -£51m**
Average across all scenarios*	**£4m**	**-£6m**	**-£26m**	**-£28m**

PED = price elasticity of demand, assumed value is -2 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 most scenarios are closer to the top or bottom of the range.

H5. Likely impact on affected UK businesses and consumers

H5.1. UK producers

322. Extending the current measure could help prevent dumping of low-priced bicycles and benefit UK producers by between £1m and £9m per year. UK producers, in their questionnaire responses, warned that revoking the measure could cause some production to move offshore, put future investments at risk and threaten the future of UK bicycle manufacturing. Given already low profitability and high production costs, many UK producers – particularly smaller or less diversified – are likely to face financial losses and may even exit the market.

H5.2 UK retailers

323. Our analysis suggests that extending the measure could lead to costs of between £2m and £12m per year for importers, retailers and other downstream businesses. Costs to retailers is minimal where the measure causes only slight changes in bicycle prices (Scenario C) but increases significantly when the measure leads to larger price shifts and demand responds strongly to those changes (Scenario B). We expect that the actual impact is likely lower and to fall between these extremes, but closer to Scenario C.

324. In their questionnaire responses, retailers say that revoking the measure on bike parts (category 2) is likely to negatively impact their UK assembly

operations, as it would become cheaper to produce bicycles overseas. However, they also expect it would lower bicycle prices including parts (apart from leading or the most popular bicycle brands), shift jobs from manufacturing to retail and distribution including after-sales servicing of bicycles, allow more investment in innovation and help stimulate demand in the UK bicycle market.

H5.3 UK consumers

325. 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 £9m to £41m per year. Consumers could also continue to face increased costs on a per bicycle basis (between £12 and £44 per bicycle purchased). The biggest driver of the impacts on the consumers is the degree to which prices of bicycles are affected by the measure. Consumers who purchase second-hand bicycles or who hire bicycles from rental schemes are likely less impacted from the measure than those who purchase new bicycles.

326. Given the price-sensitive nature of bicycles we expect the demand for bicycles to be lower with a duty than without. Our analysis suggests that varying the measure may result in between 8,000 and 175,000 fewer bicycles purchased in the UK annually than if the measures were revoked.

H5.4 Overall welfare impacts

327. Overall, varying the existing measure is likely to lead to overall welfare losses of between £2m to £51m per year. The average impact across all scenarios is about £29m annually. We expect the actual impact to fall somewhere between these two extremes. Due to limited data and engagement from overseas producers in all countries with measures, we are unable to estimate precise impacts of the exemptions.

H6. Likely impact on particular geographic areas, or particular groups in the UK

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

H6.1 Likely impact on particular areas

329. We have assessed the geographic impacts on affected groups; UK producers and retailers, using employment at the level of Travel to Work Areas (TTWAs).

330. We used three sources for the employment analysis:

- Questionnaire responses which included data on total employment by site.
- D&B business directory which provided location of known sites and estimates of employment site for listed companies.
- ONS estimates of working age population by TTWA.

331. To estimate employment by sites, we identified all known immediate subsidiaries of the selected businesses alongside their registered office address and known employment. Where sites were listed without employment figures, we assumed total employees were distributed equally between all sites.

332. We assessed the geographic significance by exploring the employment of affected businesses as a proportion of employment in each TTWA. We found the estimated employment for affected groups was less than 1% across the working age population of all TTWA. As a result, we do not expect that extending or revoking the measure will disproportionately affect any TTWA.

H6.2 Likely impact on particular groups

333. The TRA considered the likely impact on particular groups including those with protected characteristics as defined by the Equality Act 2010.

334. Survey evidence indicates that rising bicycle costs could have a greater impact on ethnic minority groups. The NTAS survey mentioned above reports that affordability is a significant barrier to cycling for ethnic minority groups than for white respondents. Nearly half (49%) of ethnic minority respondents said that lower bicycle purchase costs would encourage them to cycle more, compared to 24% of white respondents.

H7 Likely consequences for the competitive environment and for the structure of markets for goods in the UK

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

- 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.

H7.1 Background

336. There are a range of suppliers in the PRC and third countries exporting bicycles to the UK. Table 7 shows the imported bicycle prices from countries with largest import volumes to the UK.

H7.2 Impact on the number or range of suppliers

337. The UK bicycle market features a wide range of suppliers and brands. According to the ONS report on UK businesses, around 70% of UK producers

which are categorised under the Standard Industrial Classification (SIC) code 30920 (in which bicycle manufacturers fall under, are micro-businesses, each employing fewer than 5 people and generating turnover below £1 million. If the measure is varied, prices are expected to remain competitive, making it unlikely that these small producers will exit the market. As a result, the number or range of suppliers is expected to remain stable. However, varying the measure could reduce the number of third country suppliers to the UK market.

338. If the measure is revoked, the number of UK brands is likely to fall, while the presence of PRC suppliers would likely increase. We are uncertain what the overall effect would be on the number or range of suppliers in the UK market.

H7.3 Impact on the ability of suppliers to compete

339. We have no evidence to suggest the ability of suppliers to compete would be affected by the measure.

H7.4 Impact on the incentives to compete vigorously

340. We have no evidence to suggest the incentives for suppliers to compete vigorously would be affected by the measure.

H7.5 Impact on the choices and information available to consumers

341. If the measure is varied, consumers may face a narrower range of lower-priced options, which could limit consumer choice. However, revoking the measure might reduce choices for consumers wanting to purchase domestically produced bicycles which might guarantee certain quality standards through warranties.

342. There is no evidence to suggest that varying or revoking the measure will impact information available to consumers.

H8 Other matters the TRA considers relevant

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

344. In recent years, the UK government has continued to support the transformation of manufacturing capabilities through the Made Smarter programme, which promotes the development and adoption of innovative technologies. Some UK bicycle manufacturers have benefitted from this initiative, which also supports the transition to net zero emissions by helping companies reduce their carbon footprint. Extending the measure is likely to reinforce the gains made so far by providing continued stability and enabling further investment in innovation in UK bicycle manufacturing. These higher quality products will also benefit the UK consumer.

345. Through its Active Travel initiative, the Department for Transport announced it will be investing almost £300m in schemes to boost walking and cycling. A measure that raises bicycle prices may limit progress towards this goal, while revoking the measure could stimulate demand and better support the initiative's objectives.

H9 Form of measure

346. 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 on some affected groups while retaining the overall benefits.

347. The current measure is an ad valorem tariff of 19.2% to 48.5% covering imports of bicycles and certain bicycle parts originating in the PRC (including bicycles consigned from Cambodia, Indonesia, Malaysia, Pakistan, the Philippines, Sri Lanka and Tunisia).

348. We have neither received nor found evidence suggesting that a change to the form of the measure would benefit the UK economy.

H10 Conclusion

349. 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.

350. In the injury section we concluded that if the measure were to be removed, there would be a likelihood of continued injury to the UK industry having reviewed the financial data of some other UK producers, it appears that many are vulnerable.

351. The economic significance section found that bicycles are very important to UK producers, not important to upstream businesses and somewhat important to retailers (importers, retailers and downstream businesses).

352. In the impacts section, we found varying the measure could benefit UK producers by between £1m to £9m, but cost importers, retailers and downstream businesses between £2m to £12m. The cost to consumers could be between £9m and £41m per year, and this could result in increased cost of between £12 and £44 more per bicycle.

353. In assessing the likely impacts on particular areas and groups, while we found no evidence of disproportionate impacts on any particular areas, we came across survey evidence that reports higher bicycle costs could have a greater impact on ethnic minority groups.

354. In the competition assessment, we found no evidence that the measure would significantly affect the competitive environment in the bicycles market.

355. In the other relevant factors section, we noted the interactions with government objectives to support innovative manufacturing. This measure is likely to complement such initiatives, but with other government's goals to achieve greater use of cycling, the measure is likely to be in conflict to a certain extent.

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

- We estimate there may be positive impacts for UK producers of between £1m and £9m per year.
- It will help preserve UK manufacturing and assembling capacity particularly for small bicycle producers.

357. The contrasting key negative impacts are:

- We estimate there could be a net welfare cost to the UK of between £2m and £51m per year.
- Consumers would have to continue paying higher prices for bicycles than they would otherwise pay, with increased costs ranging from £12 - £44. We expect consumers of cheaper bikes to be most affected.
- Importers, retailers and downstream businesses could face costs of £9m to £41m per year.

358. Whilst we note the negative impact on consumers, based on the evidence available we do not consider it to be disproportionate to the positive impacts of varying the measure. Having considered the evidence submitted by the relevant parties and all the EIT factors, we conclude that the EIT is met and recommend that the anti-dumping duty on bicycles be varied.

359. Therefore, in accordance with regulation 100(1E) of the Regulations, we advise the SoS that we consider that the proposed variation of the measure in

accordance with our intended final recommendation, meets the Economic Interest Test.

SECTION I: Circumvention Activity

I1 Use of 3rd countries

360. We have examined the potential for circumvention of the measure on the original goods (bicycles) by the importation of PRC produced bicycles through seven additional countries as outlined in paragraph 54, and the impact it would have on whether dumping and injury would continue or recur. To do so, we have considered the definition of circumvention, as set out in regulation 73 of the D&S Regs.

361. Regulation 73(2)(a) of the D&S Regs state that circumvention exists where there is a change in the pattern of trade between,

(i) a foreign country or territory not listed in the relevant public notice made under section 13 of the Taxation (Cross-border Trade) Act 2018 (the Act) (a "third country") and the UK; or

(ii) individual companies in the exporting country or territory listed in the public notice made under section 13 of the Act ("the relevant exporting country or territory") and the UK

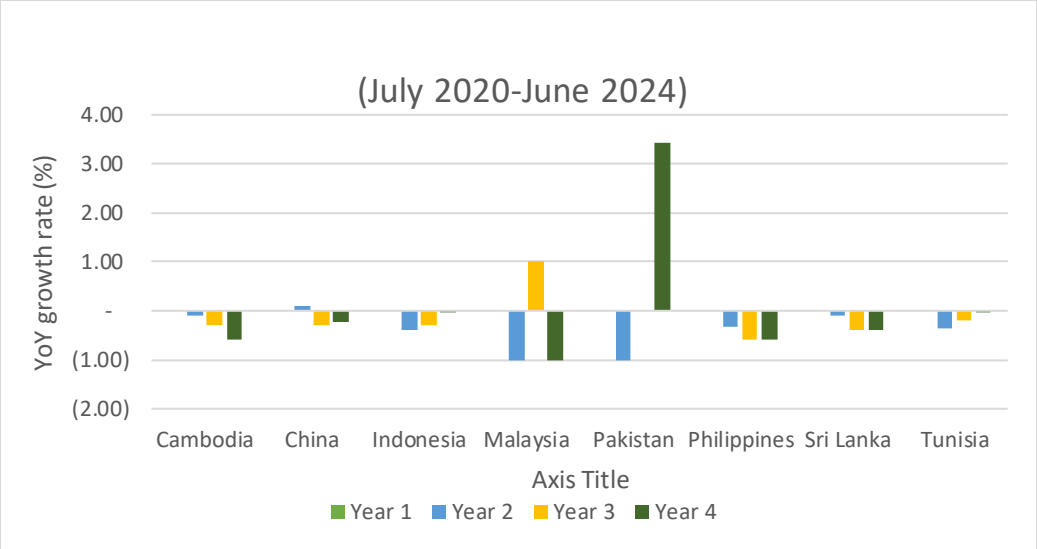
Table 46: Year-on-year change in volume (units) of imports into the UK

Country	Year 1 (July 2020– June 2021)	Year 2 (July 2021– June 2022)	Year 3 (July 2022– June 2023)	Year 4 (July 2023-June 2024)
Cambodia	-	-11%	-31%	-57%
China	-	9%	-29%	-21%
Indonesia	-	-38%	-29%	-5%
Malaysia	-	-100%	100%	-100%
Pakistan	-	-100%	0%	343%
Philippines	-	-31%	-58%	-59%
Sri Lanka	-	-9%	-38%	-41%

Tunisia	-	-36%	-19%	-2%

Source: HMRC 8-digit data for bicycle imports from the concerned countries

Graph 1: Year-on-year change in volume (units) of imports into the UK



362. There has been a decrease in the volume of imports across all seven countries into the UK over the course of the injury period apart from Pakistan. In the first year Pakistan was exporting approximately 7,000 units into the UK, which equated to under 1% of the total import volume. This dropped to zero units in the second year, and minimal imports in the third year. With the fourth year reaching approximately only half the first-year volume. Although Malaysia showed 100% increase during the second year, this was also a very small quantity of bicycles.

363. Since the original measure has included certain additional countries for a considerable period of time (the full seven countries have been in place for 10 years), and with bicycles legitimately entering the UK without cause to pay duty with certain exemptions in place from these additional seven countries, we have been unable to examine a change in pattern of trade between any of these specific countries and the UK. The only conclusion that can be drawn is

that the current measure appears to be restricting the volume of bicycles entering the UK from these seven countries.

364. Regulation 73(2)(b) of the D&S Regs state that circumvention exists where there is a change in the pattern of trade from a practice, process or work which has insufficient economic justification other than the avoidance of the anti-dumping amount. According to the regulation 73(3)(b) of the D&S Regs, the 'practice, process or work' can include channelling the consignment of dumped goods imports via third countries. We have been unable to examine if third countries continue to be used in this way or if the remedial effects of the anti-dumping amount are being undermined in terms of the prices or quantities of the goods subject to review.

365. As noted in Section F5, in January 2025, individuals were charged with large-scale customs fraud involving the importation of bicycles from the PRC. The suspects allegedly circumvented EU anti-dumping measures by falsely declaring the origin of bicycles entering the EU, thereby evading the payment of anti-dumping duties.

366. We believe circumvention through third countries is still a risk and may contribute to the risk of continued or recurring dumping of the primary goods (category 1 – bicycles) within the UK. We also conclude that there would be an increased likelihood of injury or increased likelihood of the remedial effects of the anti-dumping amount being undermined in respect of prices or quantities of the goods subject to review. Therefore, the 3rd country countervailing measures should remain in place.

I2 Bicycle parts

367. We have examined the potential for circumvention of the measure on original goods (bicycles) by the importation of certain bicycle parts and the impact it

would have on whether dumping and injury would continue or recur. To do so, we have considered the definition of circumvention, as set out in regulation 73 of the D&S Regs.

368. The measure covers only ten essential bicycle parts which were identified by the EC (as per Council Regulation (EC) No 71 /97 of 10 January 1997) as likely to be used during circumvention activities. It does not cover all Chinese bicycle parts, in order to balance the needs of bicycle manufacturers who rely on Chinese bicycle parts, with protecting against circumvention through assembly.

369. Regulation 73(2)(b) of the D&S Regs state that circumvention exists where there is a change in the pattern of trade from a practice, process or work which has insufficient economic justification other than the avoidance of the anti-dumping amount. According to the regulation 73(3) of the D&S Regs, the 'practice, process or work' can include the assembly of parts by an assembly operation in the UK. We have received no evidence that bicycle parts are being used in this way or that the remedial effects of the anti-dumping amount are being undermined in terms of the prices or quantities of the assembled goods.

370. Data submitted during this review indicates that approximately 40% of the cost to make a bicycle comes from costs that would be directly impacted by UK assembly such as direct labour, warehousing costs and manufacturing overheads.

371. Warehousing, office space and general operating costs in the UK have been rising. Reporting from property experts Savills states that global prime warehousing costs increased by 1.7% in H1 2024. 2024 data from Colliers, leading commercial retail specialists, shows the average cost per sqft for warehouse space in the UK is increasing by a much larger degree than the

average trend. Large distribution warehouses (100,000+ sqft) increased to £11.50 per sqft, up 8% year on year, while mid-box and multi-let units across the UK reached £14.80 per sqft, up 4.4% y/y. LSH reports that over the 12 months to September 2024, the average cost of occupying a new-build office in the UK increased by 5.7, a 3.4% increase from the previous year, with 20 year old building increasing by 4.3%.

372. Savills reports that over the same period the opposite trend was seen in Chinese markets, which saw costs fall, as tenant demand weakened, and warehouse supply increased. This would make it prohibitively more expensive for Chinese manufacturers to store the bike parts within the UK before assembly.

373. UK manufacturing jobs are generally well paid. In 2023, the average yearly UK salary in the manufacturing sector according to Made UK was £36,488. In comparison the equivalent average wage in the manufacturing sector in the PRC according to National data was £11,824, less than a third of the UK salary. UK wages increased on average by 3.4% between September and November 2024 compared with the same period the previous year, after taking into account the impact of price rises, according to the Office for National Statistics (ONS). Increased wage costs were affected by the UK National Minimum Wage increase of 9.8% in April 2024. This increased again in April 2025, rising 6.7%.

374. Not only does this affect the wages of bike assemblers, but other costs related to running a warehouse and office, such as providing security and cleaning, which LSH reports as seeing double-digit percentage rises. All these cost factors could combine to make it prohibitively expensive for Chinese manufacturers to assemble imported bike parts into fully functional bikes within the UK.

375. There are currently significant limitations in the UK regarding bike part purchases. Many bike parts are not produced in the UK and a considerable volume of bike parts are manufactured in the PRC and enter the UK supply chain. Shimano, a global bicycle part manufacturer dominates this market due to its unmatched, vast manufacturing scale and has two bicycle component factories in China. Currently the measure allows for import of only 299 or less of certain bike parts per month before the measure is enforced, which can be very restrictive on UK producers.

376. As mentioned in E3 Market Size and Structure, we have had no participation within this review from any UK bicycle part manufacturers and very little comment on this part of the measure from any of the participating interested parties. Therefore, information from this sector on the limitations of bicycle parts in the UK and other factors that might have been considered has not been possible.

377. Having a measure on bike parts could make it increasingly difficult for new UK manufacturers or current UK businesses to expand manufacturing facilities in the UK due to the shortage of bike parts and the need to apply for an exemption to manufacture at scale. Additionally:

- Spare capacity available with current UK producers could be used to support the growth of new bike manufacturers that currently cannot be utilised, providing them with expertise and bike parts themselves.
- Greater access to Chinese bike parts, may in turn help the UK after sales service and warranty market by reducing the cost of components used for maintenance and repair, since many replacement components are of Chinese origin.
- No evidence has been submitted to the review to suggest a UK Importer is working as a bike part assembler and 60% or more of the total value of those parts of the assembled goods come from the PRC.

378. As described, a significant proportion of the cost to manufacture bikes in the UK comes from rent and labour. Any Chinese producer attempting to circumvent measures by bringing in certain bike parts would still have to bear these costs which appear restrictive.

379. We have received no evidence from participants within this review that suggests Chinese manufacturers are currently circumventing the original measure on bicycles by importing certain bicycle parts.

SECTION J: Preliminary Findings and Intended Final Recommendation

J1 Preliminary findings

380. We intend to make a recommendation on the grounds that it is likely that dumping of the goods subject to review would continue or if the measure were no longer applied; that injury to the UK industry would be likely to continue if the measure was no longer applied, and continuation of the measure would be in the economic interest of the UK.

J2 Intended recommendation

381. Our intended recommendation is to maintain the application of the anti-dumping amount under regulation 100A of the Regulations for the goods subject to review from the PRC, extended for five years ad valorem.

382. Through our own analysis, we believe circumvention through third countries is still a risk and may contribute to the risk of continued or recurring dumping of the primary goods (category 1 - bicycles) within the UK. We also conclude that there would be an increased likelihood of injury or increased likelihood of the remedial effects of the anti-dumping amount being undermined in respect of prices or quantities of the goods subject to review. Therefore, the 3rd country countervailing measures should remain in place.

383. Although secondary information suggests that additional restrictive costs associated with assembling PRC bicycle parts into completed bicycles within the UK would reduce the likelihood of circumvention occurring. We do not have data that would make it possible to fully assess the impact certain bicycle parts have on this measure. It has meant, a risk remains that circumvention may occur through importation of Chinese bike parts. It has not been possible to recalculate the amount of duty applied to those goods and therefore, under regulation 100A of the D&S regs, we recommend the inclusion of category 2 goods remain part of this measure.

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

Interested Party/Contributor	Information Received
Frog Bikes Limited	Pre-Sampling Questionnaire (PSQ), Questionnaire
Cyclesport North Ltd	PSQ
Brompton Bicycle Limited	PSQ
Winlong Garments Limited	PSQ
The Moulton Bicycle Company Limited	PSQ
Pashley Holdings Limited	PSQ
Madison Cycles Limited	PSQ
Oyama Technology	PSQ, Questionnaire
Halfords Limited	PSQ, Questionnaire
Whyte Bikes Limited	PSQ
Ningbo Tekmax Bicycle Co., Ltd	PSQ, Questionnaire
Xiangjin (Tianjin) Cycle Co., Ltd	PSQ
Guangzhou Symbol Bicycle Co., Ltd.	PSQ
Skyland Sports Tech	PSQ
Zhejiang Xinzhuoluo Intelligence Technology Co Ltd	PSQ
Jinhua Qidian Vehicle Co., Ltd	PSQ
Wuxi Shengda Vehicle Technology Co., Ltd	PSQ
World Bikes Limited	PSQ
Merida Bicycles Limited	PSQ
Eurocycles (Tunisa)	PSQ
China Chamber of Commerce for Import and Export of Machinery and Electronic Products	PSQ
The Bicycle Association of Great Britain Limited	PSQ
Directorate of Trade Defence, Ministry of Trade of Indonesia	PSQ
Government of Sri Lanka (Dept of Commerce)	PSQ
Government of Malaysia	
City Cycle Industries Manufacturing Pvt. Ltd	PSQ
Asiabike Industrial Limited	PSQ
Sampson Bikes Private Limited	PSQ
United Wheels UK Ltd	PSQ, Questionnaire
BSH Ventures PVT Ltd	PSQ

Wuxi Shengda Vehicle Technology Co., Ltd	PSQ
Skyland Sport Tech Co., Ltd	PSQ
Ningbo Nanyang Vehicle Co., Ltd	PSQ