

# EXECUTIVE SUMMARY OF THE APPLICATION FOR AN EXPIRY REVIEW INTO IMPORTS OF OXALIC ACID ORIGINATING IN THE PEOPLE'S REPUBLIC OF CHINA AND INDIA

## A. THE PRODUCT CONCERNED

The product concerned in this application for review is the same as that defined in Regulation (EU) No 325/2012<sup>1</sup> (the “Definitive Regulation”), namely oxalic acid, whether in dihydrate (CUS number 0028635-1 and CAS number 6153-56-6) or anhydrous form (CUS number 0021238-4 and CAS number 144-62-7) and whether or not in aqueous solution, currently falling within CN code ex 2917 11 00 and originating in People’s Republic of China (“China”) or India.

The product is produced in the Union by Oxaquim through the oxidation of carbohydrates (of which common sugar is one). For the other producer in the Union, Clariant, oxalic acid is obtained as a by-product in the manufacture of glyoxal and glyoxylic acid. For most of the producer-exporters in China and India the production process is also based on the oxidation of carbohydrates.

There are two types of oxalic acid: *unrefined* oxalic acid and *refined* oxalic acid. Refined oxalic acid, which is produced in China but not in India, is manufactured through a purification process of unrefined oxalic acid, the purpose of which is to remove iron, chlorides, metal traces and other impurities.

Oxalic acid is used in a wide range of applications. In addition to the traditional applications, as a reducing and bleaching agent, in pharmaceutical synthesis and in the manufacture of chemicals – as mentioned in the Provisional Regulation – oxalic acid is now used for purifying rare earths and semiconductors. The Union Industry considers that the latter are strategic markets for the Union in which operators should be able to rely on a viable Union source of oxalic acid and not just upon imports.

## B. CASE SUMMARY

1. **Context:** This application requests the initiation of an expiry review of the definitive anti-dumping duties imposed on imports of oxalic acid originating in China and India by the Definitive Regulation.

By judgment of 20 May 2015<sup>2</sup> the General Court annulled the Definitive Regulation in so far as Yuanping Changyuan Chemicals Co., Ltd., a cooperating Chinese exporter, was concerned. The General Court ruled that the Council’s reasoning concerning two aspects of the determination of the injury elimination level did not comply with Article 296 of the Treaty on the Functioning of the European Union. After resumption of the anti-dumping investigation for the purposes of implementing the General Court’s judgment, definitive

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<sup>1</sup> OJ L106, 18.04.2012, p.1. The provisional duties were imposed by Regulation (EU) No 1043/2011, OJ L275, 20.10.2011, p.1 (the “Provisional Regulation”).

<sup>2</sup> Case T-310/12, *Yuanping Changyuan Chemicals Co. Ltd v Council of the European Union*, EU:T:2015:95.

anti-dumping duties were re-imposed on imports of oxalic acid originating in China and produced by Yuanping Changyuan Chemicals Co. Ltd.<sup>3</sup>

It follows that the requested expiry review would extend also to imports of oxalic acid made in the name of Yuanping Changyuan Chemicals Co. Ltd.

2. **Standing:** This application is brought by Oxaquim S.A., Tarragona, Spain. Since Oxaquim currently accounts for approximately [60% to 70%] of the production of oxalic acid in the Union, this application can be considered as having been made by the Union Industry within the meaning of Articles 4(1) and 5(4) of the Basic Regulation. There is only one other producer of oxalic acid in the Union, Clariant, a Swiss company that obtains oxalic acid in France as a by-product, as mentioned above.

3. **Continuation of dumping by the Countries Concerned and likelihood of continuation of dumping if the measures should be allowed to expire**

a. **India:** The application demonstrates that imports of the product concerned from India continue to be dumped. For this purpose normal value is based on evidence of domestic prices in India. The dumping margin for exports to the Union is estimated to be in the range [50-60]%, compared to 22.8% to 31.5% in the original investigation.

The application demonstrates that prices of exports from India to third countries are lower than for exports to the Union. If these lower prices were practised for exports to the Union the estimated dumping margins would be in the range [60-70]%.

b. **China:** The application also demonstrates the imports of the product concerned from China continue to be dumped. For this purpose normal value is based on normal value India. India was used as the analogue country in the original investigation and is proposed as the analogue country for the purposes of the expiry review. The dumping margin is estimated to be in the range [70-80]% compared to 14.6% to 52.2% in the original investigation. The application demonstrates that if, for the sake of argument, one were to consider that normal value should be determined by reference to Chinese domestic prices, the dumping margin would be in the range [70-80]%.

The application demonstrates that prices of exports from China to third countries are lower than for exports to the Union. If these lower prices were practices for exports to the Union, the estimated dumping margins would be in the range [70 – 80]%.

4. **Imports:** The annual rate of imports from China and India is at about 66% of the rate in 2013, the year after the imposition of the provisional duties and at about 42% of the annual rate during the investigation period in the original investigation (calendar year 2010). Thus it would appear that the imposition of duties has had the effect of restraining the quantity of imports from the Countries Concerned.

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<sup>3</sup> OJ L321, 29.11.2016, p.48.

5. **Undercutting:** The undercutting margin for China range from [20-30]% to [40-50]%. As for India, the undercutting margins range from [10-20] % to [30-40]%. This undercutting is calculated at the CIF level plus customs duties of 6.5% plus an administrative expense of 1%. It does not include anti-dumping duties. The magnitude of the anti-dumping duties removes most of the price undercutting at present.
6. **Likelihood of recurrence of injury should the measures be repealed:** The application demonstrates that, if the measures were allowed to expire, there would be a likely increase of imports from the Countries Concerned, attracted by price levels on the Union market – a market which is currently protected from injurious dumping by anti-dumping duties. The low prices practised by the Chinese and Indian exporters in sales to third countries show that they are prepared to sell at prices below those currently practised in the Union, and they have the spare capacity to do this. As happened prior to the original investigation, competition among these producers would drive prices down to even lower levels at even greater dumping and injury margins.
7. **The causal link between the dumping and the injury if the measures were allowed to expire:** The application demonstrates that, if the measures were allowed to expire, the likely recurrence of injury would be caused by the continuation of dumping. Chinese and Indian exporters could be expected to lead a downward price spiral. The impact of this would be deleterious for the Union industry's profitability and its ability to make new investments in order to remain competitive and provide a stable source of employment. Any injury arising out of the expiry of the anti-dumping duties would be caused directly by the increase in dumped imports and/or the fall in prices of these imports. The application demonstrates that the causal link would not be broken by other market considerations.
8. **Union Interest:** Oxaquim believes that, as in the previous investigation, a consideration of all the interests concerned will lead to the conclusion that it is clearly in the overall Union interest to continue the measures.

### **C. INTERESTED PARTIES**

9. **Complainant:** Oxaquim S.A.
10. **Other Union Producer:** Clariant S.A.
11. **Exporting producers:** See table over the page:

Country Concerned	Producer
China	<ul style="list-style-type: none"> <li>• Shandong Fengyuan Chemicals Stock Co., Limited</li> <li>• Shandong Fengyuan Uranus Advanced Material Co., Limited</li> <li>• Qingdao Fengyuan United International Trade Co., Limited</li> <li>• Yuanping Changyuan Chemicals Co., Limited</li> <li>• Shanxi Reliance Chemicals Co., Limited</li> <li>• Tianjin Chengyi International Trading Co., Limited</li> <li>• Mudanjiang Hongli Chemicals Co. Ltd.</li> <li>• Longxiang Industrial Co.Ltd.</li> <li>• Fujian Shaowu Fine Chemical Factory</li> <li>• Tongliao Gem Chemical Co. Ltd</li> </ul>
India	<ul style="list-style-type: none"> <li>• Allipo Chemicals</li> <li>• Indian Oxalate Limited</li> <li>• Punjab Chemicals and Crop Protection Limited</li> <li>• Qualikems Fine Chem Pvt. Ltd.</li> <li>• Radiant Indus Chem Pvt Ltd</li> <li>• Star Oxochem Pvt., Limited</li> </ul>

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