

EXECUTIVE SUMMARY

REQUEST FOR EXPIRY REVIEW

Anti-dumping measure for Chamois originating in

The People's Republic of China

Pursuant to Article 11.2, Regulation 2016/1032 of the European Parliament,
On Protection against Dumped Imports from Countries not members of the
European Union

The request is lodged by

UK LEATHER FEDERATION

Represented by Kerry Senior, Director, UK Leather Federation

UK Leather Federation is the trade association for the UK leather industry and other associated businesses, and has among its members, the both of the chamois producers manufacturing in Europe.

Chamois and combination chamois leather is leather usually made from the skins of sheep and lambs, but can also be made from the skins of other animals such as, for example, goats and hairsheep. It is made from skins, from which the grain surface has been removed either by splitting or by frizing, which are then tanned using solely fish or other animals oil (“chamois leather” or “full chamois leather” or by partial tanning with aldehydes or other tanning agents and then such oils (“combination chamois leather”). It is mainly used for cleaning and polishing.

In the production process of chamois leather, the following stages can, generally, be distinguished:

The raw material (pickled sheep pelts) have extraneous matter removed (by fleshing) are split in the thickness to give a “flesher” (flesh side split) and a “grain split” or “skiver”. The grain split is usually sold in the pickled form and the flesh splits are tanned, usually in drums, either solely with fish or other animal oils, or they may first undergo a pretannage with aldehydes or other tanning agents and then tanning with fish or other animal oils. The chamois leather then undergoes a degreasing process to remove excess oil and a finishing process involving buffing to give the product a soft, suede-like finish.

In the early 2000’s, the European industry came under significant pressure from very low-priced imports from China. The products imported from China and the products produced by the European industry are like products since they share the same basic technical and physical characteristics as well as end uses. Both products are mainly used for washing and polishing and are marketed, labelled and presented for these purposes; they are made mainly from the skins of sheep lambs and goats and are tanned in similar ways to those described above. The material from China, in terms of product quality is broadly similar to the standard grade; thus on an objective basis it would reasonably be expected to trade at a similar price, or within 5% of the price of standard grade chamois leather.

The product being dumped is chamois leather, or combination chamois leather, whether or not cut to shape, including chamois and combination crust

chamois leather, originating in the People's Republic of China, normally declared within CN Codes 4114 1010 and 4114 1090.

Investigation by UK Leather Federation revealed that imports of chamois leather had experienced very rapid growth from 2002 through 2003 and into 2004 the volume of imports increased threefold between 2002 and 2003. The calculated share of the market taken by imports from China increased from 8.4% in 2002, rising to 24.7% in 2003 and to 30.8% in 2004. Coupled with this increase in volume of imports of chamois from China, there was a significant degree of underselling and undercutting of prices, leading to considerable injury to the European manufacturers.

As a result of the investigations, and on behalf of the EU manufacturers, UK Leather Federation lodged an anti-dumping complaint which resulted in the imposition of an anti-dumping duty on Chinese Chamois. This duty was imposed by Council Regulation (EC) No. 1338/2006, with effect from 14th of September, 2006.

A subsequent review in 2011 showed that, while imports of chamois leather from China had reduced significantly after the imposition of the anti dumping duty, they still represented 3.2% of the market in 2010. It was also determined that there was a strong likelihood that there would be a substantial increase in dumping if the anti dumping duty were lifted. As such, following an expiry review pursuant to Article 11(2) of Regulation (EC) No 1225/2009, the measure was extended by Regulation (EU) No 1153/2012, with effect of 3 December 2012 imposing a definitive anti-dumping duty on imports of chamois leather originating in the People's Republic of China.

As a result of the latest measure, the European industry has remained stable and Chinese imports accounted for only 0.5% of the total consumption in the EU (12 months to June 2017). However, there is little doubt that, should the measure be lifted, the European market would see a significant increase in the import of chamois from China, with potentially irreversible damage done to the European chamois manufacturers. It should be noted that, even excluding the impact of dumped Chinese chamois, the market is extremely competitive, with small margins and as a result, since the last review, two European manufacturers have closed. For this reason, UK Leather Federation, pursuant to Article 11.2 of Regulation 2016/1032 of the European Parliament, on protection against from Countries not members of the European Union, propose this expiry request review.

The European authorities do not consider China to be a market economy country and therefore the normal value has had to be established by reference to prices in a comparable market economy country. Since chamois Leather is only produced in very few countries outside the European Union, the UK Leather Federation followed the criteria established by the European authorities and the EU was chosen as the analogue country. The calculation of the normal value is carried out on the basis of the price for chamois leather on the domestic market of the analogue country (EU).

In order to determine the potential damage that elimination of the duty would cause, the underselling and undercutting prices were calculated. The results indicate that a removal of the measure would lead to significant undercutting, net of the current duty, would be approximately 11%, while underselling would be 29%. Given the small margins on sales and the potential capacity of Chinese producers, the damage to the European industry would be significant.

On the 8th of March 2017, the European Commission gave notice of the impending expiry of the anti-dumping measures and that, in the absence of a request for an expiry review not less than three months prior to the expiration date, the measure would be terminate on the 7th of December 2017.

The industry in the European Union is comprised of two companies and there are no other know producers. The companies are:

Company	Country
Hutchings & Harding Ltd	United King
Marocchinerie E Scamoscerie Italiane (MESI) SpA	Italy

A number of Chinese companies producing and exporting chamois are known as shown below:

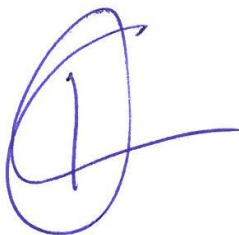
Company	Location
Hebei Xintai Foreign Trade Co. Ltd	Hebei
Baoding Sino-Chem Industry Co. Ltd.	Hebei
Jiangsu Light Industrial Import & Export (Group) Corp	Jiangsu
Hongping Leather Company	Guangzhou
Henan Prosper Skins & Leather Enterprise Co. Ltd	Henan
Lixian Shuangli Leather Products Co. Ltd	Hebei

The main importers of chamois in to the European Union are believed to be:

Company	County
Kent Chamois Co. Ltd	United Kingdom
Henkel Oberflachentechnik GMBH	Germany
Henkel Austria Gesellschaft MBH	Austria
Chamois Export Belgium S.A.	Belgium
Lampa SPA	Italy
Ototop S.R.L.	Italy
Misal Arexons SPA	Italy
Tidierre de Teoldi D &C S.A.S.	Italy
Gennaro Montefusco srl	Italy
Colomer y Munmany srl	Spain
Robert Scott & Sons Ltd	United Kingdom

UK Leather Federation and the complainants request an extension of the anti-dumping measures, as detailed in Regulation (EU) No 1153/2012.

I, the undersigned, hereby certify that, to the best of my knowledge, the information provided is accurate and complete



Kerry Senior, 21st November 2017

