



COMMISSION IMPLEMENTING REGULATION (EU) 2025/393

of 26 February 2025

imposing a provisional anti-dumping duty on imports of epoxy resins originating in the People's Republic of China, Taiwan, and Thailand

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 1 July 2024, the European Commission ('the Commission') initiated an anti-dumping investigation with regard to imports of epoxy resins ('epoxy resins') originating in the People's Republic of China, the Republic of Korea, Taiwan and Thailand (the People's Republic of China, Taiwan and Thailand are further considered as 'the countries 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 6 June 2024 ('the Complaint') by the Ad Hoc Coalition of Epoxy Resin producers ('the complainant'). The Complaint was made on behalf of the Union industry of epoxy resins in the sense of Article 5(4) of the basic Regulation. The Complaint contained evidence of dumping and of resulting material injury that was sufficient to justify the initiation of the investigation.

1.2. Registration

- (3) The Commission made imports of the product concerned subject to registration by Commission Implementing Regulation (EU) 2024/2714 ⁽³⁾ ('the registration Regulation').

1.3. Interested parties

- (4) 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 Korean, Chinese, Taiwanese and Thai authorities, known importers, users, traders, as well as associations known to be concerned about the initiation of the investigation and invited them to participate.
- (5) 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.

⁽²⁾ OJ C, C/2024/4137, 1.7.2024, ELI: <http://data.europa.eu/eli/C/2024/4137/oj>.

⁽³⁾ Commission Implementing Regulation (EU) 2024/2714 of 24 October 2024 making imports of epoxy resins originating in the People's Republic of China, the Republic of Korea, Taiwan and Thailand subject to registration (OJ L, 2024/2714, 25.10.2024, ELI: http://data.europa.eu/eli/reg_impl/2024/2714/oj).

1.4. Comments on initiation

- (6) The Committee of epoxy resin and applications of China petroleum and chemical industry federation ('ERC'), acting on behalf of the Chinese epoxy producers (*) submitted that the Union industry failed to meet the sufficient evidence standard for initiating the present proceeding and the Commission failed to duly verify the content of the Complaint. According to the ERC, information on all the factors listed in Article 3(3) and (5) of the basic Regulation should have been included in the Complaint.
- (7) First, the legal standard of evidence required for a complaint under Article 5 of the basic Regulation ('sufficient to justify the initiation of an investigation') makes it clear that the quantity and quality of information in the complaint is not the same as the one on which the Commission bases its findings at the end of an investigation. In fact, the complaint needs to include sufficient evidence of dumping, injury and a causal link which is reasonably available to the complainant. Further to that, Article 5 of the basic Regulation does not require that all injury factors mentioned in Article 3(5) are analysed or show deterioration to establish sufficient evidence of material injury. Indeed, the wording of Article 5(2) of the Basic Regulation states that the complaint must contain information on changes in the volume of the allegedly dumped imports, the effect of those imports on prices of the like product on the Union market and the consequent impact of the imports on the Union industry, as demonstrated by relevant (but not necessarily all) factors and indices having a bearing on the state of the Union industry, such as those listed in Articles 3(3) and 3(5). In the present case, the Commission's analysis of the evidence provided by the complainants, in accordance with Article 2 of the Basic Regulation, has yielded the result that the Complaint contained sufficient evidence of dumping, injury and causality. Therefore, ERC's claim is dismissed.
- (8) The ERC claimed that the non-confidential version of the Complaint and its exhibits did not permit a reasonable understanding of the substance of the redacted information and highly complicated the ability of other interested parties to provide meaningful comments. More specifically, the ERC contended that all injury indicators at Union-wide level as well as data for the complaining producers were presented in the form of ranges without substantiation, that numerous sources of information were withheld and that certain exhibits containing dumping margin calculations entirely restricted all substantive data that would allow the ERC to address the dumping allegations raised.
- (9) The Thai exporting producer Aditya Birla Chemicals (Thailand) Limited ('Aditya Birla') equally contended the excessive confidentiality granted by the Commission to the complainants, which they argued was contrary to Article 19 of the basic Regulation. The claim related to redacted information in the Complaint regarding various market reports (ECH Market Report, 2022 CEH Epoxy Resins, Tecnon Orbichem), letters of support, supporting evidence for the dumping and undercutting/underselling calculations (including missing undercutting and underselling analysis for Thailand), and the analysis of impact of COVID-19 on the Union industry.
- (10) First, the Commission found that the information provided in the Complaint, including the information redacted for confidentiality reasons, permitted a reasonable understanding of the substance of the information submitted in line with Article 19(2) of the basic Regulation. Due to the structure of the Union industry, the Commission accepted ranges for the micro-economic and macro-economic indicators. The ranges given for the injury indicators did provide sufficient detail to permit a reasonable understanding of the substance of the information submitted and assess the trends of all the injury indicators, especially since an index was given for each indicator.
- (11) Besides, specifically for the confidentiality restrictions on injury indicators and information sources disputed by the ERC, the said data was placed on the open file by the complainant after initiation in its reply to the macro questionnaire in unrestricted, unindexed form along with a specification of sources used.

(*) Representing Jiangsu Sanmu Group Co., Ltd, Jiangsu Kumho Yangnong Chemical Co. Ltd, Jiangsu Ruiheng New Material Technology Co., Ltd, and Nantong Xingchen Synthetic Material Co. Ltd.

- (12) Regarding the dumping allegations, the Commission found that the information set out in the body of the Complaint did allow the ERC to make meaningful comments on the subject-matter. The dumping calculations in the open version of the Complaint provided a detailed explanation of all different elements used to arrive at the dumping calculation, including all sources used for these calculations. The normal value was based upon the cost structure of the Union industry and therefore the Commission found it reasonable that a narrow range of the normal value for each of the countries concerned was given in the open version of the Complaint. Aditya Birla did not provide any reasoning why the information submitted in the open version of the Complaint regarding the calculation of the dumping margin was insufficiently detailed to permit a reasonable understanding.
- (13) Regarding Aditya Birla's claims, ranges or indications of trend evolution from market reports or in relation to injury and dumping calculations were provided in non-confidential summaries to a sufficient level of detail. Contrary to the claim of Aditya Birla, the price undercutting/underselling analysis for Thailand is part of the body of the Complaint, while the same information is mirrored in Exhibit 5.4. Moreover, certain information (such as quotes from telephone call reports) is confidential by nature and not susceptible to a non-confidential summary. In addition, the various reports referred to in the Complaint were subject to copyright but readily available to other interested parties. Finally, regarding the other claims from the party, for example on trade analysis, letters of support and the impact of COVID-19, no substantiation was given why the open version did not permit a reasonable understanding and could therefore not be duly assessed by the Commission.
- (14) In conclusion, as set out above, the non-confidential version of the Complaint and its exhibits permitted reasonable understanding of the substance included therein and hence the procedural rights of the parties have been respected.
- (15) The ERC also submitted that the PRODCOM data on industrial production provided by Eurostat for the relevant product group would show a different state of the Union industry from that presented in the Complaint.
- (16) The data provided in the Complaint covers 70-80 % of the Union production and originates from the complainant itself. On the other hand, PRODCOM data is gathered through a voluntary survey of Union producers, and its accuracy cannot be independently verified. For the reasons above, the complainant did not err in disregarding PRODCOM database in preparing the complaint. Therefore, ERC's argument was rejected.
- (17) Aditya Birla maintained that the data provided in the Complaint pertains to an investigation period from October 2022 to September 2023, whereas the Notice of Initiation refers to a different investigation period. According to Aditya Birla, the comments on import data, injury, and dumping can only be based on the period covered in the Complaint or otherwise such approach would amount to a breach of rights of defence. Aditya Birla further claimed that, for the purposes of establishing standing, the Complaint did not allow the exporting producer to assess the relevant information on the Union producers and production.
- (18) First, the Commission is not bound by the investigation period set out in the Complaint in conducting its investigation and in fact should in principle set the investigation period closer to the date of initiation of the proceedings. Second, the results of the standing exercise in which 4 companies came forward representing around 80 % of the Union production, have been placed on the open file and are hence available to all interested parties for inspection. Therefore, Aditya Birla's allegations are dismissed as unsubstantiated.
- (19) According to Aditya Birla, the imports from Thailand were much lower in comparison to the imports from other two countries concerned and, thus, Thailand should have been excluded from the investigation.
- (20) Imports from Thailand represented a market share above 1 %, which is the threshold below which an investigation cannot be initiated as established by Article 5(7) for initiation. Therefore, Aditya Birla's claim cannot be accepted.

1.5. Sampling

- (21) 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

- (22) In its Notice of Initiation, the Commission stated that it had provisionally selected a sample of Union producers. The Commission selected the sample on the basis of the largest representative production and sales volume in the Union during the investigation period. This sample consisted of two Union producers (Westlake and Blue Cube/Olin). The sampled Union producers accounted for around 60 % of the total Union production. The Commission invited interested parties to comment on the provisional sample. No comments were received, and the sample was considered representative of the Union industry.

Sampling of importers

- (23) To decide whether sampling is necessary and, if so, to select a sample, the Commission asked unrelated importers to provide the information specified in the Notice of Initiation.
- (24) Two unrelated importers (Cortex and Comexim) provided the requested information and agreed to be included in the sample. In view of the low number of replies, the Commission decided that sampling was not necessary.

Sampling of exporting producers in Thailand

- (25) To decide whether sampling is necessary and, if so, to select a sample, the Commission asked all exporting producers in Thailand to provide the information specified in the Notice of Initiation. In addition, the Commission asked the Mission of the Kingdom of Thailand to the European Union to identify and/or contact other exporting producers, if any, that could be interested in participating in the investigation.
- (26) There was only one exporting producer in Thailand known to the Commission at the initiation of the investigation. No further exporting producers came forward. Therefore, the Commission deemed it was not necessary to select a sample and proposed this exporting producer to be investigated. In accordance with Article 17(2) of the basic Regulation, the known exporting producer concerned, and the authorities of the country concerned, were consulted on this decision. No comments were received.

Sampling of exporting producers in the Republic of Korea

- (27) To decide whether sampling is necessary and, if so, to select a sample, the Commission asked all exporting producers in the Republic of Korea ('Korea') to provide the information specified in the Notice of Initiation. In addition, the Commission asked the Mission of the Republic of Korea to the European Union to identify and/or contact other exporting producers, if any, that could be interested in participating in the investigation.
- (28) Four exporting producers in Korea provided the requested information and agreed to be included in the sample. The Commission has sampled the two Korean exporting producers with the largest quantity of exports to the Union. They represented over 90 % of the total export volume from Korea to the Union during the investigation period.

Sampling of exporting producers in Taiwan

- (29) To decide whether sampling is necessary and, if so, to select a sample, the Commission asked all exporting producers in Taiwan to provide the information specified in the Notice of Initiation. In addition, the Commission asked the Taipei Representative Office in the European Union to identify and/or contact other exporting producers, if any, that could be interested in participating in the investigation.
- (30) There were only two exporting producers in Taiwan known to the Commission at the initiation of the investigation. No further exporting producers came forward. Therefore, the Commission deemed it was not necessary to select a sample and proposed those two exporting producers to be investigated. In accordance with Article 17(2) of the basic Regulation, the known exporting producers concerned, and the authorities of the country concerned, were consulted on this decision. No comments were received.

Sampling of exporting producers in the People's Republic of China

- (31) To decide whether sampling is necessary and, if so, to select a sample, the Commission asked all exporting producers in the People's Republic of China ('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.
- (32) Ten exporting producers or groups of exporting producers in China provided the requested information and agreed to be included in the sample. In accordance with Article 17(1) of the basic Regulation, the Commission selected a sample of two groups representing around 80 % of Chinese imports during the investigation period, on the basis of the largest representative volume of exports to the Union which could reasonably be investigated within the time available. In accordance with Article 17(2) of the basic Regulation, all known exporting producers concerned and the authorities of the countries concerned (as well as of Korea) were consulted on the selection of the sample.
- (33) The exporting producers Chang Chun Chemical (Panjin) Co., Ltd. (CCPJ) and Chang Chun Chemical (Jiangsu) Co., Ltd. (CCJS) (together 'Chang Chun Group') argued that their aggregate export volume represents 20 % of the Union imports of epoxy resins during the investigation period, which is higher than the other sampled group. Moreover, since the Chang Chun Group was also sampled in Taiwan, the group argued that the Commission could capture the majority of the group's exports to the Union if it would also sample the Chang Chun Group in China. Finally, the Chang Chun Group argued that their accounting system is different than those of the sampled companies in China, since they are a Taiwan owned group.
- (34) The Commission confirmed that, contrary to the claim, the export volume of the Chang Chun to the Union was below the volume declared by the two sampled groups. Moreover, the Commission selected a sample which could reasonably be investigated within the time available and therefore could not account for other factors such as accounting methods or the overall export volume of Chang Chun Group from China and Taiwan to the Union. Therefore, the claim was rejected.

1.6. Questionnaire replies and verification visits

- (35) The Commission sent a questionnaire to the Government of the People's Republic of China ('GOC') concerning the existence of significant distortions in China within the meaning of Article 2(6a)(b) of the basic Regulation.
- (36) Furthermore, the complainant provided in the Complaint sufficient evidence of raw material distortions in China regarding the product concerned. Therefore, as announced in the Notice of Initiation, the investigation covered those raw material distortions to determine whether to apply the provisions of Article 7(2a) and 7(2b) of the basic Regulation with regard to China. For this reason, the Commission sent additional questionnaire in this regard to the GOC.
- (37) The questionnaires to the sampled companies in China, Korea, Taiwan, and Thailand were made available online ⁽⁷⁾ on the day of initiation.
- (38) The Commission sought and verified all information 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

- Westlake Epoxy BV ('Westlake'), Pernis, The Netherlands
- Blue Cube Germany Assets Management GmbH ('Olin'), Stade, Germany

⁽⁷⁾ <https://tron.trade.ec.europa.eu/investigations/case-view?caseId=2733>.

Unrelated importers in the Union

- Comexim Europe SARL ('Comexim'), Sannois, France
- Cortex Chemicals Sp. z o.o. ('Cortex'), Tarnow, Poland

Exporting producers in the People's Republic of China

- Sinochem group
 - Jiangsu Ruiheng New Material Technology Co., Ltd., Lianyungang, Jiangsu, China
 - Nantong Xingchen Synthetic Material Co., Ltd., Nantong, Jiangsu, China
 - Jiangsu Kumho Yangnong Chemical Co., Ltd., Yizheng, Jiangsu, China
- Sanmu Group
 - Jiangsu Sanmu Group Co., Ltd., Yixing, Jiangsu, China
 - Jiangsu Sanmu Chemichal Co., Ltd, Yixing, Jiangsu, China

Exporting producers in the Republic of Korea

- Kukdo Chemical Co., Ltd., Seoul, Republic of Korea
- Kumho P&B Chemicals, Inc., Seoul, Republic of Korea

Related companies in the Republic of Korea

- Kumho Trading Co. Inc., Seoul, Republic of Korea
- Kukdo Finechem Co., Ltd., Seoul, Republic of Korea

Related company in the Union

- Kukdo Europe GmbH, Eschborn, Germany

Exporting producers in Taiwan

- Chang Chun Plastics Co., Ltd, Taipei City, Taiwan
- Nan Ya Plastics Corporation, Taipei City, Taiwan

Related importer in the Union

- CCD (Germany) GmbH, Dusseldorf, Germany

Exporting producer in Thailand

- Aditya Birla Chemicals (Thailand) Limited, Rayong, Thailand

Related importer in the Union

- CTP Advance Materials GmbH, Ruelsselsheim, Germany

1.7. Investigation period and period considered

- (39) The investigation of dumping and injury covered the period from 1 April 2023 to 31 March 2024 ('the investigation period' or 'the IP'). 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').

- (40) ERC claimed that the investigation period (the 'IP') set by the Commission at initiation is missing an entire quarter between the end of the IP and the initiation date. Furthermore, according to the ERC, selecting 2020 as a benchmark for assessing the import volumes and prices portrays a distorted image since that year has been driven by non-market forces causing a low point in terms of imports volumes due to logistics problems and extremely volatile prices. ERC suggested that Commission adopts a period considered starting on 1 January 2019 to reflect the normal business conditions prior to the COVID-19 pandemic and geopolitical turbulence that followed.
- (41) One of the unrelated importers, Cortex, also called for an extension of the period considered by including year 2019, which, in the importer's view, was a year in which normal conditions existed in the market.
- (42) In accordance with Article 6(1) of the basic Regulation, an investigation period must, normally, cover a period of no less than six months immediately prior to the initiation of proceedings. The Commission has a wide discretion in selecting the investigation period, as far as such selection allows for a representative finding, with the use of information that is as recent as possible. In this case, the Commission selected the investigation period ending three months before the initiation of the investigation, which is in line with Article 6(1) as well as the established practice, while also allowing for collection of the data from the Union, exporting producers and other statistical sources.
- (43) With respect to the period considered and its extension to year 2019, it is recalled that the Commission has equally a wide discretion regarding the selection of such period. The period considered should be long enough to enable the Commission to duly evaluate all relevant economic factors and indices having a bearing on the state of the Union industry. In the present case, the Commission, in accordance with its standard practice selected a period of three full years as well as the investigation period for examination of the macro- and microeconomic trends and indicators. It is further noted that the Commission injury assessment involves a dynamic assessment of the economic factors over the period considered and not merely the conditions at the start and the end of the period considered. In this context, regardless of the first year of the period considered, the Commission analysis clearly showed material injury to the Union industry during the investigation period. Therefore, a change of the period consider would not invalidate or otherwise alter the injury findings set out in this Regulation. The claims of ERC and Cortex were therefore rejected.

2. PRODUCT UNDER INVESTIGATION, PRODUCT CONCERNED AND LIKE PRODUCT

2.1. Product under investigation

- (44) The product subject to this investigation is products containing more than 35 % by weight of epoxy resins, also known as epoxide resins or polyepoxides, which are polymers or prepolymers containing reactive epoxy groups, based on epichlorohydrin ('ECH') and an aliphatic or aromatic alcoholic component (such as BPA), in solid, semi-solid or liquid forms, having all types of grade, purity, molecule weight or molecular structure, whether or not containing modifiers, curing agents, or additives, so long as the curing agents have not chemically reacted so as to cure the epoxy resin or convert it into a different product no longer containing epoxy groups ('the product under investigation').

The following products are excluded:

- (1) certain paint and coating products, which are blends, mixtures, or other formulations of epoxy resin, curing agent, and pigment, in any form, packaged in one or more containers, wherein (1) the pigment represents a minimum of 10 percent of the total weight of the product, (2) the epoxy resin represents a maximum of 80 percent of the total weight of the product, and (3) the curing agent represents 5 to 40 percent of the total weight of the product;
- (2) pre-impregnated fabrics or fibres, often referred to as 'pre-pregs', which are composite materials consisting of fabrics or fibres (typically carbon or glass) impregnated with epoxy resin;
- (3) blends of epoxy resins with other materials, currently classified under CN codes other than 2910 90 00, 3824 99 92, 3824 99 93, and 3907 30 00.

- (45) Epoxy resins have a variety of different chemical compositions. The most common epoxy resin is bisphenol A diglycidyl ether, also known as BADGE or DGEBA which is formed by reacting ECH with bisphenol A ('BPA'). Epoxy resins can also be produced by reacting ECH with other raw materials such as aliphatic glycols, and phenol- or cresol-novolacs. Even when producing epoxy resin using other raw materials to replace BPA in the reaction with ECH, the production process is similar.
- (46) Epoxy resins are thermosetting resins, meaning that they do not develop useful properties until they are cured, that is, they have reacted with curing agents. In their cured form, epoxy resins possess the following properties: great adhesion, excellent resistance to corrosion and chemicals, high mechanical strength, and excellent properties for insulation applications.
- (47) Epoxy resins are used in a wide range of applications such as, coatings (including wind energy blades), paints, adhesives, composite materials, insulating materials, and electronics.

2.2. Product concerned

- (48) The product concerned is product under investigation originating in the People's Republic of China, the Republic of Korea, Taiwan and Thailand, currently falling under CN codes ex 2910 90 00, ex 3824 99 92, ex 3824 99 93, and ex 3907 30 00 (TARIC codes 2910 90 00 05, 3824 99 92 96, 3824 99 93 10, 3907 30 00 05, 3907 30 00 20, and 3907 30 00 80).

2.3. Like product

- (49) 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 the People's Republic of China, the Republic of Korea, Taiwan and Thailand, and
 - the product under investigation produced and sold in the Union by the Union industry.
- (50) The Commission decided at this stage that those products are therefore like products within the meaning of Article 1(4) of the basic Regulation.

2.4. Claims regarding product scope

- (51) The Valspar Corporation SAS (hereinafter 'Sherwin Williams') claimed that tetramethyl bisphenol F-based diglycidyl ether ('TMBPF-DGE'), which falls under the definition of the product concerned, should be excluded from the product scope of the investigation. More specifically, Sherwin Williams argued that TMBPF-DGE is approved for use in food contact coating applications and is an important alternative to BPA-based coatings. Moreover, according to Sherwin Williams, the company holds proprietary patent rights for production of TMBPF-DGE in the Union and in China, TMBPF-DGE is not imported into the Union and there is no evidence of injury to the Union production of TMBPF-DGE caused by increased imports of epoxy resin into the Union from the countries concerned.
- (52) First, Sherwin Williams itself states that TMBPF-DGE is used in coatings industry as an alternative to BPA-based products. Hence the said epoxy type has the same basic use and similar essential characteristics as other, competing epoxy types and is interchangeable with the other epoxy products under investigation. In addition, the existence of a proprietary right regarding the manufacturing of a certain epoxy type cannot be considered a reason for exclusion from the product scope of the investigation. Sherwin Williams has not demonstrated that all versions of TMBPF-DGE would be covered by patent. Moreover, intellectual property rights have no bearing on characteristics or uses of a product relevant in the context of trade defence investigations. Furthermore, the fact that TMBPF-DGE is not imported into the Union is not indicative of future behaviour by exporting producers in the countries concerned, irrespective of any patent rights which may extend beyond the Union, or which may even be inapplicable in territories outside the Union. Sherwin Williams has equally not demonstrated that TMBPF-DGE could not be produced in any of the countries concerned.

- (53) Furthermore, Allnex Resins (China) Ltd. ('Allnex China') submitted a request that Allnex specialty resins, specifically BECKOPOX EP 2387w/53WA, be excluded from the scope of the investigation. Allnex China claimed that the said specialty resin contains less hazardous organic solvents and offers very low environmental impact and that the company utilizes proprietary techniques to manufacture the resin.
- (54) First, Allnex China itself acknowledges that BECKOPOX EP 2387w/53WA meets the definition of the product under investigation. Second, the fact that the resin concerned contains less hazardous substances and is more environmentally friendly is not a qualifying criterion for defining the product under investigation in this case. Lastly, as set out in recital (51), use of proprietary techniques cannot serve as a reason for product exclusion and does not imply that other producers cannot make epoxy resins achieving similar properties and performance characteristics, causing injury to the Union industry.
- (55) In view of the above considerations, the Commission provisionally rejected the request for exclusion of TMBPF-DGE and BECKOPOX EP 2387w/53WA from the product scope of the product under investigation.

3. DUMPING

3.1. People's Republic of China

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

- (56) 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.
- (57) Consequently, 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 epoxy resins. Three groups of exporting producers submitted the relevant information.
- (58) To obtain information 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*. No reply was received from the GOC. 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. No comments were received from interested parties on the eventual application of Article 2(6a) of the basic Regulation on China.
- (59) 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.
- (60) On 17 September 2024, the Commission informed by a note ('the First Note') 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 the product concerned. In addition, based on the criteria guiding the choice of undistorted prices or benchmarks, the Commission identified a possible representative country, namely Thailand. The Commission received comments from one sampled Chinese exporting producer Jiangsu Sanmu Group Co. Ltd and from the complainant. These comments were addressed in the Second Note.

- (61) On 15 November 2024, after having analysed the comments received, the Commission issued a second note on the sources for the determination of the normal value ('the Second Note'). In that note the Commission established a provisional list of factors of production and informed interested parties of its intention to use Thailand as the representative country under Article 2(6a)(a), first indent of the basic Regulation. It also informed interested parties that it would establish selling, general and administrative ('SG&A') costs and profit based on readily available financial data sourced from the company Aditya Birla Chemicals (Thailand), a producer in the representative country. The Commission invited interested parties to comment. Comments were received from the sampled exporting producer Jiangsu Sanmu Group Co. Ltd and from the complainant.
- (62) After having analysed the comments and information received on the Second Note, the Commission concluded that Thailand was an appropriate choice as 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 recitals (104) and following. Comments received are addressed in Section 3.1.2.4.4.

3.1.2. Normal value

- (63) 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'*.
- (64) 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').
- (65) As further explained below, the Commission concluded in the present investigation that, based on the evidence available, the application of Article 2(6a) of the basic Regulation was appropriate.

3.1.2.1. Existence of significant distortions

- (66) In recent investigations concerning the chemical sector⁽⁶⁾ in China⁽⁷⁾, the Commission found that significant distortions in the sense of Article 2(6a)(b) of the basic Regulation were present.

⁽⁶⁾ In particular the subsector of polymers, which is the focus of the present investigation.

⁽⁷⁾ Commission Implementing Regulation (EU) 2024/1959 of 17 July 2024 imposing a provisional anti-dumping duty on imports of erythritol originating in the People's Republic of China (OJ L, 2024/1959, 19.7.2024, ELI: http://data.europa.eu/eli/reg_impl/2024/1959/oj); Commission Implementing Regulation (EU) 2023/2180 of 16 October 2023 amending Implementing Regulation (EU) 2021/607 imposing a definitive anti-dumping duty on imports of citric acid originating in the People's Republic of China as extended to imports of citric acid consigned from Malaysia, whether declared as originating in Malaysia or not, following a new exporter review pursuant to Article 11(4) of Regulation (EU) 2016/1036 of the European Parliament and of the Council (OJ L, 2023/2180, 17.10.2023, ELI: http://data.europa.eu/eli/reg_impl/2023/2180/oj); Commission Implementing Regulation (EU) 2023/752 of 12 April 2023 imposing a definitive anti-dumping duty on imports of sodium gluconate 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 100, 13/04/2023, p. 16, ELI: http://data.europa.eu/eli/reg_impl/2023/752/oj); Commission Implementing Regulation (EU) 2021/441 of 11 March 2021 imposing a definitive anti-dumping duty on imports of sulphanilic acid 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 85, 12/03/2021, p. 154, ELI: http://data.europa.eu/eli/reg_impl/2021/441/oj).

- (67) In those investigations, the Commission found that there is substantial government intervention in China resulting in a distortion of the effective allocation of resources in line with market principles⁽⁸⁾. In particular, the Commission concluded that in the chemical sector not only does a substantial degree of ownership by the GOC persist in the sense of Article 2(6a)(b), first indent of the basic Regulation⁽⁹⁾, 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⁽¹⁰⁾. 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⁽¹¹⁾. 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⁽¹²⁾. In the same vein, the Commission found distortions of wage costs in the chemical sector in the sense of Article 2(6a)(b), fifth indent of the basic Regulation⁽¹³⁾, 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⁽¹⁴⁾.
- (68) Like in previous investigations concerning the chemical 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 Complaint, and in the Commission Staff Working Document on Significant Distortions in the Economy of the People's Republic of China

⁽⁸⁾ Commission Implementing Regulation (EU) 2024/1959, recitals 161-162; Commission Implementing Regulation (EU) 2023/2180, recitals 89-90; Commission Implementing Regulation (EU) 2023/752, recital 70; Commission Implementing Regulation (EU) 2021/441, recital 99.

⁽⁹⁾ Commission Implementing Regulation (EU) 2024/1959 recitals 103-113; Commission Implementing Regulation (EU) 2023/2180, recitals 46-50; Commission Implementing Regulation (EU) 2023/752, recital 49, Commission Implementing Regulation (EU) 2021/441, recitals 59-65.

⁽¹⁰⁾ Commission Implementing Regulation (EU) 2024/1959, recitals 114-122; Commission Implementing Regulation (EU) 2023/2180, recitals 51-55; Commission Implementing Regulation (EU) 2023/752, recitals 50-54; Commission Implementing Regulation (EU) 2021/441, recitals 66-68. 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 Chinese 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 to the producers of the product under review and the suppliers of their inputs.

⁽¹¹⁾ Commission Implementing Regulation (EU) 2024/1959, recitals 123-133; Commission Implementing Regulation (EU) 2023/2180, recitals 56-65; Commission Implementing Regulation (EU) 2023/752, recitals 55-63; Commission Implementing Regulation (EU) 2021/441, recitals 69-79.

⁽¹²⁾ Commission Implementing Regulation (EU) 2024/1959, recitals 134-138; Commission Implementing Regulation (EU) 2023/2180, recitals 66-69; Commission Implementing Regulation (EU) 2023/752, recital 64; Commission Implementing Regulation (EU) 2021/441, recitals 80-83.

⁽¹³⁾ Commission Implementing Regulation (EU) 2024/1959, recitals 139-142; Commission Implementing Regulation (EU) 2023/2180, recitals 71-72; Commission Implementing Regulation (EU) 2023/752, recital 65; Commission Implementing Regulation (EU) 2021/441, recitals 84-85.

⁽¹⁴⁾ Commission Implementing Regulation (EU) 2024/1959, recitals 143-152; Commission Implementing Regulation (EU) 2023/2180, recitals 72-81; Commission Implementing Regulation (EU) 2023/752, recital 66; Commission Implementing Regulation (EU) 2021/441, recitals 86-95.

for the Purposes of Trade Defence Investigations ⁽¹⁵⁾ ('Report'), which relies on publicly available sources. That analysis covered the examination of the substantial government interventions in the Chinese 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.

(69) The Complaint alleged that significant distortions exist in the Chinese epoxy resin sector. It referred to the Report and in particular to the Chinese economic system being a 'socialist market economy' and the active role of the Chinese Communist Party ('CCP') in both the public and private sectors in China.

(70) More specifically, the Complaint pointed out that:

- State-owned enterprises ('SOEs') interfere with the epoxy resin costs in China and many Chinese epoxy resin producers are heavily linked with the GOC. For example, Sinochem Holdings Corporation Ltd., part of Sinochem Group, owns epoxy resin producers such as Jiangsu Ruiheng New Material Technology Co., Ltd. and Zhejiang Haobang Chemical Co., Ltd. Sinochem made significant investments in its subsidiary Jiangsu Ruiheng New Material Technology Co. Sinochem Group also owns China National BlueStar (Group) Co., a large-scale enterprise with important market shares in the production of epoxy resin. Furthermore, Sinopec Baling Petrochemical Company, the largest Chinese manufacturer of epoxy resin, is an SOE and is known to promote official Chinese policy ⁽¹⁶⁾.
- Measures taken by the GOC impact the costs and prices of epoxy resin in China. The Complaint refers to CCP pressure on and presence in both public and private companies in China. By way of example, several Party members hold executive positions in epoxy resin producers such as Jiangsu Yangnong Kumho Chemical Co., Ltd and Jiangsu Sanmu Group. This constitutes *prima facie* evidence that the epoxy resin sector in China is subject to State presence, allowing the GOC to interfere with prices or costs ⁽¹⁷⁾.
- There are public policies or measures discriminating in favour of domestic suppliers or otherwise influencing free market forces. Specifically, the petrochemical and chemical products industry is regarded as a strategic industry by the GOC, as explained in the 14th Five-Year Plan ('FYP'). As such, the recent developments of the chemical sector in China had a strong regulatory drive to pursue several policy objectives, including industry upgrading in technical capabilities, moving towards more specialty products and tightening of environmental requirements. These objectives are supported by various policy measures, such as relocating chemical production sites or making available financing for chemical products. The Complaint also specifically referred to the Report which mentioned the implementation of the 14th FYP in Jiangsu, where several Chinese epoxy resin producers are located ⁽¹⁸⁾.
- The lack of, the discriminatory application, or the inadequate enforcement of bankruptcy, corporate, or property laws impact the epoxy resin costs in China. SOEs can benefit from de facto governmental guarantees and due to the absence of normal market mechanisms, the Chinese financial system remains highly distorted ⁽¹⁹⁾.

⁽¹⁵⁾ Commission Staff Working Document on Significant Distortions in the Economy of the People's Republic of China for the purposes of Trade Defence Investigations, 10 April 2024, SWD(2024) 91 final, available at: [https://ec.europa.eu/transparency/documents-register/detail?ref=SWD\(2024\)91&lang=en](https://ec.europa.eu/transparency/documents-register/detail?ref=SWD(2024)91&lang=en), including the previous version of the document: Commission Staff Working Document on Significant Distortions in the Economy of the People's Republic of China for the purposes of Trade Defence Investigations, 20 December 2017, SWD(2017) 483 final/2, available at: [https://ec.europa.eu/transparency/documents-register/detail?ref=SWD\(2017\)483&lang=en](https://ec.europa.eu/transparency/documents-register/detail?ref=SWD(2017)483&lang=en).

⁽¹⁶⁾ See pages 20-22 of the Complaint.

⁽¹⁷⁾ See pages 22-23 of the Complaint.

⁽¹⁸⁾ See pages 24-25 of the Complaint.

⁽¹⁹⁾ See pages 25-26 of the Complaint.

- The market of epichlorohydrin ('ECH'), one of the major inputs for epoxy resins, is also distorted. On the one hand, the GOC created a substantial overcapacity of ECH on the Chinese market due to significant government distortions and support. On the other hand, distortions and incentives provided in the upstream biodiesel and glycerine markets also affect the epoxy resins and ECH markets.
- (71) In conclusion, the Complaint took the position that prices or costs, 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. On that basis, according to the Complaint, it is not appropriate to use domestic prices and costs to establish normal value in this case.
- (72) The Commission examined 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. 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 concerned.
- (73) As regards Article 2(6a)(b), first indent of the basic Regulation, the sector of the product concerned is served by both private companies, such as Hongchang Electronics (also called Grace Epoxy) ⁽²⁰⁾ or Huibo New Materials (also called Wells Advanced Materials) ⁽²¹⁾ and by SOEs, such as Fujian Sanmu Group ⁽²²⁾, Sinochem Group ⁽²³⁾ and Sinopec Group ⁽²⁴⁾. The exact ratio of private versus state-owned producers in the epoxy resin market could not be determined. However, the Commission found that several producers are directly controlled by the State. Examples include the largest Chinese producer ⁽²⁵⁾ of epoxy resin, Fujian Sanmu Group, which is controlled by the Fuzhou Development Zone State-owned Assets Operation Co., Ltd. ⁽²⁶⁾, and Sinochem Group and Sinopec Group, both central enterprises controlled by the State Council's State Asset Supervision and Administration Commission ('SASAC') ⁽²⁷⁾.
- (74) Moreover, CCP interventions into operational decision making have become the norm not only in SOEs but also in private companies ⁽²⁸⁾, with the CCP claiming leadership over virtually every aspect of the country's economy. Indeed, the state's influence by means of CCP structures within companies effectively results in economic operators being under the government's control and policy supervision, given how far the state and Party structures have grown together in China.
- (75) The investigation found that the industry national association representing the producers of epoxy resin, the China Petroleum and Chemical Industry Federation ('CPCIF'), established an Epoxy Resin and Application Special Commission ⁽²⁹⁾. The CPCIF adheres to the overall leadership of the CCP, carries out Party activities, and provides necessary conditions for the activities of party organizations ⁽³⁰⁾. Moreover, the *'registration and management authority of the Association is the Ministry of Civil Affairs'* ⁽³¹⁾ and the conditions to be eligible as a representative of the CPCIF include to *'adhere to the leadership of the CCP, support socialism with Chinese characteristics, resolutely implement the Party's line, principles, and policies, and possess good political qualities'* ⁽³²⁾.

⁽²⁰⁾ See at: <http://www.graceepoxy.com/> (accessed on 4 December 2024).

⁽²¹⁾ See at: <https://www.wellswam.com/> (accessed on 4 December 2024).

⁽²²⁾ See at: <http://san-mu.com/> (accessed on 4 December 2024).

⁽²³⁾ See at: <https://www.sinochem.com/sinochem/guwm/qy/gk/jjj/A031002001001Gone1.html> (accessed on 4 December 2024).

⁽²⁴⁾ See at: <http://www.sinopecgroup.com/group/en/> (accessed on 5 December 2024).

⁽²⁵⁾ See at: <https://www.chinabaogao.com/detail/702936.html> (accessed on 4 December 2024).

⁽²⁶⁾ See Fujian Sanmu Group annual report 2023, p.63, available at: <http://static.cninfo.com.cn/finalpage/2024-04-25/1219790731.PDF> (accessed on 5 December 2024).

⁽²⁷⁾ See at: <http://wap.sasac.gov.cn/n2588045/n27271785/n27271792/c14159097/content.html> (accessed on 5 December 2024).

⁽²⁸⁾ See Art. 33 of the CCP Constitution, Article 19 of the Chinese Company Law. See also the Report, Chapter 3, p. 47-50.

⁽²⁹⁾ See at: <https://www.chinaepoxy.com/article/116> (accessed on 5 December 2024).

⁽³⁰⁾ See CPCIF Articles of Association, Article 3, available at: <http://www.cpcif.org.cn/detail/40288043661e27fb01661e386a3f0001?e=1> (accessed on 5 December 2024).

⁽³¹⁾ *Ibid.*

⁽³²⁾ See CPCIF Articles of Association, Article 36, available at: <http://www.cpcif.org.cn/detail/40288043661e27fb01661e386a3f0001?e=1> (accessed on 5 December 2024).

- (76) Both public and privately owned enterprises in the chemical sector are subject to policy supervision and guidance. The latest Chinese policy documents concerning the chemical and petrochemical sector confirm the continued importance which the GOC attributes to the sector, including the intention to intervene in the sector in order to shape it in line with the government policies. This is exemplified by the 14th FYP on Economic and Social Development and 2035 Perspectives, according to which the GOC intends to '[t]ransform and upgrade traditional industries, promote the optimization of the layout and structural adjustment of raw material industries such as petrochemicals'.
- (77) Additionally, the Guiding Opinion on Promoting the High-Quality Development of the Petrochemical and Chemical Industries during the 14th FYP ('the Guiding Opinion') also stipulates that the GOC will '[p]romote industrial structure adjustment: strengthen specific measures and scientifically regulate the scale of the industry' and '(...) [e]nhance the supply capacity of high-end polymers, special chemicals and other products'.
- (78) Similar examples of the intention of the Chinese authorities to supervise and guide the developments of the epoxy resins sector can be found at the provincial level, such as in the Jiangxi 14th FYP on the High-Quality Development of New Materials Industry, indicating that 'aiming at emerging fields such as energy conservation and environmental protection, electronic information, new energy vehicles, 5G, and biomedicine, we will develop high-performance resins'.
- (79) Moreover, the Zhejiang 14th FYP on Developing the New Materials Industry, which covers the high-performance resin sector, plans to '[f]ocus on the development of high-performance resins and elastomers such as polyethylene, polypropylene, polyester, epoxy resin' and lists epoxy resin among the key new materials to be developed.
- (80) 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, the Commission found that Article 12 of Huibo New Materials' Articles of Association stipulates that: *'The company shall establish a Communist Party organization and carry out Party activities in accordance with the provisions of the Constitution of the Communist Party of China. The company shall provide the necessary conditions for the activities of the Party organization'* ⁽³³⁾.
- (81) Moreover, the chairman as well as several members of the board of directors of Fujian Sanmu Group are also members of the CCP ⁽³⁴⁾.
- (82) Sinochem Group's chairman of the board of directors serves as the secretary of the Party committee and several members of the board of directors serve as deputy secretaries of the Party committee ⁽³⁵⁾. Also, Sinochem Group presents itself as a company that *'adheres to the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, effectively strengthens the Party's overall leadership over the enterprise, deepens Party building, [and] gives full play to the role of Party organizations at all levels'* ⁽³⁶⁾.
- (83) Similarly, Sinopec Group's chairman of the board of directors is the secretary of the Party committee and several members of the board serve as deputy secretaries of the Party committee ⁽³⁷⁾. Sinopec Group stated it intends to *'focus on the company's new mission and new tasks on the new journey, carry forward the party's self-revolutionary spirit, strengthen the party's leadership and party building in an all-round and integrated manner, and systematically promote comprehensive and strict party governance, so as to provide a strong guarantee for writing a new chapter of China's modern petrochemical industry'* ⁽³⁸⁾.

⁽³³⁾ See Art. 12 of Huibo New Marterials' Articles of Association, available at: http://file.finance.sina.com.cn/211.154.219.97:9494/MRGG/CNSESZ_STOCK/2024/2024-3/2024-03-13/9867790.PDF (accessed on 9 December 2024).

⁽³⁴⁾ See Fujian Samu Group's Annual Report 2023, page 32 available at: http://file.finance.sina.com.cn/211.154.219.97:9494/MRGG/CNSESZ_STOCK/2024/2024-4/2024-04-25/10054249.PDF.

⁽³⁵⁾ See at: <https://www.sinochem.com/sinochem/guwm/ylzz/ds/A031002002002Gone1.html> (accessed on 10 December 2024).

⁽³⁶⁾ See at: <https://www.sinochem.com/sinochem/dzyjj/dj11/A031007001Gone1.html> (accessed on 9 December 2024).

⁽³⁷⁾ See at: <http://www.sinopecgroup.com/group/gsglc/index.shtml> (accessed on 10 December 2024).

⁽³⁸⁾ See at: <http://www.sinopecgroup.com/group/000/000/041/41878.shtml> (accessed on 10 December 2024).

- (84) It was impossible to systematically establish the existence of personal connections between all of the producers of the product under investigation and the CCP. However, given that the product under investigation represents a subsector of the chemical sector, the Commission considered that the information established in the recent investigations concerning the chemical sector, as indicated in recital (67), is relevant also to the product under investigation.
- (85) Further, 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 epoxy resins sector. The Commission identified several documents demonstrating that the epoxy resins industry benefits from governmental guidance and intervention into the chemical sector, given that epoxy resin represents a subsector of the chemical sector.
- (86) The chemical industry is consistently regarded as a key industry by the GOC ⁽³⁹⁾. This is confirmed in the numerous plans, directives and other documents focused on chemicals, which are issued at national, regional, and municipal level. Under the 14th FYP, the GOC earmarked the chemical industry for optimization and upgrade ⁽⁴⁰⁾. Similarly, the 14th FYP on Developing the Raw Materials Industry stipulates that the GOC will ‘Optimize the organizational structure: Make leading enterprises bigger and stronger. (...) [S]upport enterprises to accelerate cross-regional and cross-ownership mergers and reorganizations, increase industrial concentration, and conduct international operations. In the petrochemical, chemical, steel, non-ferrous metals, building materials and other industries, cultivate a group of leading enterprises in the industrial chain with ecological dominance and core competitiveness’ ⁽⁴¹⁾.
- (87) Moreover, Sinopec Group’s Hunan subsidiary’s project called ‘Key technology for high-performance special epoxy resin’ was selected by the Hunan government among the top 10 technological research projects to be supported. ⁽⁴²⁾
- (88) Additionally, in 2024, Hongchang Electronics received special governmental subsidies of CNY 21 million benefitting its wholly owned subsidiary Zhuhai Hongchang Electronics Materials Co., Ltd for an epoxy resin production project ⁽⁴³⁾. In their 2023 Annual Report, Hongchang Electronics Materials Co., Ltd declared having received CNY 9,2 million governmental subsidies in 2022 and CNY 11,5 million in 2023 ⁽⁴⁴⁾.
- (89) Similarly, Huibo New Materials received CNY 1,4 million governmental subsidies in 2022 and CNY 2,8 million in 2023 ⁽⁴⁵⁾.
- (90) Fujian Sanmu Group also benefitted from governmental subsidies amounting to CNY 10,8 million in 2021, to CNY 13,9 million in 2022 and to CNY 3,2 million in 2023 ⁽⁴⁶⁾.
- (91) 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 product under investigation. Such measures impede market forces from operating freely.
- (92) The present investigation has not revealed any evidence that the discriminatory application or inadequate enforcement of bankruptcy and property laws in the chemical sector, according to Article 2(6a)(b), fourth indent of the basic Regulation would not affect the manufacturers of the product under investigation ⁽⁴⁷⁾.

⁽³⁹⁾ The Report, Part III, Chapter 16.

⁽⁴⁰⁾ *Ibid.*, Section 16.3.

⁽⁴¹⁾ See Section IV.3, available at: https://www.gov.cn/zhengce/zhengceku/2021-12/29/content_5665166.htm (accessed on 6 December 2024).

⁽⁴²⁾ See at: https://kj.jyueyang.gov.cn/20422/20423/content_2164298.html (accessed on 9 December 2024).

⁽⁴³⁾ See at: <https://finance.sina.com.cn/jjxw/2024-12-05/doc-incyizzz3336680.shtml> (accessed on 10 December 2024).

⁽⁴⁴⁾ See Hongchang Electronics Materials Annual Report 2023, p. 188, available at: <http://www.graceepoxy.com/UploadFiles/20240516/2024516102534937102XW9FP3HR1N.pdf> (accessed on 9 December 2024).

⁽⁴⁵⁾ See Huibo New Materials Annual Report 2023, p. 161, available at: <http://static.cninfo.com.cn/finalpage/2024-04-25/1219792519.PDF> (accessed on 9 December 2024).

⁽⁴⁶⁾ See Fujian Sanmu Group Annual Report 2023, p. 8, available at: <https://q.stock.sohu.com/newpdf/202457839703.pdf> (accessed on 10 December 2024).

⁽⁴⁷⁾ See footnote 12 in recital 67 of the regulation.

- (93) Further, the product under investigation is also affected by the distortions of wage costs in the sense of Article 2(6a)(b), fifth indent of the basic Regulation, as referred to above in recital (67). Those distortions affect the sector both directly (when producing the product under investigation or the main inputs), as well as indirectly (when having access to inputs from companies subject to the same labour system in China) ⁽⁴⁸⁾.
- (94) Moreover, no evidence was submitted in the present investigation demonstrating that the epoxy resin 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 ⁽⁴⁹⁾. The abovementioned Guiding Opinion requiring to ‘improve supporting policies, strengthen the coordination between fiscal, financial, regional, investment, import and export (...) policies with the industry policies [to] give full play to the national cooperation platform between industry and finance and [to] foster the connection between enterprises and banks’ ⁽⁵⁰⁾ also exemplifies this type of government intervention very well. Therefore, the substantial government intervention in the financial system leads to the market conditions being severely affected at all levels.
- (95) 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/contract these inputs, the prices they pay (and which are recorded as their costs) are clearly 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.
- (96) 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, raw materials and energy 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.
- (97) In sum, the evidence available showed that prices or costs of the product under investigation, including the costs of raw materials, land, 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.

3.1.2.2. Arguments raised by interested parties

- (98) The GOC did not comment or provide evidence supporting or rebutting the existing evidence on the case file, including the Report and the additional evidence provided by the complainant, 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.
- (99) Jiangsu Sanmu Group submitted that Article 2(6a) of the basic Regulation is not applicable in the present case as there is insufficient evidence of significant distortions in the Chinese epoxy resin industry. It argued that Jiangsu Sanmu Group is a privately owned company and that its business activities are driven by market forces without any undue interference by the government. It therefore asked the Commission to accept its domestic prices and costs as reported by the company.

⁽⁴⁸⁾ See footnote 13 in recital 67 of the regulation.

⁽⁴⁹⁾ See footnote 14 in recital 67 of the regulation.

⁽⁵⁰⁾ See Section VIII.16, available at: https://www.gov.cn/zhengce/zhengceku/2022-04/08/content_5683972.htm#msdyntrid=WRmyf07ph0z74SHmXoOLKjRWl09BdZ4lGdYp9fiI9xU (accessed on 16 December 2024).

- (100) First, the Commission disagreed that there is insufficient evidence of the Chinese epoxy resin industry being affected by significant distortions. While the Report does not include a specific chapter on epoxy resin, the existence of significant distortions giving rise to the application of Article 2(6a) of the basic Regulation is not linked to the existence of a specific sectoral chapter covering the product under investigation. The Report describes different types of distortions present in China which are cross-cutting and applicable throughout the Chinese economy⁽⁵¹⁾ and affect the prices and the costs of production of the product under investigation, including raw materials, energy, land, capital and labour⁽⁵²⁾. Additionally, the Report includes a chapter on the chemical industry sector, which is relevant for the Commission's assessment on the epoxy resin sector, which is a subsector of the chemical industry sector.
- (101) Furthermore, the Report is not the only source of evidence used by the Commission for its determination, as there are additional probatory elements used for this purpose (including the Complaint⁽⁵³⁾). As explained in section 3.1.2.1 above, the epoxy resin industry is subject to a number of governmental interventions (such as State presence and supervision in key industry actors⁽⁵⁴⁾, coverage by the FYPs and other documents⁽⁵⁵⁾, and interventions in the financial sector⁽⁵⁶⁾), which also affect the costs of production of epoxy resin, including raw materials, energy, land, capital and labour⁽⁵⁷⁾. Therefore, this argument was dismissed.
- (102) Second, with regard to Jiangsu Sanmu Group's request that the Commission uses the company's reported domestic prices and costs, the Commission recalls that once it is determined that, due to the existence of significant distortions for the exporting country in accordance with Article 2(6a)(b) of the basic Regulation, it is not appropriate to use domestic prices and costs in the exporting country, the Commission may construct normal using undistorted prices or benchmarks in an appropriate representative country for each exporting producer according to Article 2(6a)(a). Article 2(6a)(a) allows the use of domestic costs only if they are positively established not to be distorted. However, no costs of production and sale of the product under investigation could be established as undistorted in light of the evidence available on the factors of production of individual exporting producers. The Commission also notes that Jiangsu Sanmu Group did not further substantiate its claim. The argument was therefore rejected.

3.1.2.3. Conclusion

- (103) In view of the above, the Commission concluded that it was not appropriate to use domestic prices and costs to establish normal value in this case. Consequently, the Commission proceeded to construct the normal value 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 described in the following section.

3.1.2.4. Representative country

3.1.2.4.1. General remarks

- (104) 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 China on the basis of the database of the World Bank⁽⁵⁸⁾.

⁽⁵¹⁾ Part I of the Report. See also recitals 73-94 of the regulation.

⁽⁵²⁾ Part II of the Report. See also recitals 95-97 of the regulation.

⁽⁵³⁾ See recitals 69-71 of the regulation.

⁽⁵⁴⁾ See recitals 73-75 of the regulation.

⁽⁵⁵⁾ See recitals 76-79 and recital 86 of the regulation.

⁽⁵⁶⁾ See recital 94 of the regulation.

⁽⁵⁷⁾ See recitals 95-97 of the regulation.

⁽⁵⁸⁾ World Bank Open Data – Upper Middle Income, <https://data.worldbank.org/income-level/upper-middle-income>.

- Production of the product under investigation in that country.
- Existence of relevant readily available 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.

(105) As explained in recitals (60) and (61), the Commission issued two notes for the file on the sources for the determination of the normal value. These notes described the facts and evidence underlying the relevant criteria, and addressed the comments received by the parties on these elements and on the relevant sources. In the Second Note, the Commission informed interested parties of its intention to select Thailand as an appropriate representative country in the present case.

3.1.2.4.2. A level of economic development similar to China

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

3.1.2.4.3. Existence of relevant readily available data in the representative country

(107) In the First Note the Commission indicated that for the countries identified as countries where product under investigation is being produced, i.e. Brazil, Malaysia and Thailand, readily available financial data from producers of the product under investigation was only available for one producer of epoxy resins in Thailand, Aditya Birla Chemicals (Thailand) ⁽⁵⁹⁾.

(108) The Commission could not find detailed financial information coinciding with the investigation period for the identified Thai producer Aditya Birla Chemicals (Thailand). However, in the course of the investigation the company provided its financial statements for the financial year ending 31 March 2024, which aligns with the investigation period, and agreed to be considered as a reference in the current investigation ⁽⁶⁰⁾ and for the relevant data to be placed on the file, accessible to the interested parties.

(109) With regard to Malaysia, based on the information available to the Commission, there is only one producer manufacturing epoxy resins, DIC Corporation ⁽⁶¹⁾, part of a global Japanese group. No detailed financial information for this company was found to be readily available. No comments were received on this finding.

(110) With regards to Brazil, based on the information available to the European Commission, there are three producers who manufacture epoxy resins, Dow ⁽⁶²⁾, Hexion Quimica do Brazil LTDA ⁽⁶³⁾, and Olin ⁽⁶⁴⁾. However, no financial information regarding the product concerned was found to be available for these companies.

(111) The complainant provided a sensitive version of the audited accounts of one of the known producers of epoxy resins in Brazil, Olin Brazil. However, this information was not accompanied by any non-confidential summary, nor by any company agreement to use this sensitive data as a reference in the current investigation. Therefore, the Commission was not in the position to consider this information as readily available data within the meaning of Article 2(6a) of the basic Regulation and therefore could not use it in the current investigation.

⁽⁵⁹⁾ <https://www.adityabirla.com/businesses/companies/aditya-birla-chemicals-thailand-abctl/>.

⁽⁶⁰⁾ TRON reference: t24.010663.

⁽⁶¹⁾ <https://www.dic-global.com/my/about/malaysia.html>.

⁽⁶²⁾ <https://br.dow.com/pt-br.html>.

⁽⁶³⁾ <https://www.hexion.com/>.

⁽⁶⁴⁾ <https://olinepoxy.com/about-us/locations/>.

- (112) In their comments to the Second Note, the Chinese exporting producer Jiangsu Sanmu Group requested the Commission to disclose the full annual accounts of Aditya Birla Chemicals (Thailand) in order to assess the correctness of the calculation and methodology used for the construction of the profit and SG&A costs. In particular, Jiangsu Sanmu Group requested the disclosure of the details of the 'selling expenses', 'administrative expenses' and 'finance costs' items.
- (113) The Commission considered that the financial data provided by Aditya Birla Chemicals (Thailand) represented a comprehensive and up-to-date source of information for calculating SG&A costs and profit, which allowed interested parties sufficient data to assess the level of profit and SG&A. As explained in recitals (109) to (111) no alternative information was readily available, nor interested parties provided any usable alternative data. With regards to the elements included in the SG&A costs used in the calculation, that could be made readily available, the Commission will further enquire about this with Aditya Birla Chemicals (Thailand).
- (114) In the Second Note, the Commission noted that the import volumes from China into Thailand were significant for ECH (75 %) and caustic soda (62 %). Based on this, the Commission considered that the import value of ECH and caustic soda from Thailand was likely distorted. Indeed, further examination of prices of imports from China and other sources had shown that these prices were aligned, with the Chinese prices likely influencing prices from the rest of the world. As a consequence, the Commission decided to find alternative benchmarks for these two factors of production. No international benchmarks were available for either ECH or caustic soda. For this reason, the Commission considered imports of those factors into Malaysia or Brazil – the two countries with similar development and epoxy resin production as explained in recital (106). The share of Chinese imports of ECH of the total imports was 0 % for Malaysia and 27 % for Brazil, while the share of Chinese imports of caustic soda, which however represents a smaller share of the total costs of production, of the total imports during the investigation was 15 % for Malaysia and 4 % for Brazil. Due to the overall significance of ECH in the overall costs of production of epoxy resin, the Commission decided to use imports into Malaysia to establish the undistorted costs of the two factors of production.
- (115) In light of the above considerations, the Commission informed the interested parties with the Second Note that it intended to use Thailand as an appropriate representative country (except for imports of ECH and caustic soda where it would use imports into Malaysia) and to use the company Aditya Birla Chemicals (Thailand), in accordance with Article 2(6a)(a), first indent of the basic Regulation in order to source undistorted prices or benchmarks for the calculation of normal value.
- (116) Interested parties were invited to comment on the appropriateness of Thailand as a representative country and of Aditya Birla Chemicals (Thailand) as producers in the representative country.

3.1.2.4.4. Comments of the interested parties

- (117) Jiangsu Sanmu Group opposed the assumptions adopted by the Commission that Thai ECH and caustic soda markets would be distorted solely on the basis of high imports from China and claimed that the Commission should use imports into Thailand to also establish the undistorted values for both caustic soda and ECH.
- (118) Moreover, Jiangsu Sanmu Group noted that the import quantity of ECH into Thailand from countries other than China are still higher than the total imports of ECH into Malaysia.
- (119) Finally, Jiangsu Sanmu Group claimed that Thailand should take precedence as source for undistorted benchmarks for the normal value, since it is one of the countries investigated.
- (120) The complainant opposed these claims when commenting on the First and Second Notes and stressed that a significant proportion of imports from China into one country would likely put pressure on prices of imports from other competing countries too. The complainant stressed that as the world's largest ECH producer, China's massive production and export flow exerts a profound influence on neighbouring markets. As a result, import prices into Thailand of ECH and caustic soda would indirectly reflect price distortions in China.

- (121) The Commission found that, in the absence of any evidence indicating the contrary, substantial imports from China are likely to influence overall import prices. This indeed was demonstrated by price alignment between Chinese and non-Chinese imports into Thailand where the proportion of the former was significant, as explained in recital (114). For this reason, it is in fact the Commission's practice not to consider countries with a high proportion of imports of key factors of production from China as appropriate representative countries. The Commission therefore decided to disregard imports into Thailand of ECH and caustic soda as undistorted benchmarks to establish the normal value.
- (122) Nevertheless, the complainant disagreed with the Commission's proposal to use Malaysia as source for undistorted benchmarks for ECH and caustic soda. The complainant argued that Malaysia does not meet the criteria to serve as an undistorted benchmark for two reasons. First, Malaysia does not produce liquid epoxy resin, which relies on ECH among other inputs. Second, Malaysia is not insulated from the market distortions affecting the Asian epoxy resin production chain. For these reasons, the complainant proposed that the Commission used Brazil instead. According to the complainant, Brazil produces a higher amount of epoxy resins, including liquid epoxy resins. Moreover, Brazilian prices of ECH and caustic soda are more aligned to international prices than Malaysian prices. Finally, the complainant argued that Brazilian import prices of ECH and caustic soda are higher than import prices in Malaysia.
- (123) The Commission emphasized that Malaysia was a country with epoxy resin production, albeit allegedly not in liquid forms, and that it imported ECH and caustic soda from undistorted sources in significant volumes. Furthermore, the claim regarding Chinese distortions spreading across Asia was not substantiated. Consequently, the Commission dismissed this comment.
- (124) Regarding the proposed alternative, Brazil, the Commission observed that Chinese ECH imports accounted for 27 % of total ECH imports, compared to 0 % of Chinese imports into Malaysia for the same material during the investigation period. Therefore, the Commission concluded that Malaysia was a more suitable source for determining an undistorted value for ECH than Brazil.
- (125) Finally, in its reply to the First Note, the complainant claimed that SG&A costs and profit of the Thai producer of epoxy resins might be distorted, as it would be benefitting from a distorted market price of ECH. The complainant therefore requested the Commission to use epoxy producers in Brazil, also known to be more vertically integrated than their Thai competitors, to establish undistorted values for profit and SG&A. However, the complainant failed to provide any evidence to support this claim as well as alternative and usable public available financial accounts of Brazilian producers. Therefore, their comment was dismissed as unsubstantiated.

3.1.2.4.5. Level of social and environmental protection

- (126) Having established that Thailand was the most appropriate representative country for which the relevant data were readily available, 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. Regarding the undistorted data of ECH and caustic soda, Malaysia was found to provide the most appropriate representative data and therefore neither an assessment of the level of social and environmental protection concerning Malaysia was needed.

3.1.2.4.6. Conclusion

- (127) In view of the above analysis, Thailand (and Malaysia regarding ECH and caustic soda) 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.

3.1.2.5. Sources used to establish undistorted costs

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

- (129) In the Second Note, the Commission stated that, to construct the normal value in accordance with Article 2(6a)(a) of the basic Regulation, it would use GTA to establish the undistorted cost of most of the factors of production, notably the raw materials and lignite. In addition, the Commission stated that it would use data from the Bank of Thailand for establishing undistorted costs of labour ⁽⁶⁵⁾, the Thai Provincial Electricity Authority and Thai Energy Regulatory Commission for electricity ⁽⁶⁶⁾ and the Energy Policy and Planning Office of the Ministry of Energy for the natural gas and consequently steam ⁽⁶⁷⁾.
- (130) Moreover, in the Second Note, the Commission updated the list of factors of production based on the comments of the parties and information submitted by the sampled exporting producers in the questionnaire reply.
- (131) Finally, in the Second Note, the Commission also informed the interested parties that due to the large number of factors of production of the sampled 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.

3.1.2.6. Undistorted costs and benchmarks

3.1.2.6.1. Factors of production

- (132) 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 epoxy resins

Factor of Production	Thailand commodity code (*)	Undistorted value	Unit of measurement
Raw materials			
Bisphenol A	2907 23 00	GTA – Thailand	8,76 CNY/kg
Epichlorohydrin (ECH)	2910 30	GTA – Malaysia	8,89 CNY/Kg
Caustic Soda (Sodium hydroxide) 50 %	2815 12 00 10 20	GTA – Malaysia	1,68 CNY/kg
Caustic Soda (Sodium hydroxide) 32 %	2815 12 00 10 20	GTA – Malaysia	1,68 CNY/kg
Acetone	2914 11 00	GTA – Thailand	6,39 CNY/kg
Benzene (or 'petrobenzene' or 'C6H6')	2902 20 00	GTA – Thailand	6,95 CNY/kg
Phenol	2907 11 00 10 10	GTA – Thailand	7,35 CNY/kg
Propane	2711 12 00	GTA – Thailand	4,68 CNY/kg
Propylene	2901 22 00	GTA – Thailand	6,97 CNY/kg

⁽⁶⁵⁾ <https://app.bot.or.th>.

⁽⁶⁶⁾ <https://www.pea.co.th> and <https://www.mea.or.th>.

⁽⁶⁷⁾ <https://www.eppo.go.th>.

Factor of Production	Thailand commodity code (*)	Undistorted value	Unit of measurement
Allyl Glycidyl Ether	2910 90 00 10 30	GTA – Thailand	33,50 CNY/kg
Labour			
Labour	N/A	Bank of Thailand ⁽⁶⁸⁾ and ILO ⁽⁶⁹⁾	18,55 CNY/hour
Energy			
Electricity	N/A	Thai Provincial Electricity Authority ⁽⁷⁰⁾	1,03 CNY/kWh
Natural Gas	N/A	Energy Policy and Planning Office of the Ministry of Energy ⁽⁷¹⁾	2,83 CNY/m ³
Steam	N/A	Energy Policy and Planning Office of the Ministry of Energy ⁽⁷²⁾	215,7 CNY/MT
Lignite	2702 10	GTA – Thailand	0,27 CNY/kg
(*) Apart from EHC and caustic soda.			

- (133) The Commission included a value for manufacturing overhead costs to cover costs not included in the factors of production referred to above. The methodology is duly explained in recitals (158) to (160).

3.1.2.6.2. Raw materials

- (134) 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 to the representative country as reported in the GTA to which import duties and transport costs were added. 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 of the European Parliament and the Council ⁽⁷³⁾. The Commission decided to exclude imports from the China into the representative country as it concluded in recital (103) 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 quantities were considered by the Commission to be representative.

⁽⁶⁸⁾ https://app.bot.or.th/BTWS_STAT/statistics/BOTWEBSTAT.aspx?reportID=636&language=ENG, and in particular the Average wage classified by industry (ISIC Rev.4) for the manufacturing sector, during the IP. Data were then adjusted to include 5,2 % social charges for the employer and a further 5 % of social charges for the employee (source: <https://www.papayaglobal.com/countrypedia/country/thailand>). Details in Annex IV.

⁽⁶⁹⁾ https://rshiny.ilo.org/dataexplorer59/?lang=en&id=HOW_TEMP_SEX_AGE_ECO_NB_A and in particular the Mean weekly hour actually worked per employee, for the year 2023, for the manufacturing sector. Details in Annex IV.

⁽⁷⁰⁾ Provincial Electricity Authority, Data May 2023 (<https://www.pea.co.th/Portals/1/Knowledge%20PEA/PEA%20Electricity%20Tariffs%20MAY66%20Unofficial%20Translation.pdf?ver=2024-05-23-112008-353>), Time of use tariff (TOU tariff) – Large General Service, Voltage level below 22 Kv. Details in Annex IV.

⁽⁷¹⁾ Ministry of Energy – Energy policy and planning office (Table 7.2.4) <https://www.eppo.go.th/index.php/en/en-energystatistics/energy-economy-static>.

⁽⁷²⁾ Ibid. For the description of the methodology for calculating the steam benchmark, please refer to section 1.10.

⁽⁷³⁾ 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>). Article 2(7) of the basic Regulation considers that domestic prices in those countries cannot be used for the purpose of determining normal value.

- (135) For a number of factors of production, the actual costs incurred by the cooperating exporting producers represented a negligible share of total raw material costs (up to 2,5 %) in the 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 (157).
- (136) 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 for ECH and caustic soda.
- (137) The Commission expressed the transport cost incurred by the cooperating exporting producers 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 in order 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.
- (138) Following the Second Note, Jiangsu Sanmu Group raised the point that the Commission applied the same benchmark for two grades of caustic soda (32 % and 50 % concentration) and suggested an adjustment to account for the higher market price typically commanded by the 50 % grade.
- (139) The Commission acknowledged that the market price for caustic soda 50 % grade is indeed higher than that of the 32 % grade. However, the available benchmark price from GTA refers to 'Sodium Hydroxide (Caustic Soda): In Aqueous Solution (Soda Lye or Liquid Soda)', which implies this benchmark is an average price for imports of various grades of caustic soda. Given the lack of grade-specific pricing data, the Commission concluded that using this average price from GTA was the most reliable option. Furthermore, the approximation introduced by this method is mitigated by the fact that the epoxy production process also consumes a mix of caustic soda grades. Consequently, the proposed adjustment was rejected.
- (140) Jiangsu Sanmu Group submitted a claim concerning the level of trade at which import data (source: GTA ⁽⁷⁴⁾) are used and opposed the Commission's decision to rely on duty-paid prices, comprehensive of ocean freight, insurance, port fees, inland transport, and import duties, to represent a benchmark for Chinese cost of raw material. They stressed that these factors are irrelevant to the production process of Chinese producers which mostly supply their raw material domestically and inflate the cost base to determine the normal value. In other words, they claimed that import statistics of a third country do not accurately reflect domestic prices or actual purchase costs in the country concerned, since the level of import prices is subject to distortions by various external factors, including import volumes, geographical distance between the importing and exporting countries, and the availability of such inputs in that country. Jiangsu Sanmu Group therefore requested the Commission to deduct from the import CIF value of the factors of production into the representative country the costs relating to ocean freight, inland transportation, insurance, and customs duties. This would approximate the benchmark prices to prices of domestically purchased inputs.
- (141) The Commission rejected this claim. All the elements cited by Jiangsu Sanmu Group are costs which need to be reflected in the price ultimately charged in the market of the representative country. Additionally, these final prices, which incorporate such elements, are influenced by competitive forces in the importing countries. Therefore, they serve as a reliable source for determining undistorted costs in representative markets.
- (142) Following the First Note, the complainant requested that the Commission distinguish between direct raw materials (such BPA, ECH and caustic soda) used specifically in the epoxy resins production process, and upstream raw materials (like propylene, phenol, acetone, benzene and propane) used in upstream stages by vertically integrated producers.

⁽⁷⁴⁾ Global Trade Atlas: <https://connect.ihsmarkit.com/gta/home/>.

- (143) The Commission noted that integrated producers use upstream raw materials internally to produce BPA and/or ECH, which are the direct inputs for manufacturing epoxy resins and it applied benchmarks based on each exporting producer's actual raw materials consumptions, regardless of whether the materials are direct or upstream raw materials.
- (144) The complainant argued that if the Commission includes propylene and benzene as raw materials, it should also include chlorine, glycerol and hydrogen chloride. However, based on the verified replies of the sampled exporting producers, the consumption of these inputs represents an insignificant share of the cost of manufacturing and are therefore treated as consumables.

3.1.2.6.3. Labour

- (145) To establish the benchmark for labour costs the Commission used the last publicly available data from the Bank of Thailand ⁽⁷⁵⁾ for the average wages in Thailand during the investigation period. These were adjusted to include social charges ⁽⁷⁶⁾. Finally, the total annual labour cost was divided by the number of hours in the year (i.e. 8 hours per day, multiplied by 5 working days a week and by the number of weeks in a year).
- (146) In their comments to the Second Note, Jiangsu Sanmu Group objected the assumption of a weekly working time of 40 hours as described in recital (145), considering it underestimated the actual working time. Jiangsu Sanmu Group referred to the Thai Ministry of Labour which allow up to 48 hours a week. Moreover, the company commented that the Commission's calculation does not account for overtime, which is common practice in Thailand. In their comments, Jiangsu Sanmu Group stressed that according to the Thai labour law overtime shall be paid at least 1,5 times the standard wage rate for regular working day and up to 2 times on rest days, public holidays, or annual leave.
- (147) The Commission noted that Jiangsu Sanmu Group did not provide any concrete evidence suggesting that workers in epoxy resins production in Thailand work more than 40 hours. It was recalled that if interested parties wish to dispute the Commission's complex assessments in the context of constructing the normal value, it is for them to adduce concrete evidence showing that the Commission made a manifest error of assessment in the evidence taken into account for the purposes of that calculation. As in the case of CCCME ⁽⁷⁷⁾ Jiangsu Sanmu Group claimed that weekly working hours are in fact higher in Thailand, but did not rely on concrete evidence. In analogous situation in CCCME the General Court found that *'the applicants have not adduced evidence that the Commission has committed a manifest error of assessment by using the value of 40 hours per working week in Thailand in order to calculate the labour cost associated with the production of the product concerned.'* ⁽⁷⁸⁾ The Commission therefore rejected this claim.
- (148) In its comments to the Second Note, the complainant contested the methodology used by the Commission to establish the labour costs and argued that these should be aligned to previous investigations where Thailand was used as representative country (namely the anti-dumping proceeding against iron or steel fasteners from China ⁽⁷⁹⁾). Additionally, the complainant noted that the estimated unit labour cost was significantly lower than during the investigation of the fastener case (i.e. 1 July 2019 to 30 June 2020).
- (149) The Commission clarified that it used the same methodology and sources as in the fasteners case to establish an undistorted value for the labour costs. The claim was therefore rejected.

⁽⁷⁵⁾ https://app.bot.or.th/BTWS_STAT/statistics/BOTWEBSTAT.aspx?reportID=636&language=ENG, and in particular the Average wage classified by industry (ISIC Rev.4) for the manufacturing sector, during the IP. Data were then adjusted to include 5,2 % social charges for the employer and a further 5 % of social charges for the employee (source: <https://www.papayaglobal.com/countrypedia/country/thailand/>).

⁽⁷⁶⁾ <https://www.papayaglobal.com/countrypedia/country/thailand/>.

⁽⁷⁷⁾ Judgment of 2 October 2024, *China Chamber of Commerce for Import and Export of Machinery and Electronic Products (CCCME) and Others v European Commission*, T-263/22, ECLI:EU:T:2024:663.

⁽⁷⁸⁾ *Ibid.* para. 162.

⁽⁷⁹⁾ Commission Implementing Regulation (EU) 2022/191 of 16 February 2022 imposing a definitive anti-dumping duty on imports of certain iron or steel fasteners originating in the People's Republic of China (OJ L 36, 17.2.2022, p. 1, ELI: http://data.europa.eu/eli/reg_impl/2022/191/oj), recital 259-260.

3.1.2.6.4. Electricity

- (150) To establish the benchmark price for electricity, the Commission used the quotation of the electricity price for business, industrial and state enterprises available on the website of the Provincial Electricity Authority⁽⁸⁰⁾, 4.2 Time of use tariff (TOU tariff). The Commission used the data on the industrial electricity prices in the corresponding consumption band 4.2.3: Below 12 kV.
- (151) This energy charge has been unchanged since 2018 and is updated on a monthly basis using the instrument called 'Ft surcharge'. Electricity charges billed for each month are therefore calculated as:
- an electricity base charge, according to the tariffs described above and which remained constant over the years, PLUS/MINUS,
 - an energy adjustment charge (Ft), which is periodically updated by the Thai Energy Regulatory Commission (ERC)⁽⁸¹⁾.
- (152) When computing the benchmark, the Commission added the average energy adjusted charge to the electricity base charge, for the investigation period.
- (153) The benchmark was established for each sampled exporting producer based on respective peak and off-peak consumption, when the exporting producer distinguished between peak and off-peak consumption. The resulting usage was allocated to the peak and off-peak rates. If a sampled exporting producer did not distinguish between peak and off-peak consumption, peak rates were applied.

3.1.2.6.5. Natural gas

- (154) To establish the benchmark for gas, the Commission used the prices of gas for companies (industrial users) in Thailand published by the Energy Policy and Planning Office of the Ministry of Energy⁽⁸²⁾. The Commission used the corresponding prices from Table 7.2-4: Final Energy Consumption Per Capita. The Commission used as benchmark the most recent data relating to 2023.

3.1.2.6.6. Steam

- (155) To establish the benchmark for steam expressed in CNY/MT, the Commission started from the price of natural gas expressed in CNY/m³, computed according to the methodology presented in recital (154). Using a generally accepted conversion factor⁽⁸³⁾, the Commission estimated the energy content of gas, expressed in MMBtu/m³. Next, by applying the combustion efficiency factor published by US Department of Energy⁽⁸⁴⁾, the Commission determined the amount of gas energy that can be transferred to steam, expressed in Btu/m³ of gas. Using the relevant table published by the US Department of Energy, the Commission determined the amount of energy stored in saturated steam at a pressure of 4 MPa, expressed in Btu/kg of steam. By combining these elements (the price of gas in CNY/m³, the energy transferred to steam in Btu/m³ of gas and the energy stored in steam in Btu/kg of steam), the Commission obtained the benchmark price of steam in CNY/MT⁽⁸⁵⁾.

⁽⁸⁰⁾ Provincial Electricity Authority, Data May 2023 (<https://www.pea.co.th/Portals/1/Knowledge%20PEA/PEA%20Electricity%20Tariffs%20MAY66%20Unofficial%20Translation.pdf?ver=2024-05-23-112008-353>), Time of use tariff (TOU tariff) - Large General Service), Voltage level below 22 Kv.

⁽⁸¹⁾ <https://www.mea.or.th/en/our-services/tariff-calculation/latestft>.

⁽⁸²⁾ Ministry of Energy – Energy policy and planning office (Table 7.2.4) <https://www.eppo.go.th/index.php/en/en-energystatistics/energy-economy-static> (last consulted on 9 October 2024).

⁽⁸³⁾ 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) (last consulted on 16 October 2024).

⁽⁸⁴⁾ Source for combustion efficiency: <https://www.energy.gov/eere/amo/articles/benchmark-fuel-cost-steam-generation> (last consulted on 11 October 2024).

⁽⁸⁵⁾ Although the calculation was specifically for steam at 4 MPa, the tables from the US Department of Energy indicate that the price variation would be less than 0,6 % for steam at 1 MPa.

3.1.2.6.7. Lignite

- (156) In order to establish the undistorted price of lignite as delivered at the gate of a representative country producer, the Commission used as a basis the weighted average import price to the representative country as reported in the GTA to which import duties and transport costs were added, as explained in recital (134).

3.1.2.6.8. Consumables

- (157) Due to the large number of factors of production of the sampled exporting producers that provided complete information and the negligible weight of some of the raw materials in the total cost of production, some of the factors of production were considered consumables. The Commission calculated the percentage of the consumables in the total cost of production and applied this percentage to the recalculated cost of production based on benchmarks.

3.1.2.6.9. Manufacturing overhead costs, SG&A and profits

- (158) 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.
- (159) The manufacturing overheads incurred by the cooperating exporting producers were expressed as a share of the costs of manufacturing actually incurred by the exporting producers. This percentage was applied to the undistorted costs of manufacturing.
- (160) For establishing an undistorted and reasonable amount for SG&A costs and profit, the Commission relied on the financial data for the financial year ending on 31 March 2024 for *Aditya Birla Chemicals (Thailand) Co., Ltd.* as provided by the company, in non-confidential version. Based on the available data of Aditya Birla Chemicals (Thailand) Co., Ltd., the Commission used 18,0 % as undistorted value for SG&A costs and 9,3 % as undistorted value for profit.

3.1.2.6.10. Calculation

- (161) 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.
- (162) 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 provided by the applicant were verified during the verification. The Commission multiplied the usage factors by the undistorted costs per unit observed in the representative country, as described in Section 3.1.2.6.2.
- (163) Once the undistorted manufacturing cost are established, the Commission applied the manufacturing overheads, SG&A costs and profit as noted in recitals (158) to (160). They were determined on the basis of the financial statements of company as explained in recital (160).
- (164) Then the Commission added manufacturing overheads, as explained in recital (160) to the undistorted cost of manufacturing in order to arrive at the undistorted costs of production.
- (165) To the costs of production established as described in the previous recital, the Commission applied SG&A and profit of company. SG&A expressed as a percentage of the Costs of Goods Sold ('COGS') and applied to the undistorted costs of production, amounted to 18,0 %. The profit expressed as a percentage of the COGS and applied to the undistorted costs of production, amounted to 9,3 %.
- (166) 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.

3.1.3. *Export price*

(167) The sampled exporting producers exported to the Union directly to independent customers.

(168) Therefore, 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.

3.1.4. *Comparison*

(169) 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 the sampled exporting producers 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.

3.1.4.1. *Adjustments made to the normal value*

(170) As explained in recital (161), 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.

(171) The Commission found no reasons for making any allowances to the normal value, nor were such allowances claimed by any of the sampled exporting producers.

3.1.4.2. *Adjustments made to the export price*

(172) In order to net the export price back to the ex-works level of trade, adjustments were made on the account of transport, customs duties, insurance, handling and loading expenses.

(173) Allowances were made for the following factors affecting prices and price comparability: credit costs and bank charges.

3.1.5. *Dumping margins*

(174) For the sampled cooperating exporting producers, 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.

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

Company	Provisional dumping margin
Jiangsu Sanmu Group Co., Ltd.	24,2 %
Sinochem Group, consisting of	40,8 %
— Jiangsu Ruiheng New Material Technology Co., Ltd.	
— Nantong Xingchen Synthetic Material Co., Ltd.	
— Jiangsu Kumho Yangnong Chemical Co., Ltd.	

(176) For the cooperating exporting producers outside the sample, the Commission calculated the weighted average dumping margin, in accordance with Article 9(6) of the basic Regulation. Therefore, that margin was established on the basis of the margins of the sampled exporting producers.

- (177) On this basis, the provisional dumping margin of the cooperating exporting producers outside the sample is 30,3 %.
- (178) For all other exporting producers in China, the Commission established the dumping margin on the basis of the facts available, in accordance with Article 18 of the basic Regulation.
- (179) To this end, the Commission determined the level of cooperation of the exporting producers. The level of cooperation is the volume of exports of the cooperating exporting producers to the Union expressed as proportion of the total imports from the country concerned to the Union in the investigation period, that were established on the basis of Eurostat.
- (180) The level of cooperation in this case is high because the exports of the Chinese cooperating exporting producers constituted around 85 % of the total imports from China during the investigation period. On this basis, the Commission decided to establish the dumping margin for non-cooperating exporting producers at the level of the group with the highest dumping margin.
- (181) The provisional dumping margins, expressed as a percentage of the CIF Union frontier price, duty unpaid, are as follows:

Company	Provisional dumping margin
Jiangsu Sanmu Group Co., Ltd.	24,2 %
Sinochem Group consisting of	40,8 %
— Jiangsu Ruiheng New Material Technology Co., Ltd.	
— Nantong Xingchen Synthetic Material Co., Ltd.	
— Jiangsu Kumho Yangnong Chemical Co., Ltd.	
Other cooperating companies	30,3 %
All other imports originating in China	40,8 %

3.2. General methodology for the Republic of Korea, Taiwan and Thailand

- (182) The Commission sets out in recitals (183) to (191) below the general methodology it used for the dumping calculations. Where warranted, any country- or company-specific issues relevant for these calculations are addressed in the country-specific sections below.

3.2.1. Normal value

- (183) The Commission first examined whether the total volume of domestic sales for each sampled exporting producer was representative, in accordance with Article 2(2) of the basic Regulation. The domestic sales are representative if the total domestic sales volume of the like product to independent customers on the domestic market per exporting producer represented at least 5 % of its total export sales volume of the product concerned to the Union during the investigation period.
- (184) The Commission subsequently identified the product types sold domestically that were identical or comparable with the product types sold for export to the Union for the exporting producers with representative domestic sales.
- (185) The Commission then examined whether the domestic sales by each sampled exporting producer on its domestic market for each product type that is identical or comparable with a product type sold for export to the Union were representative, in accordance with Article 2(2) of the basic Regulation. The domestic sales of a product type are representative if the total volume of domestic sales of that product type to independent customers during the investigation period represents at least 5 % of the total volume of export sales of the identical or comparable product type to the Union.

- (186) The Commission next defined the proportion of profitable sales to independent customers on the domestic market for each product type during the investigation period in order to decide whether to use actual domestic sales for the calculation of the normal value, in accordance with Article 2(4) of the basic Regulation.
- (187) The normal value is based on the actual domestic price per product type, irrespective of whether those sales are profitable or not, if:
- (a) the sales volume of the product type, sold at a net sales price equal to or above the calculated cost of production, represented more than 80 % of the total sales volume of this product type; and
 - (b) the weighted average sales price of that product type is equal to or higher than the unit cost of production.
- (188) In this case, the normal value is the weighted average of the prices of all domestic sales of that product type during the investigation period.
- (189) The normal value is the actual domestic price per product type of only the profitable domestic sales of the product types during the investigation period, if:
- (a) the volume of profitable sales of the product type represents 80 % or less of the total sales volume of this type; or
 - (b) the weighted average price of this product type is below the unit cost of production.
- (190) When there were no or insufficient sales of a product type of the like product in the ordinary course of trade or where a product type was not sold in representative quantities on the domestic market, the Commission constructed the normal value in accordance with Article 2(3) and (6) of the basic Regulation.
- (191) Normal value was constructed by adding the following to the average cost of production of the like product of each sampled exporting producer during the investigation period:
- (a) the weighted average selling, general and administrative ('SG&A') expenses incurred by each sampled exporting producer on domestic sales of the like product, in the ordinary course of trade, during the investigation period; and
 - (b) the weighted average profit realised by each sampled exporting producer on domestic sales of the like product, in the ordinary course of trade, during the investigation period.
- (192) The complainant claimed that in accordance with Article 2(3) of the basic Regulation the normal value should be constructed, due to the fact that domestic prices were below the cost of production when adjusted for distorted production costs in Korea, Taiwan and Thailand. Namely, it argued that the Asian epoxy resin market is distorted by Chinese overcapacity, resulting in artificially low prices for epoxy resin and its inputs, including bisphenol-A ('BPA') and epichlorohydrin ('ECH'). According to the claim, Chinese overcapacity for epoxy resin and its inputs, combined with artificially low energy prices in Korea and Taiwan, have distorted production costs and pricing for epoxy resin in Korea, Taiwan and Thailand. This situation allegedly prevented a proper comparison between domestic and export sales, making it impossible to determine whether home market sales were 'in the ordinary course of trade'.
- (193) The complainant requested that the Commission exercised its broad authority to adjust costs under Article 2(5) of the basic Regulation by adjusting the exporters' cost of production to reflect non-distorted prices of ECH and BPA. They argued that this action was necessary to determine whether any home market sales prices were below the cost of production.
- (194) The Commission considered that the complainant did not demonstrate that the conditions to adjust costs under Article 2(5) were present. Moreover, the claims were not substantiated. In particular, the alleged price effects the Chinese overcapacity was causing in the BPA and ECH markets across Asia. For example, the investigation revealed that the ECH purchase price in Korea during the investigation period, despite claims of high imports from China, was higher than the average import price of ECH in Malaysia, where there were no imports from China. This contradicted the complainant's claim that the Chinese overcapacity resulted in lower prices of raw materials, in particular ECH, in Korea.

- (195) Furthermore, the claim regarding Chinese overcapacity in BPA was not supported by evidence, as GTA ⁽⁸⁶⁾ statistics showed that China's exports accounted for only 1 % of global BPA exports.
- (196) The claim regarding artificially low energy prices in Korea and Taiwan was also not supported by evidence. The claim relied primarily on the dominant position of state-owned enterprises in the electricity market and comparisons of electricity prices to those in the Union and Japan. However, such price differences alone cannot, in any case, determine the existence of significant distortions in the market of a specific country. The complainant, for example, ignored the sources of energy and the associated costs of its generation, which play a crucial role in shaping electricity prices.
- (197) The complainant further claimed that the main electricity provider in Korea reported losses on their purchase and sales prices per kWh during certain periods, however, these did not fully cover the investigation period. A similar situation was observed in Taiwan. While this may indicate financial challenges for the energy providers, such claims were insufficient to demonstrate the existence of market distortions, without a comprehensive assessment of the underlying factors, such as energy production methods, government policies, and market dynamics, which were not presented or analysed by the complainant.
- (198) The Commission thus considered that the information provided by the complainant was not sufficient to make an appropriate analysis on the claimed distortions in the Asian epoxy resin market caused by Chinese overcapacity resulting in artificially low prices for epoxy resin and its inputs in Korea, Taiwan and Thailand and that combined with artificially low energy prices in Korea and Taiwan, had distorted production costs and pricing for epoxy resin. The claim was therefore rejected.

3.2.2. *Export price*

- (199) The exporting producers exported to the Union either directly to independent customers or through related companies acting as importers.
- (200) When exporting producers exported the product concerned directly to independent customers in the Union, 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.
- (201) When the exporting producers exported the product concerned to the Union through related companies acting as an importer, the export price was established on the basis of the price at which the imported product was first resold to independent customers in the Union, in accordance with Article 2(9) of the basic Regulation. In this case, adjustments to the price were made for all costs incurred between importation and resale, including SG&A costs, and for profits.

3.2.3. *Comparison*

- (202) 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 the sampled exporting producers 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.

3.3. **Republic of Korea**

- (203) Two exporting producers in Korea were sampled in this investigation, Kukdo Chemical Co., Ltd. and Kumho P&B Chemicals, Inc.

⁽⁸⁶⁾ <https://connect.ihsmarkit.com/gta/home/>.

- (204) A wholly owned subsidiary of Kukdo Chemical Co., Ltd., Kukdo Finechem Co., Ltd., also produced and sold the product concerned during the investigation period and cooperated in this investigation. Both exporting producers were considered as part of the Kukdo Group.
- (205) On the domestic market, both exporting producers/groups sold the product concerned to independent customers directly. Likewise, sales to the Union were made either directly to independent customers, or through related companies.

3.3.1. *Normal value*

- (206) Normal value for both Korean exporting producers/groups was established in line with the general methodology set out in section 3.2.1 above. As a result, the normal value for the majority of product types exported to the Union was based on actual domestic prices. The normal value for the remaining types was constructed, since no domestic sale for these product types existed at any of the two sampled exporting producers and no other information on the prices of the relevant product types was available to the Commission.

3.3.2. *Export price*

- (207) Both Korean exporting producers/groups had sales to the Union either directly, or through related company. The export price was established in line with the general methodology set out in section 3.2.2 above.
- (208) As regards the export sales via the related importer, export prices were determined in accordance with Article 2(9) of the basic Regulation, based on prices at which the goods were first re-sold to an unrelated customer in the Union. In this case, adjustments to the price were made for all costs incurred between importation and resale. Moreover, the SG&A costs of the related companies and profit of [1 % - 5 %], which was obtained from cooperating unrelated importer, were deducted. The data from the other cooperating importer was excluded as it operated at a loss.

3.3.3. *Comparison*

- (209) As explained in recital (202), the Commission compared the normal value and the export price of the exporting producers/groups on an ex-works basis.

3.3.3.1. *Adjustments made to the normal value*

- (210) In order to net the normal value back to the ex-works level of trade, adjustments were made on the account of domestic transport, insurance, handling and loading expenses.
- (211) Allowances were made for the following factors affecting prices and price comparability: credit costs, duty drawback and packing expenses.

3.3.3.2. *Adjustments made to the export price*

- (212) 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 expenses, packing expenses and credit costs.
- (213) Allowances were made for the following factors affecting prices and price comparability: packing expenses, credit costs and bank charges.
- (214) Regarding the adjustment of the export price for commissions, the Commission found that some of the related traders involved were acting as agents working on a commission basis and were remunerated for the relevant functions with a mark-up. An adjustment for a commission constructed based on the relevant SG&A costs and a nominal profit was therefore warranted.

3.3.4. Dumping margins

- (215) For the cooperating Korean exporting producers, 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.
- (216) The dumping margins, expressed as a percentage of the CIF import price at the Community border, duty unpaid, are the following:

Company	Provisional dumping margin
Kukdo Chemical Co., Ltd., Kukdo Finechem Co., Ltd.	0 %
Kumho P&B Chemicals, Inc	2,4 %

- (217) The Commission examined whether the country-wide level of dumping for Korea was found to be above the *de minimis* 2 % level as provided in Article 9(3) of the basic Regulation. It was considered appropriate for this purpose to extrapolate the results of the sample, including the company with no dumping, to estimate the level of dumping of the non-sampled companies. The amount of dumping in the sample, expressed as a percentage of the CIF value of exports of the sample, was below 0 %. Therefore, no overall dumping margin was established for the Republic of Korea.
- (218) In these circumstances, the Commission intends to terminate the current proceeding as regards imports of the product concerned originating in the Republic of Korea, in accordance with Article 9(3) of the basic Regulation.
- (219) Given the conclusions above, registration of imports of the like product from Korea will be discontinued.
- (220) Interested parties are invited to comment on the Commission's intention to terminate the proceeding vis-à-vis the Republic of Korea within 15 days of the publication of this regulation.

3.4. Taiwan

- (221) There were two exporting producers in Taiwan during the investigation period, Chang Chun Plastics Co. and Nan Ya Plastics Corporation. The two exporting producers cooperated. Sales to the Union by one of the exporting producers were done directly to independent customers. The other exporting producer sold to the Union both directly and indirectly through a related importer in the Union. On the domestic market, both exporting producers sold the product concerned to independent customers directly.

3.4.1. Normal value

- (222) Normal value for both Taiwanese exporting producers was established in line with the general methodology set out in section 3.2.1 above. As a result, the normal value for the majority of product types exported to the Union was based on actual domestic price. Where there were no domestic sales of a product type of the like product, normal value was constructed because the domestic sales price of other sampled producer for that product type could not be disclosed in a meaningful manner without breaching the confidentiality of that producer.

3.4.2. Export price

- (223) One Taiwanese exporting producer exported to the Union directly. For those exports the export price was established in accordance with Article 2(8) of the basic Regulation as explained in the section 3.2.2 above.
- (224) The other exporting producer exported to the Union directly and through a related importer located in the Union. For those exports via an importer in the Union, the export price was established on the basis of Article 2(9) of the basic Regulation.

3.4.3. Comparison

- (225) As explained in recital (202), the Commission compared the normal value and the export price of the exporting producers/groups on an ex-works basis.

3.4.3.1. Adjustments made to the normal value

- (226) In order to net the normal value back to the ex-works level of trade, adjustments were made on the account of freight, insurance, handling and loading expenses.
- (227) Allowances were made for the following factors affecting prices and price comparability: credit costs and packing costs.

3.4.3.2. Adjustments made to the export price

- (228) In order to net the export price back to the ex-works level of trade, adjustments were made on the account of freight, handling loading and ancillary expenses, sea freight, sea insurance, custom broker fee, trade promotion fee, customs duty.
- (229) Allowances were made for the following factors affecting prices and price comparability: packing, commission, credit costs and bank charges.
- (230) Regarding the adjustment of the export price for commissions, the Commission found that the related trader involved was acting as an agent working on a commission basis and was remunerated for the relevant functions with a mark-up. An adjustment for a commission constructed based on the relevant SG&A costs and a nominal profit was therefore warranted.

3.4.4. Dumping margins

- (231) For the cooperating exporting producers, 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.
- (232) The level of cooperation is high because the exports of the cooperating exporting producers constituted 100 % of the total Taiwanese imports during the investigation period. On this basis, the Commission decided to establish the country-wide dumping margin at the level of the cooperating company with the highest dumping margin.
- (233) The provisional dumping margins, expressed as a percentage of the CIF Union frontier price, duty unpaid, are as follows:

Company	Provisional dumping margin
Chang Chun Plastics Co., Ltd	10,8 %
Nan Ya Plastics Corporation	11,0 %
All other imports originating in Taiwan	11,0 %

3.5. Thailand

3.5.1. Normal value

- (234) Normal value for the sole exporting producer from Thailand, Aditya Birla Chemicals (Thailand), was established in line with the general methodology set out in section 3.2.1 above. As a result, the normal value for the majority of product types exported to the Union was based on the actual domestic prices. The Commission constructed normal value for the remaining types, which were sold in insufficient quantities at the domestic market.

3.5.2. *Export price*

- (235) Aditya Birla Chemicals (Thailand) sold to the Union market both directly and indirectly through a related importer in the Union. The related company in the Union imported the product concerned and either (i) resold it or (ii) further processed it before reselling it. In the latter case, the related company processed the product concerned by formulating it on basis of proprietary recipes.
- (236) For direct exports, the export price was established in accordance with Article 2(8) of the basic Regulation as explained in the section 3.2.2 above.
- (237) For exports via related importer in the Union, the export price was established on the basis of Article 2(9) of the basic Regulation. For the exports that were processed by the related importer, in addition to the SG&A costs and for a profit as described in recital (214), adjustments were also made for processing costs.
- (238) In case the product type was sold in combination with another products (either products concerned, or products not concerned), and where a single unit price was charged for all the products together, the sales price was allocated to the components on the basis of their respective cost of production or purchase price.

3.5.3. *Comparison*

- (239) As explained in recital (202), the Commission compared the normal value and the export price of the exporting producers/groups on an ex-works basis.

3.5.3.1. *Adjustments made to the normal value*

- (240) In order to net the normal value back to the ex-works level of trade, adjustments were made on the account of freight, insurance, handling and loading expenses.
- (241) Allowances were made for the following factors affecting prices and price comparability: packing, commission, credit costs and bank charges.

3.5.3.2. *Adjustments made to the export price*

- (242) In order to net the export price back to the ex-works level of trade, adjustments were made on the account of transport, warehousing costs, customs duties, insurance, handling and loading expenses.
- (243) Allowances were made for the following factors affecting prices and price comparability: commission, credit costs and bank charges, products sold in kits, conversion costs.
- (244) For the direct export sales to the Union, the related company in the Union was also involved in the selling process as an agent working on the commission basis. Therefore, an adjustment under Article 2(10)(i) was made for sales facilitated by the related company. The adjustment consisted of the SG&A of the respective related company and for profit as described in recital (214).

3.5.4. *Dumping margins*

- (245) For the sole exporting producer, 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.
- (246) The level of cooperation was high because the exports of the cooperating exporting producer constituted 100 % of the total Thai imports during the investigation period. On this basis, the Commission decided to establish the country wide dumping margin at the same level as for the sole exporting producer.

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

Company	Provisional dumping margin
Aditya Birla Chemicals (Thailand) Limited	32,8 %
All other imports originating in Thailand	32,8 %

4. INJURY

- (248) In view of the no-dumping countrywide determination for Korea, the Commission assessed material injury regarding the imports from China, Taiwan, and Thailand only.

4.1. Definition of the Union industry and Union production

- (249) The like product was manufactured by six groups of producers in the Union during the investigation period. They constitute the Union industry within the meaning of Article 4(1) of the basic Regulation.
- (250) The total Union production during the investigation period was established at around 249 000 tonnes. The Commission established the figure on the basis of all available information concerning the Union industry, provided by the complainant, in the questionnaire replies of the sampled Union producers, as well as in a publication of the industry specialist IHS Markit/S&P Global ('S&P Global')⁽⁸⁷⁾. As indicated in recital (22), the two sampled Union producers represented around 60 % of the total Union production of the like product.
- (251) For the purposes of the present case, the Commission considered as the Union producers the so-called basic producers of epoxy resins. The basic producers make epoxy resins in a pure, liquid form ('liquid epoxy' or 'base LER'), which involves a complex reaction principally between BPA and ECH. Companies that do not have the capacity to produce the base LER and simply buy base LER to react, blend or formulate it further to downstream products, which are then used captively or further resold, are not considered as forming part of the Union industry. Such approach is in line with the customary industry practice (confirmed by the leading industry consultancy IHS Markit/S&P Global) and consistent with the views of the complainant (and were not contested by other interested parties).
- (252) Furthermore, the total Union production (at least for the complainant producers, given the availability of more detailed data) does not include the base LER used internally for further processing into other, advanced resins (both LER and advanced resins being the product concerned) to avoid double counting. This is also to ensure that specifically the production of the epoxy resins sold in the free market is included in the Commission analysis. In any event, no captive use or captive sales of the epoxy resins for production of products downstream from the product under investigation were identified in this case on part of the Union industry.
- (253) One of the interested parties, Sherwin Williams, identified itself (among others) as a producer (toller-manufacturer) of certain epoxy resin types in the Union and a direct producer of epoxy powder coatings. First, epoxy powder coatings are not covered by the present investigation but a downstream product from the product under investigation. Therefore, epoxy powder coatings producers are not part of the Union industry in this case. Furthermore and importantly, Sherwin Williams is not a producer of basic epoxy as it does not have the capacity to produce the base LER. As outlined in recital (251) above, only the basic producers of epoxy resins were considered as Union producers under Article 4(1) of the basic Regulation in this case. For these reasons, Sherwin Williams cannot be considered a Union producer of epoxy resins in this proceeding.

⁽⁸⁷⁾ Epoxy Resins – Chemical Economics Handbook, 2024 – hereinafter referred to as 'S&P Global intelligence' published in October 2024. See <https://www.spglobal.com/commodityinsights/en/ci/products/epoxy-resins-chemical-economics-handbook.html>, last accessed on 29 November 2024 (full report available upon subscription).

- (254) Additionally, CTP Advanced Material GmbH ('CTP'), German subsidiary of the Thai exporting producer, submitted that CTP's production should be included in the Union production, given that it is involved in the production of a specialised category of epoxy resins. As outlined in recital (251), CTP cannot be treated as a Union producer, as it did not demonstrate to have the capacity and capability to produce the base LER in the Union. Furthermore, as provided by Article 4(1)(a) of the basic Regulation, the Commission concluded that CTP should not be considered a Union producer because it was related to the Thai exporting producer.

4.2. Union consumption

- (255) The Commission established the Union consumption on the basis of the questionnaire replies of the sampled Union producers, reply to the macro questionnaire by the complainant, S&P Global intelligence, and Eurostat.
- (256) Union consumption developed as follows:

Table 2

Union consumption (tonnes)

	2020	2021	2022	2023	Investigation period
Total Union consumption	383 695	424 393	365 702	339 427	340 664
Index	100	111	95	88	89

Source: sampled Union producers, macro questionnaire reply by the complainant, S&P Global intelligence and Eurostat.

- (257) Union consumption increased by 11 % from 2020 to 2021. Epoxy resins are an important raw material needed to produce paint and coatings, and during the COVID-19 pandemic, paint consumption in the Union rose rapidly as consumers benefitted from a 'stay-at-home' lifestyle during lockdowns.
- (258) However, the demand for epoxy dropped below 2020 levels in 2022 to decrease even further in 2023 and the investigation period. The contraction in demand resulted from numerous factors, such as return of the market to normality following the COVID-19 rebound in the epoxy resins sector, leading to destocking of existing inventories by the customers.

4.3. Imports from the countries concerned

4.3.1. Cumulative assessment of the effects of imports from the countries concerned

- (259) The Commission examined whether imports of epoxy resins originating in the countries concerned should be assessed cumulatively, in accordance with Article 3(4) of the basic Regulation.
- (260) The margin of dumping established in relation to the imports from China, Taiwan, and Thailand was above the *de minimis* threshold laid down in Article 9(3) of the basic Regulation. Moreover, the volume of imports from each of the countries concerned was not negligible within the meaning of Article 5(7) of the basic Regulation and market shares in the investigation period were 3,3 % for Taiwan, 4,5 % for Thailand and 9 % for China, respectively.

- (261) Furthermore, the conditions of competition between the dumped imports from China, Taiwan, and Thailand and between the dumped imports from the countries concerned and the Union like product were similar. More specifically, the imported products competed with each other and with the epoxy resins produced in the Union because they share largely the same characteristics and are sold to similar categories of customers. Exporting producers from the countries concerned invariably sell in large volumes the base epoxy on the Union market. Further to this point, it is noted that save for some specialty resins, epoxy resins are generally commodity products that are comparable regardless of their origin. Moreover, imports from the countries concerned were all undercutting the Union industry sales prices at a significant rate and followed largely similar price patterns over the entirety of the period considered.
- (262) Therefore, all the criteria set out in Article 3(4) of the basic Regulation were met and imports from China, Taiwan, and Thailand were examined cumulatively for the purposes of the injury determination.
- (263) Aditya Birla objected the cumulative assessment with respect to Thailand and argued that Thai exports to the Union were at the *de minimis* level. Aditya Birla referred to the Swiss imports into the Union, which were much higher than the Thai imports over the period considered. Moreover, according to the Thai exporter, imports from countries other than the countries concerned were much higher than those by countries concerned in the period concerned and the investigation period.
- (264) Akzo Nobel also claimed that there was a material difference between the behaviour of Chinese epoxy resin exporters on the one hand and exporters from the other countries concerned on the other hand and that in contrast with the Chinese epoxy resin imports, Taiwanese and Thai imports have been stable or much lower. According to Akzo Nobel, cumulative assessment of imports was therefore not appropriate in light of different conditions of competition.
- (265) First, situation of the Taiwanese and Thai exporters is similar to that of the Chinese exporters – they were all dumping their epoxy resins on the Union market and undercutting significantly the Union sales prices, while selling similar products and competing among themselves as well as against the Union products. Second, as set out in recitals (260) to (262), the conditions for cumulating Thai, Taiwanese and Chinese imports have been met in this case and therefore imports were assessed on an aggregated level. Third, the situation of imports from third country is irrelevant to the assessment conducted under Article 3(4) of the basic Regulation. The Commission assessed import from third countries (including Switzerland) in Section 5.2.1, relating to causation. In conclusion, Aditya Birla's and Akzo Nobel's arguments were provisionally rejected.

4.3.2. *Volume and market share of the imports from the countries concerned*

- (266) The Commission established the volume of imports on the basis of the Eurostat database. The market share of the imports from the countries concerned was established by comparing import volumes with the Union market consumption (see Table 2 above).
- (267) For the purposes of the injury assessment in this case, the Commission used Eurostat import statistics solely for CN code 3907 30 00 (epoxide resins). While in the period considered, there may have been very limited epoxy imports under the CN codes 2910 90 00, 3824 99 92 and 3824 99 93. These are 'basket' commodity codes also including products other than epoxy resins. Furthermore, it was concluded on the basis of the information from the complainant and one of the sampled Union producers, that operators have not been using CN code 2910 90 00 to import epoxy resins into the Union in the period considered and imports under CN codes 3824 99 92 and 3824 99 93 would only be theoretical, as they relate to the so-called curing agents (not product under investigation). Considering imports under these basket codes as epoxy resin imports would therefore be inappropriate as it would heavily distort the injury picture, including in particular the import trends, market share

and Union consumption figures over the period considered. Consequently, in the absence of other, more precise method for determining the import volume and price levels in this case, the Eurostat statistics for imports under CN codes 2910 90 00, 3824 99 92 and 3824 99 93 were disregarded for the injury assessment. Subsequently only the Eurostat statistics for CN code 3907 30 00, covering solely epoxy resins, were used. This approach was used in the Complaint and was uncontested by the interested parties. ⁽⁸⁸⁾ The import statistics used for the present case are also consistent with the S&P Global intelligence.

(268) Imports into the Union from the countries concerned developed as follows:

Table 3

Import volume (tonnes) and market share

	2020	2021	2022	2023	Investigation period
China					
Volume of imports	2 025	13 354	21 064	30 500	30 799
<i>Index</i>	100	659	1 040	1 506	1 521
Market share	0,5 %	3,1 %	5,8 %	9,0 %	9,0 %
<i>Index</i>	100	596	1 091	1 703	1 713
Thailand					
Volume of imports	4 944	6 078	4 878	13 721	15 398
<i>Index</i>	100	123	99	278	311
Market share	1,3 %	1,4 %	1,3 %	4,0 %	4,5 %
<i>Index</i>	100	111	104	314	351
Taiwan					
Volume of imports	6 557	16 063	16 873	12 346	11 352
<i>Index</i>	100	245	257	188	173
Market share	1,7 %	3,8 %	4,6 %	3,6 %	3,3 %
<i>Index</i>	100	221	270	213	195
All countries concerned					
Volume of imports from the countries concerned	13 526	35 495	42 814	56 567	57 549
<i>Index</i>	100	262	317	418	425
Market share	3,5 %	8,4 %	11,7 %	16,7 %	16,9 %
<i>Index</i>	100	237	332	473	479
Source: Eurostat.					

⁽⁸⁸⁾ One of the users (PPG) requested the Commission to conduct its assessment on the actual import figures for the product concerned. However, the request was not further substantiated and moreover made after the deadline to submit comments on the Complaint or any aspect regarding the initiation of the investigation had passed.

- (269) In absolute terms the imports from the countries concerned increased during the period considered by over 44 000 tonnes, which is almost 13 % of the total Union consumption in the investigation period. The total market share of the imports of the countries concerned increased from 3,5 % in 2020 to 16,9 % in the investigation period. Overall, imports from the countries concerned were more than four times higher in the investigation period compared to 2020. Chinese imports increased by 28 774 tonnes during the period considered and reached a market share of 9 % (up from 0,5 % in 2020). Thai imports increased by 10 454 tonnes during the period considered and reached a market share of 4,5 % (up from 1,3 % in 2020). Taiwanese imports increased by 4 795 tonnes during the period considered and reached a market share of 3,3 % (up from 1,7 % in 2020). While based on Eurostat statistics, the Taiwanese imports dropped from 4,6 % in 2022 to 3,3 % in the investigation period, the Commission notes that import volumes for Taiwan are underestimated in particular during the investigation period due to mistakes made in the import declarations (use of the wrong CN code). The verified data from the two known Taiwanese producers suggested that the Taiwanese imports in the investigation period were higher than showed in the import statistics. Consequently, Taiwanese imports market share would be in fact higher.

4.3.3. Prices of the imports from the countries concerned and price undercutting

- (270) The Commission established the prices of imports on the basis of Eurostat data. Price undercutting of the imports was established on the basis of the questionnaire replies provided by the sampled exporting producers and sampled Union producers as well as replies from unrelated importers (for post-importation costs).

- (271) The average price of imports into the Union from the countries concerned developed as follows:

Table 4

Import prices (EUR/ tonne)

	2020	2021	2022	2023	Investigation period
China					
Average price	3 601	4 292	3 985	2 312	2 173
Index	100	119	111	64	60
Thailand					
Average price	2 440	3 618	4 761	2 914	2 632
Index	100	148	195	119	108
Taiwan					
Average price	2 333	3 946	4 045	2 638	2 489
Index	100	169	173	113	107
All countries concerned					
Weighted average price	2 562	4 020	4 097	2 529	2 358
Index	100	157	160	99	92

Source: Eurostat.

- (272) The average price of the Chinese imports first increased in 2021, reaching 4 292 EUR/tonne (from 3 601 EUR/tonne in 2020), then decreased to 3 985 EUR/tonne in 2022, and then dramatically decreased to 2 312 EUR/tonne in 2023 and 2 173 EUR/tonne in the investigation period. The average price of the Thai and Taiwanese imports sharply increased in 2021 to 2022, reaching 3 618 EUR/tonne and 4 761 EUR/tonne respectively for Thai imports (from 2 440 EUR/tonne in 2020) and 3 946 EUR/tonne and 4 045 EUR/tonne respectively for Taiwanese imports (from 2 333 EUR/tonne in 2020) followed by a dramatic drop to 2 914 EUR/tonne (Thailand) and 2 638 EUR/tonne (Taiwan) respectively in 2023 and 2 632 EUR/tonne (Thailand) and 2 489 EUR/tonne (Taiwan) respectively in the investigation period.

- (273) During the period considered, the average unit price of the dumped imports from the countries concerned decreased by 8 %. In 2020, imports from the countries concerned were priced above or around the observed Union sales prices of the sampled Union producers, as shown in Table 4 and Table 8. However, starting from 2021 and uninterruptedly until the end of the period considered, the import prices from the countries concerned were consistently below those of the Union producers, often by a large margin (for example in the investigation period, the Chinese prices were 40 %, Thai prices 27 % and Taiwanese prices 31 % below the Union sales prices).
- (274) The Commission determined the price undercutting during the investigation period by comparing:
- (1) the weighted average sales prices per product type of the sampled 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 sampled cooperating Chinese, Thai and Taiwanese producers 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.
- (275) The price comparison was made on a type-by-type basis for transactions at the same level of trade. The result of the comparison was expressed as a percentage of the sampled Union producers' theoretical turnover during the investigation period. It showed a weighted average undercutting margin between 25 % and 28 % for Chinese producers, a weighted average undercutting margin of 23 % for the Thai producer, a weighted average undercutting margin between 20 % and 25 % for the Taiwanese producers and a cumulative weighted average undercutting of 27 %, 23 % and 20 % for the sampled producers in China, Thailand, and Taiwan respectively.
- (276) In any event, regardless of the findings on undercutting, the Commission observed that the dumped imports also led to significant price depression (as reflected by the underselling margins) during the investigation period, when the Union industry sold epoxy resin below its cost of production.

4.4. Economic situation of the Union industry

4.4.1. General remarks

- (277) 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.
- (278) As mentioned in recital (22), sampling was used for the determination of possible injury suffered by the Union industry.
- (279) For the injury determination, the Commission distinguished between macroeconomic and microeconomic injury indicators. The Commission evaluated the macroeconomic indicators for the complainant on the basis of data contained in the macro questionnaire submitted by the complainant and information obtained during the verification visits. The data for the rest of the Union producers was estimated based on the S&P Global intelligence data used in combination with the data from the complainant. The Commission evaluated the microeconomic indicators based on the data contained in the questionnaire replies from the sampled Union producers. Both macro- and microeconomic datasets were found to be representative of the economic situation of the Union industry.
- (280) 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.
- (281) The microeconomic indicators are: average unit prices, unit cost, labour costs, inventories, profitability, cash flow, investments, return on investments, and ability to raise capital.

4.4.2. Macroeconomic indicators

4.4.2.1. Production, production capacity and capacity utilisation

- (282) The total Union production, production capacity and capacity utilisation were established on the basis of the (i) verified macro data from the complainant for the Union producers represented by the complainant and (ii) estimates using the S&P Global intelligence data for the remaining Union producers.
- (283) The total Union production, production capacity and capacity utilisation ⁽⁸⁹⁾ developed over the period considered as follows:

Table 5

Production, production capacity and capacity utilisation

	2020	2021	2022	2023	Investigation period
Production volume (tonnes)	407 176	430 283	302 875	241 717	248 693
<i>Index</i>	100	106	74	59	61
Production capacity (tonnes)	748 398	742 270	745 991	707 282	708 202
<i>Index</i>	100	99	100	95	95
Capacity utilisation	68 %	72 %	50 %	44 %	45 %
<i>Index</i>	100	105	73	64	66

Source: Macro questionnaire reply, Sampled Union producers, S&P Global intelligence.

- (284) The production of the like product in the Union shows a clear downward trend starting from 2021 until the end of the investigation period, following a 6 % uptick in production between 2020 and 2021. While the pandemic lockdowns and stay-at-home economy in 2020 and 2021 led to an enormous growth in demand for paints and coatings (main epoxy resin application), the improvement in supply availability from Asia and resulting pressure of rising imports, together with destocking of inventories led to sharp decline in the Union production from 2022 onwards.
- (285) Production capacity remained relatively stable, except for a minor 5 % decrease in 2023 to the investigation period caused by a maintenance issue at one of the Union producers in 2023.
- (286) Capacity utilisation remained stable in 2020 and 2021 while it showed a significant fall from 2022 until the investigation period, when it dropped below 50 %. The capacity utilisation declined from 2022 onwards due to a sharp decrease in production (see recital (284) above).

⁽⁸⁹⁾ In order to capture accurately the capacity utilisation rates, the entire production of the base resins (including that used internally for further processing into advanced resins) as well as the production of the advanced resins were taken into consideration.

4.4.2.2. Sales volume and market share

(287) 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	2023	Investigation period
Total sales volume on the Union market (tonnes)	259 759	273 030	210 733	174 965	178 157
<i>Index</i>	100	105	81	67	69
Market share	68 %	64 %	58 %	52 %	52 %
<i>Index</i>	100	95	85	76	77

Source: Macro questionnaire reply, Sampled Union producers, S&P Global intelligence.

(288) The sales volume of the Union producers shows significant variations between the beginning of the period considered (2020-2021) and the period 2022 to the investigation period. While the sales volume grew in 2021 by 5 % due to the impact of the COVID-19 pandemic and disruptions in supply chains coupled with the surge in demand for epoxy resins, this temporary increase was followed by the gradual decline in the sales of the Union producers over the remainder of the period considered, with the decrease reaching more than 30 % in the investigation period compared to 2020. Such evolution was due to the contraction of demand coupled with the increasing flow of the dumped imports from the countries concerned.

(289) With respect to the evolution of the market share of the Union industry, the overall adverse trend is clearly visible over the entirety of the period considered, while the loss of market share is most striking on the annualised basis between 2021 and 2023/investigation period, when the Union industry lost each year 6 percentage points in its share of the Union market. Overall, the market share of Union industry decreased from 68 % to 52 % in the period considered.

(290) The loss of the market share in a market with a slowdown in consumption aggravated the impact of the dumped imports of epoxy from the countries concerned, that gained market share (see recital (269)) at the expense of the Union producers.

4.4.2.3. Growth

(291) The Union consumption decreased by 11 % during the period considered, while the sales volume of the Union industry in the Union market decreased by 31 %. The consumption was rather volatile, with an increase of 11 % in 2021. The Union consumption then showed a decline from 2022 onwards, coupled with even higher drop in the sales of the Union producers and with an increase in the imports from the countries concerned. As a consequence, the Union industry lost market share in this shrinking market, contrary to the market share of the imports from the countries concerned.

4.4.2.4. Employment and productivity

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

Table 7

Employment and productivity

	2020	2021	2022	2023	Investigation period
Number of employees	1 402	1 394	1 421	1 432	1 423
<i>Index</i>	100	99	101	102	102
Productivity (tonne/ employee)	291	309	213	169	175
<i>Index</i>	100	106	73	58	60

Source: Macro questionnaire reply, Sampled Union producers, S&P Global intelligence.

- (293) The number of employees remained relatively stable during the period considered (+2 %). This is consistent with a stable capacity of production as the number of employees needed to operate the plants do not fluctuate according to the capacity utilisation rate.
- (294) The productivity per employee took an adverse turn in 2022. The situation further worsened in 2023 and during the investigation period. The low productivity from 2022 onwards was a result of the combination of stable headcount numbers over the period considered with the low levels of production. Overall, the productivity in tonnes per employee decreased by 40 % over the period considered.

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

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

4.4.3. Microeconomic indicators

4.4.3.1. Prices and factors affecting prices

- (297) The weighted average unit sales prices of the sampled 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	2023	Investigation period
Average unit sales price to unrelated customers in the Union (EUR/ tonne)	[2 162 – 2 512]	[4 116 – 4 801]	[5 192 – 6 057]	[3 684 – 4 297]	[3 250 – 3 792]
<i>Index</i>	100	191	241	171	151

	2020	2021	2022	2023	Investigation period
Unit cost of production (EUR/tonne)	[2 367 – 2 762]	[2 679 – 3 126]	[4 599 – 5 366]	[4 559 – 5 318]	[4 121 – 4 808]
<i>Index</i>	100	113	194	193	174

Source: Sampled Union producers.

- (298) The average unit sales price in the Union was very volatile during the period considered. The uptick in demand, in association with the supply chain disruptions and rising inflation in 2021 and 2022 resulted in a remarkable increase in prices that exceeded the increase in costs. However, this trend was not sustained and following the emergence of an energy crisis in the Union in 2022, in combination with the destocking of the inventories by the buyers and the pressure exerted by the dumped imports, the situation quickly deteriorated in 2023, when the Union producers were simply unable to absorb the rising production costs. This resulted in a situation of depressed sales prices of the Union producers in 2023 and in the investigation period which were below the cost of production in those periods.
- (299) During the investigation period, the cost of production saw a correction once the energy crisis subsided, but the sales price decreased even more sharply as shown in Table 8 (in the investigation period and compared to 2022, the cost of production went down by 10 % but the average sales price decreased by a larger margin, namely by 37 %). As a result, the sampled Union producers were operating at a significant loss during the investigation period. The major disparity between the cost of production and sales prices by the Union producers is illustrative of the magnitude of the impact that the increasingly large, dumped imports had on the market behaviour, pricing policy and competitiveness of the Union producers.
- (300) Overall, during the period considered, sales prices increased by 51 %, while this increase was outpaced by the rise in costs of production (increase of 74 % during the period considered).

4.4.3.2. Labour costs

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

Table 9

Average labour costs per employee

	2020	2021	2022	2023	Investigation period
Average labour costs per employee (EUR)	[108 781 – 126 911]	[115 950 – 135 275]	[127 900 – 149 217]	[105 066 – 122 577]	[105 166 – 122 694]
<i>Index</i>	100	107	118	97	97

Source: Sampled Union producers.

- (302) Average labour cost per employee was relatively stable, decreasing by mere 3 % during the period considered. The Commission does not consider that the evolution of the average labour cost would in any way affect the injury assessment in this case.

4.4.3.3. Inventories

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

Table 10

Inventories

	2020	2021	2022	2023	Investigation period
Closing stocks (tonnes)	[19 743 – 22 860]	[32 515 – 37 649]	[21 329 – 24 697]	[18 479 – 21 397]	[25 612 – 29 656]
<i>Index</i>	100	165	108	94	130
Closing stocks as a percentage of production	8,8 %	13,2 %	14,8 %	16,0 %	20,8 %
<i>Index</i>	100	150	169	182	236

Source: Sampled Union producers.

(304) Year-end closing stocks as a percentage of production increased from 8,8 % in 2020 to 16 % in 2023 and even 20,8 % in the investigation period, when the impact of the high imports from the countries concerned, coupled with unfavourable market conditions was felt the most over the period considered.

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

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

Table 11

Profitability, cash flow, investments and return on investments

	2020	2021	2022	2023	Investigation period
Profitability of sales in the Union to unrelated customers (% of sales turnover)	[- 2,2 – - 1,6] %	[34,2 – 45,6] %	[11,7 – 15,6] %	[- 25,3 – - 18,4] %	[- 37,4 – - 27,2] %
<i>Index</i>	100	1 899	627	- 1 141	- 1 672
Cash flow (EUR)	[25 421 000 – 29 658]	[265 732 000 – 310 021 000]	[164 278 000 – 191 657 000]	[- 26 506 000 – - 22 892 000]	[- 101 026 000 – - 87 250 000]
<i>Index</i>	100	1 045	646	- 85	- 325

	2020	2021	2022	2023	Investigation period
Investments (EUR)	[18 003 000 – 21 003 000]	[16 853 000 – 19 661 000]	[17 330 000 – 20 219 000]	[15 122 000 – 17 642 000]	[15 090 000 – 17 605 000]
<i>Index</i>	100	94	96	84	84
Return on investments	- 4 %	150 %	63 %	- 66 %	- 93 %
<i>Index</i>	100	3 378	1 405	- 1 472	- 2 086

Source: Sampled Union producers.

- (306) The Commission established the profitability of the sampled 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. While the loss-making situation in 2020 was driven by the initial market response to the COVID-19 pandemic, the profitability quickly bounced back and reached exceptional levels in 2021 as the COVID-19 pandemic ultimately led to a boost in demand for the epoxy-containing products and the disruption in supply chains resulted in tightening of the supply. While the profitability achieved in 2022 was already more than halved by the emerging energy crisis, the sampled Union producers managed to pass the significant increase in costs to the buyers in the Union. However, starting from 2023, the situation became unsustainable for the Union producers as they experienced a significant downturn in operating rates leading to higher fixed unit costs and declines in sales volumes, leading to a highly loss-making situation in 2023 and the investigation period.
- (307) The net cash flow is the ability of the Union producers to self-finance their activities. The net cash flow analysis shows a downward trend from 2021 and a significant slump in 2023 and during the investigation period, when the cash flow is negative for the first time during the period considered. The sampled producers delayed some investments or postponed some non-essential maintenance during the investigation period, but these measures were not sufficient to avoid negative cash flows.
- (308) While investments were relatively stable in the period 2020-2022, they showed a declining trend in 2023-investigation period, similar to other main injury indicators.
- (309) The return on investments is the profit in percentage of the net book value of investments. In light of the developments described above, it was continuously decreasing from 2021 until the end of the period considered, falling from a healthy +63 % in 2022 to a telling -93 % in the investigation period.
- (310) The sampled Union producers' ability to raise capital was severely affected by the deterioration in their economic performance towards the end of the period considered and by the uncertain market outlook.

4.4.4. Conclusion on injury

- (311) The main macro-indicators showed a negative trend during the period considered: Union production volume dropped by 39 %, capacity utilisation by 34 %, Union sales volume by 31 % and productivity by 40 %. While the said indicators showed a positive trend in 2021 compared to 2020, they then kept declining dramatically for the remainder of the period considered.
- (312) A similar picture can be drawn for the micro-indicators. Profitability of sales in the Union was positive between 2021 and 2022 but started declining thereafter and the Union industry became loss-making in 2023 and in the investigation period. Similarly, cash flow that has been positive from 2020 to 2022, became negative in 2023 and in the investigation period. Year-end closing stocks as a percentage of production climbed over 15 % in the second part of the period considered, when the impact of the increasing imports from the countries concerned was already felt by the Union industry.

- (313) The import volumes by the countries concerned increased more than four times over the period considered. In a context of a decrease in annual consumption by 43 031 tonnes in the period considered, annual imports from the countries concerned increased by 44 023 tonnes over the same period, which resulted in the exporters from the countries concerned increasing their combined market share from 3,5 % in 2020 to 16,9 % in the investigation period as their prices significantly undercut the Union industry's prices from 2021 onwards. During the investigation period, the undercutting margins of the exporters from the countries concerned were significant and ranged between 20-28 %. (as outlined in recital (275)).
- (314) The low-priced dumped imports from the countries concerned also caused significant price depression to the Union industry. As a result, the Union industry was unable to sell at prices covering their cost of production and became loss-making in 2023 and in the investigation period.
- (315) Throughout the period considered net investments decreased by 16 % and the return on investment as well as the cash flow became negative starting from 2023, even though the number of employees increased during the period considered by 2 %, the productivity decreased by 40 % over the same period, resulting in a higher labour cost per tonne of epoxy resin produced. It follows that while the employment levels have been stable throughout the period considered, the Union industry is faced with a significant pressure to maintain its workforce as it operates at significantly reduced capacities due to the massive flow of dumped imports.
- (316) As set out above, financial indicators such as profitability, cash flow and return on investment deteriorated dramatically during the period considered. These negative developments affected the ability of the Union industry to make any significant investments and to raise capital, thus impeding its growth.
- (317) 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.

5. CAUSATION

- (318) In accordance with Article 3(6) of the basic Regulation, the Commission examined whether the dumped imports from the countries 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 countries concerned was not attributed to the dumped imports. These factors are: imports from other third countries including Korea, export performance of the Union producers, effects of the energy crisis and the increased cost of production, decline in the Union consumption and business decisions of the Union producers.

5.1. Effects of the dumped imports

- (319) The import quantities from the countries concerned during the period considered increased more than four times, from 13 526 tonnes in 2020 to 57 549 tonnes in the investigation period. This steep increase, as explained in recital (313), coincided with a 11 % drop in the domestic consumption while the Union producers' domestic sales fell by 31 % over the same period.
- (320) As a result, in the period considered, the combined market share of the countries concerned increased from 3,5 % to 16,9 %. Meanwhile, the market share of the Union industry decreased continuously from 68 % in 2020 to a mere 52 % in the investigation period.
- (321) The period 2020-2021 was impacted by the COVID-19 pandemic, disruptions in supply chains and extraordinary surge in demand for epoxy-containing products, helping the Union producers to rebuff injurious effects of the rising dumped imports. However, the effects of the dumped imports became more palpable from 2022 onwards when the imports from the countries concerned kept increasing their market share in a shrinking market, exerting price pressure on the suffering Union industry. While in 2022 the Union producers still managed to achieve healthy profits, the pressure from increasing import volumes at dumped prices significantly below the production cost of the Union producers in 2023 and in the investigation period became unsustainable for the Union industry. The Union

industry became unable to increase its sales prices to pass on to customers the increasing cost of raw materials because it faced unfair competition from imports of the product concerned. To mitigate losses in production volumes and market share, the Union producers were forced to reduce prices at the expense of their profitability. Indeed, from being profitable in 2021-2022, the Union industry became highly loss-making in 2023 and in the investigation period. Therefore, the low-priced imports from the countries concerned caused the prices of the Union industry to be depressed to a significant degree within the meaning of Article 3(3) of the basic Regulation.

- (322) In view of the above considerations, the Commission provisionally established that the material injury suffered by the Union industry was caused by the dumped imports from the countries concerned within the meaning of Article 3(6) of the basic Regulation. Such injury had both volume and price effects.
- (323) Cortex claimed that while the Chinese imports affect trade in the Union, the Commission should consider excluding imports from other countries concerned from the scope of the proceedings. Aditya Birla also argued that the increase in imports was mainly from the countries concerned other than Thailand (due to the benefits received from the subsidized energy prices), that Thai export and CIF import prices were higher than those of the other countries concerned, and that any injury was mainly due to the imports from China.
- (324) As set out in Section 4.3.1, effects of imports from all countries concerned in this case are assessed cumulatively and as concluded in the foregoing recitals, it is found that the material injury suffered by the Union industry was caused by the dumped imports from all the countries concerned (China, Thailand, Taiwan). Moreover, and even when assessed individually, while the rate of increase of Chinese import volumes as well as the level of price undercutting over the period considered was more prominent compared to the imports from the other countries concerned, it follows from recitals (269) and (272) to (276) that the trends observed for Thai and Taiwanese imports equally support the conclusion that those caused injury to the Union industry, as a result of both the increase in their volumes and their price levels, which is clearly shown by the significant undercutting found vis-à-vis the Union industry prices. Therefore, Cortex's and Aditya Birla's claims were provisionally dismissed.
- (325) PPG argued that profitability of the complaining producers increased with the import volume (between 2020 and 2021) and started to decrease significantly while the import volume only increased discretely (between 2021 and the investigation period). According to PPG, this shows the lack of correlation between epoxy resins imported from the countries concerned and injury to the Union industry.
- (326) First, reference is made to the context described and the Commission findings in recital (321) above. Second, contrary to PPG's claim, the imports from the countries concerned were steadily and at a significant rate increasing every single year of the period considered (hence not only between 2020 and 2021), while the market share of the Union producers was dropping and imports from third countries (apart from Korea) were largely stable. The increase of imports from the countries concerned was far from discrete between 2021 and the investigation period – the Union market share of these imports reached 16,9 % in the investigation period compared to 8,4 % in 2021. Therefore, PPG's claim was provisionally rejected.
- (327) PPG further claimed that the import prices from the countries concerned, except for China, increased over the period considered, which raises serious doubts that those imports could have been responsible for the injury suffered.
- (328) PPG's claim was found to be misleading. While it is true that compared to 2020, prices for Thailand and Taiwan have increased, the year-by-year analysis showed that prices increased in 2021 and 2022, they sharply decreased in 2023 and the investigation period. Moreover, price trends cannot be viewed in isolation from other injury indicators and general market dynamics. In the present case, the observed trend needs to be seen in a context of rise in raw material costs and inflationary pressure. Furthermore, import prices from the countries concerned (including Taiwan and Thailand) viewed against the Union industry prices show significant undercutting. PPG's argument was therefore provisionally rejected.

5.2. Effects of other factors

5.2.1. Imports from third countries

(329) 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	2023	Investigation period
Korea	Volume (tonnes)	42 271	42 590	43 772	53 735	52 382
	Index	100	101	104	127	124
	Market share	11 %	10 %	12 %	16 %	15 %
	Average price	2 143	3 962	4 590	2 908	2 684
	Index	100	185	214	136	125
Switzerland	Volume (tonnes)	34 166	40 716	33 930	28 245	27 396
	Index	100	119	99	83	80
	Market share	8,9 %	9,6 %	9,3 %	8,3 %	8,0 %
	Average price	4 383	4 573	6 170	6 318	6 236
	Index	100	104	141	144	142
India	Volume (tonnes)	10 832	11 251	14 686	7 339	7 243
	Index	100	104	136	68	67
	Market share	2,8 %	2,73 %	4,0 %	2,2 %	2,1 %
	Average price	1 939	3 716	4 159	3 336	3 170
	Index	100	192	215	172	163
Other third countries	Volume (tonnes)	23 142	21 310	19 767	18 576	17 935
	Index	100	92	85	80	78
	Market share	6,0 %	5,0 %	5,4 %	5,5 %	5,3 %

Country		2020	2021	2022	2023	Investigation period
	Average price	5 327	7 114	9 480	9 799	10 081
	Index	100	134	178	184	189
Total of all third countries except the countries concerned	Volume (tonnes)	110 411	115 868	112 155	107 895	104 957
	Index	100	105	102	98	95
	Market share	29 %	27 %	31 %	32 %	31 %
	Average price	3 484	4 733	5 874	5 016	4 909
	Index	100	136	169	144	141

Source: Eurostat.

- (330) During the period considered, the only third countries from which significant volumes of epoxy resins were imported into the Union were Korea, Switzerland and India.
- (331) Overall, third countries other than the countries concerned had together a Union market share between 27 % and 32 % over the period considered. However, the market share remained stable between 2022 and the investigation period, when the injurious effects of dumped imports were felt the most. Also, in absolute numbers, the import volumes remained relatively stable when comparing 2020 with the investigation period.
- (332) Looking at the importers individually, Korea accounted for nearly half of the imports of third countries. Korean market share oscillated between 11 % in 2020 and 15 % in the investigation period and saw an overall increase of 4 percentage points in the investigation period in relation to 2020, also to the detriment of the Union industry. Furthermore, the Korean prices were below the Union sales prices over the period considered. The Commission found that the Korean imports admittedly contributed to the injurious situation of the Union industry (especially in light of the market shares on the Union market) in the period considered. However, given the volumes and prices of the dumped imports from the countries concerned, and their development throughout the period considered, it cannot be concluded that imports from Korea were capable of attenuating the causal link between the dumped imports from countries concerned and the material injury they caused to the Union industry.
- (333) With regards to Swiss and Indian imports, import prices increased by 42 % and 63 % respectively over the period considered and from 2022 onwards, their prices were consistently above the average import price of the countries concerned. Moreover, and importantly, both Switzerland's and India's market shares decreased over the period considered (from 8,9 % to 8 % in case of Switzerland and from 2,8 % to 2,1 % in case of India) and hence these imports cannot be the cause of the material injury to the Union industry. Moreover, in case of Switzerland, the prices in the period considered were higher or equivalent to those of the Union producers.
- (334) In light of the above, the Commission provisionally concluded that imports from Korea contributed to the material injury of the Union industry, however not to the extent that they would attenuate the causal link between the injury suffered by the Union industry and the dumped imports from the countries concerned.

5.2.2. Export performance of the Union industry

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

Table 13

Export performance of the sampled Union producers

	2020	2021	2022	2023	Investigation period
Export volume to unrelated customers (tonnes)	[56 905 – 65 890]	[53 455 – 61 895]	[40 480 – 46 872]	[27 036 – 31 305]	[27 538 – 31 885]
Index	100	94	71	48	48
Average price (tonnes)	[2 157 – 2 497]	[3 826 – 4 430]	[5 005 – 5 795]	[3 905 – 4 522]	[3 467 – 4 014]
Index	100	177	232	181	161

Source: Sampled Union producers.

- (336) Similarly to production volumes and domestic sales, export volumes of the Union industry significantly decreased over the period considered. Furthermore, export prices followed the same trend as prices on the Union market, increasing in 2021 and 2022 before significantly falling in 2023 and in the investigation period.
- (337) In general, the Commission noted that the producers from the countries concerned are also active in the traditional Union export markets, which explains the challenges faced by the Union industry to maintain volumes and prices also in the export markets.
- (338) Furthermore, in the period 2020-2022 when the Union successfully fended off the low-priced imports from the countries concerned, the domestic prices of the Union producers were higher than the export prices; however, the situation reversed in 2023-investigation period, when the injurious effects of the dumped imports were most pronounced. Therefore, in a situation of the material injury, when the export prices trended higher than the domestic prices, if anything, the export sales mitigated the situation of the Union producers, rather than aggravating it.
- (339) In view of the above considerations, the export performance was not liable to attenuate the causal link between the dumped imports originating in the countries concerned and the injury suffered by the Union industry.
- (340) Aditya Birla and PPG argued that the injury suffered by the Union industry was due to the loss in the export market share. According to Aditya Birla, even if the complainant suffered injury in the Union, this does not explain why the complainant was not able to increase its export sales. As outlined in recitals (335) to (337) above, the Union producers were confronted with the same challenges in the export markets, having to compete against the countries concerned and loss of export markets cannot explain the loss of domestic market share and heavily depressed Union prices, leading to negative profits in the Union market. Therefore, Aditya Birla's and PPG's claim had to be rejected.

5.2.3. Increased cost of production and the energy crisis

- (341) ERC claimed that the main factor causing deterioration of complainant's performance and profitability was the increased cost of production and not the dumped imports. In this context, ERC also argued that in 2022-2023, the electricity prices in the Union soared, which became relevant for the costs of production and profitability of the Union producers. Aditya Birla also submitted that the injury suffered by the Union industry is due to the high cost of production resulting from the energy crisis and due to rise in raw material prices. According to Aditya Birla, the increase in exports from the countries concerned occurred in 2022 and in the investigation period, which is the

period when the Union industry was most impacted by the increase in energy prices and non-availability of the raw materials. In the same vein, Cortex claimed that the decrease in profitability for the epoxy resins in 2023 was mainly attributable to occurrence of extraordinary economic conditions such as the energy crisis in Europe. Furthermore, PPG also referred to the increase in energy costs after 2021 as a reason for deterioration of the Union industry's situation.

- (342) It is not disputed that the energy crisis brought a spike in energy costs and subsequently in the cost of production of epoxy resins in the Union, as recalled in recital (305) of the present Regulation. However, in the period 2021-2022, despite the rising production costs and the energy prices reaching their highest levels, the Union producers were able to increase their sales prices to absorb their rising unit cost of production and achieve their highest profitability levels over the period considered. On the other hand, in 2023 and the investigation period, when the upward trend in energy prices had reversed (contrary to what ERC and Aditya Birla claimed), the profitability of the Union producers sharply decreased to reach alarmingly negative levels and the material injury to the Union industry became clearly visible. Furthermore, Aditya Birla failed to demonstrate that from 2022 onwards, there was an issue with availability of raw materials. In any event, dumped imports should not prevent EU producers from increasing prices in order to pass on cost increases. In a situation where the prices of the Union producers were heavily depressed by the increasing levels of dumped imports and the cost of production remained high, the plummeting profitability is merely a manifestation of the injury caused by dumped imports, rather than by a self-inflicted decline in performance. The claims were therefore dismissed.

5.2.4. *Consumption decline*

- (343) As outlined in recitals (257) to (258) above, the Union consumption increased by 11 % from 2020 to 2021, as a result of surging demand. The demand then dropped below 2020 levels in 2022 to decrease even further in 2023-investigation period.
- (344) ERC submitted that the lower demand from 2022 was a direct outcome of standard market adjustments by paint manufacturers to changing market conditions rather than the result of any unfair competitive practices. PPG also referred to the significant decrease in consumption after 2021 in the context of causality. Aditya Birla equally contended that with a consumption decline, sales would also decline and that such evolution had nothing to do with the imports from the countries concerned. Furthermore, Cortex claimed that it was the problems in the construction sector, one of the main markets for epoxy resins, that had a direct impact on profitability for the product concerned. Cortex claimed that the decrease in profitability of the Union producers was influenced by the overall level of consumption of the product concerned in the Union.
- (345) The Union market indeed contracted by 7 percentage points between 2022 and 2023 (and beyond) and by 11 % overall during the period considered. Such decline was a result of the COVID-19 pandemic aftermath, de-stocking of inventories and a general economic downturn. Under normal conditions of competition, in such a shrinking market, sales volumes of all the market participants would have gone down more or less equally. However, in the present case, the countries concerned gained an additional 5,2 percentage point market share of the Union market between 2022 and the investigation period to the detriment of the Union industry (which lost 6 percentage points of market share), while the total market share of the other importing countries remained stable. Furthermore, it was not explained by the parties why the contraction in demand would force the Union industry with over 55 % market share to suddenly sell their products well below cost. Moreover, the demand dropped by almost 14 % already between 2021 and 2022 (hence twice as much as between 2022-2023), while the Union producers were still able to enjoy healthy profits.
- (346) Therefore, the claims of the parties were dismissed as the economic contraction was not found to cause material injury to the Union industry in this case.

5.2.5. *Complainants' business decisions*

- (347) Cortex, PPG and Akzo Nobel claimed that in 2020-2021, there was a significant increase in demand for epoxy resins while, at the same time, an unreasonable and significant price increase by the complaining producers on the Union market was observed. According to Cortex and PPG, the complaining producers imposed prices significantly higher than the production costs, which then encouraged customers to look for alternative sources of supply. Consequently, Cortex maintained that the increase in imports from 2020-2021 from the countries concerned was a result of natural actions of market forces, while in 2022 and beyond the import volumes from countries concerned remained stable.
- (348) As set out in recital (306), the sampled Union producers were lossmaking in 2020 and it was only in 2021 that they posted exceptional profits as a result of (i) a growth in demand, (ii) disruption in supply chains leading to a tightening of the supply and (iii) the increase in sales prices (outpacing the gradual increase in hydrocarbon prices). The response of the Union producers to the then prevailing market conditions must be seen as a rational business response for an economic operator in a market economy. The deterioration of the Union industry amid a surge in low-priced imports cannot however be seen as resulting from market forces. It is noted that the cumulated imports from the countries concerned were steadily increasing every single year of the period considered (hence not only between 2020-2021), while the market share of the Union producers was dropping and total imports from other countries were stable. Moreover, the import prices from each of the countries concerned undercut the Union prices already from 2021. Although the injurious effects of the low-priced and increasing imports only became more pronounced in 2023 and in the investigation period, the strategy of the exporters from the countries concerned remained essentially unchanged over the period considered. In conclusion, there is no link between the pricing policy and other business decisions of the Union industry and the injury suffered. The injury of the Union industry does not result from free market forces, but rather from unfair commercial practices of the exporters from the countries concerned.
- (349) PPG further referred to Union producers' alleged strategy to prioritize margins/higher unit values over the sales volumes in 2021. PPG however failed to substantiate how and why this commercial behaviour in the period where the Union industry enjoyed healthy profits would have caused or even contributed to the deterioration of the Union industry conditions from 2022 onwards, let alone how such behaviour would have attenuated the causal link between the dumped imports and material injury of the Union producers.
- (350) Cortex further submitted that apart from the pricing decisions, other business decisions of the complaining producers (such as shutting down BPA production lines, a cumene plant or epoxy resin operations outside the Union) likely had an impact on their general level of production and profitability. Along similar lines, Aditya Birla claimed that the significant decline in production was due to the closure of plants of Olin and Westlake which was strategically planned.
- (351) First, neither Westlake nor Olin shut down their epoxy resin plants in the Union during the period considered. While the Union producers may have scaled back their operations in a dwindling market, overall, as set out in Table 5, the production capacity remained at stable levels throughout the period considered. Second, Cortex failed to substantiate how operations of other, albeit affiliated producers or operations relating to different assets than epoxy resins would affect profitability of the Union producers in the epoxy resins business.
- (352) Furthermore, PPG referred to insufficient investments made by Olin and Westlake into their outdated facilities as well as to number of force majeure events invoked by Westlake in the context of causality.
- (353) It is noted that the consolidated level of investment for both sampled Union producers was relatively stable over the period considered (mainly in 2020-2022) and was in any case higher relative to the levels of production and sales in the investigation period compared to the beginning of the period considered. While the investment activity was muted towards the end of the period considered (resulting in a 16 % drop during the period considered) this was due to the weak market and most recent financial performance of the companies concerned. Nevertheless, a vast array of investments were made over the period considered to: (i) upgrade equipment and modernise facilities such as controlling systems to debottleneck the production process; (ii) achieve efficiency gains and to ensure compliance

with environmental and safety regulations. Invoking force majeure on isolated occasions is equally not an indication of any broader implications for the production efficiency of the Union producers. Overall, there is no indication that the observed decrease in investment would in any way affect competitiveness of the Union producers. In conclusion, PPG failed to substantiate how the allegedly insufficient investments would cause injury to the Union industry. The claims were therefore rejected.

5.3. Conclusion on causation

- (354) A causal link was established between the dumped imports from the countries concerned on one hand and the injury suffered by the Union industry on the other hand. There was a coincidence in time between the significant increase in volume and market share of the dumped imports and the worsening of the Union industry's performance, visible in particular from 2022 onwards. In a relatively weak market with demand contraction, the increased volumes of dumped imports eroded the operating rates of the Union industry and its ability to set prices that would absorb the high costs of production, thereby clearly pointing to the existence of price depression. This situation resulted in a lossmaking situation of the Union producers in 2023 and during the investigation period.
- (355) The Commission examined other possible factors that may have had an impact on the situation of the Union industry. The Commission distinguished and separated the effects of these factors on the situation of the Union industry from the injurious effects of the dumped imports.
- (356) Regarding the effects of imports from other third countries, the Commission concluded that, except for the Korean imports, those imports did not cause injury to the Union industry. The third countries overall had stable market shares and prices above those of the dumped imports, notably in the period 2022 to the investigation period when the injurious effects of the dumped imports were most pronounced. As for the Korean imports specifically, they undercut the Union sales prices over the period considered and increased their Union market share from 11 % to 15 % over the period considered, while China, Taiwan and Thailand increased their cumulative market share from 3,5 % to 16,9 % ⁽⁹⁰⁾. Therefore, while the Korean imports might have contributed to the injurious situation of the Union industry, Korean imports did not attenuate the causal link between the imports from countries concerned and the injury suffered by the Union industry.
- (357) The export performance of the Union industry equally did not attenuate the causal link. The export sales, in volume as well as in price followed a similar pattern to that observed for the Union sales over the period considered. This is because the Union producers face the same challenges in their traditional export markets, having to compete against producers from the countries concerned with their low-priced imports. In conclusion, while the effect of the export performance on the Union producers contributed to the adverse situation at the Union producers, for the reasons explained in recitals (335) to (340), it did not break the causal link between the dumped imports and the injury suffered by the Union industry.
- (358) With respect to the consumption decline and the increase in cost of production resulting from the rise in raw material prices, it is undisputable that the Union industry was faced with numerous challenges over the period considered. However, had it not been for the price pressure from the dumped imports, the Union industry would have been able to pass on the cost increases and adequately respond to the changing market conditions. As noted above, dumped imports should not prevent Union producers from increasing prices in order to pass on cost increases. Therefore, while the energy crisis and demand contraction presented a significant challenge for the Union producers, these developments were found not to have caused material injury to the Union industry.
- (359) Regarding the business decisions made by the Union producers, be it with respect to their price increases, investment decisions or plant operations, such decisions were made in response to the prevailing market conditions and must be viewed as rational business decisions that any economic operator would have made in a market economy. Thus, the Commission found that those decisions did not cause material injury to the Union industry.

⁽⁹⁰⁾ See Table 3, above.

- (360) On the basis of the above, the Commission concluded at this stage that the dumped imports from the countries concerned caused material injury to the Union industry and that the other factors (imports from Korea and the export performance of the Union industry), considered individually or collectively, did not attenuate or break the causal link between the dumped imports and the material injury. The injury consists of reduced market share, production, production capacity utilisation, productivity, profitability, closing stocks, cash flow and return on investments. Furthermore, as explained above in recital (276), the Union industry suffered price depression caused by imports from the countries concerned.

6. LEVEL OF MEASURES

- (361) 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

- (362) 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.
- (363) 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 countries 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 %.
- (364) The profit for the sampled Union producers widely fluctuated between within the period considered. The exceptionally high profits in 2021-2022 were achieved in an extraordinary period of demand fuelled by the COVID-19 economy and supply chain restraints. Therefore, it would not be appropriate to use the profit figures from 2021-2022 as a basic profit in accordance with Article 7(2c) of the basic Regulation. Furthermore, for the years prior to the period considered, precise or appropriate levels of profitability could equally not be identified either given the lack of reliable profit data due to corporate system constraints or the swings from large profits to highly negative profitability. The Commission therefore established the target profit to determine the non-injurious price at 6 %, in accordance with Article 7(2c) of the basic Regulation. Furthermore, none of the sampled Union producers made a substantiated claim for investments foregone or R&D and innovation costs. In view of those facts, the Commission resorted to the use of the minimum 6 % target profit which was added to the Union industry's actual cost of production to establish the non-injurious price.
- (365) As no substantiated claims were made pursuant to Article 7(2d) concerning current or future costs which result from multilateral environmental agreements and protocols thereunder or from the listed ILO Conventions, no further costs were added to the non-injurious price thus established.
- (366) The Commission then determined the injury margin level on the basis of a comparison of the weighted average import price of the sampled cooperating exporting producers in the countries concerned as established for the price undercutting calculations, with the weighted average non-injurious price of the like product sold by the sampled 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.
- (367) The injury elimination level for 'other cooperating companies' and for 'all other imports' originating in the respective country concerned is defined in the same manner as the dumping margin for these companies and imports.

Country	Company	Dumping margin (%)	Injury margin (%)
China	Jiangsu Sanmu Group Co., Ltd.	24,2	116
	Sinochem Group:	40,8	118,9
	— Jiangsu Ruiheng New Material Technology Co., Ltd.		
	— Nantong Xingchen Synthetic Material Co., Ltd.		
	— Jiangsu Kumho Yangnong Chemical Co., Ltd.		
	Other cooperating Chinese companies	30,3	117,1
	All other imports originating in China	40,8	118,9
Taiwan	Chang Chun Plastics Co	10,8	105,8
	Nan Ya Plastics	11,0	96,5
	All other imports originating in Taiwan	11,0	105,8
Thailand	Aditya Birla Chemicals (Thailand) Limited	32,1	84,2
	All other imports originating in Thailand	32,1	84,2

6.2. Conclusion on the level of measures

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

Country	Company	Provisional anti-dumping duty
China	Jiangsu Sanmu Group Co., Ltd.	24,2 %
	Sinochem Group:	40,8 %
	— Jiangsu Ruiheng New Material Technology Co., Ltd.	
	— Nantong Xingchen Synthetic Material Co., Ltd.	
	— Jiangsu Kumho Yangnong Chemical Co., Ltd.	
	Other cooperating companies	30,3 %
	All other imports originating in China	40,8 %
Taiwan	Chang Chun Plastics Co	10,8 %
	Nan Ya Plastics	11,0 %
	All other imports originating in Taiwan	11,0 %
Thailand	Aditya Birla Chemicals (Thailand) Limited	32,1 %
	All other imports originating in Thailand	32,1 %

7. UNION INTEREST

- (369) Having decided to apply Article 7(2) of the basic Regulation, the Commission examined whether it could clearly conclude that it was not in the Union interest to adopt measures in this case, despite the determination of injurious dumping, in accordance with Article 21 of the basic Regulation.
- (370) 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

- (371) As explained in recital (249), the Union industry consist of six groups of producers manufacturing the product under investigation during the investigation period.
- (372) The Union epoxy resin industry is fundamental to the Union's industrial base. Epoxy resin, a water-resistant chemical, is used for coatings and adhesives in the defence, automotive, aerospace, electronics, construction, medical devices, energy, and numerous other critical industries. Epoxy resin is also used for household and consumer goods and in food processing and packing.
- (373) Epoxy resin equally plays an important role in the energy transition as products used for renewable energy production and storage (such as wind turbine blades, batteries, fuel cells, and solar panels) incorporate epoxy resin as an irreplaceable component to ensure longevity and efficiency. The Association of Chemical Industry of the Czech Republic (which is in support of the measures and has the complaining Czech producer Spolchemie as one of its members) also stressed that by ensuring a level playing field in the Union, green transition in the Union's chemical supply chain and the climate goals can be achieved.
- (374) Overall, imposition of measures in this case would likely lead to a higher volume of sales for the Union producers and, therefore, better capacity utilization and recovery in operating margins and profit. The improved performance would in turn lead to sustained levels of investment and employment and promotion of continued innovation.
- (375) The measures would also benefit the upstream industries, which will see more sustainable demand for raw materials with increasing production volumes of epoxy resins.
- (376) Without measures, it would be more likely that the epoxy resin manufacturing footprint in the Union will be further eroded. Falling utilisation rates would lead to unsustainably high fixed-cost operations and sharp reductions in the investments resulting in potential job losses, which in turn would make the operations even less able to compete with dumped imports from the countries concerned. As also observed by the Polish Chamber of Chemical Industry (in support of the measures), imports of epoxy resins at prices that do not reflect the fair market value impact negatively not only the epoxy resin market, but also upstream markets (such as the one for phenol).
- (377) Furthermore, in light of the ongoing trade defence investigations in the United States of America against the countries concerned, if duties are imposed, exports would likely be redirected to other destinations, such as the Union, given its attractiveness as an alternative market. This diversion of trade flows towards the Union would exacerbate the situation of the Union industry even more in the absence of measures.
- (378) The Commission thus concluded that it would be in the interest of the Union industry to impose anti-dumping duties.

7.2. Interest of users

- (379) In the present case, users predominantly representing the coating/painting segment and wind industry segment came forward. The latter represent two of the principal user' applications of the product concerned. Several users (PPG, Akzo Nobel, Sherwin Williams, Siemens Gamesa, Allnex Europe) replied to the user questionnaire made available at the beginning of the investigation. Other users (MIPA and Emil Frei) participated in the investigation without completing the dedicated user questionnaire.

- (380) For users in the coating industry, their financial performance shows (at least for the users who submitted structured questionnaire replies covering their entire Union coatings business) that they enjoyed large profit margins, going even into double digits in the investigation period. Moreover, the submissions for the coatings industry users indicated that the proportion of the epoxy resin cost on their cost of production is limited and accounted generally for no more than 10 % of the cost of production. Furthermore, their revenues derived from the products incorporating epoxy resins was no higher than 40-45 % (and often much lower than that).
- (381) Regarding the users in the wind industry, while in fragile state, the user who came forward with a reply to the Commission questionnaire (Siemens Gamesa) dominates the offshore wind market and introduced contractual mechanisms to hedge against potential fluctuations in raw material prices and the cost of epoxy resins on the cost of wind turbine (business in which the wind industry users operate ⁽⁹¹⁾) is only around [0-3] %.
- (382) In the context of the users' interest analysis, it is notable that several users (such as Akzo Nobel or Emil Frei) acknowledged that the Chinese imports of epoxy resins might be causing injury to the Union industry.

7.3. Interest of unrelated importers

- (383) With respect to unrelated importers, two companies (Cortex and Comexim) cooperated in this investigation, including by providing replies to the Commission questionnaire. Another unrelated importer, Monchy also came forward, voicing its opposition against potential anti-dumping measures. Cortex was in favour of imposing anti-dumping measures on China, claiming that such course of action would lead to a restoration of normal trade conditions, however it opposed the application of the measures to countries other than China.

7.4. Comments of the users and importers

- (384) Cortex argued that the broad application of anti-dumping measures (involving other countries than China) is not in the Union interest. According to Cortex, the ability of Union operators to meet the needs of the Union market for epoxy resins is limited and may not be sufficient. Comexim and Monchy also argued that the volume produced in Europe is not sufficient to cover the Union demand. PPG also submitted that it is critical to maintain alternative sources of supply at competitive prices given the reduced production and several force majeure declarations by the Union producers in the past. Sherwin Williams also argued that Union capacity is not sufficient to cover the Union demand and that duties would lead to a decreased availability of the product concerned on the Union market.
- (385) Furthermore, according to PPG, imposition of anti-dumping duties will lead to further concentration of the epoxy resin market in the hands of large producers, to the detriment of consumers and market competition as a whole.
- (386) Finally, according to PPG, the duties would hinder the accomplishment of the Union's carbon neutrality and renewable energy goals, in so far as it would provoke disruptions in the supply chain of the epoxy resins. Siemens Gamesa Renewable Energy ('SGRE') also submitted that the imposition of anti-dumping measures would run counter to the energy policy objectives set by the Union, that the users would shift their production outside the Union or even leave the market entirely and that there are no viable alternatives to the imports of epoxy resins from the countries concerned. Sherwin Williams also expressed a concern that imposition of duties would lead to potential relocation of downstream industries outside the Union.

⁽⁹¹⁾ This is consistent with the GFF anti-dumping investigation findings, according to which the blades are generally not sold separately, but together with wind turbines or even as part of an entire wind park. See recitals 480-490 to Commission Implementing Regulation (EU) No 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).

- (387) First, concerning the claim that the Union industry is not in a position to cover the demand and the possibility of other alternative sources, the Commission recalled that there are other large exporting countries such as India, Korea, or Switzerland and their producers which represent alternative sources of supply and pose a healthy competition to Union industry. Second, fairly priced Chinese, Thai and Taiwanese imports will not be prevented from entering the Union. Imposition of anti-dumping duties is hence not liable to bring about increased concentration of producers in the epoxy resin market. Third, the parties did not provide any substantiated evidence that the Union producers would not be able to satisfy the demand coming from the Union users. While the Union producers may have reduced their operating rates in a dwindling market, as set out in recital (351), their production capacity remained at stable and sufficient levels throughout the period considered.
- (388) Furthermore, in the absence of measures, not only would the existence of the epoxy resin industry in the Union be endangered, but equally the stability of epoxy supply for the epoxy users could be jeopardized. Contrary to what the parties have argued, reliance on dumped imports would undercut the Union efforts to develop its own reliable industrial base and to meet the renewable energy and carbon neutrality goals. Further to this, as one of the users (Allnex Europe) also remarked, while Chinese epoxy resins might exhibit variability in quality and performance, Union-produced resins are typically associated with consistency in applications where performance and regulatory compliance are critical.
- (389) Finally, given the level of profitability (mainly for coating industry) and/or the limited proportion of the epoxy cost on the cost of production of the users (see recitals (380) to (381) for more details) as well as existing alternative sources of supply, the imposition of measures should not have a prohibitive effect on the users, let alone force them to relocate outside the Union. The arguments of the parties were therefore rejected.
- (390) ERC also submitted that imposition of anti-dumping duties is not in the overall Union interest because such step would increase the prices of epoxy resins for the industrial users and final consumers in the Union. Cortex further submitted that the cost of the duties will be passed on all the way to consumers, hence affecting them. Finally, PPG claimed that the imposition of anti-dumping duties would lead to price increases of epoxy resins, which in turn would add pressure on PPG and other Union users to increase prices. In fact, PPG contented that it would be unable to pass on any increase in costs of materials resulting from the anti-dumping duties and that such cost increase would affect PPG's competitiveness in the Union market. Monchy also argued that imposition of measures would have an adverse effect on the financial performance and employment situation of the importer. Finally, SGRE submitted that the long-term technological survival of the user industry would be affected by the measures.
- (391) First, while the anti-dumping measures might lead to an increase in the epoxy price and might have an adverse effect on some importers, user industries and final users of epoxy-containing products, this claim is purely speculative as no evidence was provided to quantify the effect that the duties would have. Furthermore, market intelligence sources (namely Tecnon OrbiChem in their ChemFocus Report ⁽⁹²⁾ from October 2024) project only a modest price increase if anti-dumping measures on epoxy resin imports are introduced. Moreover, any price correction would merely be a manifestation of the fair-trade restoration in a situation where Union industry prices were depressed by a downward pressure coming from the dumped imports. Furthermore, highly profitable operations of coatings users (such as PPG) will allow for absorption of any potential cost increase and the duties imposed are set at a level that will allow the users and importers to continue to import epoxy resins, at reasonable and fair prices. In conclusion, hypothetical adverse effects on the user industries and importers cannot outweigh the distinct need to restore a level playing field on the Union epoxy resin market, in particular where the preservation of the Union industry is at stake.
- (392) Considering the above, the measures are likely to have an immaterial effect on the users and consumers. Such conclusion can be drawn based on the combination of the following factors. First, the proportion of epoxy resin cost on the downstream products or final consumer goods is generally limited. Second, alternative sources of epoxy resin are readily available from the Union producers and various other sources of imports, ensuring a steady supply and a healthy competition. Finally, the competitive pressure is likely to mitigate any potential cost increases that might arise from the imposition of these duties.

⁽⁹²⁾ <https://www.orbichem.com/solutions/chemical-analytics>.

- (393) Furthermore, the measures will likely have an insignificant impact (if any) on importers as they can continue importing epoxy resin at fair prices from the countries concerned or other third countries, creating a healthy competition for the domestically produced epoxy resin.

7.5. Conclusion on Union interest

- (394) 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 measures on imports of epoxy resins originating in China, Taiwan and Thailand at this stage of the investigation.

8. PROVISIONAL ANTI-DUMPING MEASURES

- (395) 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.
- (396) Provisional anti-dumping measures should be imposed on imports of epoxy resins originating in China, Thailand and Taiwan 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.
- (397) 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:

Country	Company	Provisional anti-dumping duty
China	Jiangsu Sanmu Group Co., Ltd.	24,2 %
	Sinochem Group: — Jiangsu Ruiheng New Material Technology Co., Ltd. — Nantong Xingchen Synthetic Material Co., Ltd. — Jiangsu Kumho Yangnong Chemical Co., Ltd.	40,8 %
	Other cooperating companies	30,3 %
	All other imports originating in China	40,8 %
Taiwan	Chang Chun Plastics Co	10,8 %
	Nan Ya Plastics	11,0 %
	All other imports originating in Taiwan	11,0 %
Thailand	Aditya Birla Chemicals (Thailand) Limited	32,1 %
	All other imports originating in Thailand	32,1 %

- (398) The individual company anti-dumping duty rates specified in this Regulation were established on the basis of the findings of this investigation. Therefore, they reflect the situation found during this investigation with respect to these companies. These duty rates are exclusively applicable to imports of the product concerned originating in the countries concerned and produced by the named legal entities. Imports of the product concerned produced by any other company not specifically mentioned in the operative part of this Regulation, including entities related to those specifically mentioned, should be subject to the duty rate applicable to 'all other imports originating in [country concerned]'. They should not be subject to any of the individual anti-dumping duty rates.

- (399) 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 [country concerned]'.
- (400) 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.
- (401) 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. REGISTRATION

- (402) As mentioned in recital (3), the Commission made imports of the product concerned subject to registration. Registration took place with a view to possibly collecting duties retroactively under Article 10(4) of the basic Regulation.
- (403) In view of the findings at provisional stage, the registration of imports should be discontinued.
- (404) No decision on a possible retroactive application of anti-dumping measures has been taken at this stage of the proceeding.

10. INFORMATION AT PROVISIONAL STAGE

- (405) 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.
- (406) Aditya Birla, the complainant and Sinochem Group submitted comments, however none of the comments raised concerns regarding the accuracy of the calculations. The Commission will address the comments made by those parties at the definitive stage.

11. FINAL PROVISIONS

- (407) 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.
- (408) 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 products containing more than 35 % by weight of epoxy resins, also known as epoxide resins or polyepoxides, which are polymers or prepolymers containing reactive epoxy groups, based on epichlorohydrin and an aliphatic or aromatic alcoholic component (such as BPA), in solid, semi-solid or liquid forms, having all types of grade, purity, molecule weight or molecular structure, whether or not containing modifiers, curing agents, or additives, so long as the curing agents have not chemically reacted so as to cure the epoxy resin or convert it into a different product no longer containing epoxy groups, currently classified under CN codes ex 2910 90 00, ex 3824 99 92, ex 3824 99 93, and ex 3907 30 00 (TARIC codes 2910 90 00 05, 3824 99 92 96, 3824 99 93 10, 3907 30 00 05, 3907 30 00 20, and 3907 30 00 80), and originating in the People's Republic of China, Taiwan and Thailand.

The following products are excluded from the product described in Article 1(1):

- Certain paint and coating products, which are blends, mixtures, or other formulations of epoxy resin, curing agent, and pigment, in any form, packaged in one or more containers, wherein (1) the pigment represents a minimum of 10 percent of the total weight of the product, (2) the epoxy resin represents a maximum of 80 percent of the total weight of the product, and (3) the curing agent represents 5 to 40 percent of the total weight of the product.
- Pre-impregnated fabrics or fibres, often referred to as 'pre-pregs', which are composite materials consisting of fabrics or fibres (typically carbon or glass) impregnated with epoxy resin.
- Blends of epoxy resins with other materials, currently classified under CN codes other than 2910 90 00, 3824 99 92, 3824 99 93, and 3907 30 00.

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:

Country	Company	Provisional anti-dumping duty	TARIC Additional code
China	Jiangsu Sanmu Group Co., Ltd.	24,2 %	89LO
	Sinochem Group:	40,8 %	89LP
	— Jiangsu Ruiheng New Material Technology Co., Ltd.		
	— Nantong Xingchen Synthetic Material Co., Ltd.		
	— Jiangsu Kumho Yangnong Chemical Co., Ltd.		
	Other cooperating companies listed in Annex	30,3 %	
	All other imports originating in China	40,8 %	8999
Taiwan	Chang Chun Plastics Co	10,8 %	89LQ
	Nan Ya Plastics	11,0 %	89LR
	All other imports originating in Taiwan	11,0 %	8999

Country	Company	Provisional anti-dumping duty	TARIC Additional code
Thailand	Aditya Birla Chemicals (Thailand) Limited	32,1 %	89LS
	All other imports originating in Thailand	32,1 %	8999

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 in unit we are using) 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 imports originating in the country concerned 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 to the Commission their written comments on this regulation, including on the Commission's intention to terminate the current proceeding vis-à-vis the Republic of Korea, 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

1. Customs authorities are hereby directed to discontinue the registration of imports established in accordance with Article 1 of Implementing Regulation (EU) 2024/2714.

2. Data collected regarding products which entered the EU for consumption not more than 90 days prior to the date of the entry into force of this regulation shall be kept until the entry into force of possible definitive measures, or the termination of this proceeding.

Article 4

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, 26 February 2025.

For the Commission
The President
Ursula VON DER LEYEN

ANNEX

Cooperating exporting producers not sampled in the People's Republic of China

Company Name	TARIC additional code
Allnex Resins (China) Co., Ltd.	89LT
Chang Chun Chemical (JiangSu) Co., Ltd.	89LU
Chang Chun Chemical (Panjin) Co. Ltd.	89LV
Dalian Qihua New Material Co., Ltd.	89LW
Dongying Hebang Chemical Co., Ltd.	89LX
Fujian Huanyang New Material Co., Ltd.	89LY
Sinopec Hunan Petrochemical Co., Ltd.	89LZ
Techstorm Advanced Material Corporation Limited	89M0
Zhuhai Epoxy Base Electronic Material Co., Ltd.	89M1