

<p>E-bikes are a strategic innovative industry for Europe's green future.</p>	<p>Chinese e-bikes are flooding the EU market due to destructive dumping, illegal subsidies and massive overcapacity.</p>	<p>The EU must stop China dumping e-bikes to ensure fair competition, green jobs and growth in Europe.</p>
		

1. E-bikes are a strategic innovative industry for Europe's green and smart transport future.

European e-bikes are healthy, green and booming. They offer the joy of cycling, fresh air, and free transport. The extra speed and acceleration aids stopping and starting in traffic, and at junctions. The pedal assist engine allows the rider to cover longer distances or cycle the same distance with less effort. E-bikes are therefore also attractive to elderly or less athletic persons who would otherwise chose the car or public transport over a bicycle which has a positive impact on public health. For instance, exercise-based e-bike cardiac rehabilitation programmes can reduce deaths in people with coronary heart disease by around 27% according to a study by the National Health Service (NHS). Bicycles in general and e-bikes in particular can also play a decisive role in combatting climate change and reducing carbon emissions.

They are the most environmentally friendly, energy efficient and sustainable means of e-mobility. e-bikes are an important contributor to the EU's environmental and climate change targets and will change urban traffic significantly. According to the European Cycling Federation (ECF), the EU could cut its transport greenhouse gas emissions by more than 25% if every country's cycling rate was the same as Denmark's, which is made possible through e-bikes. Furthermore, a recent study by Politecnico Milano compared the CO₂ emissions of EU-made versus Chinese-made bicycles and e-bikes, noting that pollution does not stop at borders. The study concludes that the production of one bicycle or e-bike in China produces between 61 and 123 kg more CO₂ and other dangerous emissions than the same bicycle made in the EU. If the entire annual EU demand for bicycles and e-bikes were imported from China, their production would generate over 2 million MT more in CO₂ and other emissions than if the bicycles were made in the EU due to shipping, coal energy, hazardous materials and other factors.

90,000 green jobs depend on the survival of the European e-bike sector. The bicycle/e-bike industry is one of the largest employers of the "green industries" in the EU. Overall, the bicycle and parts industries in the EU employ directly approximately 45,000 totally "green" and highly-skilled employees. In addition, conservatively more than 45,000 indirect jobs dependent on the EU bicycle industry, such as upstream suppliers of raw materials and components, as well as manufacturers of machinery, moulds, and robots. EU bicycle and parts makers source their raw materials, semi-finished products and machineries/automation from the same fine precision mechanics EU producers (e.g. Bosch, Mavic and Colagno) who also supply producers of motorcycles and automobiles, and other industries. Consumers demand new products every year. The e-bike industry and its suppliers must therefore make continuous investments in innovation and quality control, and have a high and increasing demand for skilled workers and engineers. However, workers' jobs depend directly on the maintenance of fair trading conditions in the EU.

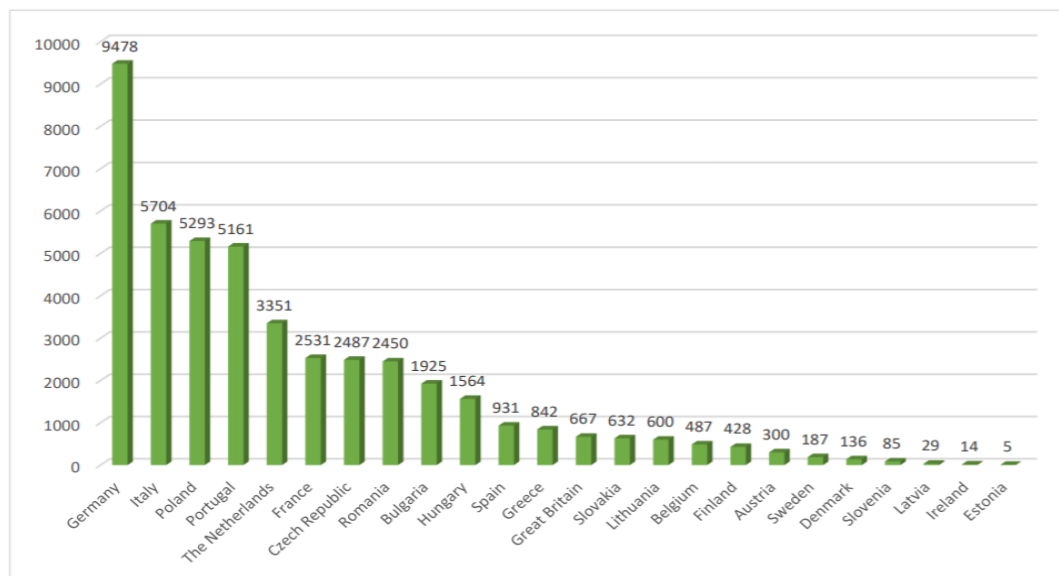


European Bicycle Manufacturers Association EU anti-dumping complaint to stop China dumping e-bikes

E-bikes are a key hi-tech, high growth industry for Europe's future. European manufacturers helped formulate EU regulation that has shaped the European e-bike market. They also invented and developed the Electrically Power Assisted Cycles (EPAC) pedal technology and the most recent innovation, the centre engine system, which revolutionised the industry. The Electric Bike Worldwide Report predicts that the electric bike industry is poised to grow from 200 million worldwide today to 2 billion by 2050. It is predicted that eventually, e-bikes will account for one of every three bikes sold in the European Union, a ratio now achieved only in the Netherlands. E-bikes are at the forefront of the Intelligent Transport Systems initiative, a priority for the European Commission which will improve safety in the transport sector, and play an increasing role in urban transport. E-bikes are only the beginning and the EU industry is already today developing smart bikes that will – in addition to pedal assistance – provide enhanced security and guidance systems to the rider, such as traffic warnings and information on the fastest/safest route.

Total 2016 EU production was 1,164,000 e-bikes, which though an increase of 13% on the previous year, was much less than the growth of EU consumption because of the flood of dumped Chinese e-bikes. Overall, the European market is booming, but the explosion in growth of dumped Chinese e-bikes is rapidly taking away market share from the EU producers, and will annihilate European production within only a few years if legitimate trade defence measures are not imposed by the EU.

2016 EMPLOYMENT IN THE EUROPEAN BICYCLE AND BICYCLE PARTS & ACCESSORIES INDUSTRIES (EU28)



Country	Germany	Italy	Poland	Portugal	The Netherlands	France	Czech Republic	Romania	Bulgaria	Hungary	Spain	Greece	Great Britain	Slovakia	Lithuania	Belgium	Finland	Austria	Sweden	Denmark	Slovenia	Latvia	Ireland	Estonia	Croatia	Cyprus	Luxembourg	Malta	EU 28
Bicycle Employment	3 905	3 287	4 873	1 137	2 280	780	597	1 350	1 860	1 034	609	202	447	443	600	285	128	300	147	106	15	29	14	5	0	0	0	24 433	
Parts & Accessories Employment	5 573	2 417	420	4 024	1 071	1 751	1 890	1 100	65	530	322	640	220	189	0	202	300	0	40	30	70	0	0	0	0	0	0	20 854	
Total	9 478	5 704	5 293	5 161	3 351	2 531	2 487	2 450	1 925	1 564	931	842	667	632	600	487	428	300	187	136	85	29	14	5	0	0	0	45 287	
Ranking	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	25	25		

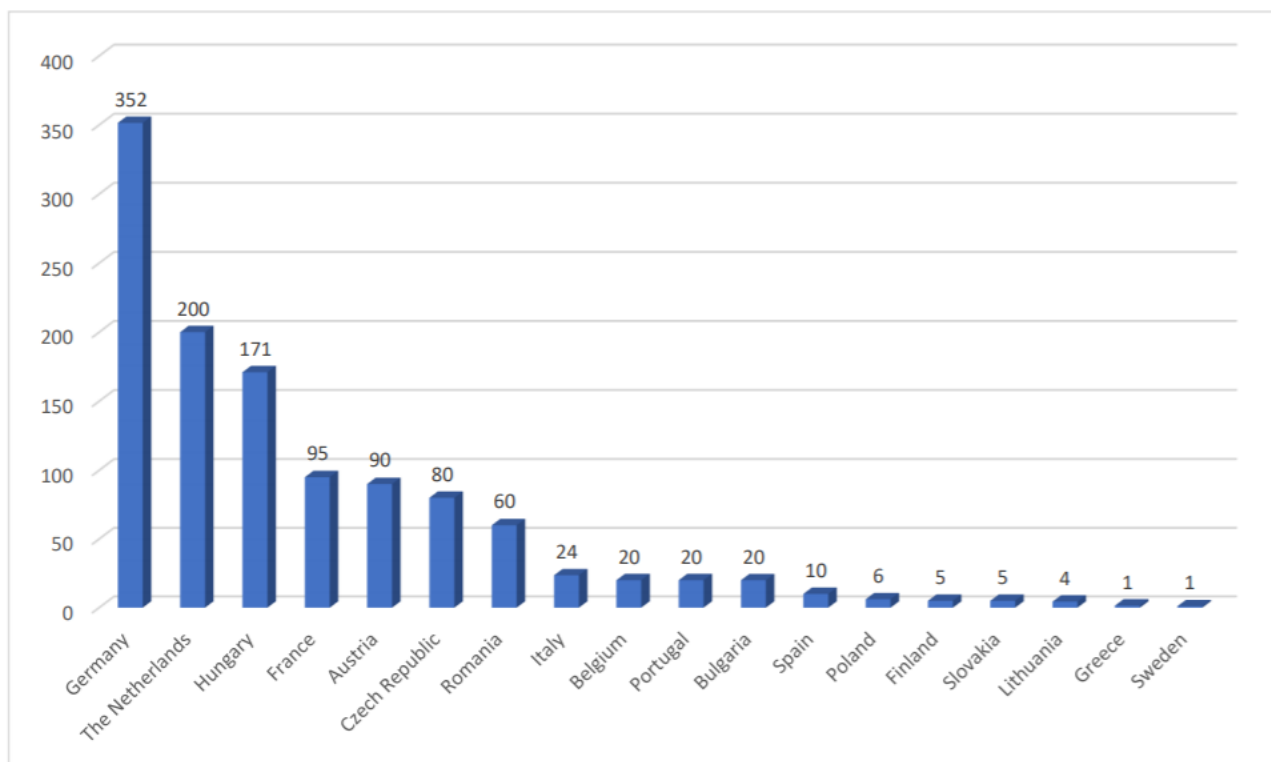
Source: EUROPEAN BICYCLE MARKET, 2017 edition CONEBI, the Confederation of the European Bicycle Industry.



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2016 EUROPEAN EPAC PRODUCTION⁷ (EU 28) COUNTRY RANKING (1,000 units)



Country	2010																											
	Production (x 1,000)																											
	Country share (%)																											
	EU 28																											
Germany	The Netherlands	Hungary	France	Austria	Czech Republic	Romania	Italy	Belgium	Portugal	Bulgaria	Spain	Poland	Finland	Slovakia	Lithuania	Greece	Sweden	Great Britain	Croatia	Cyprus	Denmark	Estonia	Ireland	Latvia	Luxembourg	Malta	Slovenia	EU 28
352	200	171	95	90	80	60	24	20	20	20	10	6	5	5	4	1	1	0	0	0	0	0	0	0	0	0	0	1 164
1	2	3	4	5	6	7	8	9	9	10	11	12	13	13	14	15	16	17	18	18	18	18	18	18	18	18	18	

Source: EUROPEAN BICYCLE MARKET, 2017 edition CONEBI, the Confederation of the European Bicycle Industry.



2. Chinese e-bikes are flooding Europe due to dumping, illegal subsidies and massive overcapacity.

Chinese dumped e-bikes are flooding the EU market. European e-bikes are undercut and overwhelmed in their home market by heavily subsidised, illegally dumped Chinese e-bikes sold below their cost of production. Imports of e-bikes from China have been increasing quickly and have now exploded, with imports in the first seven months of 2017 already exceeding the entire 2016 import volume. Imports into the EU of e-bikes from China increased from virtually zero in 2010 to a level likely over 800,000 in 2017. More than 430,000 Chinese e-bikes were dumped into the EU in 2016, representing 70% of all e-bikes imported from outside Europe. Chinese imports in 2016 showed a massive 40% volume growth compared to the previous year.

China has gained global dominance in e-bikes through aggressive state-planning, subsidies and overcapacity. According to data from the Confederation of the European Bicycle Industry, e-bike production capacities in China were at 51 million units in 2016 and consumption at 28 million, meaning there exists a Chinese overcapacity of 23 million e-bikes, which is more than ten times total European demand. Alarmingly, the People's Republic of China's 13th 5-Year Plan sets a clear 2020 goal that the "export of electric bicycles will be dramatically increased" and the "portion of middle and high-end bicycles and lithium battery electric bicycles will be increased year by year".

In addition to the ban of Chinese-style throttle electric bicycles in several major cities in 2015/16, the market entry of bike-sharing companies in 2016 introduced a new source of excess supplies in the Chinese bicycle market. Competing via volume and subsidised prices, sharing companies like Mobike, Ofo and Obike flooded big Chinese cities with bicycles. In the first half of 2017, bike sharing companies placed more than 20 million bikes on the Chinese market. Accordingly, total bicycle sales in China have declined 60-70% in the last year, resulting in further structural production overcapacities. This is no accident as Ofo's declared mission, for example, is "to make bike ownership dispensable". The Chinese bicycle industry therefore – supported by the 5-Year Plan – tries to find relief for the pressure from its overcapacities via exports to Europe.

Chinese dumped e-bikes are causing injury to European producers. Chinese producers have increasingly covered all e-bike market segments, and have thereby been able to take greater and greater advantage of the growth (potential) of the EU e-bike market. The continuous advancement in technology and quality has enabled imports of EPACs from China to take away substantial market share from the EU producers, initially in the lower price segments and then also in the middle and high price segments. Dumped Chinese e-bikes have caused material injury to the EU industry inter alia by suppressing the EU industry's profitability and capacity utilisations below reasonable levels, and suppressing year-on-year growth rates of production, sales and employment. Imports of EPACs also threaten to cause further material injury to EU industry, considering that Chinese producers need to find relief for their State-subsidised large structural production overcapacities, and they do that by extending domestic price wars to export markets, of which the EU is the largest market worldwide for EPACs.

In conclusion, at the current volumes and price levels, and considering the tremendous structural production overcapacities in China, imports of e-bikes from China have caused material injury to the EU industry and constitute an imminent and real threat of further material injury to the EU industry. If a level playing field is not restored on the EU market, imports of heavily subsidised e-bikes from China are projected to continue to increase at unsustainably low dumped prices through 2017 and 2018, as Chinese producers try to find an outlet for their structural and increasing production overcapacities via dumped exports to the EU.



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The Bicycle Graveyard

Around 84,000 bicycles have been left here in a field in Hangzhou, in eastern China's Zhejiang Province. They belonged to bike sharing businesses which are growing in popularity around China, but have been abandoned.



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China e-bike manufacturing overcapacity – actual and forecast

E-BIKES	2013	2014	2015	Forecast 2016	Forecast 2017	Forecast 2018	Forecast 2019	Forecast 2020
Production CHN	37,000,000	35,500,000	34,500,000	31,000,000	31,000,000	33,000,000	35,000,000	36,000,000
Consumption CHN	33,000,000	32,000,000	31,000,000	27,000,000	26,000,000	25,000,000	28,000,000	30,000,000
Capacity CHN	45,000,000	48,000,000	52,000,000	55,000,000	55,000,000	57,000,000	64,000,000	68,000,000
Total World Consumption	36,000,000	36,000,000	35,000,000	31,000,000	31,000,000	32,000,000	35,000,000	38,000,000
Capacity CHN over total World Consumption	125%	133%	147%	165%	167%	168%	168%	170%
Production EU	755,000	985,000	1,100,000	1,200,000	1,400,000	2,000,000	2,300,000	2,900,000
Consumption EU	1,100,000	1,325,000	1,650,000	2,000,000	2,500,000	2,800,000	3,300,000	3,600,000
Overcapacity CHN	8,000,000	12,500,000	17,500,000	24,000,000	24,000,000	24,000,000	29,000,000	32,000,000
Utilisation rates CHN	82%	74%	69%	63%	65%	70%	70%	74%
Available for export CHN	4,000,000	3,500,000	3,500,000	4,000,000	7,000,000	10,000,000	12,000,000	17,000,000
Imports EU from CHN	345,000	340,000	550,000	800,000				
Exports EU to CHN	1,576	159	15					
Net Imports EU from CHN	345,000	340,000	550,000	800,000				
Net Exports EU to CHN	1,576	159	15					
Profitability EU	2.5%	3.0%	2.8%	2.0%				
Direct/Indirect Jobs EU	15,000	19,700	22,000	24,000	28,000	35,000	40,000	45,000

*If anti-dumping measures are kept and bicycles, e-bikes and components are kept out of the EGA list, allowing more re-shoring of components production into the EU's Bike Valleys.

**EPAC imports (87119010) code only since 2012, estimation made for the previous years.

*** 'The total industry economic aggregate will be stably improved. During the "thirteenth five-year" period, the revenue from main businesses of the above-scale enterprises in the whole industry will achieve the annual average growth rate 6%, and exceed RMB 200 billion by 2020. The export scale of bicycles and spare parts will keep stable and the export of electric bicycles will be dramatically increased' - 13th 5 year Plan of the Chinese Communist Party.

**** Sources: Bike Europe, Japan Press, Eurostat, China Bicycle Association, Conebi, Bicycle Retailer

EU Market Data - Note the Investigation Period (IP) for the Complaint is the 12-month period 1.4.2016 to 31.3.2017
EU consumption, Imports and market share

Inspired by the overall green movement in the EU, and in particular by increased environmental and health awareness, EU consumption of e-bikes increased by 55% over the period under consideration. Thanks to growing demand, both sales by the EU industry and imports increased in absolute terms throughout the period.

Table 1 – EU market share and sales

Volume (000 pieces)	2014	2015	2016	IP
Consumption¹	1,139	1,364	1,666	1,762
Total sales of EU production	843	916	1,032	1,025
Imports from China ²	219	312	434	519
Imports from other countries	77	136	201	218

¹ Based on data collected by CONEBI from national bicycle associations. ² Based on Chinese export statistics.

However, in relative terms, EPAC imports from China increased their EU market share substantially, by more than 10% between 2014 and the IP, while EU industry lost market share. Imports from third countries increased their market share by approximately 5%.

Table 2 – EU market share

Market share in (%)	2014	2015	2016	IP
Total sales of EU production	74.0	67.2	61.9	58.1
Imports from China	19.2	22.9	26.0	29.5
Imports from other countries	6.8	10.0	12.0	12.4

3. The EU must stop China dumping e-bikes to ensure fair competition and survival of European industry.

The European Bicycle Manufacturers Association (EBMA) has recently filed an anti-dumping complaint with the European Commission, calling for the registration of imports and urgent anti-dumping measures on e-bikes from China. It is hoped that the Commission will launch an investigation into the unfair trade practices of Chinese e-bike exporters as soon as possible. EBMA is currently also about to submit an anti-subsidy complaint because of the many advantages granted by the Chinese government to Chinese e-bike producers.

EU trade defence measures on Chinese e-bikes would remedy and prevent further injury to European industries.

The imposition of trade defence measures is in the overall EU interest, first and foremost to remedy and stem the material injury which Chinese e-bikes are causing to Union producers. Further, the requested trade defence measures would restore fair competition in the Union and prevent a further worsening of the EU industry's injury. If trade defence measures are not imposed, the present difficult situation would become far worse for EU producers, and their EU parts suppliers, in particular Bosch. Many of the parts suppliers also produce for other high-technology sectors (e.g. automotive), and they depend on their sales to EU bicycle producers to have the scale needed to compete on the EU market. If those parts suppliers go out of business as a result of a failure to ensure fair competition in the EU e-bike market, there would be a knock-on effect, as there would be a reduction in EU parts supplies to other high-technology sectors as well. Furthermore, EPACs are a cornerstone of the EU's Intelligent Transport Systems Initiative and the frontrunners in light electric vehicle development, a market estimated to be worth €29 billion by 2026.



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EU trade defence measures on Chinese e-bikes will keep highly skilled green jobs in Europe. A failure to impose measures would allow imports of dumped e-bikes from China to wreak havoc on the EU market, with stark and disastrous effects on employment in the industry. If anti-dumping measures are not imposed, EU e-bike producers would be prevented from profiting from the current growth in EU demand (which was generated by the EU industry's innovative invention of EPACs in the first place). Also, EU producers of e-bikes would keep on losing market share to dumping by heavily subsidised Chinese competitors, and the injury which they are currently suffering would be further aggravated. The absence of anti-dumping measures would lead to a further surge in dumped imports that would force EU producers to stop new investments, curtail production, close lines, and lay off very skilled European workers due to China's artificial and subsidised downward pressure on prices. All these EU investments and jobs are at risk if no measures are imposed on dumped and subsidised EU e-bike imports from China in order to restore the level playing field on the EU market.

European cyclists and suppliers demand a local, innovative, and viable e-bikes industry. It is in the interest of consumers to have a market that functions in a fair way, with healthy Union producers, to ensure continuity of supply for the future. Indeed, the demand by consumers for better quality, more safety and lighter weight in the best and richest bicycle/e-bike market in the world (Europe) has been the driving force of innovations. EU producers have listened and quickly responded, as the increase in e-bike consumption unequivocally shows. For that reason, EU consumers, represented by the European Cyclists' Federation ("ECF"), have on many occasions clearly underlined the importance of having a strong bicycle industry in the EU. Moreover, the imposition of trade defence measures would not put at risk the supply of e-bikes to the EU market, because consumers would still have many alternative sources of supply, both within and outside the EU. In any case, the aim of the requested duties is not to eliminate EU imports from China, but to restore fair competition, and Chinese e-bikes would continue to be available in the EU market at fair prices. Thus, trade defence measures would have no significant negative impact on consumers.