PRODUCT UNDER CONSIDERATION AND LIKE ARTICLE

The product under consideration is purified terephthalic acid (PTA) including its variants: medium quality terephthalic acid (MTA) and qualified terephthalic acid (QTA). Purified terephthalic acid is a white, free-flowing crystalline powder, free from any visual contamination. Terephthalic acid is an organic compound whose chemical formula is $C_6H_4(COOH)_2$. It sublimes at 402˚C and is poorly soluble in water and alcohol. PTA is manufactured by the oxidation of paraxylene and the purification of crude terephthalic acid. The flowchart outlines the manufacturing process of PTA. PTA is the primary raw material for the manufacturing of polyester chips which, in turn, is used in a number of applications in textiles, packaging, furnishings, consumer goods, resins and coatings. Since QTA, MTA and PTA are chemically the same product, and further since they are used interchangeably, the scope of the product under consideration covers QTA and MTA as well. The only difference between PTA, MTA and QTA is the level of impurities present in QTA and MTA. PTA, MTA and QTA are produced using the same production technology, plant and equipment, manufacturing process and raw materials.

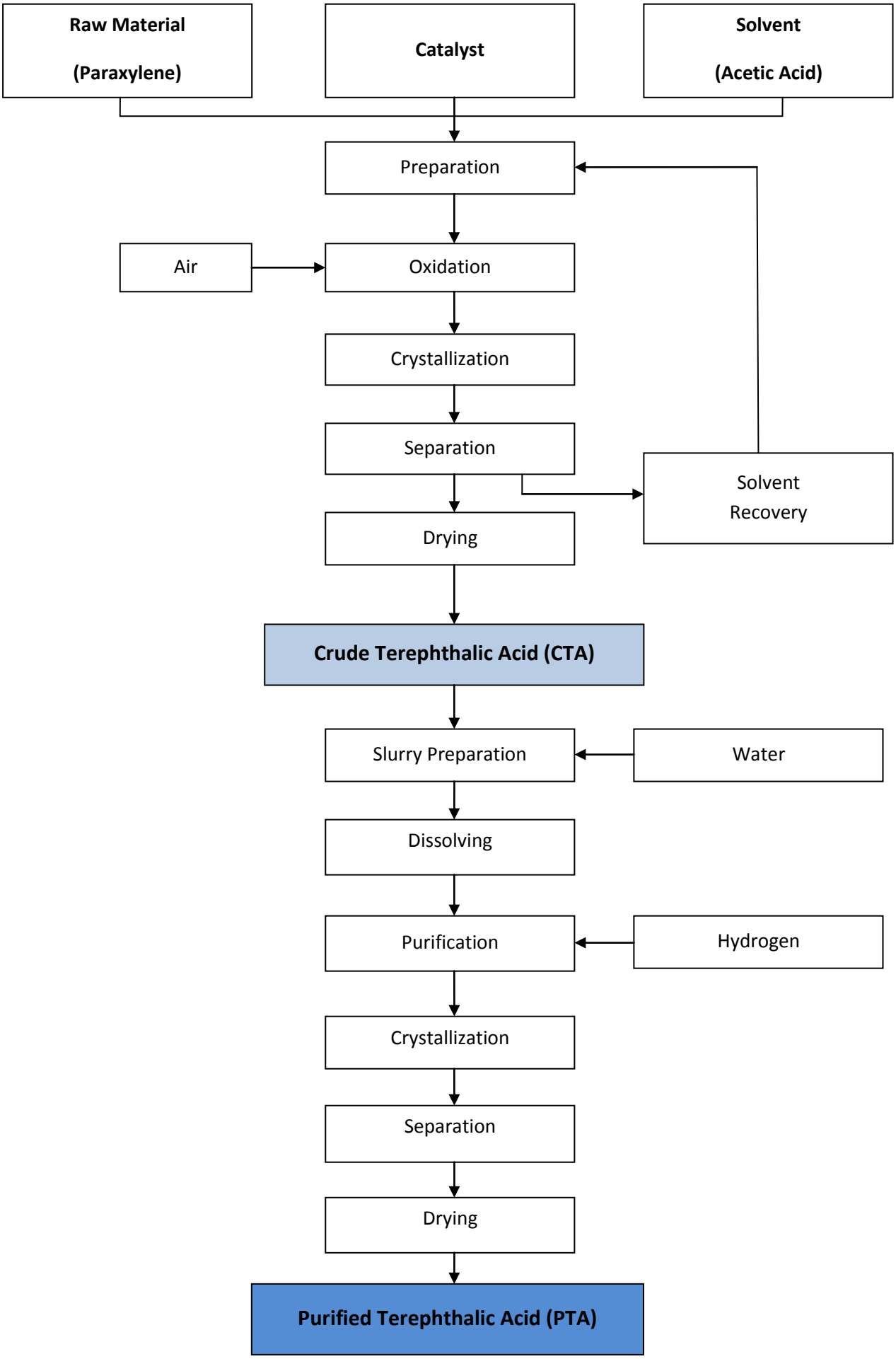
PTA is classified as an organic chemical, falling under the customs code 2917, i.e. polycarboxylic acids, their anhydrides, halides, peroxides and peroxyacids; their halogenated, sulphonated, nitrated or nitrosated derivatives.

For clarity, the product subject to this investigation is terephthalic acid and its salts of a purity weight of 99.5 per cent or more. The product allegedly being dumped is the product under investigation, originating in the Republic of Korea, currently falling within CN code ex 2917 36 00.

This is the same product and product code as that which was the subject of a previous investigation, namely Notice of initiation of an anti-subsidy proceeding concerning imports of purified terephthalic acid and its salts originating in Thailand (OJ No C313 of 22.12.2009 p.22) : (2009/C 313/09) and Commission Decision of 19 January 2011 terminating the anti-subsidy proceeding concerning imports of purified terephthalic acid and its salts originating in Thailand (OJ No L15 of 20.1.2011 p.17) : (2011/31/EU).

The product manufactured by the European Union and that imported from the Republic of Korea are comparable in terms of physical and chemical characteristics, manufacturing processes and technology, functions and uses, product specifications, pricing, distribution and marketing and tariff classification. The two are technically and commercially substitutable. Consumers are using the two products interchangeably. Consumers importing the product under consideration have also purchased the same product from the European Union industry.

It should be noted that, in the Final Findings in the recent action taken by the Government of India against manufacturers of purified terephthalic acid in the Republic of Korea, the product under consideration was not contested. To quote ‘no submissions have been made by the exporters, importers, users and other interested parties with regard to product under consideration and like article’.


Raw Material
(Paraxylene)
Catalyst
Solvent
(Acetic Acid)
Preparation
Air
Oxidation
Crystallization
Separation
Solvent
Recovery
Drying
Crude Terephthalic Acid (CTA)
Slurry Preparation
Water
Dissolving
Purification
Hydrogen
Crystallization
Separation
Drying
Purified Terephthalic Acid (PTA)

Summary of the request for an anti-dumping investigation concerning imports of purified terephthalic acid (PTA) originating in the Republic of Korea in accordance with Article 5 (1) of Council Regulation (EC) No 1225/2009 of 30th November 2009 (OJ No L343 of 22.12.2009 p.51)

The complainants request an anti-dumping investigation concerning imports of purified terephthalic acid originating in the Republic of Korea on the grounds that dumping and injury are increasingly occurring.

A normal value was calculated for the Republic of Korea which in 2014 was 789 euros/tonne, while in 2015 it was 669 euros/tonne. Using export prices published by Eurostat, the dumping margins in 2014 and 2015 were 12.0 per cent and 16.1 per cent respectively.

Regarding injury, in the Republic of Korea imports of purified terephthalic acid into the European Union have risen significantly from 2,672 tonnes in 2013 to 164,253 tonnes in 2014. A further rapid rise occurred during 2015 when imports totalled 429,625 tonnes, 161.6 per cent higher than the level in 2014.

On import prices, data from Eurostat show that the average price of imports into the European Union from the Republic of Korea amounted to between 765 and 780 euros/tonne in 2014 and between 645 and 660 euros/tonne in 2015.

Regarding price undercutting, the level in 2015 amounted to between 13 and 28 euros/tonne, while price underselling amounted to between 33 and 68 euros/tonne.

With respect to the impact on the European Union industry, European Union production of purified terephthalic acid has fallen somewhat since 2012. The European Union industry suffered a financial loss in 2013 and since then has stagnated which is unusual in a capital intensive sector. Thus, the dumping of imports of purified terephthalic acid has had an adverse impact on the European Union industry.

The European Union industry has tried several strategies to deal with the problem of dumped imports. One strategy was meeting imports on price, which has resulted in significant falls in profits in some instances. Another strategy was restructuring the industry.

Evidence suggests that import volumes have surged and that dumping, price undercutting and price underselling are increasingly occurring, causing injury to the European Union industry.

In order to prevent further injury to European Union producers, it has been necessary to request that the Commission authorities initiate an anti-dumping investigation regarding imports of purified terephthalic acid originating in the Republic of Korea.

The complainants examined other factors that could be sources of dumping and injury in the merchant market in the European Union. These include:

- consumption;
- volumes and prices of imports from other countries;
- exports from European Union producers;
- productivity and investments;

- raw material costs;
- currency movements;
- captive sales; and
- intra company trade.

In the Republic of Korea, production capacity of purified terephthalic acid in 2015 was estimated at 6,055,000 tonnes in 2015. Data for domestic demand showed an estimate of 2,612,000 tonnes. Therefore, potential quantities available for export to the European Union in 2015 amounted to 3,443,000 tonnes.

Domestic demand represents probably no more than 45 per cent of production capacity. As such, there will certainly be further substantial increases in low priced imports, unless action is taken, as the manufacturers in the Republic of Korea strive to maintain capacity utilisation of highly capital intensive debt-laden manufacturing facilities. Since other countries have introduced trade defence measures, the European Union will become increasingly a target market for exports from the Republic of Korea, especially given the lack of import duties in the wake of the Free Trade Agreement with the European Union.

That the petrochemical sector in general and the terephthalic acid sector in particular are suffering from problems of oversupply can be seen from press releases published by the Government of the Republic of Korea. In the first, issued by the Ministry of Strategy and Finance on 30th December 2015 and entitled *Government to Work on Speeding up Corporate Restructuring*, under the section on steel and petrochemical industries it states that 'the government will advise the industries to improve earnings by cutting the facility capacity for producing ferroalloys and terephthalic acid'. In the second, issued by the Financial Services Commission on 26th April 2016 and entitled *Corporate Restructuring Plan*, regarding oversupplied sectors such as steel and petrochemicals it states that 'industries with overcapacity will be encouraged to carry out voluntary and preemptive restructuring and reshuffling through M&As and facilities reduction', while government agencies would provide 'supportive measures to facilitate restructuring (e.g. streamlined procedures, tax incentives)'.

Purified terephthalic acid has been the subject of actions elsewhere. In August 2010 the Government of the People's Republic of China imposed anti-dumping duties on imports of purified terephthalic acid from both the Republic of Korea and Thailand. In August 2015 the Ministry of Commerce announced that the duties would be reviewed following an application by domestic producers in China P.R. The investigation is continuing. Furthermore, the Government of India in April 2015 imposed definitive anti-dumping duties on imports of purified terephthalic acid from the Republic of Korea of between 27.32 and 78.28 US dollars per tonne.

On causality, the causal link between dumped imports from the Republic of Korea and injury to the domestic industry is apparent from the fact that the volume of imports from the Republic of Korea has risen in absolute terms and relative to domestic production, in that rising import levels have suppressed the prices of the European Union industry and a lack of profitability has occurred in the European Union industry.

LIST OF KNOWN PARTIES

Artlant PTA SA
BP Aromatics Limited NV
Indorama Ventures Química S.L.U. (formerly Guadarranque Polyester S.L.U. and formerly CEPSA Química S.A.)
PKN Orlen SA
Indorama Ventures Europe B.V.
Ottana Polimeri s.r.l.
Hanwha General Chemical Company
Hyosung Corporation
Lotte Chemical Corporation
Samnam Petrochemical
SK Petrochemical Corporation
Taekwang Industrial Co Ltd
Agfa-Gevaert NV
JBF Global Europe BVBA
Performance Fibers Longlaville
Toray Films Europe
DuBay Polymer GmbH
Invista Resins & Fibers GmbH
Markische Faser GmbH
Trevira GmbH
Polisan Hellas
Allnex Italy s.r.l.
Cytec Industrial Materials
Equipolymers s.r.l.
M & G Polimeri Italia S.p.A.
Novamont S.p.A
Plastipak Italia Holdings s.r.l.
UAB Neo Group
UAB Orion Global PET
UAB Retal Lithuania
DSM Coating Resins B.V.
Indorama Ventures Europe B.V.
Indorama Ventures Poland Sp. Z.o.o.
Selenis Portugal SA
POSCO DAEWOO Corporation
Novapet S.A.
PlastiVerd S.A.
Siam Mitsui PTA Company Limited
Dupont Teijin Films UK Ltd
Lotte Chemical UK Ltd