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COMMISSION IMPLEMENTING REGULATION (EU) 2024/2673

of 11 October 2024

imposing a provisional anti-dumping duty on imports of glass fibre yarns originating in the People's Republic of China

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EU) 2016/1036 of the European Parliament and of the Council of 8 June 2016 on protection against dumped imports from countries not members of the European Union ([1]) ('the basic Regulation'), and in particular Article 7 thereof,

After consulting the Member States,

Whereas:

1. PROCEDURE

1.1. Initiation

(1) On 16 February 2024, the European Commission ('the Commission') initiated an anti-dumping investigation with regard to imports of glass fibre yarns ('GFY') originating in the People's Republic of China ('China' or 'the PRC' or the country concerned) on the basis of Article 5 of the basic Regulation. It published a Notice of Initiation in the *Official Journal of the European Union* ([2]) ('the Notice of Initiation').

(2) The Commission initiated the investigation following a complaint lodged on 3 January 2024 by Glass Fibre Europe ('the complainant'). The complaint was made on behalf of the Union industry of GFY in the sense of Article 5(4) of the basic Regulation. The complaint contained evidence of dumping and of threat of material injury to the Union industry that was sufficient to justify the initiation of the investigation.

1.2. Registration of imports

(3) Pursuant to Article 14(5a) of the basic Regulation, the Commission should register imports subject to an antidumping investigation during the period of pre-disclosure unless it has sufficient evidence within the meaning of Article 5 that the requirements either under point (c) or (d) of Article 10(4) are not met.

(4) The Commission did not register imports during the period of pre-disclosure as there was no increase in import quantities after the initiation of the investigation and therefore the conditions in Article 10(4) were not met.

1.3. Interested parties

(5) In the Notice of Initiation, the Commission invited interested parties to contact it in order to participate in the investigation. In addition, the Commission specifically informed the complainant, other known Union producers, the known exporting producers and the Chinese authorities, known importers, suppliers and users, traders about the initiation of the investigation and invited them to participate.

(6) Interested parties had an opportunity to comment on the initiation of the investigation and to request a hearing with the Commission and/or the Hearing Officer in trade proceedings.

([1]) OJ L 176, 30.6.2016, p. 21, ELI: http://data.europa.eu/eli/reg/2016/1036/2020-08-11.
([2]) Notice of initiation of an anti-dumping proceeding concerning imports of glass fibre yarns ('GFY') originating in the People's Republic of China (OJ C, C/2024/1484, 16.2.2024, ELI: http://data.europa.eu/eli/C/2024/1484/oj).

1.4. **Sampling**

(7) In the Notice of Initiation, the Commission stated that it might sample the interested parties in accordance with Article 17 of the basic Regulation.

Sampling of Union producers

(8) In a Note to the File of 16 February 2024, the Commission stated that based on the information available, the two companies Saint-Gobain Vertex s.r.o and Valmiera Stikla Skieddra AS represent the totality of the Union industry and that therefore sampling was not necessary. The Commission invited interested parties to comment on this provisional decision. No comments were received. The Commission therefore confirmed its decision not to sample in the Note to File of 12 March 2024.

Sampling of importers

(9) No importers came forward and provided information for the selection of the sample.

Sampling of exporting producers in China

(10) To decide whether sampling is necessary and, if so, to select a sample, the Commission asked all exporting producers in China to provide the information specified in the Notice of Initiation. In addition, the Commission asked the Mission of the People's Republic of China to the European Union to identify and/or contact other exporting producers, if any, that could be interested in participating in the investigation. Five exporting producers in China provided the requested information and agreed to be included in the sample.

(11) In accordance with Article 17(1) of the basic Regulation, the Commission selected a sample of two exporting producers, Shandong Fiberglass Group Corp ('Shandong Fiberglass') and Henan Guangyuan New Material Co. Ltd ('Henan Guangyuan'), on the basis of the largest representative volume of exports to the Union which could reasonably be investigated within the time available. The two initially sampled exporting producers represented in total [11 – 15 %] of the total volume of Chinese exports to the Union.

(12) In accordance with Article 17(2) of the basic Regulation, all known exporting producers concerned and the Chinese authorities were consulted on the selection of the sample.

(13) One exporting producer, Jiangsu Jiuding Special Fiber Co., Ltd., claimed that it should have been included in the sample. However, in its sampling form, it reported exports of chopped strands which, after the product definition was clarified as explained in recitals (26) and (28), is not in the product scope. Based on the remaining volume of its exports of the product concerned to the Union, this exporting producer did not qualify to be part of the sample.

(14) On 26 March 2024 (7 days before the deadline to submit the response to the exporting producer questionnaire), Shandong Fiberglass, the company representing the largest exports to the Union in the sample, announced that it will not cooperate with the investigation.

(15) The three other exporting producers who responded to the sampling form represented in total [2 – 5,5 %] of the Chinese export volume. They indicated intentions to request an individual examination but none of them submitted responses to the exporting producer questionnaire and thus a valid request. Given the low level of exports to the Union of the exporting producers that provided sampling replies, any additions to the sample, even had the replies to the anti-dumping questionnaire been submitted, would not have resulted in a representative sample ([3]).

([3]) At best an updated sample would have covered between 4,5 % and 9 % of Chinese exports.

(16) Overall, the level of cooperation in this case is low because the imports of the producers that provided replies to the sampling questionnaire, following the decision of Shandong Fiberglass to cease cooperation, represented [4,5 % to 9 %] of the total Chinese exports to the Union expressed as proportion of the total imports from the country concerned to the Union in the IP, that were established on the basis of Eurostat as detailed in recital (159).

(17) Due to low cooperation leading to a situation where a representative sample could not be selected, the Commission decided to abandon sampling altogether and apply Article 18 for the determination of dumping, in accordance with Article 17(4), second paragraph of the basic Regulation.

(18) On 5 August 2024 the Commission issued a note to the file and informed the Chinese authorities about its decision to abandon sampling (see recital (17) above). The interested parties were invited to comment but no comments were received.

1.5. **Individual examination and individual margin**

(19) As explained in recital (15), three other Chinese exporting producers in their respective sampling forms indicated their interest in individual examination under Article 17(3) of the basic Regulation. However, these exporting producers did not submit valid requests as they did not submit responses to the questionnaire for the exporting producers within the deadline specified in the Notice of Initiation. Therefore, the Commission considers that no individual examination requests were received from these companies.

(20) As the only company from the original sample that provided a proper and timely questionnaire response that could be verified in accordance with Article 16(1) of the basic Regulation, the Commission decided to calculate an individual margin for Henan Guangyuan.

1.6. **Questionnaire replies and verification visits**

(21) The Commission sent also a questionnaire concerning the existence of significant distortions in China within the meaning of Article 2(6a)(b) of the basic Regulation to the Government of the People's Republic of China ('GOC').

(22) The Commission made questionnaires for the Union producers, the exporting producers, the known importers and users available online ([4]) on the day of initiation.

(23) The Commission received questionnaire replies from the two Union producers, one Chinese exporting producer, one unrelated importer and three users. The Commission did not receive the questionnaire reply from the GOC.

(24) The Commission sought and verified all the information deemed necessary for a provisional determination of dumping, resulting injury and Union interest. Verification visits pursuant to Article 16 of the basic Regulation were carried out at the premises of the following companies:

Union producers

— Saint-Gobain Adfors s.r.o, Litomysl, Czechia ('Saint-Gobain')

— Valmieras Stikla Skiedra AS, Valmier, Latvia ('Valmiera')

Exporting producers in China

— Henan Guangyuan New Material Co., Ltd. ('Henan Guangyuan')

1.7. **Investigation period and period considered**

(25) The investigation of dumping and injury covered the period from 1 January 2023 to 31 December 2023 ('the investigation period'). The examination of trends relevant for the assessment of injury covered the period from 1 January 2020 to the end of the investigation period ('the period considered').

([4]) https://tron.trade.ec.europa.eu/investigations/case-view?caseId=2715.

2. PRODUCT UNDER INVESTIGATION, PRODUCT CONCERNED AND LIKE PRODUCT

2.1. Product under investigation

(26) The product under investigation is glass fibre yarns, whether or not twisted, excluding glass fibre slivers, glass fibre cords and chopped strands, currently falling under CN codes ex 7019 13 00 and ex 7019 19 00 (TARIC Codes 7019 13 00 10, 7019 13 00 15, 7019 13 00 20, 7019 13 00 25, 7019 13 00 30, 7019 13 00 50, 7019 13 00 87, 7019 13 00 94, 7019 19 00 30, 7019 19 00 85).

(27) GFY is used in a wide range of applications, for example in woven, knit, braided or non-crimp fabrics, which are then used to reinforce cementitious material such as mortar or elastomeric, thermoplastic, and thermoset resins in the composites industry. Examples of use include cars, electric vehicle batteries, trucks, buses, trains, windmill blades, aircrafts, building insulation, smoke and fire protection, acoustic insulation, filtration (air, metal, dust and liquid), electrical insulation, etc.

(28) On 25 March 2024, in response to an inquiry of a Chinese exporting producer, the Commission issued a note to the file clarifying the product definition. The note clarified that high silica continuous yarns were included in the definition of the product under investigation whereas chopped strands, irrespective of the glass type and irrespective of the length, were excluded from the definition of the product under investigation. The interested parties were invited to comment but no comment was received.

2.2. Product concerned

(29) The product concerned is the product under investigation originating in China.

2.3. Like product

(30) The investigation showed that the following products have the same basic physical, chemical and technical characteristics as well as the same basic uses:

— the product concerned when exported to the Union;

— the product under investigation produced and sold on the domestic market of China; and

— the product under investigation produced and sold in the Union by the Union industry.

(31) The Commission decided at this stage that those products are therefore like products within the meaning of Article 1(4) of the basic Regulation.

3. DUMPING

3.1. Procedure for the determination of the normal value under Article 2(6a) of the basic Regulation

(32) In view of the sufficient evidence available at the initiation of the investigation pointing to the existence of significant distortions within the meaning of point (b) of Article 2(6a) of the basic Regulation with regard to China, the Commission considered it appropriate to initiate the investigation with regard to the exporting producers from this country having regard to Article 2(6a) of the basic Regulation.

(33) Consequently, in order to collect the necessary data for the eventual application of Article 2(6a) of the basic Regulation, in the Notice of Initiation the Commission invited all exporting producers in China to provide information regarding the inputs used for producing GFY. Two exporting producers (Jiangsu Jiuding Special Fiber Co., Ltd and Chongqing Tianze New Material Corp) submitted the relevant information.

(34) To obtain information it deemed necessary for its investigation with regard to the alleged significant distortions, the Commission sent a questionnaire to the GOC. In addition, in point 5.3.2 of the Notice of Initiation, the Commission invited all interested parties to make their views known, submit information and provide supporting evidence regarding the application of Article 2(6a) of the basic Regulation within 37 days of the date of publication of the Notice of Initiation in the *Official Journal of the European Union*.

(35) No questionnaire reply was received from the GOC and no submission on the application of Article 2(6a) of the basic Regulation was received from the GOC within the deadline. Subsequently, the Commission informed the GOC that it would use facts available within the meaning of Article 18 of the basic Regulation for the determination of the existence of the significant distortions in China.

(36) In the Notice of Initiation, the Commission also specified that, in view of the evidence available, it may need to select an appropriate representative country pursuant to Article 2(6a)(a) of the basic Regulation for the purpose of determining the normal value based on undistorted prices or benchmarks.

(37) On 19 April 2024, the Commission informed by a note ('the First Note') the interested parties on the relevant sources it intended to use for the determination of the normal value. In that note, the Commission provided a list of all factors of production such as raw materials, labour and energy used in the production of GFY. In addition, based on the criteria guiding the choice of undistorted prices or benchmarks, the Commission identified Brazil, Malaysia, Mexico, Thailand and Türkiye as possible appropriate representative countries.

(38) The Commission received comments on the First Note from the complainant and Henan Guangyuan. These comments are addressed in section 3.2.

(39) On 27 June 2024, the Commission informed by a second note ('the Second Note') the interested parties on the relevant sources it intended to use for the determination of the normal value, with Türkiye as the representative country. It also informed interested parties that it would establish selling, general and administrative costs ('SG&A') and profits based on the 2023 financial data available for the Turkish group, Türkiye Şişe ve Cam Fabrikaları A.Ş ('the Sisecam group'), a producer of GFY in the representative country.

(40) The Commission received comments on the Second Note from the complainant. These comments are addressed in detail in section 3.2.

(41) After having analysed the comments and information received, the Commission concluded that Türkiye was an appropriate representative country from which undistorted prices and costs would be sourced for the determination of the normal value. The underlying reasons for that choice are further described in detail in Section 3.2.2 below.

3.2. **Normal value**

(42) According to Article 2(1) of the basic Regulation, 'the normal value shall normally be based on the prices paid or payable, in the ordinary course of trade, by independent customers in the exporting country'.

(43) However, according to Article 2(6a)(a) of the basic Regulation, 'in case it is determined […] that it is not appropriate to use domestic prices and costs in the exporting country due to the existence in that country of significant distortions within the meaning of point (b), the normal value shall be constructed exclusively on the basis of costs of production and sale reflecting undistorted prices or benchmarks', and 'shall include an undistorted and reasonable amount of administrative, selling and general costs and for profits' ('administrative, selling and general costs' is referred hereinafter as 'SG&A').

As further explained below, the Commission concluded in the present investigation that, based on the evidence available, and in view of the lack of cooperation of the GOC and low cooperation of the exporting producers, the application of Article 2(6a) of the basic Regulation was appropriate.

3.2.1. *Existence of significant distortions*

(44) In its recent investigations concerning the glass fibre sector in China [5], the Commission found that significant distortions in the sense of Article 2(6a)(b) of the basic Regulation were present.

(45) In those investigations, the Commission found that there was substantial government intervention in China resulting in a distortion of the effective allocation of resources in line with market principles [6]. In particular, the Commission concluded that in the glass fibre sector, not only does a substantial degree of ownership by the GOC persists in the sense of Article 2(6a)(b), first indent of the basic Regulation [7] but the GOC is also in a position to interfere with prices and costs through State presence in firms in the sense of Article 2(6a)(b), second indent of the basic Regulation [8]. The Commission further found that the State's presence and intervention in the financial markets, as well as in the provision of raw materials and inputs, have an additional distorting effect on the market. Indeed, overall, the system of planning in China results in resources being concentrated in sectors designated as strategic or otherwise politically important by the GOC, rather than being allocated in line with market forces [9]. Moreover, the Commission concluded that the Chinese bankruptcy and property laws do not work properly in the sense of Article 2(6a)(b), fourth indent of the basic Regulation, thus generating distortions in particular when maintaining insolvent firms afloat and when allocating land use rights in China [10]. In the same vein, the Commission found distortions of wage costs in the glass fibre sector, in the sense of Article 2(6a)(b), fifth indent of the basic Regulation [11], as well as distortions in the financial markets in the sense of Article 2(6a)(b), sixth indent of the basic Regulation, in particular concerning access to capital for corporate actors in China [12].

([5]) Commission Implementing Regulation (EU) 2020/492 of 1 April 2020 imposing definitive anti-dumping duties on imports of certain woven and/or stitched glass fibre fabrics originating in the People's Republic of China and Egypt (OJ L 108, 6.4.2020, p. 1, ELI: http://data.europa.eu/eli/reg_impl/2020/492/oj); Commission Implementing Regulation (EU) 2023/1452 of 13 July 2023 imposing a definitive anti-dumping duty on imports of certain continuous filament glass fibre products originating in the People's Republic of China following an expiry review pursuant to Article 11(2) of Regulation (EU) 2016/1036 of the European Parliament and of the Council (OJ L 179, 14.7.2023, p. 57, ELI: http://data.europa.eu/eli/reg_impl/2023/1452/oj); Commission Implementing Regulation (EU) 2024/357 of 23 January 2024 imposing a definitive anti-dumping duty on imports of certain open mesh fabrics of glass fibres originating in the People's Republic of China as extended to imports consigned from India, Indonesia, Malaysia, Taiwan and Thailand following an expiry review pursuant to Article 11(2) of Regulation (EU) 2016/1036 of the European Parliament and the Council (OJ L, 2024/357, 24.1.2024, ELI: http://data.europa.eu/eli/reg_impl/2024/357/oj).

([6]) Implementing Regulation (EU) 2020/492, recitals 161-162, 167; Implementing Regulation (EU) 2023/1452, recital 68; Implementing Regulation (EU) 2024/357, recitals 139-140.

([7]) Implementing Regulation (EU) 2020/492, recitals 116-119; Implementing Regulation (EU) 2023/1452, recitals 53-55; Implementing Regulation (EU) 2024/357, recitals 76-81.

([8]) Implementing Regulation (EU) 2020/492, recitals 120-122; Implementing Regulation (EU) 2023/1452, recitals 56-59; Implementing Regulation (EU) 2024/357, recitals 82-88. While the right to appoint and to remove key management personnel in SOEs by the relevant State authorities, as provided for in the Chinese legislation, can be considered to reflect the corresponding ownership rights, CCP cells in enterprises, state owned and private alike, represent another important channel through which the State can interfere with business decisions. According to the PRC's company law, a CCP organisation is to be established in every company (with at least three CCP members as specified in the CCP Constitution) and the company shall provide the necessary conditions for the activities of the party organisation. In the past, this requirement appears not to have always been followed or strictly enforced. However, since at least 2016 the CCP has reinforced its claims to control business decisions in SOEs as a matter of political principle. The CCP is also reported to exercise pressure on private companies to put 'patriotism' first and to follow party discipline. In 2017, it was reported that party cells existed in 70 % of some 1,86 million privately owned companies, with growing pressure for the CCP organisations to have a final say over the business decisions within their respective companies. These rules are of general application throughout the Chinese economy, across all sectors, including the producers of glass fibre yarns and the suppliers of their inputs.

([9]) Implementing Regulation (EU) 2020/492, recitals 123-138; Implementing Regulation (EU) 2023/1452, recitals 60-61; Implementing Regulation (EU) 2024/357, recitals 89-109.

([10]) Implementing Regulation (EU) 2020/492, recital 139-142; Implementing Regulation (EU) 2023/1452, recital 62; Implementing Regulation (EU) 2024/357, recitals 110-115.

([11]) Implementing Regulation (EU) 2020/492, recital 143-145; Implementing Regulation (EU) 2023/1452, recital 63; Implementing Regulation (EU) 2024/357, recitals 116-118.

([12]) Implementing Regulation (EU) 2020/492, recitals 146-155; Implementing Regulation (EU) 2023/1452, recital 64; Implementing Regulation (EU) 2024/357, recitals 119-133.

(46) Like in its previous investigation concerning the glass fibre sector in China, the Commission examined in the present investigation whether it was appropriate or not to use domestic prices and costs in China, due to the existence of significant distortions within the meaning of point (b) of Article 2(6a) of the basic Regulation. The Commission did so on the basis of the evidence available on the file, including the evidence contained in the request, as well as in the Commission Staff Working Document on Significant Distortions in the Economy of the People's Republic of China for the purposes of Trade Defence Investigations ('R*eport*') ([13]), which relies on publicly available sources and which the Commission placed on the file. That analysis covered the examination of the substantial government interventions in China's economy in general, but also the specific market situation in the relevant sector including the product under investigation. The Commission further supplemented these evidentiary elements with its own research on the various criteria relevant to confirm the existence of significant distortions in China as also found by its previous investigations in this respect.

(47) The complainant submitted that there is ample compelling prima facie evidence that the Chinese GFY industry is subject to interventions by the GOC that have led to significant distortions in the sector, which in turn justifies establishing the normal value according to Article 2(6a) of the basic Regulation.

(48) To support its position, the complainant highlighted the below elements which result in significantly distorting the GFY sector in China.

(49) First, State ownership, control or policy supervision is prevalent in the sector:

— the GFY industry is characterised by a high level of State ownership, with several Chinese yarns producers being state-owned companies or part of state-owned conglomerates (Jushi and Taishan Fiberglass are both owned by the same state-owned parent company, CNBM; CPIC is ultimately owned by the state-owned Yuntianhua Group; Shandong Fiberglass is part of the state-owned Shandong Energy Group);

— the GOC also owns several upstream suppliers, in particular mining and chemical companies;

— the GOC exerts influence through personal connections, given the overlapping positions of numerous individuals within CCP and/or government structures and within leading companies in the GFY sector, such as Jushi China, Taishan Fiberglass and CPIC;

— the GOC also keeps close links with Chinese GFY producers via representative industry associations. For instance, the China Building Materials Federation is approved by the Chinese Ministry of Civil Affairs and operates under the guidance and supervision of the State-owned Assets Supervision and Administration Commission of the State Council;

— as a result, Chinese yarns producers explicitly adhere to the CCP guidance and these close ties to the CCP/government make it in turn easy for Chinese (state-owned) GFY producers to receive ample funding from various government agencies at different levels as well as from national financial institutions.

(50) Second, Chinese policies and measures applicable to the GFY sector discriminate in favour of domestic suppliers or otherwise influence free market forces:

— the direction of the Chinese economy is to a significant degree determined by the planning system which sets out priorities and prescribes the goals on which the central and local governments must focus. The latest Chinese policy documents concerning the 'new materials' and 'glass fibre' sectors confirm the continued importance which the GOC attributes to the sector, including the intention to intervene in the sector to shape it in line with government policies. Enterprises in this sector benefit from numerous support mechanisms, including financial support policies, fiscal and taxation preferential policies, R & D support etc.;

([13]) Online version of the Report available at: https://ec.europa.eu/transparency/documents-register/detail?ref=SWD(2024)91&lang=en.

— numerous benefits to the GFY sector are enshrined in the following policy documents: the national 14th Five-Year Plan ('FYP'); the Made in China 2025 Roadmap; the Catalogue of Industries Encouraging Foreign Investment (2022 Edition); the 2019 Guiding Catalogue for Industry Structural Adjustment, as well as in the 2021 Guiding Catalogue of Key New Materials; the China High-Tech Export Products Catalogue; Law of the PRC on Science and Technology Progress; 14th FYP for the Glass Fibre Industry Development; 14th FYP on Developing the Raw Material Industry; 14th FYP for Building Materials Industry Development; 14th FYP on Intelligent Manufacturing Development; 14th FYP on Developing New Materials Industry in Zhejiang; 14th FYP of Shandong's Building Materials Industry; 14th FYP for High Quality Development of Manufacturing Industry in Chongqing; Jiujiang City 14th FYP;

(51) Third, the costs of essentially all production factors of GFY are distorted in China:

— important raw materials, such as kaolin or dolomite, are subject to systemic distortions, with the former covered by the relevant Plans for Mineral Resources and the Building Materials Industry and the latter being one of the encouraged industries for the Inner Mongolia Autonomous Region in the Central and Western China Foreign Investment Catalogue;

— concerning energy, the GOC intervenes significantly and systematically in the Chinese power market. Electricity and gas prices are regulated and under several State policies, large key users of electricity are allowed to purchase a certain quantity of electricity directly from power generators at prices that are lower than those offered by the grid providers. Such support schemes are in place also in Jiangsu (where the producers Jiangsu Changhai and Taichia Glass Fiber are located) and in Shandong (where Taishan Fiberglass has its seat);

— all land in China is owned by the state which also decides on its allocation;

— wage costs in the glass fibre sector, including also the GFY sector, are distorted, as a system of market wages cannot fully develop in China since workers and employers are impeded in their rights to collective organisation. Moreover, the mobility of the Chinese workforce is restricted by the household registration system, which limits access to the full range of social security and other benefits to local residents of a given administrative area.

(52) Fourth, access to finance and capital in the glass fibre sector is granted by institutions which implement public policy objectives or otherwise do not act independently of the state:

— Chinese financial system is characterised by the strong position of state-owned banks, which, when granting access to finance, take into consideration criteria other than the economic viability of a project. Accordingly, direct financing is directed into sectors designated by the government as encouraged or otherwise important;

— due to their status, Chinese GFY producers appear to have easy access to preferential lending, including credits, loans and money market instruments from Chinese (state-owned) banks.

(53) The GOC did not comment or provide evidence supporting or rebutting the existing evidence on the case file and on the existence of significant distortions and/or appropriateness of the application of Article 2(6a) of the basic Regulation in the case at hand.

(54) In the GFY sector, a substantial degree of ownership and control by the GOC persists in the sense of Article 2(6a)(b), first indent of the basic Regulation. Since there was low cooperation from Chinese exporters of the product under investigation, the exact ratio of the private and state-owned producers could not be determined. However, the investigation confirmed that the three largest producers in the glass fibre sector, namely Jushi, Taishan Fiberglass and CPIC, are either fully state-owned or the state holds a controlling stake. These three producers represent around 60 % of Chinese glass fibre producers, with Jushi having the largest share accounting for 33 % of the Chinese market ([14]).

([14]) See also Implementing Regulation (EU) 2020/492, recital 118.

(55) Both public and privately owned enterprises in the GFY sector are subject to policy supervision and guidance. The latest Chinese policy documents concerning the GFY sector confirm continued importance which GOC attributes to the sector, including the intention to intervene in the sector in order to shape it in line the government policies. This is exemplified by the 14th FYP on Developing the Raw Material Industry which list the sector, in particular special-purposes glass fibres, among materials for which technological innovation will be supported by policies under the Plan ([15]). Glass fibres are also listed among the encouraged sectors under the 2024 edition of the Guiding catalogue for industry structural adjustment ([16]), as well as in the 2024 Guiding Catalogue of key new materials eligible to first use/demonstration schemes ([17]).

(56) Similar examples of the intention by the Chinese authorities to supervise and guide the developments of the sector can be seen at the provincial level, such as in Shandong which, with respect to specifically the glass fibre and composite material industry plans to 'actively cultivate leading and backbone enterprises with strong brand influence and market appeal, strong integration capabilities and driving effects on industrial chains and industrial clusters, and support cross-industry, cross-regional, and cross-ownership mergers and reorganization of enterprises' and to 'develop high-performance glass fibers and products [and to e]ncourage the development of ultra-fine, high-strength, high-modulus, alkali-resistant, low-dielectric, low-expansion, high-silica, degradable, special-shaped cross-section and other high-performance glass fiber and glass fiber products. Focusing on the needs of electronic information, aerospace, new energy, large-scale breeding farms, agricultural greenhouses and other fields, research and develop and promote glass fiber reinforced thermoplastic and thermosetting composite products, and glass fiber composite grilles for infrastructure projects.' ([18]) Similarly, the Chongqing 14th FYP on developing strategic and emerging industries foresees 'expanding the scale of high-performance fiber and composite materials industry' as well as 'accelerating the construction of projects such as the […] high-performance glass fiber production line with an annual output of 150 000 tons, and the production base of ultra-fine glass fiber and composite materials, so as to increase the production capacity of high-performance glass fiber and composite materials' ([19]). Emphasis on glass fibres can be seen in planning documents also in other provinces, such as Guangxi ([20]), Hubei ([21]) or Zhejiang ([22]).

([15]) See Section III, Subsection 3 of the 14th FYP on Developing the Raw Material Industry, available at: https://www.gov.cn/zhengce/zhengceku/2021-12/29/content_5665166.htm (accessed on 2 July 2024) – save number t24.007745.

([16]) Available at: https://www.ndrc.gov.cn/xxgk/zcfb/fzggwl/202312/t20231229_1362999.html (accessed on 2 July 2024) – save number t24.007745.

([17]) Available at: https://www.ncsti.gov.cn/kjdt/tzgg/202312/t20231225_145433.html (accessed on 2 July 2024) – save number t24.007745.

([18]) See the Shandong Province 14th FYP on construction materials, Chapter IV, Section 4; available at: https://huanbao.bjx.com.cn/news/20211129/1190544.shtml (accessed on 2 July 2024).

([19]) See the Chongqing 14th FYP on developing strategic and emerging industries; available at: https://www.cq.gov.cn/zwgk/zfxxgkml/szfwj/qtgw/202203/t20220318_10526318.html (accessed on 2 July 2024) – save number t24.007745.

([20]) Guangxi three-year action plan on strategic and emerging industries: 'Vigorously develop the new material industry. Focusing on breaking through cutting-edge technologies and cultivating high-end products, it focuses on the development of high-performance steel materials, high-end non-ferrous metal materials, high-quality calcium carbonate materials, new energy battery materials, high-performance glass fiber composite materials, graphene, etc. By 2023, the output value of the new material industry will reach 133 billion yuan, and the added value will reach 44 billion yuan.'; available at: http://fgw.gxzf.gov.cn/zfxxgkzl/wjzx/zyzc/gzfa/t10748917.shtml (accessed on 1 July 2024) – save number t24.007745.

([21]) Hubei 14th FYP on high quality development of new materials: 'Focus on promoting the intelligent production technology of glass fiber large-scale kilns, glass fiber products and technologies for 5G, etc., and support joint scientific research with enterprises as the main body.'; available at: https://jxt.hubei.gov.cn/fbjd/xxgkml/jhgh/202203/t20220325_4056642.shtml (accessed on 1 July 2024) – save number t24.007745.

([22]) Zhejiang 14th FYP on developing new materials industry: 'Mainly relying on Tongxiang Economic Development Zone [where Jushi is located (added by the Commission for explanation)], focus on high-performance fiber and composite materials, high-performance power battery materials, cutting-edge new materials and other sub-fields, to create high-performance glass fiber and composite materials industry chain and high-performance power battery materials and downstream products industry chain, to achieve value chain improvement.'; available at: https://fzggw.zj.gov.cn/art/2021/6/24/art_1229539890_4671248.html (accessed on 1 July 2024) – save number t24.007745.

(57) As to the GOC being in a position to interfere with prices and costs through State presence in firms in the sense of Article 2(6a)(b), second indent of the basic Regulation, many producers of the product under investigation explicitly emphasise Party building activities on their websites or have Party members in the company management and underline their affiliation to the CCP.

(58) For instance, Jushi group's Chairman of the Board serves at the same time as the Deputy Secretary of the Party Committee at the CNMB ([23]). Similarly, the Chairman of Sinoma Science and Technology, which is the holding company of Taishan Fiberglass, occupies the position of the Party Committee's Secretary while the President of Sinoma Science and Technology is the Deputy Secretary of the Party Committee ([24]). In the case of CPIC, the Deputy Chairman of the Board and the Executive Manager holds at the same time the position of the Deputy Secretary of the Party Committee, whereas the Group Chairman of CPIC's parent company serves also as the Secretary of the Party Committee and the Group Vice-Chairman serves as the Deputy Secretary of the Party Committee ([25]).

(59) Moreover, Jushi's Articles of Association explicitly provide for direct Party oversight over essential corporate affairs in their Article 195, according to which 'the party committee of the enterprise shall discuss and decide the major matters of the enterprise in accordance with the regulations', with the Party committee's main responsibilities entailing the tasks to 'study and discuss major business management issues of the company, and support the shareholders' meeting, the board of directors, the board of supervisors and the management to exercise their powers according to law', as well as to 'strengthen the leadership and control of the selection and employment of the enterprise, and do a good job in the construction of the enterprise leadership team, cadre team and talent team' ([26]).

(60) Furthermore, Taishan Fiberglass held the celebration of the 100th anniversary of the CCP founding and the secretary of the company's Party committee delivered a speech: 'The 30 years of reform, innovation and development of Taishan Fiberglass are 30 years of adhering to and strengthening the leadership of the Party, 30 years of inheriting and carrying forward the great spirit of the Party, and 30 years of fruitful results in Party building, reform and development, production and operation.' ([27]). Moreover, the Jushi group's enterprise's articles of association stated that one their main responsibilities is 'implementation of Xi Jinping thoughts on Socialism with Chinese Characteristics for a New Era, study and publicize the Party's theory, implement the Party's line, principles and policies, supervise and ensure the implementation of major decisions and arrangements of the Party Central Committee and the resolutions of higher-level Party organizations in the enterprise; study and discuss major business management issues of the company, and support the shareholder's meeting, the board of directors, the board of supervisors and the management to exercise their powers according to law' ([28]).

(61) Furthermore, policies discriminating in favour of domestic producers or otherwise influencing the market in the sense of Article 2(6a)(b), third indent of the basic Regulation are in place in the GFY sector. While industrial policies typically relate to several sectors, the GFY sector is subject to numerous plans, guidelines, directives and other policy documents issued at national, regional and municipal level (see also recitals (56) and (57)). Those policies are at times squarely at odds with market forces, such as, for example, the Guangxi three-year action plan on strategic and emerging industries which administratively sets future target output volumes and growth rates: 'by 2023, the output value of the new material industry will reach 133 billion yuan, and the added value will reach 44 billion yuan' ([29]).

([23]) See at: https://vip.stock.finance.sina.com.cn/corp/view/vCI_CorpManagerInfo.php?stockid=600176&Pcode=30005355&Name=%B3%A3%D5%C5%C0%FB (accessed on 2 July 2024) – save number t24.007745.

([24]) See at: http://yp.sinomatech.com/party/8993.html (accessed on 2 July 2024) – save number t24.007745.

([25]) See at: https://q.stock.sohu.com/newpdf/202356372290.pdf (accessed on 2 July 2024) and http://f.dfcfw.com/pdf/H2_AN202202221548514546_1.pdf (accessed on 2 July 2024) – save number t24.007745.

([26]) See the company's Articles of Association, available at: https://pdf.dfcfw.com/pdf/H2_AN202203181553440430_1.pdf?1647632338000.pdf (accessed on 2 July 2024) – save number t24.007745.

([27]) Taishan Fiberglass website article, available at: http://ctgf.com/contents/16/13216.html (accessed on 2 July 2024) – save number t24.007745.

([28]) Article 195 of Jushi's Articles of Association; available at: http://ile.finance.sina.com.cn/211.154.219.97:9494/MRGG/CNSESH_STOCK/2022/2022-3/2022-03-19/7898725.PDF (accessed on 2 July 2024) – save number t24.007745.

([29]) See the Guangxi three-year action plan on strategic and emerging industries, as quoted in recital (61) above.

(62) In sum, the GOC has measures in place to induce operators to comply with the public policy objectives of supporting encouraged industries, including the production of the main inputs used in the manufacturing of the product under investigation. Such measures impede market forces from operating freely.

(63) The present investigation has not revealed any evidence that the discriminatory application or inadequate enforcement of bankruptcy and property laws according to Article 2(6a)(b), fourth indent of the basic Regulation in the GFY sector referred to above in recital (45) would not affect the manufacturers of the product under investigation.

(64) The GFY sector is also affected by the distortions of wage costs in the sense of Article 2(6a)(b), fifth indent of the basic Regulation, as also referred to above in recital (45). Those distortion affect the sector both directly (when producing the product under investigation or the main inputs), as well as indirectly (when having access to capital or inputs from companies subject to the same labour system in China).

(65) Moreover, no evidence was submitted in the present investigation demonstrating that the GFY sector is not affected by the government intervention in the financial system in the sense of Article 2(6a)(b), sixth indent of the basic Regulation, as also referred to above in recital (45). Therefore, the substantial government intervention in the financial system leads to the market conditions being severely affected at all levels.

(66) Finally, the Commission recalls that in order to produce the product under investigation, a number of inputs is needed. When the producers of the product under investigation purchase or contract for these inputs, the prices paid (and which are recorded as their costs) are exposed to the same systemic distortions mentioned before. For instance, suppliers of inputs employ labour that is subject to the distortions; they may borrow money that is subject to the distortions on the financial sector/capital allocation. In addition, they are subject to the planning system that applies across all levels of government and sectors.

(67) As a consequence, not only the domestic sales prices of the product under investigation are not appropriate for use within the meaning of Article 2(6a)(a) of the basic Regulation, but all the input costs (including raw materials, energy, land, financing, labour, etc.) are also affected because their price formation is affected by substantial government intervention, as described in Parts I and II of the Report. Indeed, the government interventions described in relation to the allocation of capital, land, labour, energy and raw materials are present throughout China. This means, for instance, that an input that in itself was produced in China by combining a range of factors of production is exposed to significant distortions. The same applies for the input to the input and so forth.

(68) On 29 April 2024, Henan Guangyuan submitted a set of comments, noting that Article 2(6a)(a) of the basic Regulation calls for the significant distortions assessment done for each exporter and producer separately. In that respect, Henan Guangyuan claimed that there should be no significant distortions regarding its cost of production.

(69) The Commission noted that, other than referring back to its questionnaire reply (which in turn does not contain any claims concerning significant distortions pursuant to Article 2(6a) of the basic Regulation, except a statement that the company purchases various raw materials at international prices), Henan Guangyuan did not present any arguments which would call into question the analysis concerning significant distortions. The existence of significant distortions giving rise to the application of Article 2(6a) of the basic Regulation is established on a country-wide level. If the existence of significant distortions is established, then the provisions of Article 2(6a) of the basic Regulation apply, a priori, to all exporting producers in China and concern all costs relating to their factors of production. The same provision of the basic Regulation provides for the use of domestic costs which are positively established not to be affected by significant distortions. However, while Henan Guangyuan did not submit accurate and appropriate evidence on undistorted prices and costs, the calculations concerning Henan Guangyuan in any event reflect the data submitted by the company itself, including the factors of production and amounts as reported by the company in the questionnaire reply, but duly taking into account the existence and impact of significant distortions in China, in accordance with the provisions of the basic Regulation, in particular Article 2(6a) thereof.

(70) In sum, the evidence available showed that prices or costs of the product under investigation, including the costs of raw materials, energy and labour, are not the result of free market forces because they are affected by substantial government intervention within the meaning of Article 2(6a)(b) of the basic Regulation as shown by the actual or potential impact of one or more of the relevant elements listed therein. On that basis, the Commission concluded that it is not appropriate to use domestic prices and costs to establish normal value in this case. Consequently, the Commission proceeded to construct the normal value for Henan Guangyuan exclusively on the basis of costs of production and sale reflecting undistorted prices or benchmarks, that is, in this case, on the basis of corresponding costs of production and sale in an appropriate representative country, in accordance with Article 2(6a)(a) of the basic Regulation, as discussed in the following section.

3.2.2. *Representative country*

General remarks

(71) The choice of the representative country was based on the following criteria pursuant to Article 2(6a) of the basic Regulation:

— A level of economic development similar to China. For this purpose, the Commission used countries with a gross national income per capita similar to the China on the basis of the database of the World Bank ([30]);

— Production of the product under investigation in that country;

— Availability of relevant public data in the representative country;

— Where there is more than one possible representative country, preference was given, where appropriate, to the country with an adequate level of social and environmental protection.

(72) As explained in recitals (37) to (41), the Commission issued two notes for the file on the sources for the determination of the normal value: the first note of 19 April 2024 (hereinafter the 'First Note') ([31]) and the second note of 27 June 2024 (hereinafter the 'Second Note') ([32]).

(73) These notes described the facts and evidence underlying the relevant criteria, and also addressed the comments received by the parties on these elements and on the relevant sources.

(74) In the Second Note on production factors, the Commission informed interested parties of its intention to consider Türkiye as an appropriate representative country in the present case if the existence of significant distortions pursuant to Article 2(6a) of the basic Regulation would be confirmed.

A level of economic development similar to China

(75) In the First Note, the Commission identified Brazil, Malaysia, Mexico, Thailand and Türkiye as countries with a similar level of economic development as China according to the World Bank (i.e. 'upper-middle income' countries on a gross national income basis) where production of the product under investigation was known to take place.

([30]) World Bank Open Data – Upper Middle Income, https://data.worldbank.org/income-level/upper-middle-income.
([31]) The first note on production factors is available in the file for interested parties under save number t24.003239.
([32]) The second note on production factors is available in the file for interested parties under save number t24.005240.

(76) In its comments to the First Note, Henan Guangyuan argued that none of the five countries produced the product under investigation but did not rebut the Commission's data in substance. Henan Guangyuan further proposed Taiwan and Hong Kong as alternative representative countries.

(77) The First Note provides evidence of production of GFY, or at least production of a product in the same general category and/or sector as the product of investigation in all five proposed potential representative countries. There was therefore no grounds to exclude any country from the list provided in recital (75).

(78) Furthermore, neither Taiwan nor Hong Kong falls into the category of 'upper-middle income' according to the classification of the World Bank. Therefore, the proposal to consider Taiwan and Hong Kong as representative countries was rejected.

Relevant readily available data in the representative country

(79) In the First Note the Commission indicated that for the countries identified as countries where the product under investigation is being produced, i.e. Brazil, Malaysia, Mexico, Thailand and Türkiye, the availability of readily available data needed to be further verified in particular with regard to the public financial data from producers of the product under investigation.

(80) With regard to Brazil, detailed financial statements for the two companies producing GFY or a product in the same general category and/or sector as GFY, i.e. CPCI Brasil Fibras de Vidro Ltda and Owens Corning Fiberglass A.S. Ltda, as certified by the auditors, were not readily available. As a result, the Commission concluded that Brazil could not be considered as an appropriate representative country for this investigation.

(81) With regard to Malaysia, the readily available financial data for the only company producing GFY or a product in the same general same general category and/or sector as GFY, Nippon Electric Glass (Malaysia) SDN BHD, dated back from 2022 and, as a consequence, could not be considered appropriate for the investigation period since more recent data was available for a producer in Türkiye as explained below. Financial data for 2023 is available for the group Nippon Electric Glass Co., Ltd but it lacks detailed information specific to GFY or a similar product within the same general category and/or sector. In addition, Nippon Electric Glass Co., Ltd is a global group whose financial data is not representative of the situation in Malaysia. In contrast, as explained in recitals (84)-(86) and (119)-(124), Türkiye provides more granular financial data since the SG&A costs are available for the industrial glass sector in Türkiye and profit is available for a subsidiary producing only GFY and products in the same general category/sector in Türkiye. Therefore, the Commission concluded that Malaysia could not be considered as an appropriate representative country for this investigation.

(82) With regard to Mexico, the financial statements of the two companies producing GFY or a product in the same general category and/or sector as GFY, Ferguson Fibers de Mexico SA DE CF and Saint-Gobain Mexico were not readily available. As a result, the Commission concluded that Mexico could not be considered as an appropriate representative country for this investigation.

(83) With regard to Thailand, the readily available financial data of the only company that appears to be producing GFY or a similar product within the same general category and/or sector, Asia Composite Material (Thailand) Co Ltd, dated back from 2022 and, as a consequence, could not be considered appropriate for the investigation period since more recent financial information was available in Türkiye as explained below. Furthermore, the 2022 data covers all company operations, lacking detailed financial information specific to GFY or a similar product within the same general category and/or sector. In contrast, Türkiye provides more granular financial data. For another Thai company, Thai United Glass Fiber Co Ltd, which produces glass fibre mats, which can be considered product within the same general category or sector as GFY, the publicly available also dated back from 2022 and also lacked the granularity available for Türkiye. Therefore, the Commission concluded that Thailand could not be considered as an appropriate representative country for this investigation.

(84) In respect of Türkiye, consolidated financial statements are available for the IP regarding Türkiye Şişe ve Cam Fabrikaları A.Ş group ('the Sisecam group') ([33]). The Sisecam group is active in various glass-related sectors: architectural glass, industrial glass, glassware, glass packaging. In respect of glass fibre, the group claimed to have a production capacity of 70 000 tonnes and a production of 62 000 tonnes in 2022 ([34]).

(85) The Sisecam group has a subsidiary specialising in glass fibre: Şişecam Balıkesir Cam Elyaf Fabrikası ('Sisecam Elyaf') ([35]). Sisecam Elyaf produces e-glass rovings, chopped strands and chopped strands mats. Rovings, chopped strands, chopped strands mats are not the product under investigation but share essential production process steps with rovings: raw material preparation, melting in the furnace, extrusion of the molten glass through the holes of bushings ([36]) to form the glass filaments, application of sizing ([37]), gathering and winding of the filaments on spools. Thus, they are considered in the same general category as the product under investigation. The Commission therefore concludes that Sisecam Elyaf produces either the product under investigation or products in the same general category as the product under investigation. In terms of turnover, Sisecam Elyaf represents 13 % of Sisecam group's industrial glass segment to which it belongs.

(86) The consolidated financial statements of the Sisecam group provide the profit of Sisecam Elyaf and the SG&A costs of the industrial glass segment.

(87) The Commission also analysed the imports of the main factors of production into Türkiye. The analysis of imports of the main factors of production showed that Türkiye imported overall significant and representative volumes of most key raw materials at undistorted prices. However, Türkiye, as the largest world producer of one of the raw materials (ground colemanite), does not import that raw material. Imports of another raw material (silica flour) were also found to be small in Türkiye, putting in question the reliability of the import prices. For these two raw materials, the Commission used import data of Malaysia since this country was the sole potential representative country to have large imports of both products and it was discarded as representative country only for lack of recent and sufficiently granular financial data on its producer. The Second Note also showed that the volume of imports from China, and the countries listed in Annex I to Regulation (EU) 2015/755 of the European Parliament and of the Council ([38]) into Malaysia (for ground colemanite and silica flour) and in Türkiye (for the other raw materials) did not disqualify the use of these countries as sources for the undistorted prices.

(88) In light of the above considerations, the Commission informed the interested parties with the Second Note that it intended to use Türkiye as an appropriate representative country, the Sisecam group as producer in the representative country and imports in Malaysia of ground colemanite and silica flour in accordance with Article 2(6a)(a), first ident of the basic Regulation to source undistorted prices and benchmarks for the calculation of normal value.

([33]) Sisecam group's annual report 2023: https://www.sisecam.com.tr/sites/catalogs/en/Investor%20Relations/Presentations%20and%20Bulletins/Annual%20Reports/sisecam-annual-report-2023.pdf – Last consulted 18 July 2024 – save number t24.006381.

([34]) Sisecam group's annual report 2022: https://www.sisecam.com.tr/en/investor-relations/presentations-and-bulletins/annual-reports/digital-annual-report/2022/assets/pdf/SCAM_FRAE_2022_MTB_uyg_23.pdf – Last consulted 18 July 2024 – save number t24.006381 (Information on fibre glass production and production capacity provided on page 17).

([35]) https://www.sisecam.com.tr/tr/faaliyet-alanlarimiz/cam-elyaf – Last consulted on 18 July 2024 – save number t24.6381.

([36]) A bushing is a device, typically made from platinum or platinum-rhodium alloy, with numerous small holes or nozzles. It is installed at the bottom of the glass melting furnace.

([37]) Sizing is a coating or finish on glass fibres to protect them during processing and enhance their bonding with composite materials in downstream applications.

([38]) Regulation (EU) 2015/755 of the European Parliament and of the Council of 29 April 2015 on common rules for imports from certain third countries (OJ L 123, 19.5.2015, p. 33, ELI: http://data.europa.eu/eli/reg/2015/755/oj).

(89) Interested parties were invited to comments on the on the appropriateness of Türkiye as a representative country, of Sisecam group as producer in the representative country and of Malaysia regarding imports of ground colemanite and silica flour. No comments were received.

(90) The initial selection of potential representative countries and of suitable companies with publicly available data does not prevent the Commission from the possibility to supplement or refine such selection and its research at a later stage, including by putting forward new suggestions in terms of potential representative country and similar product. Indeed, it is the very purpose of the Notes on factors of production, to invite interested parties to comment on the Commission services' preliminary research and, if warranted, to receive alternatives for the Commission services' further consideration. The Notes even contain a specific annex to guide parties in submitting information on possible additional representative countries and/or companies for the purpose of Article 2(6a)(a) of the basic Regulation.

Level of social and environmental protection

(91) Having established that Türkiye was the only available appropriate representative country, based on all of the above elements, there was no need to carry out an assessment of the level of social and environmental protection in accordance with the last sentence of Article 2(6a)(a) first indent of the basic Regulation.

3.2.3. *Conclusion*

(92) In view of the above analysis, Türkiye met the criteria laid down in Article 2(6a)(a), first indent of the basic Regulation in order to be considered as an appropriate representative country.

3.2.4. *Sources used to establish undistorted costs*

(93) In the First Note, the Commission listed the factors of production such as materials, energy and labour used in the production of the product concerned by the exporting producers and invited the interested parties to comment and propose publicly available information on undistorted values for each of the factors of production mentioned in that note.

(94) Subsequently, in the Second Note, the Commission stated that, in order to construct the normal value in accordance with Article 2(6a)(a) of the basic Regulation, it would use Global Trade Atlas ('GTA') ([39]) to establish the undistorted cost of most of the factors of production, notably the raw materials. In addition, the Commission stated that it would use the statistics provided by the Turkish Statistical Institute ([40]) for establishing undistorted costs of labour, natural gas, liquefied natural gas ('LNG') and steam, the statistics provided by the Energy Market Regulatory Authority ([41]) for establishing undistorted cost of electricity and the statistics provided by the Presidency of the Republic of Türkiye Investment Office ([42]) for establishing undistorted cost of water.

(95) In the Second Note, the Commission also informed the interested parties that due to the large number of factors of production of the exporting producers that provided complete information and the negligible weight of some of the raw materials in the total cost of production, these negligible items were grouped under 'consumables'. Further, the Commission informed that it would calculate the percentage of the consumables on the total cost of raw materials and apply this percentage to the recalculated cost of raw materials when using the established undistorted benchmarks in the appropriate representative country.

([39]) Global Trade Atlas: https://connect.ihsmarkit.com/, http://www.gtis.com/gta/secure/default.cfm.
([40]) Turkish Statistical Institute: http://www.turkstat.gov.tr.
([41]) EMRA | Energy Market Regulatory Authority: http://epdk.gov.tr.
([42]) Türkiye Investment Office: https://www.invest.gov.tr/en/investmentguide/pages/cost-of-doing-business.aspx.

3.2.4.1. Factors of production

(96) Considering all the information submitted by the interested parties and collected during the verification visits, the following factors of production and their sources have been identified in order to determine the normal value in accordance with Article 2(6a)(a) of the basic Regulation:

Table 1

Factors of production of GFY

Factor of Production	Commodity Code	Undistorted value	Source of data
Raw materials			
Silica flour	2506 10	0,566 CNY/kg	Global Trade Atlas ('GTA') ([43]) / MacMap ([44]) for Malaysia
Kaolin clay	2507 00 80 00 12	1,87 CNY/kg	GTA / MacMap for Türkiye
Ground colemanite	2528 00	4,02 CNY/kg	GTA / MacMap for Malaysia
Fluorite (Fluorspar)	2529 22	5,23 CNY/kg	GTA / MacMap for Türkiye
Epoxy lotion	3907 30	26,808 CNY/kg	GTA / MacMap for Türkiye
Platinum	7110 11	224 880 CNY/kg	GTA / MacMap for Türkiye
Rhodium	7110 31	1 105 006 CNY/kg	GTA / MacMap for Türkiye
Consumables			
Labour			
Labour	N/A	59,96 CNY/hour	The Turkish Statistical Institute
Energy			
Electricity	N/A	0,89 CNY/kWh	The Turkish Statistical Institute
Natural gas	N/A	4,11 CNY/m3	The Turkish Statistical Institute
Liquefied Natural Gas (LNG)	N/A	6,02 CNY/kg	The Turkish Statistical Institute
Steam	N/A	124,25 CNY/GJ	The Turkish Statistical Institute
Water	N/A	4,96 CNY/m3	Presidency of the Republic of Türkiye Investment Office

([43]) https://connect.ihsmarkit.com/, http://www.gtis.com/gta/secure/default.cfm.
([44]) http://www.macmap.org.

(97) The Commission included a value for manufacturing overhead costs in order to cover costs not included in the factors of production referred to above. The methodology is duly explained in section 3.2.4.9.

3.2.4.2. Raw materials

(98) To establish the undistorted price of raw materials as delivered at the gate of a representative country producer, the Commission used as a basis the weighted average import price (CIF) to the representative country as reported in GTA to which import duties and transport costs were added.

(99) An import price in the representative country was determined as a weighted average of unit prices of imports from all third countries excluding China and countries which are not members of the WTO, listed in Annex 1 of Regulation (EU) 2015/755 ([45]).

(100) The Commission decided to exclude imports from China into the representative country as it concluded in section 3.2.2 that it is not appropriate to use domestic prices and costs in China due to the existence of significant distortions in accordance with Article 2(6a)(b) of the basic Regulation. Given that there is no evidence showing that the same distortions do not equally affect products intended for export, the Commission considered that the same distortions affected export prices. The remaining volumes were deemed to be representative.

(101) For a number of factors of production the actual costs incurred by the cooperating exporting producer represented a negligible share of total raw material costs in the review investigation period. As the value used for these had no appreciable impact on the dumping margin calculations, regardless of the source used, the Commission decided to include those costs into consumables as explained in the recital (95).

(102) In order to establish the undistorted price of raw materials, as provided by Article 2(6a)(a), first indent of the basic Regulation, the Commission applied the relevant import duties in the representative country, or Malaysia regarding ground colemanite and silica flour.

(103) The Commission expressed the transport cost incurred by the cooperating exporting producer for the supply of raw materials as a percentage of the actual cost of such raw materials and then applied the same percentage to the undistorted cost of the same raw materials to obtain the undistorted transport cost. The Commission considered that, in the context of this investigation, the ratio between the exporting producer's raw material and the reported transport costs could be reasonably used as an indication to estimate the undistorted transport costs of raw materials when delivered to the company's factory.

(104) In response to the Second Note, the complainant claimed that the Commission should include boron as a raw material. The Commission clarified that the supply of boron is provided by ground colemanite which is listed as a factor of production in the Second Note and in Table 1 above. Therefore, the claim was rejected.

(105) In response to the Second Note, the complainant claimed that oxygen should be added as an energy input and included in the normal value calculation. In this respect, the complainant referred to an investigation concerning certain continuous filament glass fibre products ('GFR') in which oxygen was explicitly considered a factor of production. However, in the present investigation like in the GFR investigation, the Commission only considers all verified factors of production, either identifying them individually or aggregating them in the consumables. Therefore, the claim was disregarded.

([45]) Regulation (EU) 2015/755. Article 2(7) of the basic Regulation considers that domestic prices in those countries cannot be used for the purpose of determining normal value.

(106) In response to the Second Note, the complainant argued that the Commission should disclose at least an indication of the consumption rates of the factors of production, including the percentage it intends to consider for consumables. The Commission clarifies that the factors of production identified in the First Note that were grouped under consumables represent in total around 7 % of the total cost of manufacturing.

(107) The complainant further commented that the factors of production identified in Annex I of the Second Note (which are the same as those in Table 1 above) differed significantly from the factors of production presented by the Union industry in its complaint. First, the complainant did not provide any evidence that these alleged discrepancies would be abnormal. Second, a comparison of the raw materials listed in the First and Second notes with those mentioned in the complaint (for example in the calculation of the normal value in Annex 32 of the complaint), reveals that the cooperating exporting producer uses all raw materials used by the Union industry: colemanite, kaolin, silica, limestone, maize starch, rhodium and platinum. It was also clarified in the Second Note that the exporting producer is using maize oil which represents a negligible proportion of the cost of manufacturing. Thus, it can then be concluded that the cooperating exporting producer consumes all the raw materials listed in the complaint. Therefore, the comment was rejected.

3.2.4.3. Labour

(108) The Turkish Statistical Institute publishes detailed information on wages in different economic sectors in Türkiye ([46]). The Commission established the benchmark based on the latest available statistics covering 2022 for average hourly labour costs for the economic activity 'Manufacture of other non-metallic mineral products' NACE code C.23 according to NACE Rev.2 classification and a headcount category of more than 1 000 employees. The values were further adjusted for inflation using the labour cost index published by the Turkish Statistical Institute ([47]) to reflect the costs in the investigation period.

3.2.4.4. Electricity

(109) The price of electricity for companies (industrial users) in Türkiye is published by the Energy Market Regulatory Authority (EMRA) ([48]) in Türkiye. The Commission used the data on the industrial electricity prices that EMRA mandated to be applied as of 1 January 2023, net of VAT.

3.2.4.5. Natural gas

(110) The price of natural gas for industrial users in Türkiye is published by the Turkish Statistical Institute. The Commission used the price available for the second semester of 2021 and the first semester of 2022 corresponding to the consumption band of 2 610 000 – 26 100 000 m^3 ([49]). This price was further adjusted for inflation using the Producer Price Index published by the Turkish Statistical Institute ([50]) and the VAT, which is included in the published price, was deducted.

([46]) Turkish Statistical Institute – Actual weekly working hours and monthly average labour cost by economic activity and Actual weekly working hours and monthly average labour cost by status of being covered by collective agreement and size class of enterprise: https://data.tuik.gov.tr/Kategori/GetKategori?p=istihdam-issizlik-ve-ucret-108&dil=2. Last consulted on 18 July 2024. The relevant files are provided in file for interested parties under save number: t24.005240.

([47]) Turkish Statistical Institute – Labour cost indices: https://data.tuik.gov.tr/Bulten/Index?p=Labour-Input-Indices-Quarter-I:-January-March,-2024-53682. Last consulted on 18 July 2024. The relevant files are provided in the file for interested parties under save number: t24.005240.

([48]) Energy Market Regulation Authority (EMRA): https://www.epdk.gov.tr/Detay/Icerik/3-0-39/kurul-kararlari-. Last consulted on 18 July 2024. The relevant files are provided in the file for interested parties under save number: t24.005240.

([49]) Turkish Statistical Institute – Industry natural gas prices by consumption bands for period January-June, 2022: https://data.tuik.gov.tr/Bulten/Index?p=Electricity-and-Natural-Gas-Prices-Period-I:-January-June,-2022-45567. Last consulted on 18 July 2024. The relevant files are provided in the file for interested parties under save number: t24.005240.

([50]) Turkish Statistical Institute – Domestic producer price index and rate of change: https://data.tuik.gov.tr/Bulten/Index?p=Domestic-Producer-Price-Index-June-2024-53691. Last consulted on 18 July 2024. The relevant files are provided in the file for interested parties under save number: t24.005240.

3.2.4.6. Liquefied Natural Gas ('LNG')

(111) Henan Guangyuan uses kilogram as unit for the consumption of LNG.

(112) To obtain the benchmark price for LNG in CNY/kg, the price of natural gas, available in CNY/m^3 in Table 1 above, was converted into CNY per millions of British thermal units (CNY/MMBtu). This involved determining the energy content of the gas and expressing it in MMBtu using a generally accepted conversion factor ([51]).

(113) Next, this converted price in CNY/MMBtu was applied to the generally accepted energy content of one kilogram of LNG expressed in MMBtu ([52]) to derive the price of LNG in CNY per kilogram.

3.2.4.7. Steam

(114) Henan Guanyuan uses gigajoule (GJ) as unit for the consumption of steam.

(115) To obtain the benchmark for steam expressed in CNY/GJ, the Commission first converted the price of natural gas from CNY/m^3, as presented in Table 1 above, to CNY/MMBtu using a generally accepted conversion factor ([53]) providing the energy content (in MMBtu) of 1 cubic meter of gas. Second, it factored in the combustion efficiency to determine the proportion of the gas's energy content that can be recovered as the energy content of the steam. This step followed the methodology suggested by the US Department of Energy ([54]). Third, the energy unit was converted from MMBtu to GJ using the physical conversion constant.

3.2.4.8. Water

(116) The Presidency of the Republic of Türkiye Investment Office ([55]) published the cost of water for industrial use. The Commission used the price valid in 2023 for the Balikesir region where Sisecam Elyaf is located, net of VAT.

3.2.4.9. Manufacturing overhead costs, SG&A, profits

(117) According to Article 2(6a)(a) of the basic Regulation, 'the constructed normal value shall include an undistorted and reasonable amount for administrative, selling and general costs and for profits'. In addition, a value for manufacturing overhead costs needs to be established to cover costs not included in the factors of production referred to above.

(118) The manufacturing overheads incurred by the cooperating exporting producer were expressed as a share of the costs of manufacturing actually incurred by the cooperating exporting producer. The percentage was applied to the undistorted costs of manufacturing.

(119) For establishing an undistorted and reasonable amount for SG&A and profit at the ex-works level, the Commission relied on the financial data for 2023 for the Sisecam group which are publicly available and described in recitals (84) to (86).

([51]) Source for energy content in MMBtu of one cubic meter of natural gas: Natural Gas MMBTU To m3 And m3 To MMBTU Calculator + Chart (learnmetrics.com). A screenshot of the relevant data is available in the file for interested parties under save number: t24.005240.

([52]) Source of energy content in MMBtu of one kilogram of LGN: Understanding Liquefied Natural Gas (LNG) Units - Enerdynamics. A screenshot of the relevant data is available in the file for interested parties under save number: t24.005240.

([53]) Source for energy content in MMBtu of one cubic meter of natural gas: Natural Gas MMBTU To m3 And m3 To MMBTU Calculator + Chart (learnmetrics.com). A screenshot of the relevant data is available in the file for interested parties under save number: t24.005240.

([54]) Source for combustion efficiency: https://www.energy.gov/eere/amo/articles/benchmark-fuel-cost-steam-generation. Last consulted on 25 July 2024. Available in the file for interested parties under save number: t24.006383.

([55]) Investment Office of the Presidency of the Republic of Türkiye: https://www.invest.gov.tr/en/investmentguide/pages/cost-of-doing-business.aspx – Cost of doing business section. Last consulted on 18 July 2024. A screenshot of the relevant data is available in the file for interested parties under save number: t24.005240.

(120) In respect of Sisecam Elyaf, the company that produces only GFY and products in the same general category/sector, the publicly available financial statements for 2023 provide the net sales and the profit but do not include the information about the cost of goods sold ('COGS') nor the SG&A.

(121) The COGS is available at the level of the industrial glass segment of the Sisecam group.

(122) All elements of the SG&A costs, except for the net financial expenses, are directly available at the level of the industrial glass segment. In order to obtain the SG&A for the industrial glass segment, the Commission allocated the net financial expenses of the Sisecam group to the segment using turnover as allocation key.

(123) The Commission used the SG&A costs of the industrial glass segment as calculated in recital (122) and the COGS of the industrial segment and obtained a SG&A expressed as a percentage of the COGS of 22,67 %. The Commission considered that this rate, when applied to the undistorted costs of production, would result in an amount for SG&A costs that would be reasonable, within the meaning of Article 2(6a)(a) of the basic Regulation, for the ex-works level of trade.

(124) To calculate the profit expressed as a percentage of the COGS, the Commission divided the profit of Sisecam Elyaf by the COGS of the industrial segment allocated to Sisecam Elyaf using turnover as allocation key. This amounted to 22,44 %. The Commission considered that this rate, when applied to the undistorted costs of production, would result in an amount for profit that would be reasonable, within the meaning of Article 2(6a)(a) of the basic Regulation, for the ex-works level of trade.

(125) In response to the Second Note, the complainant requested that the Commission include overhead costs in the calculation of the normal value. The Commission confirms that, as explained in section 3.2.3.9, the overhead costs are indeed accounted for in the calculation of the normal value.

3.2.5. *Calculation of the normal value*

(126) On the basis of the above, the Commission constructed the normal value per product type on an ex-works basis in accordance with Article 2(6a)(a) of the basic Regulation.

(127) First, the Commission established the undistorted manufacturing costs. The Commission applied the undistorted unit costs to the actual consumption of the individual factors of production of the cooperating exporting producer. These consumption rates were verified during the verification visit. The Commission multiplied the usage factors by the undistorted costs per unit observed in the representative country, as described in Section 3.2.4.1.

(128) Then the Commission added manufacturing overheads, as explained in recital (118) to the undistorted cost of manufacturing in order to arrive at the undistorted costs of production.

(129) To the costs of production established as described in the previous recital, the Commission applied the SG&A and profit percentages calculated in recitals (123)-(124).

(130) On that basis, the Commission constructed the normal value per product type on an ex-works basis in accordance with Article 2(6a)(a) of the basic Regulation.

3.2.6. *Export price*

(131) As explained in recital (17), the Commission decided to apply Article 18 for the determination of dumping, using the best facts available.

(132) Specifically, the Commission based its assessment of export prices for all other exporting producers on the average export price provided by Eurostat and on sales data from Henan Guangyuan, as explained in recital (145).

(133) Henan Guangyuan sold about half of its export volume directly to the Union market and the other half via an unrelated Hong-Kong based trader. The Commission verified that the goods sold to the trader were shipped directly from China to a port in the Union and therefore considered the corresponding sales as exports to the Union.

(134) The export price was the price actually paid or payable for the product concerned when sold for export to the Union, in accordance with Article 2(8) of the basic Regulation.

3.2.7. *Comparison*

(135) Article 2(10) of the basic Regulation requires the Commission to make a fair comparison between the normal value and the export price at the same level of trade and to make allowances for differences in factors which affect prices and price comparability. In the case at hand the Commission chose to compare the normal value and the export price of Henan Guangyuan at the *ex-works* level of trade. As further explained below, where appropriate, the normal value and the export price were adjusted in order to: (i) net them back to the *ex-works* level; and (ii) make allowances for differences in factors which were claimed, and demonstrated, to affect prices and price comparability.

3.2.7.1. Adjustments made to the normal value

(136) As explained in recital (135), the normal value was established at the *ex-works* level of trade by using costs of production together with amounts for SG&A and for profit, which were considered to be reasonable for that level of trade. Therefore, no adjustments were necessary to net the normal value back to the *ex-works* level.

(137) The Commission found no reasons for making any allowances to the normal value, nor were such allowances claimed by Henan Guangyuan.

3.2.8. *Adjustments made to the export price*

(138) In order to net the export price back to the ex-works level of trade, adjustments were made on the account of transport, insurance, handling and loading as well as packing.

(139) Allowances were made for the following factors affecting prices and price comparability: warranty and guarantee expenses, credit costs and bank charges.

(140)

3.2.8.1. Dumping margins

(141) As explained in recital (17), the Commission decided to apply Article 18 for the determination of dumping, except for the cooperating exporting producer, Henan Guangyuan, for which an individual margin was calculated.

(142) For Henan Guangyuan, the Commission compared the weighted average normal value of each type of the like product with the weighted average export price of the corresponding type of the product concerned, in accordance with Article 2(11) and (12) of the basic Regulation.

(143) On this basis, the provisional weighted average dumping margin expressed as a percentage of the CIF Union frontier price, duty unpaid, is as follows:

Company	Provisional dumping margin
Henan Guangyuan New Material Co., Ltd.	26,3 %

(144) For all other exporting producers, the Commission established the dumping margin on the basis of the facts available, in accordance with Article 18 of the basic Regulation. To this end, the Commission first determined the level of cooperation of the exporting producers. As explained in recital (16), the level of cooperation expressed as a proportion of the total imports from China to the Union was [4,5 – 9 %], which is considered very low.

(145) In view of the low level of cooperation, the Commission determined the dumping margin for all other companies based on facts available. To establish the best facts available the Commission used the data provided by the cooperating exporting producer, since it allowed for a calculation at the product type level. In that dataset the Commission selected a product type that was most sold on the Union market by both the cooperating exporting producer and the Union industry ([56]). The Commission noted that the average import price from China (Table 4) at the CIF level was below the average export price of the cooperating exporting producer at that level of trade. To reflect this, the Commission chose a representative number of transactions within the chosen product type (accounting for [15-25] % of the exporting producer's exports to the Union) where the export price was below the average for that product type sold by the exporting producer. In Commission's view, based on the analysis of the limited information offered by the import statistics and the data provided by the sole cooperating exporting producer, those transactions represented a reasonable proxy for the dumping behaviour of the non-cooperating exporting producers.

(146) The provisional dumping margins, expressed as a percentage of the CIF Union frontier price, duty unpaid, are as follows:

Company	Provisional dumping margin
Henan Guangyuan New Material Co., Ltd.	26,3 %
All other imports originating in China	56,1 %

4. **INJURY**

4.1. Definition of the Union industry and Union production

(147) The like product was manufactured by two producers in the Union during the investigation period. They constitute the 'Union industry' within the meaning of Article 4(1) of the basic Regulation.

(148) The total Union production during the investigation period was established at around [85 000 – 95 000] tonnes. The Commission established the figure on the basis of the verified data of the two sampled Union producers, which represent 100 % of the production.

4.2. Determination of the relevant Union market

(149) To establish whether the Union industry suffered injury and to determine consumption and the various economic indicators related to the situation of the Union industry, the Commission examined whether and to what extent the subsequent use of the Union industry's production of the like product had to be taken into account in the analysis.

(150) The Commission found that a substantial part of the Union producers' production was destined for captive use.

(151) The distinction between captive and free market is relevant for the injury analysis because products destined for captive use are not exposed to direct competition from imports. By contrast, production destined for free market sale is in direct competition with the product concerned.

(152) The Commission has obtained and verified the data for the entire GFY activity of the Union industry and determined whether the production was destined for captive use or for the free market. The verification of the data for the two producers representing 100 % of the Union GFY production allowed the Commission to get a complete picture.

([56]) These transactions all involved a product type accounting for around [50-60] % of Henan Guangyuan's exports to the Union and around [40-50] % of the Union industry sales.

(153) The Commission examined certain economic indicators relating to the Union industry on the basis of data for the free market. These indicators are: sales volume and sales prices on the Union market; market share; growth; export volume and prices; profitability; return on investment; and cash flow. Where possible and justified, the findings of the examination were compared with the data for the captive market in order to provide a complete picture of the situation of the Union industry.

(154) However, other economic indicators could meaningfully be examined only by referring to the whole activity, including the captive use of the Union industry. These are: production; capacity, capacity utilisation; investments; stocks; employment; productivity; wages; and ability to raise capital. They depend on the whole activity, whether the production is captive or sold on the free market.

4.3. **Union consumption**

(155) The Commission established the Union consumption on the basis of

— the verified sales of the two Union producers;

— information provided by the complainant;

— the imports from the country concerned and from all other third countries, based on the data of the Comext database of Eurostat and adjusted in coordination with several national customs authorities in order to exclude other products imported under the same commodity codes which were not the product concerned. The national customs authorities provided a list of transactions for the period considered which allowed the Commission to identify the product concerned within the broader customs codes. The import volumes were then adjusted on the basis of this information for imports from China and for imports from third countries. This adjustment was explained to interested parties in detail in a Note to the file on 10 July 2024. The complainant submitted comments on the Note but did not question the methodology of the adjustment. No other interested party submitted comments on the Note.

(156) The Commission also found that around [55 %-65 %] of the total Union producers' production (not reflected in the Union consumption and other economic indicators outlined in this Regulation) was destined for captive use in the period considered.

(157) Union consumption developed as follows:

Table 2

Union consumption (tonnes)

	2020	2021	2022	Investigation period
Total Union consumption	[120 000– 140 000]	[133 000– 153 000]	[158 000– 178 000]	[98 000– 118 000]
Index	100	111	128	83
Captive market	[70 000– 80 000]	[73 000– 83 000]	[73 000– 83 000]	[58 000– 68 000]
Index	100	105	104	83
Free market	[50 000– 60 000]	[60 000– 70 000]	[85 000– 95 000]	[40 000– 50 000]
Index	100	119	162	85

Source: Questionnaire replies of the Union producers, Eurostat and additional data provided by the national customs authorities.

(158) The Union consumption increased from 2020 to 2022 substantially by 62 %, but dropped in the investigation period, showing an overall drop in consumption over the period considered.

4.4. **Imports from the country concerned**

4.4.1. *Volume and market share of the imports from the country concerned*

(159) The Commission established the volume of imports on the basis of Eurostat data and adjusted it in coordination with several national customs authorities as explained in recital (155). The market share of the imports was established by comparing import volumes with the Union market consumption (see table 2).

(160) Imports into the Union from China concerned developed as follows:

Table 3

Import volume and market share

	2020	2021	2022	Investigation period
Volume of imports from China (tonnes)	10 654	14 283	30 892	15 163
Index	100	134	290	142
Market share	[15 % – 25 %]	[20 % – 30 %]	[30 % – 40 %]	[30 % – 40 %]
Index	100	113	179	168

Source: Eurostat and additional data provided by the national customs authorities.

(161) The above table shows that in absolute figures the imports from China increased during the period considered by 42 %. The overall increase in absolute figures showed a peak in 2022 in which the imports more than doubled. In parallel, the total market share of the Chinese imports into the Union increased by 68 % percent during the period considered.

4.4.2. *Prices of the imports from China and price undercutting*

(162) The Commission established the prices of imports on the basis of the verified data of Eurostat and additional data provided by the national customs authorities.

(163) The weighted average price of imports into the Union from the country concerned developed as follows:

Table 4

Import prices (EUR/tonne)

	2020	2021	2022	Investigation period
Import prices from China	1 363	1 624	2 163	1 720
Index	100	119	159	126

Source: Eurostat and additional data provided by the national customs authorities.

(164) The above table shows that the import prices from China increased during the period considered by 26 %. The overall increase in absolute figures showed a peak in 2022 in which the prices were 59 % above the price at the beginning of the period considered.

(165) The Commission determined the price undercutting during the investigation period by comparing:

(1) the weighted average sales prices per product type of the Union producers charged to unrelated customers on the Union market, adjusted to an ex-works level; and

(2) the corresponding weighted average prices per product type of the imports from the from the Henan Guangyuan to the first independent customer on the Union market, established on a cost, insurance, freight (CIF) basis, with appropriate adjustments for customs duties and post-importation costs.

(166) The price comparison was made on a type-by-type basis for transactions at the same level of trade, after deduction of rebates and discounts. The result of the comparison was expressed as a percentage of the Union producers' theoretical turnover during the investigation period. It showed a weighted average undercutting margin of between 0 % and 34,4 % by the imports from the country concerned on the Union market. 99,9 % of the import volumes have been found to be undercutting. The Commission also compared the price of Chinese imports to the EU on the basis Eurostat data to the average price of all product types sold by the Union producers to unrelated customers. This calculation showed that Chinese prices are below Union industry prices by 15,4 % and therefore corroborated the finding on price undercutting calculated as set out in recital (165).

(167) Moreover, in addition to the finding on undercutting, the Commission further noted that the dumped imports depressed the prices of the Union industry. Indeed, as set out in Table 8, in the investigation period the Union industry had to lower its sales prices to a level which was even below its cost of production to be able to sell its products.

4.5. **Economic situation of the Union industry**

4.5.1. *General remarks*

(168) In accordance with Article 3(5) of the basic Regulation, the examination of the impact of the dumped imports on the Union industry included an evaluation of all economic indicators having a bearing on the state of the Union industry during the period considered.

(169) For the injury determination, the Commission distinguished between macroeconomic and microeconomic injury indicators. Due to the fact that the Commission has verified the data of the two Union producers representing 100 % of the Union production, the Commission evaluated the macroeconomic indicators and the microeconomic indicators on the basis of this data.

(170) The macroeconomic indicators are: production, production capacity, capacity utilisation, sales volume, market share, growth, employment, productivity, magnitude of the dumping margin, and recovery from past dumping.

(171) The microeconomic indicators are: average unit prices, unit cost, labour costs, inventories, profitability, cash flow, investments, return on investments, and ability to raise capital.

4.5.2. *Macroeconomic indicators*

4.5.2.1. Production, production capacity and capacity utilisation

(172) The total Union production, production capacity and capacity utilisation developed over the period considered as follows:

Table 5

Production, production capacity and capacity utilisation

	2020	2021	2022	Investigation period
Production volume (tonnes)	[100 000–120 000]	[100 000–120 000]	[100 000–120 000]	[80 000– 100 000]
Index	100	104	104	78
Production capacity (tonnes)	[130 000–150 000]	[130 000–150 000]	[130 000–150 000]	[130 000– 150 000]
Index	100	102	102	107
Capacity utilisation	[80 % – 90 %]	[80 % – 90 %]	[80 % – 90 %]	[60 % – 70 %]
Index	100	103	102	73

Source: Verified questionnaire replies.

(173) During the period considered, the Union Industry's production volume first increased by 4 % in 2021, remained stable in 2022 and then fell substantially to a level 22 % lower than in 2020.

(174) The reported capacity refers to the installed capacity, which increased by 7 % over the period considered. GFY production facilities are subject to regular maintenance every 5 years. This regularly includes updating certain technology, which has caused this increase in capacity.

(175) The capacity utilisation was on high level of [80 % – 90 %] during the years 2020, 2021 and 2022, it decreased substantially to [60 % – 70 %] in the IP. While the capacity utilisation first increased in 2021 by 3 % it slightly fell in 2022 and substantially fell in the IP, to a level of 27 % below the 2020 value.

4.5.2.2. Sales volume and market share

(176) The Union industry's sales volume and market share developed over the period considered as follows:

Table 6

Sales volume and market share

	2020	2021	2022	Investigation period
Sales volume on the Union market (tonnes)	[20 000 – 40 000]	[20 000 – 40 000]	[20 000 – 40 000]	[10 000 – 30 000]
Index	100	102	104	74

	2020	2021	2022	Investigation period
Market share	[40-50 %]	[35-45 %]	[25-35 %]	[35-45 %]
Index	100	85	64	88

Source: Verified questionnaire replies and Eurostat.

(177) The Union industry sales slowly increased from 2020 to 2022 but decreased substantially in the IP. In the IP it fell by 29 % compared to 2022 and reached a level that was 26 % below the beginning of the period considered.

(178) The market share developed in a different way. Despite the increase in volume from 2020 to 2022 the Union industry lost 36 % of their initial market share. It could only recuperate this market share partially in the IP, still losing 22 % of their market share over the period considered.

4.5.2.3. Growth

(179) The Union consumption increased from 2020 until 2022 and then showed a substantial decrease in the IP, leading to a total decrease over the period considered. The Union industry lost market share while the consumption increased and could only partially recuperate market share during the decrease of the consumption in the IP.

4.5.2.4. Employment and productivity

(180) Employment and productivity developed over the period considered as follows:

Table 7

Employment and productivity

	2020	2021	2022	Investigation period
Number of employees (FTE)	[1 200 – 1 400]	[1 200 – 1 400]	[1 200 – 1 400]	[1 200 – 1 400]
Index	100	103	103	95
Productivity (tonnes/employee)	[80 – 100]	[80 – 100]	[80 – 100]	[70 – 90]
Index	100	101	101	82

Source: Verified questionnaire replies.

(181) During the period considered the employment showed a moderate increase of 3 % in 2021, remained stable in 2022 and decreased in the IP to a level that is 5 % below the beginning of the period considered. The productivity during the period considered the employment showed a moderate increase of 1 % in 2021, remained stable in 2022 and decreased in the IP to a level that is 18 % below the beginning of the period considered.

4.5.2.5. Magnitude of the dumping margin and recovery from past dumping

(182) All dumping margins were significantly above the de minimis level. The impact of the magnitude of the actual margins of dumping on the Union industry was substantial, given the volume and prices of imports from the country concerned.

(183) This is the first anti-dumping investigation regarding the product concerned. Therefore, no data were available to assess the effects of possible past dumping.

4.5.3. *Microeconomic indicators*

4.5.3.1. Prices and factors affecting prices

(184) The weighted average unit sales prices of the Union producers to unrelated customers in the Union developed over the period considered as follows:

Table 8

Sales prices in the Union

	2020	2021	2022	Investigation period
Average unit sales price in the Union on the total market (EUR/tonne)	[1 500– 1 600]	[1 700– 1 800]	[2 400– 2 500]	[2 150 – 2 250]
Index	100	111	154	141
Unit cost of production (EUR/tonne)	[1 190– 1 240]	[1 300– 1 350]	[1 800– 1 850]	[2 280 – 2 330]
Index	100	110	151	191

Source: Verified questionnaire replies.

(185) The table above shows the evolution of the unit sales price on the Union market as compared to the corresponding cost of production. Sales prices have on average been higher than the unit cost of production for the years from 2020 until 2022. In the IP the average sales price fell under the unit cost of production.

(186) The major factor that influenced the price from 2020 until 2022 was the increase in raw material and energy cost. In the IP the sales price of the Union industry decreased compared to the previous year while their cost of production increased sharply.

4.5.3.2. Labour costs

(187) The average labour costs of the Union producers developed over the period considered as follows:

Table 9

Average labour costs per employee

	2020	2021	2022	Investigation period
Average labour costs per employee (EUR)	[23 000– 26 000]	[24 000– 27 000]	[28 000– 31 000]	[31 000– 34 000]
Index	100	105	118	130

Source: Verified questionnaire replies.

(188) During the period considered, the average wage per employee increased steadily, over the entire period by 30 %.

4.5.3.3. Inventories

(189) Stock levels of the Union producers developed over the period considered as follows:

Table 10

Inventories

	2020	2021	2022	Investigation period
Closing stocks (tonnes)	[4 500 – 5 500]	[4 500 – 5 500]	[7 500 – 8 500]	[4 500 – 5 500]
Index	100	104	172	113
Closing stocks as a percentage of production	[4 %- 5 %]	[4 %- 5 %]	[6 %- 7 %]	[5 %- 6 %]
Index	100	100	164	144

Source: Verified questionnaire replies.

(190) There was an increase in stock levels over the period considered of 13 %. While the stock only increased slightly in 2021 in relation to the increase of production, in 2022 there was a substantial increase. The stock level decreased substantially in the IP.

4.5.3.4. Profitability, cash flow, investments, return on investments and ability to raise capital

(191) Profitability, cash flow, investments and return on investments of the Union producers developed over the period considered as follows:

Table 11

Profitability, cash flow, investments and return on investments

	2020	2021	2022	Investigation period
Profitability of sales in the Union to unrelated customers (% of sales turnover)	[13 % – 17 %]	[13 % – 17 %]	[16 % – 18 %]	[(- 22 %) – (- 18 %)]
Index	100	98	111	- 129
Cash flow (EUR)	[20 000 000 – 23 000 000]	[20 000 000 – 23 000 000]	[20 000 000 – 23 000 000]	[6 000 000 – 8 000 000]
Index	100	96	104	31

	2020	2021	2022	Investigation period
Investments (EUR)	[15 000 000 – 16 000 000]	[21 000 000 – 23 000 000]	[21 000 000 – 23 000 000]	[14 000 000 – 15 000 000]
Index	100	145	141	91
Return on investments	[1 % – 3 %]	[1 % – 3 %]	[3 % – 5 %]	[(- 4 %) – (- 3 %)]
Index	100	106	175	- 120

Source: Verified questionnaire replies.

(192) The Commission established the profitability of the Union producers by expressing the pre-tax net profit of the sales of the like product to unrelated customers in the Union as a percentage of the turnover of those sales. Profitability was positive throughout the period from 2020 until 2022 considered, with the highest profits recorded in 2022. However, in the IP the profit turned into a substantial loss.

(193) The net cash flow is the ability of the Union producers to self-finance their activities. The trend in net cash flow developed relatively stable from 2020 to 2022, with a slight decrease in 2021 and a positive development in 2022. However, in 2023 the cash flow decreased substantially.

(194) Investments, while being relatively low at the beginning of the period, increased by 45 % in 2021 and in 2022 only slightly decreased. However, in the IP there was a substantial decrease in investments. Most of the investment concerned production line maintenance and modernisation aiming at increasing the longevity of the plants and keeping the production up to date. There was no investment in new GFY capacity at the Union producers during the period considered, beside some capacity gains through modernization. The decrease in investment in the IP is connected to a delay in maintenance.

(195) The return on investments is the profit in percentage of the net book value of investments. Consistent with the profitability, the return on investment was positive from 2020 to 2022 but went negative in the IP.

(196) The Union producers’ ability to raise capital has not been affected over the period considered as they produce profitable derivative products using GFY as an input.

4.6. **Conclusion on injury**

(197) While between 2020 and 2022 most injury indicators showed a positive trend, in that period the Union industry lost substantial market share. Its market share decreased until 2022 by 34 %. The development in the IP lead to a negative trend over the period considered of all injury indicators. Production volume and sales volume decreased by 22 % and 26 %, respectively. The loss in sales volume was so substantial that the market share of the Union industry decreased by 12 % over the period considered, despite having recuperated some market share in the IP.

(198) Likewise, the main financial indicators unit sales price, profitability, cash flow and return on investment, also showed a positive trend in the years from 2020 to 2022, but due to substantial decreases in the IP showed a negative trend which reflected the significant price suppression on the Union market as shown in Table 8. The unit sales prices increased from 2020 to 2022 substantially, reflecting not only the substantial increases of cost of production in that period, but also allowing the Union industry to improve their profit. However, in the IP their sales price decreased to a level below the cost of production. As a result, the profitability of the Union industry turned from a profit of [13 % – 17 %] in 2020 to a loss of [(-22 %) – (- 18 %)] in the investigation period. Similar negative effects are seen in cash flow and return on investment.

(199) On the basis of the above, the Commission concluded at this stage that the Union industry suffered material injury within the meaning of Article 3(5) of the basic Regulation in the IP in the form of volume injury, price suppression and financial losses.

5. **CAUSATION**

(200) In accordance with Article 3(6) of the basic Regulation, the Commission examined whether the dumped imports from the country concerned caused material injury to the Union industry. In accordance with Article 3(7) of the basic Regulation, the Commission also examined whether other known factors could at the same time have injured the Union industry. The Commission ensured that any possible injury caused by factors other than the dumped imports from the country concerned was not attributed to the dumped imports. These factors are: captive use, increase in cost of production, imports from other third countries and decrease of consumption in the IP.

5.1. **Effects of the dumped imports**

(201) In the years from 2020 to 2022 the Chinese imports increased substantially in absolute volumes by 290 %. Alone in the year 2022, the year prior to the IP, the Chinese exports more than doubled from 14 000 tonnes in 2021 to an all-time high of 31 000 tonnes in 2022 at prices which were lower than the Union industry's prices. The Chinese importers substantially increased their market shares from [15-25] % in 2020 to [30-40] % in 2022.

(202) At the same time the consumption increased from 2021 to 2022 from [60 000 – 70 000] tonnes to an all-time high of [85 000 – 95 000] tonnes. The effect of this high consumption was that in 2022 the Union producers could continue to sell quantities at profitable prices and therefore no injury was caused in the year 2022 despite the high volume of imports and loss of market share of the Union industry.

(203) However, the consumption decreased substantially in the IP to only [40 000 – 50 000] tonnes, representing a reduction of 47,7 % compared to 2022. At the same time, the Chinese exporters maintained a high market share of [30-40] %, in the IP. Although the Chinese market share decreased slightly by 2 percentage points between 2022 and the IP, compared to their market share in the beginning of the period considered of [15-25] %, this constitutes an increase of 68 % or 14 percentage points over the period considered. As an effect, in the IP the Union industry could no longer sell the volumes which they sold in the preceding years, and they even had to decrease their sales prices to be able to sell these low sales volumes. While their sales volume had slowly increased from 2020 to 2022, it substantially dropped in the IP from [20 000 – 40 000] tonnes in 2022 to [10 000 – 30 000] tonnes in the IP. The Union industry explained that the drop in consumption in the IP is caused by the fact that the users filled their stocks with Chinese GFY in 2022 and therefore created less demand in the IP. The complainants submitted internal reports and minutes of meetings to show that many of their EU and non-EU customers were building up high stocks in 2022 and started to become reluctant to source from the EU industry in 2023 when demand dropped. No party has commented to this statement or questioned this stockpiling. Moreover, low cooperation of Chinese exporting producers combined with relatively low cooperation of users made further analysis of the stockpiling issue impossible. The Commission considered that the sales in 2022 and 2023 cannot be analysed separately. The average of the consumption in 2022 and the IP was [62 000 – 73 000] tonnes, which is a direct continuation of the trend from 2020 and 2021.

(204) In the context of decrease in consumption during the investigation period, the average import price from China dropped significantly in the IP, exercising price pressure on the market. As the Union industry's cost of production continued to increase in the IP, the pricing practices of China turned out to be particularly injurious in that year as they prevented the Union industry from covering their increasing costs. Instead, they had to decrease their prices below their costs. In addition, as explained in recital (220) below, the high fixed costs of the Union industry spread over lower sales volumes, which resulted in significant financial losses during the investigation period.

5.2. **Effects of other factors**

5.2.1. *Imports from third countries*

(205) The volume of imports from other third countries developed over the period considered as follows:

Table 12

Imports from third countries

Country		2020	2021	2022	Investigation period
Taiwan	Volume (tonnes)	7 821	10 725	17 713	6 702
	Index	100	137	226	86
	Market share	14 %	16 %	20 %	14 %
	Average price (EUR/tonne)	1 594	1 841	2 421	1 954
	Index	100	115	152	123
Mexico	Volume (tonnes)	3 446	4 194	6 504	1 715
	Index	100	122	189	50
	Market share	6 %	6 %	7 %	4 %
	Average price (EUR/tonne)	1 615	1 839	2 641	2 814
	Index	100	114	164	174
Total of all third countries except China	Volume (tonnes)	19 574	26 114	32 499	12 938
	Index	100	133	166	66
	Market share	36 %	40 %	36 %	28 %
	Average price (EUR/tonne)	2 338	2 722	3 579	5 121
	Index	100	116	153	219

Source: Eurostat and additional data provided by the national customs authorities.

(206) Imports from Taiwan increased substantially from 11 000 tonnes in 2021 to 18 000 tonnes in 2022. However, whereas the Chinese import price in 2022 of 2 163 EUR/tonne and in the IP of 1 720 EUR/per tonne was substantially lower than the Union industry price of 2 443 in 2022 and 2 226 EUR/tonne in the IP, the Taiwanese price of 2 421 EUR/tonne in 2022 and 1 954 EUR/tonne was only minimally lower than the Union industry price and was substantially above the Chinese price. In addition, the Taiwanese exports over the two-year-period 2022 to 2023 only constitute around half the total volume of the Chinese exports.

(207) Therefore, the Commission did not consider the imports from Taiwan as a contributing factor that could attenuate the causal link between the Chinese exports and the injury.

(208) Imports from Mexico and other third countries have substantially decreased over the period considered and especially in the investigation period.

(209) Therefore, the Commission did not consider the imports from Mexico or other third countries as a contributing factor that could attenuate the causal link between the Chinese exports and the injury. Also, cumulatively imports from all third countries including Taiwan show a decrease over the period considered and have not contributed to the injury.

5.2.2. *Export performance of the Union industry*

(210) The volume of exports of the Union producers developed over the period considered as follows:

Table 13

Export performance of the sampled Union producers

	2020	2021	2022	Investigation period
Export volume (tonnes)	[12 000– 13 000]	[10 000– 11 000]	[9 000– 10 000]	[6 000– 7 000]
Index	100	87	79	54
Average price (EUR/ tonne)	[1 550– 1 600]	[1 700– 1 750]	[2 650– 2 700]	[2 340– 2 390]
Index	100	109	171	150

Source: Verified questionnaire replies.

(211) The export volume declined over the period considered by 48 %. The average export price stayed above the cost of production over the entire period considered. Therefore, we concluded that the exports have not contributed to the injury.

5.2.3. *Consumption*

(212) The consumption has substantially decreased in the IP from [85 000 – 95 000] tonnes in 2022 to [40 000 – 50 000] tonnes in the IP. However, a comparison to the year 2020, in which the consumption was also substantially lower at [50 000 – 60 000] tonnes shows that as long as the Chinese imports only had a market share of 19 %, the Union industry was capable of selling enough volume at a high enough price level to be profitable. Therefore, the decrease in consumption is not an isolated factor that has attenuated the causal link between the Chinese imports and the injury of the Union industry. It is rather the opposite, that the high consumption in 2022 has delayed the injurious effect of the Chinese imports, which already in that year took a high market share.

(213) Therefore, the decrease in consumption did not attenuate the causal link between the Chinese imports and the injury.

5.2.4. *Captive use*

(214) The Union industry has a very substantial captive use of GFY amounting to about two third of its total production. However, the GFY used captively is cheaper to produce and has generated profit in the downstream market in the IP. The Union producers also have not decreased their sales of GFY in the IP in favour of a captive use, which is evidenced by the fact that the captively used GFY also decreased in volume in the IP. Therefore, it did not contribute to the injury.

5.2.5. *Increase in cost of production*

Unit cost of production (EUR/ tonne)	[1 190– 1 240]	[1 300– 1 350]	[1 800– 1 850]	[2 280 – 2 330]
Index	100	110	151	191

(215) The Union industry’s cost of production (COP) increased substantially over the period considered from [1 190 – 1 240] EUR/tonne in 2020 to [2 280 – 2 330] EUR/tonne in the IP, which represents an overall increase of 91 %. The increase is caused by an increase in energy prices and raw material prices, as well as an increase of the fixed costs per tonne produced, due to the lower volumes produced in the IP.

(216) In general, increases in the COP occur regularly and, under fair market conditions, are taken into account when setting the sales prices. The Commission analysed if there is any factor, that cannot be considered to be offset by price increases on the sales price of GFY under fair market conditions.

(217) From 2021 to 2022 the COP had already increased substantially from [1 300 – 1 350] EUR/tonne in 2020 to [1 800 – 1 850] EUR/tonne, which was an increase by 37 %. However, due to the high demand in 2022 the Union industry could sell a volume that did not change substantially from the previous year and set the prices at a level that allowed them to stay profitable. This demonstrates that customers were in the position to absorb even high price increases, as long as there is demand.

(218) From 2022 to the IP the COP increased by 27 %. In the IP, however, the demand decreased significantly. Moreover, as evidenced by Table 4, Chinese prices that were increasing throughout the first three years of the period considered dropped significantly in the IP (by 20 %). Consequently, the Union industry could not negotiate price increases, but instead needed to decrease their sales prices below their costs.

(219) Increases in the COP of the Union industry can be separated into three categories.

(220) First, due to the lower volume of GFY sold in the IP, the fixed costs distributed on a smaller base resulted in an increased fixed costs per tonne produced. Such an increase is a direct consequence of the Chinese capture of market shares and the resulting lower volume sold by the Union Industry. To attribute this increase of COP as a separate factor contributing to the injury, would contradict the fact that it is a direct consequence of the low-priced unfair competition by the Chinese exporters. It should therefore not be treated as a separate factor contributing to injury.

(221) Second, several raw material prices have increased substantially in the IP. Important raw materials like colemanite and limestone, next to other raw materials that only represent a smaller proportion of the raw material costs, have increased substantially. However, these raw materials are mostly imported from international market and all producers that operate in non-distorted markets encounter these price increases and have to pass on this increase to their customers. E.g. in 2022 the top exporters of limestone were United Arab Emirates, Japan, Malaysia, Vietnam, and Oman. The raw material price increase therefore does not constitute an event that has contributed to the injury in a way that would not be counterbalanced by GFY price increases under fair market conditions.

(222) Third, the energy prices have contributed to the increase of COP. However, this was not an isolated occurrence in the IP. Already in 2022, the energy prices had increased substantially. In Latvia, the average electricity price in the IP even decreased compared to 2022 ([57]). The energy price increase therefore does not constitute an event that has contributed to the injury in a way that would not be counterbalanced by GFY price increases under fair market conditions.

([57]) https://www.ast.lv/en/electricity-market-review?month=13&year=2023.

(223) Increase of COP are not an isolated factor that causes injury. Only, if the GFY sales prices cannot reflect that increase, the increase of COP leads to injury. However, the pressure on the sales prices is directly linked to the dumped Chinese imports during the IP.

(224) Further, the situation in 2022 demonstrates that under fair market conditions, in which the Chinese exports at lower prices do not lead to a loss of sales volume for the Union industry, the Union industry was in the position to pass on the cost increase to their customers, even when that increase was as high as 37 %. Therefore, had it not been for the Chinese low priced and dumped imports during the IP, the Union industry would have been able, as observed in the previous years of the period considered, to increase its prices to reflect the further increase of its costs. However, the Chinese prices in the IP were even below the COP of the Union Industry.

(225) This demonstrates that the increase of COP in the IP did not attenuate the causal link between the dumped Chinese imports and the injury.

5.3. **Conclusion on causation**

(226) There was a coincidence in time between the substantial increase of imports from China and the deterioration of the situation of the Union industry. While the injury did not show before the IP due to the high demand, the Chinese import kept the high market share in the IP causing volume injury and exercising pricing pressure.

(227) The Commission has also investigated other factors of injury and has not found any other factors which contributed to the material injury suffered by the Union industry. In fact, none of the other factors examined, either individually or collectively, put into question that there is a genuine and substantial relationship between the dumped imports from China and the material injury suffered by the Union industry.

6. **LEVEL OF MEASURES**

(228) To determine the level of the measures, the Commission examined whether a duty lower than the margin of dumping would be sufficient to remove the injury caused by dumped imports to the Union industry.

6.1. **Injury margin**

(229) The injury would be removed if the Union Industry were able to obtain a target profit by selling at a target price in the sense of Articles 7(2c) and 7(2d) of the basic regulation.

(230) In accordance with Article 7(2c) of the basic Regulation, for establishing the target profit, the Commission took into account the following factors: the level of profitability before the increase of imports from the country concerned, the level of profitability needed to cover full costs and investments, research and development (R & D) and innovation, and the level of profitability to be expected under normal conditions of competition. Such profit margin should not be lower than 6 %.

(231) As a first step, the Commission established a basic profit covering full costs under normal conditions of competition.

(232) The complainant indicated in the complaint that a profit level of at least 20 % would reflect the level of profit of the Union industry under normal market conditions, based on its prior performance. The complainant also emphasized that the GFY industry was a highly capital-intensive industry and high profit levels were required to ensure the periodical maintenance and upgrading of the furnaces and the investments in R & D.

(233) The Commission considered that none of the years during the period under investigation would qualify as representative for providing a basic profit in accordance with Article 7(2c) of the basic Regulation.

(234) In 2020 and 2021, the years preceding the sharp increase of the Chinese imports' market share, the Union industry achieved a profitability of [13 % – 17 %]. However, both years were affected by the exceptional circumstances of the COVID-19 lockdown and the reduced international trade flows. Therefore, the Commission concluded that that the level of profitability achieved in these years could not be considered representative of normal conditions of competition.

(235) The year 2022 was an exceptional year, with a surge in consumption of GFY in the Union market, which resulted in both an increase of the market share of Chinese of imports and of sales volumes of the Union producers, who could maintain and even increase their profitability.

(236) On this basis, the Commission concluded that 2022 would not qualify as a representative year for providing a basic profit in accordance with Article 7(2c) of the basic Regulation.

(237) In search of a period where normal conditions of competitions would prevail, the Commission examined the profitability achieved during the five years prior to the period considered and calculated the average profitability achieved by the two Union producers from 2015 and 2019.

(238) Such profit margin was established at 20,7 %.

(239) The Union industry claimed that its level of investments, research and development (R & D) and innovation during the period considered would have been higher under normal conditions of competition. However, these claims were not sufficiently substantiated and were therefore disregarded in the calculation of the target profit.

(240) In accordance with article 7(2d) of the basic Regulation, as a final step, the Commission assessed the future costs resulting from Multilateral Environmental Agreements, and protocols thereunder, to which the Union is a party, and of ILO Conventions listed in Annex Ia that the Union industry will incur during the period of the application of the measure pursuant to Article 11(2). The Commission considered that the Union producers did not provide sufficient evidence related to these costs and therefore did not take them into account in the calculation of the non-injurious price.

(241) On this basis, the Commission calculated a non-injurious price of EUR [3 600 – 4 600] for the like product of the Union industry by applying the target profit margin indicated in recital (238) to the cost of production of the Union producers during the investigation period. No adjustments under Article 7(2d) were done.

(242) The Commission then determined the injury margin level on the basis of a comparison of the weighted average import price of the cooperating exporting producer Henan Guangyuan in China, as established for the price undercutting calculations, with the weighted average non-injurious price of the like product sold by the Union producers on the Union market during the investigation period. Any difference resulting from this comparison was expressed as a percentage of the weighted average import CIF value.

Company	Dumping margin	Injury margin
Henan Guangyuan	26,3 %	129,9 %
All other imports originating in China	56,1 %	182,2 %

6.2. **Conclusion on the level of measures**

(243) Following the above assessment, provisional anti-dumping duties should be set as below in accordance with Article 7(2) of the basic Regulation:

Company	Provisional anti-dumping duty
Henan Guangyuan	26,3 %
All other imports originating in China	56,1 %

7. UNION INTEREST

(244) Having decided to apply Article 7(2) of the basic Regulation, the Commission examined whether it could conclude that it was not in the Union interest to adopt provisional measures in this case, despite the determination of injurious dumping, in accordance with Article 21 of the basic Regulation. The determination of the Union interest was based on an appreciation of all the various interests involved, including those of the Union industry, importers and users.

7.1. Interest of the Union industry

(245) Based on the above analysis, the imposition of provisional measures is in the interest of the Union GFY industry. Without measures, Chinese producers will continue to export GFY at low prices on the Union market and exert price pressure, preventing the Union industry to sell GFY at an adequate profit and regain lost market shares.

7.2. Interest of unrelated importers

(246) One importer, who purchases the product under investigation from China has provided a questionnaire reply. From the data provided, the Commission understands that the importer appears to be operating with a fixed profit margin. The importer did not put forward any arguments yet. Therefore, the Commission concluded that there is no compelling reason not to impose provisional measures.

7.3. Interest of users

(247) Users produce fabrics for a wide range of industrial products, including wind turbines, construction, isolation, or aviation materials.

(248) Three users, together purchasing around 10 % of the GFY imported from China in the IP, provided questionnaire replies. Their data shows that for two of the users the impact of the measures should not be substantial, as either they only use a minor percentage of the product under investigation from China or the product under investigation only presents a small percentage of their COP and any duty should not endanger the profitability of the company. In addition, it appears that despite the substantial price increases in the product under investigation in the years prior to the IP, the users could stay profitable in the IP. For one user, who purchased the majority of its GFY from China and who currently has a low profitability, it cannot be ruled out that the duties might have an impact on its profitability. Given the low participation from the users, the Commission concluded that the latter is not representative for the users.

(249) Therefore, the Commission concluded that there is no compelling reason not to impose provisional measures.

7.4. Conclusion on Union interest

(250) On the basis of the above, the Commission concluded that there were no compelling reasons that it was not in the Union interest to impose provisional measures on imports of GFY originating in China at this stage of the investigation.

8. PROVISIONAL ANTI-DUMPING MEASURES

(251) On the basis of the conclusions reached by the Commission on dumping, injury, causation, level of measures and Union interest, provisional measures should be imposed to prevent further injury being caused to the Union industry by the dumped imports.

(252) Provisional anti-dumping measures should be imposed on imports of glass fibre yarns originating in China in accordance with the lesser duty rule in Article 7(2) of the basic Regulation. The amount of the duties was set at the level of the lower of the dumping and the injury margins.

(253) On the basis of the above, the provisional anti-dumping duty rates, expressed on the CIF Union border price, customs duty unpaid, should be as follows:

Company	Provisional anti-dumping duty
Henan Guangyuan New Material Co., Ltd.	26,3 %
All other imports originating in China	56,1 %

(254) The individual company anti-dumping duty rate specified in this Regulation was established on the basis of the findings of this investigation. Therefore, it reflects the situation found during this investigation with respect to this company. This duty rate is exclusively applicable to imports of the product concerned originating in the country concerned and produced by the named legal entity. Imports of the product concerned produced by any other company not specifically mentioned in the operative part of this Regulation, including entities related to that specifically mentioned, should be subject to the duty rate applicable to 'all other imports originating in China'. They should not be subject to any of the individual anti-dumping duty rates.

(255) To minimise the risks of circumvention due to the difference in duty rates, special measures are needed to ensure the application of the individual anti-dumping duties. The application of individual anti-dumping duties is only applicable upon presentation of a valid commercial invoice to the customs authorities of the Member States. The invoice must conform to the requirements set out in Article 1(3) of this regulation. Until such invoice is presented, imports should be subject to the anti-dumping duty applicable to 'all other imports originating in China'.

(256) While presentation of this invoice is necessary for the customs authorities of the Member States to apply the individual rates of anti-dumping duty to imports, it is not the only element to be taken into account by the customs authorities. Indeed, even if presented with an invoice meeting all the requirements set out in Article 1(3) of this regulation, the customs authorities of Member States must carry out their usual checks and may, like in all other cases, require additional documents (shipping documents, etc.) for the purpose of verifying the accuracy of the particulars contained in the declaration and ensure that the subsequent application of the lower rate of duty is justified, in compliance with customs law.

(257) Should the exports by one of the companies benefiting from lower individual duty rates increase significantly in volume after the imposition of the measures concerned, such an increase in volume could be considered as constituting in itself a change in the pattern of trade due to the imposition of measures within the meaning of Article 13(1) of the basic Regulation. In such circumstances and provided the conditions are met an anti-circumvention investigation may be initiated. This investigation may, inter alia, examine the need for the removal of individual duty rate(s) and the consequent imposition of a country-wide duty.

9. **INFORMATION AT PROVISIONAL STAGE**

(258) In accordance with Article 19a of the basic Regulation, the Commission informed interested parties about the planned imposition of provisional duties. This information was also made available to the general public via DG TRADE's website. Interested parties were given three working days to provide comments on the accuracy of the calculations specifically disclosed to them.

(259) No comments on the accuracy of the calculations were received.

10. **FINAL PROVISIONS**

(260) In the interests of sound administration, the Commission will invite the interested parties to submit written comments and/or to request a hearing with the Commission and/or the Hearing Officer in trade proceedings within a fixed deadline.

(261) The findings concerning the imposition of provisional duties are provisional and may be amended at the definitive stage of the investigation,

HAS ADOPTED THIS REGULATION:

Article 1

1. A provisional anti-dumping duty is imposed on imports of glass fibre yarns, whether or not twisted, excluding glass fibre slivers, glass fibre cords and chopped strands, currently falling under CN codes ex 7019 13 00 and ex 7019 19 00 (TARIC Codes 7019 13 00 10, 7019 13 00 15, 7019 13 00 20, 7019 13 00 25, 7019 13 00 30, 7019 13 00 50, 7019 13 00 87, 7019 13 00 94, 7019 19 00 30, 7019 19 00 85) and originating in the People's Republic of China.

2. The rates of the provisional anti-dumping duty applicable to the net, free-at-Union-frontier price, before duty, of the product described in paragraph 1 and produced by the companies listed below shall be as follows:

Company	Provisional anti-dumping duty	TARIC additional code
Henan Guangyuan New Material Co., Ltd.	26,3 %	89FV
All other imports originating in the People's Republic of China	56,1 %	8 999

3. The application of the individual duty rates specified for the companies mentioned in paragraph 2 shall be conditional upon presentation to the Member States' customs authorities of a valid commercial invoice, on which shall appear a declaration dated and signed by an official of the entity issuing such invoice, identified by his/her name and function, drafted as follows: 'I, the undersigned, certify that the (volume) of (product concerned) sold for export to the European Union covered by this invoice was manufactured by (company name and address) (TARIC additional code) in [country concerned]. I declare that the information provided in this invoice is complete and correct.' Until such invoice is presented, the duty applicable to all other companies shall apply.

4. The release for free circulation in the Union of the product referred to in paragraph 1 shall be subject to the provision of a security deposit equivalent to the amount of the provisional duty.

5. Unless otherwise specified, the provisions in force concerning customs duties shall apply.

Article 2

1. Interested parties shall submit their written comments on this regulation to the Commission within 15 calendar days of the date of entry into force of this Regulation.

2. Interested parties wishing to request a hearing with the Commission shall do so within 5 calendar days of the date of entry into force of this Regulation.

3. Interested parties wishing to request a hearing with the Hearing Officer in trade proceedings are invited to do so within 5 calendar days of the date of entry into force of this Regulation. The Hearing Officer may examine requests submitted outside this time limit and may decide whether to accept to such requests if appropriate.

Article 3

This Regulation shall enter into force on the day following that of its publication in the *Official Journal of the European Union*.

Article 1 shall apply for a period of six months.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 11 October 2024.

For the Commission
The President
Ursula VON DER LEYEN