

EXECUTIVE SUMMARY OF THE REQUEST RELATING TO THE CIRCUMVENTION OF THE ANTI-DUMPING MEASURES APPLICABLE TO CITRIC ACID ORIGINATING IN CHINA BY MEANS OF ALLEGED TRANSFORMATION IN CAMBODIA

1. The product subject to circumvention

The products concerned are Citric acid and trisodium citrate dihydrate, which are falling within CN codes 2918 14 00 and ex 2918 15 00 (TARIC code 2918 15 00 10) and are originating in the People's Republic of China. The latter CN code also contains some other salt and esters which are not product concerned. Citric acid is manufactured by fermentation of a carbohydrate source of agricultural raw materials such as sugar, corn or cassava/tapioca. It is mainly used as an acidulant and pH regulator in the food, cleaning, cosmetics and pharmaceuticals sector. As was confirmed in the earlier investigations, the different types of the product concerned all share the same basic technical and chemical characteristics and are basically used for the same purposes.

The three types are:

- Citric acid anhydrous, CAA, which is a tribasic naturally occurring acid, in dry white granular or powder physical form, with a strongly acidic taste. It is the most popular acidulant for beverages, used in food and confectionary applications and utilized in cleaning, cosmetics and pharmaceuticals applications. CAA is the chemically pure citric acid.
- Citric acid monohydrate, CAM, is a tribasic naturally occurring acid, in dry white granular or powder physical form, and has a strong acidic taste. CAM is mainly used in the beverage and food sector and for detergents. CAM contains one molecule of water per molecule of citric acid.
- Trisodium citrate dihydrate, TSC, also called trisodium citrate or sodium citrate, is a trisodium salt of citric acid, in white, slightly deliquescent granular physical form. TSC is an important pH regulator and emulsifying agent for the beverage and food sector. Moreover, it is used for certain industrial applications. TSC is the major salt of citric acid. TSC is the product concerned that is shipped from Cambodia. It is produced by neutralising citric acid with a sodium source and recrystallizing the product.

2. Case summary

Standing

The request was lodged on behalf of Union industry representing more than half of Citric acid production in the Union (i.e. 50% of Union production).

Circumvention

Exports of the product concerned from China under tariff heading 29181400 to Cambodia strongly increased in 2015 and 2016 as did concurrently imports of the product concerned from the country under tariff heading 29181500 in the EU. The alleged transformation in Cambodia does not change the origin of the product. That means that imports of the Chinese product concerned via Cambodia are replacing imports coming directly from China.

Increase in imports from Cambodia

As regards quantities, it should be noted that shipments of the product concerned from Cambodia to the EU28 were zero and have been rapidly increasing as of 2016, and exponentially increasing in 2017. “Cambodian“ imports have gained a substantial import share in the European Union. As regards imports from China, even though their quantity has increased, their import share has decreased.

Chinese origin

In their request, the applicants further provide detailed evidence that there is no known significant citric acid producer in Cambodia. The operation in Cambodia was announced in 2014 as a plant manufacturing TSC from cassava residue, but even in the third quarter of 2017 there is no record of any production of the product at the earlier step, i.e. CAA or CAM at the plant, nor of sales of these products, nor of exports of these products. However, Chinese-origin citric acid is delivered to the plant.

The value of imports from Cambodia below average

The average value of imports from Cambodia remains far below average EU import values (821 vs. 1068; data for first half 2017), below Chinese import values (761 vs. 857 in 2015; 725 vs. 754 in 2016, but 821 vs. 791 in 2017 H1) or Thai import values (821 vs. 930), and far below non-injurious price levels.

Dumping

The request further demonstrates that imports from Cambodia are below Union producers' prices and the non-injurious price level. Accordingly, the pricing of the products has been undermining the remedial effect of the duties.

Registration

The Union industry requests the Commission to immediately direct the customs authorities, pursuant to Article 13 (3) and Article 14 (5) of the Basic Regulation to register the imports of the product concerned to be investigated.

Extension

The Union industry requests that the current measures be extended to imports of the product from the country, in particular to imports falsely declared to originate in that country.

Demand guarantees

Moreover, the Union industry requests the Commission to instruct customs authorities to demand guarantees. This request is based on the danger that the recovery of evaded duties would be unlikely as the importers created limited liability companies with hardly any capital and these companies would be sent into liquidation in the event of recovery claims.

3. List of parties suspected of circumvention in China as well as Cambodian exporters

Wang Kang Biochemical Co., Ltd. (Cambodia)
Hunan Er-Kang Pharmaceutical CO., LTD. (China)