

## **EXECUTIVE SUMMARY**

### **OF THE ANTI-DUMPING COMPLAINT CONCERNING IMPORTS OF POLYVINYL ALCOHOL ORIGINATING IN THE PEOPLE'S REPUBLIC OF CHINA**

#### **A. THE PRODUCT CONCERNED**

1. The product concerned in the Complaint is certain polyvinyl alcohols (PVA) in the form of homopolymer resins with a viscosity (measured in 4% solution) of 3 mPas or more but not exceeding 61 mPas and a degree of hydrolysis of 80.0 mol% or more but not exceeding 99.9 mol% originating in the People's Republic of China.
2. The three main defining features of the product concerned are: (i) its homopolymeric character; (ii) viscosity levels (inside the range mentioned above); and (iii) degree of hydrolysis ( $\geq$  the threshold mentioned above).
3. The product concerned is a homopolymer meaning that it is composed of a single monomer, namely vinyl acetate, which is polymerized into a macromolecule and then hydrolysed. While very small levels of impurities may be present in the final product, it remains essentially a polymerised single monomer in character.
4. It is manufactured on a standard PVA production line and, although variations of the product concerned exist depending on certain characteristics or criteria, the production processes remain essentially the same.
5. The product concerned is normally declared within CN/TARIC Code ex 3905 3000.

#### **B. LIKE PRODUCT**

6. All PVA within the technical parameters set out in the definition of the product concerned constitute like products. This applies equally to Union-made PVA and imports from China, both of which are considered standard grade material.
7. Although there is a wide spectrum of different types inside the definition of the product concerned, they share the same or similar basic physical and technical features and have the same basic applications, uses and functions. In other words, the different types of standard grade PVA are a part of the continuum of PVA products.

#### **C. PRODUCT USES AND APPLICATIONS**

8. PVA is used as an additive, precursor or agent by a wide number of Union industries and is not sold directly to consumers. The main user industries are: (i) the paper and cartonboard industries; (ii) production of PVB resins for production of PVB-films; (iii) polymerisation aids for plastics; and (iv) the manufacture of emulsions and adhesives.

## **D. THE COMPLAINANT**

9. The Complainant is Kuraray Europe GmbH (“KEG”), the largest Union producer of PVA serving the Union open or merchant market and for present purposes represents the Union industry. It also manufactures the product concerned for captive use in the production of PVB and PVB-films.
10. The Complainant’s representivity for standing purposes, calculated without distinction between captive and non-captive production, is significantly above 50% of total Union production in 2018.
11. It is not related to any Chinese PVA exporting producer and does not import that substance from China.

## **E. CASE SUMMARY**

### **1. Dumping**

12. In its Complaint, the Complainant provides detailed evidence showing that imports from the People’s Republic of China are being sold in the EU at dumped prices.
13. The Complainant maintains that it is inappropriate to use domestic prices and costs in China due to the existence of significant distortions within the meaning of Article 2(6) (a) and (b) of the Basic Anti-Dumping Regulation. Normal value has therefore been calculated on the basis of costs of production using international prices for raw materials in the Far East and other cost factors from a country with a similar level of economic development as China.
14. The margin of dumping calculated in the Complaint is significant and approaches 40%.

### **2. Imports Volumes and Prices**

15. Between 2015 and 2018, Chinese imports surged in volume by more than 60% while their market share increased by 65%, far outstripping the trend in EU consumption during that period (down 2%).
16. In contrast, Chinese import prices have declined consistently throughout the course of the IIP with a price reduction of 19% over the course of that whole period. Between 2015 and 2016, the price drop in Chinese import prices was noticeably severe at almost 10%. Since 2016, the price reductions continued at levels of around 5% on a year-on-year basis.

### **3. Undercutting and Underselling Levels**

17. Surging dumped import volumes from China have been sold on the EU market at very low prices compared to the Union industry’s sales prices. The undercutting margin calculated is approximately 40% while the price underselling one reached almost 100% during the period considered.

### **4. Injury**

18. In the face of rapidly increasing imports at low prices, the Union industry’s situation deteriorated. Total Union industry production volumes and capacity utilisation levels

fell as did its sales volumes in the Union open market and its market share. Chinese imports are impairing the economic performance of the Union Industry over a wide range of economic indicators and crucially profitability. Actual injury is therefore demonstrable.

19. The Union industry is also exposed to a real threat of further injury because of the rapid increase in imports at dumped prices which shows no sign of abating. Chinese exporters increased their sales volumes in the Union market by 37% between 2016 and 2017 and an additional 30% between 2017 and 2018. This has allowed a rapid market penetration in a very short period of time. This also indicates that Chinese exporters have targeted the Union market and will continue to look at the Union to unload even larger volumes.
20. There is no doubt that Chinese import volumes, at ever decreasing prices, will continue to flood the EU market in 2019 and onwards. The exposure of the Union industry to further injury caused by future surges of imports is also clearly foreseeable as indicated by the already rapidly declining performance of the industry.
21. The Complainant believes the requirements for a positive finding of threat of injury are met and an affirmative threat of injury determination should also be made alongside a finding of actual injury.

**5. Causation**

22. The Complainant has excluded all other possible causes of injury leading to the conclusion that dumped Chinese imports are the exclusive cause of the injury being suffered.

**6. Union interest**

23. It is in the overall interests of the EU that a healthy industry is maintained. Prior to the damage caused by the surge of Chinese imports, the Complainant was part of a competitive and efficient Union Industry serving many market segments with quality products. In the absence of these unfairly priced imports from China, the Union Industry would be able to profitably sustain itself.
24. It is also in the Union’s interests to allow for fair trading conditions and to protect the industry from unfair competition through dumped pricing practices. It should also be borne in mind that the continuation of the Union Industry as a going concern has importance for both upstream and downstream industries in the Union.

**F. INTERESTED PARTIES**

25. The Complaint has provided details of all known EU PVA producers, Chinese PVA exporting producers, EU importers and EU end-users who include the following.

**1. Known EU Producers**

1	Kurarary Europe GmbH
2	Sekisui Specialty Chemicals Europe S.L
3	Eastman Chemical Company (formerly Solutia)

4	Wacker Chemie AG
5	Vinavil S.p.A.
6	Synthomer Limited

## 2. Known Chinese Producers

1	Anhui Wanwei updated high-tech material Industry Co. Ltd
2	Beijing Organic Chemical Plant
3	Chang Chun Chemical (JiangSu) Co., Ltd.
4	Fujian Fuwei Co., Ltd. (formerly: Fujian Textile and Chemical Fiber Group Co., Ltd.)
5	Guangxi Vinylon
6	Jiangxi Chemical Fibre Engineering Co. Ltd
7	Hunan Xiangwei Co., Ltd.
8	Inner Mongolia Mengwei Technology Co. Ltd.
9	Inner Mongolia Shuangxin Environment-Friendly Material Co. ,Ltd.
10	Ningxia Dadi Metallurgy Chemical Co., Ltd.
11	SINOPEC Shanghai Petrochemical Co., Ltd.
12	Shanxi Sanwei Group Co., Ltd
13	SINOPEC Shijiazhuang Refining & Chemical Company
14	Sinopec Sichuan Vinylon Works
15	Yunnan Yunwei Co., Ltd.

## 3. Known EU Importers and Users

1	Akzo Nobel Functional Chemicals B.V.
2	Arjo
3	Burgo
4	Carbochem
5	Celanese BVBA
6	Cordial
7	Dow Europe GmbH
8	Eigenmann & Veronelli S.p.A.
9	EOC
10	Follmann
11	Henkel
12	HMR
13	Jenuischem
14	Kapp
15	Lecta
16	Loick
17	Mayr-Melnhof Karton AG
18	MCC
19	Omya

20	Saint-Gobain Construction
21	Sappi
22	Smurfit
23	Solutia Europe SPRL/BVBA
24	Synthomer (Hexion)
25	Topchim
26	Tradicon
27	UPM
28	Vinavil S.p.A.
29	Wacker Chemie AG
30	Wego
31	Whyte Chemicals