

EXECUTIVE SUMMARY OF THE EXPIRY REVIEW REQUEST OF THE ANTI-DUMPING MEASURES APPLIED TO IMPORTS OF TARTARIC ACID FROM THE PEOPLE’S REPUBLIC OF CHINA

A. THE PRODUCT CONCERNED

1. The product concerned is the same as the one covered by the current anti-dumping measures, namely tartaric acid, excluding D-(-)-tartaric acid with a negative optical rotation of at least 12,0 degrees, measured in a water solution according to the method described in the European Pharmacopoeia, originating in the People’s Republic of China.
2. The Product Concerned is classified under CN/TARIC Code 2918 1200 90.
3. Tartaric acid is a dry powder substance with the main variations being in terms of granularity (ranging from ≤ 125 microns to ≥ 1000 microns), whether or not an anti-caking treatment has been applied and the packaging of the material (i.e. in sacks, bags or in bulk). Product characteristics are mainly determined by their intended end-use and the customers’ specifications. It is mainly used in bulk by down-stream EU industries.
4. The product concerned can be obtained either from the bi-products of wine making, notably wine lees, as is the case with all EU producers (“natural tartaric acid production”) or via chemical synthesis from first benzene and then maleic anhydride, the latter substance being the principal raw material used by the Chinese producers (“synthetic tartaric acid production”).
5. Tartaric acid manufactured by EU producers and Chinese exporters have identical chemical formulae, share the same technical characteristics and, with only one exception for the EU wine-making industry, have identical end-use applications.

B. LIKE PRODUCT

6. Chinese-made synthetic tartaric acid and the naturally produced product compete and are substitutable in both the Chinese domestic market and on export markets including the European Union. Based on the physical characteristics, technical and chemical characteristics as well as the same uses, they can be considered as like products within the meaning of Article 1(4) of the Basic Anti-Dumping Regulation.

C. PRODUCT UTILISATION

7. Tartaric acid is a multi-functional product which can be used in a number of different industrial applications. It is used mainly in the following industries: (i) food emulsification; (ii) the production of wine and spirits; (iii) the building and construction sector; (iv) food-additives sector; (v) chemicals; and (vi) the production of pharmaceuticals and cosmetics.

D. THE PETITIONERS

8. The Request is brought by five EU companies manufacturing tartaric acid who have declared themselves as the complaining EU industry for the purposes of establishing

standing under the Basic Anti-Dumping Regulation, namely: Distillerie Bonollo Srl; Caviro Distillerie Srl; ICV-Industria Chimica Valenzana SpA; Alvinesa Alcoholera Vinicola SA; and Comercial Quimica Sarasa SL (Tydsa).

9. These producers collectively represent around 50% of EU production of tartaric acid in 2015 and the one-year period between Q4/2015 and Q3/2015 which is sufficient to meet the standing requirement.

E. CASE SUMMARY

(i) The Continuation and/or Likelihood of the Recurrence of Dumping

10. Under the Basic Anti-Dumping Regulation, China is currently treated as a non-market economy country for the purposes of establishing normal values in anti-dumping proceedings. Chinese tartaric acid exporters cannot be considered for Market Economy Treatment (MET) since it has been definitively established in recent previous investigations that their basic raw materials, namely benzene and malic anhydride, are distorted by the interference of the Chinese state. Since the conditions on which these findings were established have not changed, logically all Chinese exporters are ineligible for MET because they all use the same basic raw materials as the starting point of their production processes.
11. The Complainants have therefore calculated the relevant dumping margins based on the prices in an appropriate analogue country, namely Argentina. These calculations have been made based on a comparison of the normal value so established with the export price (at ex works level) of tartaric acid sold by Chinese exporters for export to the European Union. Appropriate adjustments have been made to arrive at a comparable level of trade.
12. Based on these calculations, the dumping margin ascertained is substantial and indicates the continuation of dumping by Chinese tartaric acid exporters as well as the likelihood of the reoccurrence of dumping in the future.
13. Chinese production capacity has developed outside the contours of domestic supply and demand and has resulted in structural over-capacity of supply. Due to the relatively small size of the Chinese market, Chinese tartaric acid manufacturers are export-oriented and the European Union is the largest tartaric acid market. Total estimated production capacity stands at around 55,000 mts/year. Chinese spare capacity in 2015 amounted to around 20,000 mts which is sufficient to supply around 75% of the total annual EU consumption.
14. The existence of continued dumping and the enormous build-up of spare production capacity in China for the manufacturing and export of tartaric acid to the Union, point towards the need to continue in place the current anti-dumping measures.

(ii) The Continuation and/or Likelihood of the Recurrence of Injury to the EU Industry

15. The EU industry continues to suffer extensive injury as a result of dumped imports of tartaric acid by Chinese exporters. Several factors substantiate this claim including:

- Rapidly declining Chinese import prices and consequential price undercutting of these imports into the EU tartaric acid market at discounted levels of around 23%.
 - The inability of the EU industry to increase its EU sales prices to levels able to cover its production costs.
 - The creation of structural capacity under-utilisation caused by the persistence of low priced Chinese import volumes in the EU market. EU production volumes are at historically low levels and capacity utilisation is less than 55% over the period examined.
 - Concurrent losses suffered by the EU industry as a result of aggressively dumped imports of Chinese tartaric acid operating on non-market economy conditions. Profit levels achieved in 2013 have turned into losses for 2014 and 2015 before recovering to break-even point in 2016.
 - Loss of employment within the EU industry. Employment levels have fallen 4% over the course of the period examined.
16. The EU tartaric acid industry is quite evidently suffering material injury as a result of Chinese exporters' dumped imports. EU production levels are still far short of the levels to result in adequate levels of production capacity utilisation. Its profitability has been eliminated through the price undercutting carried out by Chinese exporters who still are able to enter the market with injurious volumes which impairs the EU industries ability to move towards profitability and growth.
17. The termination of the anti-dumping measures will further exacerbate the continuation of material injury to the EU industry and will unquestionably lead to the recurrence of substantial injury to those economic indicators that have shown some limited improvement over the course of the period examined.

F. INTERESTED PARTIES

18. In addition to the Petitioners, the Request provides details of known Chinese exporting producers as well as EU importers and users who include the following.

(i) Known Chinese Exporting Producers

1	Hangzhou Bioking Biochemical Engineering Co
2	Changmao Biochemical Engineering Co. Ltd
3	Ninghai Organic Chemical Factory
4	Yantai Taroke Bio-engineering company
5	Hebei Smart Chemicals Co., Ltd.
6	Acechem Lianyungang Imp. & Exp. Co., Ltd.
7	Hangzhou Uniwise International Co., Ltd.
8	Lianyungang Reliance Industries Co., Ltd.
9	Hainan Chenghe Chemical Co., Ltd
10	Hangzhou Garden Corporation
11	Sinopharm Chemical Reagent Co., Ltd.
12	Inspire International Trading Co., Ltd.

13	Lianyungang Chigang Industries Co., Ltd.
14	Shijiazhuang Yuanchem Imp. & Exp. Corp., Ltd.
15	Hangzhou ICH Imp & Exp Co., Ltd.
16	Shanghai Yancui Import And Export Co., Ltd.
17	Hangzhou Ruijiang Chemical Co., Ltd.
18	Zhejiang Chemicals Import And Export Corporation

(ii) Known EU Importers and Users

1	Knauf Gips KG
2	Danisco A/S
3	Kerry (NL) BV
4	BPB UNITED KINGDOM LIMITED
5	SAINT GOBAIN PLACO IBERICA, S.A
6	PLACOPLATRE
7	SAINT-GOBAIN PPC ITALIA SPA
8	Saint-Gobain Construction Products Romania SRL
9	REWE Food Ingredients GmbH
10	VG-ORTH GmbH