

**Case:** R741 Sodium cyclamate Anti dumping, Expiry Review, Indonesia, People's Republic of China.

**Party concerned:** Productos Aditivos SA

*Expiry review request for measures established in  
Regulations EU 2016/1159 and 2016/1160*

**EXECUTIVE SUMMARY**

a) Additional detailed information about the product concerned, including (Where applicable) production processes and uses

The concerned product is the sweetener Sodium cyclamate, approved in the EU as food additive by the Regulation 1333/2008, and as pharmaceutical excipient by the European Pharmacopoeia. Sodium cyclamate is classified by the Taric code 2929900010. The IUPAC chemical name is Sodium N-cyclohexylsulfamate, CAS number [139-05-9].

Sodium cyclamate is a chemical product with a sweetening power about 40 times higher than the sugar one, with a clean taste without aftertastes. It was discovered in 1937 in the University of Illinois, and commercialised by the company Abbot for the first time in 1950. The use as sweetener for food is permitted in the EU by the Regulation 1333/2008; and its purity criteria are stated in the Regulation 231/2012. Sodium cyclamate is also permitted as excipient for the pharmaceutical industry, according to the European Pharmacopoeia, where the purity requirements are also stated. Sodium cyclamate was assigned an ADI (Acceptable Daily Intake) of 7 mg/kg of bw per day.

Sodium cyclamate is widely used by the food and beverage industries in low-calorie products, such as light soft drinks, and in table-top sweeteners, tablets and sachets. The Pharmaceutical industry uses sodium cyclamate to sweeten medicines, both in solid and liquid form.

Sodium cyclamate can be found in two different forms, according to their hydration degree. The main form is the anhydrous form, containing less than 1% of humidity; the hydrated form is less produced and less used, and presents approximately a 15% of water. Production of anhydrous sodium cyclamate is approximately the 90% of the total production, being the remaining 10% the hydrated form. The price of the hydrated form is lower than the price of the anhydrous form, due to its water content, that means also a lower sweetening power. The hydrated form is only used when the transport time is short, because it cakes easily.

The industrial production process consists in the reaction of sulphamic acid with cyclohexylamine, with a subsequent treatment with sodium hydroxide. The obtained raw sodium cyclamate is purified until the food and pharmaceutical quality is obtained. This production process is used throughout the world for industrial purposes, because it is the sole profitable process.

b) Summary of the case

By Regulation 435/2004, a definitive anti-dumping measure was established to protect the EU market from the dumped imports of sodium cyclamate from China and Indonesia. All the producers in both countries were affected by the measures, with the exception of the China manufacturer Fang Da, who alleged a free market condition. The investigation started the 19<sup>th</sup> December 2002, answering a complaint presented to the EU by the sole EU producer Productos Aditivos SA. Measures were renewed by Regulation 492/2010, amended in 2012 by Regulation 398/2012, and renewed in 2016 by Regulation 2016/1160. In this particular year, a new investigation was initiated to answer a complaint of the EU manufacturer Productos Aditivos, concluding that the China manufacturer Fang Da did not comply with the market economy requirements, and so new measures were imposed for this particular producer.

Measures for China and Indonesia had different effects. In the case of Indonesia, the exports to the EU at dumped prices disappeared quite completely, remaining only a *de minimis* quantity. This situation continues at the present, but the possibility of entrance of product at dumping price in the EU is very high, because the production capacity of the Indonesia producers is not changed, and currently, product at dumped prices is being exported to third countries. The complainant is convinced that an important part of this exports will be readressed to the EU if the measures would lapse, damaging again the EU producer.

China's dumped exports to the EU have change after the imposition of measures to the producer Fang Da. Until the application of Regulation 2016/1159, producer Fang Da had a privileged position in the EU market, which strongly damaged the business of the EU producer, and minimised the market share of other China competitors. After the imposition of the Regulation 2016/1159, the EU producer recovered an important part of its market, although the most important competitor of Fang Da, the group Golden Time enterprises (Rainbow Rich) also increased its market share. Measures imposed to the rest of China producers had an effect of contention in the dumped exports of cyclamate to the EU.

Since 2017 until 2019, thanks to the anti-dumping measures, the situation was improving for the European market, for the dumped imports from China decreased, the market share for the dumped imports from China also decreased, and the market share of the European producer increased:

DUMPED IMPORTS		2017	2018	2019	2020
Dumped imports from China	<i>Index</i>	100,0	64,6	70,0	104,3
% Market share of China	<i>Index</i>	100,0	66,5	73,1	101,5

Unfortunately, in 2020 the dumping imports from China increased in a very dramatic way. This fact corresponds to a lowering of the dumped import prices from China:

PRICE OF DUMPED IMPORTS €		2017	2018	2019	2020
China	<i>Index</i>	100,0	115,4	115,6	103,6

Correlation with the EU Producer sales is clear:

EC SALES OF THE COMPLAINANT tons Year		2017	2018	2019	2020
	<i>Index</i>	100,0	131,3	130,4	108,4

Years 2018 and 2019, in which the volumes imported from China lowered, and dumped prices increased, sales of the EU Producer increased, achieving a more reasonable level. In 2020, China prices lowered, China volumes increased, and the sales of the EU Producer decreased again.

These factors are also reflected in the undercutting and underselling prices of the China imports vs the EU Producer prices, which were too wide, damaging the EU Producer performance:

AVERAGE PRICE UNDERCUTTING / UNDERSELLING		
<b>UNDERCUTTING:</b>	€/kg	as % of the EU producer sales prices:
China	[0,3 – 0,8]	[15 – 20] %
<b>UNDERSELLING:</b>		as % of the exporter CIF price:
China	[1,0 – 1,5]	[50 – 60] %

Relationship between dumped imports prices, imported volumes and EU Producer sales are very clear:

The conclusion is that the China producers are increasing again its exports to the EU at a dumped price, and will continue so. This increasing will be particularly dramatic in case of measures lapse. This situation is eroding the prices of the EU Producer, who continues with loses, and would have to reduce their activity, or even close.

Indonesia imports are the minimis, reason why these figures cannot be taken as reference. Instead, exports from Indonesia to thirds countries were taken:

Country	FOB Value (USD)	Netweight (kg)	Qty t	\$/kg	€/kg
<b>Country 1</b>	--	--	--	--	<b>[1,1 – 1,6]</b>

According to these figures, the undercutting and underselling that would be produced if the export are readdressed to the EU are also too wide:

AVERAGE PRICE UNDERCUTTING / UNDERSELLING		
<b>UNDERCUTTING:</b>	€/kg	as % of the EU producer sales prices:
Indonesia	[0,4 – 0,9]	[20 - 25]%
<b>UNDERSELLING:</b>		as % of the exporter CIF price:
Indonesia	[0,9 – 1,4]	[50 - 60]%

Quantities and prices are clear to demonstrate the real threat of the Indonesia production, because in case of measures lapsing, an important part of these exports will be redirected to the EU, damaging again the sales of the EU Producer.

c) List of known parties to the investigation without contact details

The sole producer in the EU is the Complainant **Productos Aditivos SA**.

Known producers in China are:

- Zhong Hua Fang Da Int Investment Development Ltd.
- Golden Time Enterprises Ltd
- Jintian Enterprises Nanjin Co. Ltd. (Golden Time Chemical)
- Tianjin North Food Co. Ltd.
- Rida Bio-Technology Jinyao Ruida (Xuchang) Biology Technology Co. Ltd.

Known producers in Indonesia are:

- PT Golden Sari
- PT Tunggak Waru Semi
- PT Batang Alum Industry