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COMMISSION IMPLEMENTING REGULATION (EU) 2026/1857

of 27 July 2026

imposing a provisional anti-dumping duty on imports of benzyl alcohol originating in the People's Republic of China

THE EUROPEAN COMMISSION,

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

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

After consulting the Member States,

Whereas:

1. PROCEDURE

1.1. Initiation

(1) On 19 December 2025, the European Commission ('the Commission') initiated an anti-dumping investigation into imports of benzyl alcohol originating in the People's Republic of China ('the country concerned') pursuant to Article 5 of the basic Regulation.

(2) This followed a complaint lodged on 10 November 2025 by Lanxess Deutschland GmbH, Lanxess Chemical B.V. and Vynova Advanced Organics Maastricht B.V. ('the complainants') on behalf of the Union industry in the meaning of Article 5(4) of the basic Regulation.

(3) The initiation was justified by the evidence of both dumping and resulting material injury provided in the complaint, as detailed in the Notice of Initiation in the *Official Journal of the European Union* [2] ('the Notice of Initiation').

1.2. Registration

(4) The Commission made imports of the product concerned subject to registration by Commission Implementing Regulation (EU) 2026/362 [3] ('the registration Regulation').

1.3. Interested parties

(5) In the Notice of Initiation, the Commission invited interested parties to participate in the investigation. Specifically, it notified the complainants, known Union producers, exporting producers, the authorities of the People's Republic of China and other known stakeholders - including importers, suppliers and users - inviting their participation. All interested parties were given the opportunity to comment on the initiation and to request a hearing with the Commission or the Hearing Officer in trade proceedings.

1.4. Sampling

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

(1) OJ L 176, 30.6.2016, p. 21, ELI: http://data.europa.eu/eli/reg/2016/1036/oj.
(2) OJ C, C/2025/6741, 19.12.2025, ELI: http://data.europa.eu/eli/C/2025/6741/oj.
(3) Commission Implementing Regulation (EU) 2026/362 of 17 February 2026 making imports of benzyl alcohol originating in the People's Republic of China subject to registration with a view to allowing the levy of anti-dumping duties on the imports subject to registration (OJ L, 2026/362, 18.2.2026, ELI: http://data.europa.eu/eli/reg_impl/2026/362/oj).

Sampling of Union producers

(7) In the Notice of Initiation, the Commission informed parties that it had provisionally selected a sample of Union producers. The sample was selected on the basis of representativity in terms of volume of production and sales of the like product in the Union between 1 October 2024 and 30 September 2025. This sample consisted of two Union producers, which accounted for over 95 % of the estimated total volume of production of the like product in the Union and over 95 % of the sales into the Union. The sample was representative of the Union industry. The Commission invited interested parties to comment on the provisional sample. There were no comments.

Sampling of unrelated importers

(8) To determine if sampling was necessary, the Commission asked unrelated importers to provide the information specified in the Notice of Initiation.

(9) No unrelated importers provided duly completed sampling forms by the established deadline. The Commission thus decided that sampling was not necessary. Nonetheless, the Commission invited an unrelated importer that had submitted an incomplete sampling form, Fenchem Biochemie GmbH, to fill in the questionnaire intended for unrelated importers of the product under investigation.

Sampling of exporting producers

(10) To determine if sampling was necessary, the Commission asked all exporting producers in the People's Republic of 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.

(11) Five exporting producers in the country concerned 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 exporting producers based on the largest representative volume, representing about 90 % of all exports to the Union from the country concerned, 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 country concerned were consulted on the selection of the sample. There were no comments received on the sample that was chosen.

1.5. **Individual examination**

(12) One exporting producer in China requested individual examination under Article 17(3) of the basic Regulation. At this stage of the investigation and in view of the undue additional workload that the assessment of individual examination requests entail, and which could jeopardise the timely completion of the provisional stage of the investigation, the Commission has not taken any decision about the request for individual examination. The Commission will decide whether to grant individual examination at the definitive stage of the investigation.

1.6. **Questionnaire replies and verification visits**

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

(14) Furthermore, the complainant provided in the complaint sufficient evidence of raw material distortions in the People's Republic of 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 the People's Republic of China. For this reason, the Commission sent additional questionnaires in this regard to the GOC.

(15) The Commission invited the two sampled Union producers, the unrelated importer which had made itself known and the two sampled exporting producers in the country concerned to complete the questionnaires, which were made available online ([4]) on the day of initiation. The Commission prepared an additional questionnaire with a view to collect data on macro-indicators.

(16) Questionnaire replies were received from the two sampled Union producers, an unrelated importer in the Union, the two sampled exporting producers and by the legal representative of the Union industry.

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

Union producers

— Lanxess Deutschland GmbH, Cologne, Germany

— Vynova Advanced Organics Maastricht B.V., Maastricht, the Netherlands

Exporting producers in the PRC

— Hubei Greenhome Materials Technology, Inc., Xiantao City, Hubei, China ('Hubei Greenhome')

— Qianjiang Xinyihong Organic Chemical Co., Ltd., Qianjiang City, Hubei, China ('Qianjiang Xinyihong')

(18) The questionnaire reply on macro-indicators submitted on behalf of the Union industry was verified at the premises of its legal representative in Brussels, Belgium.

1.7. **Investigation period and period considered**

(19) The investigation of dumping and injury covered the period from 1 October 2024 to 30 September 2025 ('the investigation period'). The examination of trends relevant for the assessment of injury covered the period from 1 January 2022 to the end of the investigation period ('the period considered').

2. **PRODUCT UNDER INVESTIGATION, PRODUCT CONCERNED AND LIKE PRODUCT**

2.1. **Product under investigation**

(20) The product under investigation is benzyl alcohol (also known as phenylmethanol, benzenemethanol, phenylcarbinol and hydroxytoluene), an aromatic alcohol, usually falling under the Chemicals Abstract Services (CAS) number 100-51-6 and the Customs and Statistics Number (CUS) 0011660-9, currently falling under CN code 2906 21 00 ('the product under investigation').

(21) Benzyl alcohol can be produced via two main processes: via chlorination from toluene (the main route) or via air oxidation of toluene.

(22) Benzyl alcohol has a wide range of uses. The main ones are as a solvent and diluent for epoxy resins and coatings for basic industrial applications for construction. As a solvent for cleaning and degreasing, benzyl alcohol is also found in soaps, detergents, shampoos and various cleaning products. *Inter alia*, it is also used as a preservative (namely in cosmetics, personal care, animal nutrition and agrochemical products), as an excipient in medicines, as a carrier in food flavouring production, as a fuel additive in gasoline to enhance engine performance and lower emissions, as a dye aid in the dyeing of textiles, and as a precursor in chemical synthesis (particularly in the manufacture of benzyl esters and ethers).

([4]) https://tron.trade.ec.europa.eu/investigations/case-view?caseId=2835.

2.2. **Product concerned**

(23) The product concerned is product under investigation originating in the People’s Republic of China.

2.3. **Like product**

(24) 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 country concerned; and

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

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

3. **DUMPING**

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

(26) 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 the PRC, 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.

(27) To gather the data required for the potential application of Article 2(6a) of the basic Regulation, the Commission's Notice of Initiation requested that all Chinese exporting producers provide details on the inputs used in their production. Five exporting producers submitted the relevant information.

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

(29) No questionnaire reply was received by the GOC. Neither did the GOC file any submission on the application of Article 2(6a) of the basic Regulation within the deadline. Subsequently, on 16 February 2026, the Commission informed the GOC that it intended to use facts available within the meaning of Article 18 of the basic Regulation for the determination of the existence of the significant distortions in the PRC. No comments were received from the GOC further to this notification. The application of Article 18 for the determination of the existence of the significant distortions in the PRC in accordance with Article 2(6a) is therefore confirmed.

(30) In point 5.3.2. 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. According to the information available to the Commission at that stage, possible appropriate representative third countries were *inter alia* Mexico or Türkiye.

(31) On 9 February 2026, 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. The Commission also communicated that there is no production of the product under investigation in any country with similar level of economic development as China. The Commission based its further research on countries producing organic chemical products (classified under NACE 2014). In addition, based on the criteria guiding the choice of undistorted prices or benchmarks, the Commission identified possible representative countries, namely Türkiye, Mexico, Indonesia, Malaysia or Brazil as an appropriate representative countries and invited all parties to comment and to put forward alternative countries fulfilling the basic criteria under Article 2(6a)(a) first indent.

(32) On 27 April 2026, the Commission informed by a second note ('the Second Note') interested parties on the relevant sources it intended to use for the determination of the normal value, with Türkiye as the representative country. The Commission proposed to establish selling, general and administrative ('SG&A') costs and profits based on eleven producers in Türkiye active in the sector of manufacturing of organic chemicals, falling under NACE code 2014 ([5]).

(33) The Second Note also addressed the comments received by the interested parties on these elements and on the relevant sources. The comments provided by the parties are also addressed in the following sections.

3.2. **Normal value**

(34) 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'.

(35) 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 refereed hereinafter as 'SG&A costs').

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

3.2.1. *Existence of significant distortions*

(37) Article 2(6a)(b) of the basic Regulation states that 'significant distortions are those distortions which occur when reported prices or costs, including the costs of raw materials and energy, are not the result of free market forces as they are affected by substantial government intervention. In assessing the existence of significant distortions regard shall be had, inter alia, to the potential impact of one or more of the following elements:

— the market in question being served to a significant extent by enterprises which operate under the ownership, control or policy supervision or guidance of the authorities of the exporting country;

— state presence in firms allowing the state to interfere with respect to prices or costs;

([5]) Koruma Temizlik Anonim Sirketi, Polen Un Ve Gida Katki Maddeleri Sanayi Ve Ticaret Anonim Sirketi, Tarimsal Kimya Teknolojileri Sanayi Ve Ticaret Anonim Sirketi, Sora Kozmetik Sanayi Ticaret Anonim Sirketi, Kimsan Petrokimya Sanayi Ve Ticaret Limited Sirketi, Hurkimsa Kimya Sanayi Ve Ticaret Limited Sirketi, Biolab Endustriyel Kimya Sanayi Ve Ticaret Anonim Sirketi, Verateks Boya Kimya Tekstil Sanayi Ticaret Limited Sirketi, Befchem Kimyevi Maddeler Sanayi Ticaret Anonim Sirketi, Nc Istanbul Kimyevi Urunler Sanayi Ticaret Limited Sirketi and Merko Kimya Gida Sanayi ve ticaret limited Sirketi (Orbis).

— public policies or measures discriminating in favour of domestic suppliers or otherwise influencing free market forces;

— the lack, discriminatory application or inadequate enforcement of bankruptcy, corporate or property laws;

— wage costs being distorted;

— access to finance granted by institutions which implement public policy objectives or otherwise not acting independently of the state.'

(38) As the list in Article 2(6a)(b) of the basic Regulation is non-cumulative, not all the elements need to be given for a finding of significant distortions. Moreover, the same factual circumstances may be used to demonstrate the existence of one or more of the elements of the list.

(39) However, any conclusion on significant distortions within the meaning of Article 2(6a)(a) of the basic Regulation must be made on the basis of all the evidence at hand. The overall assessment on the existence of distortions may also take into account the general context and situation in the exporting country, in particular where the fundamental elements of the exporting country's economic and administrative set-up provide the government with substantial powers to intervene in the economy in such a way that prices and costs are not the result of the free development of market forces.

(40) Article 2(6a)(c) of the basic Regulation provides that '[w]*here the Commission has well-founded indications of the possible existence of significant distortions as referred to in point (b) in a certain country or a certain sector in that country, and where appropriate for the effective application of this Regulation, the Commission shall produce, make public and regularly update a report describing the market circumstances referred to in point (b) in that country or sector*'.

(41) Pursuant to this provision, the Commission issued a country report concerning China ('the Report') [6], which contains evidence of the existence of substantial government intervention at many levels of the economy, including specific distortions in many key factors of production (such as land, energy, capital, raw materials and labour) as well as selected sectors (such as chemical, ….). Interested parties were invited to rebut, comment or supplement the evidence contained in the investigation file at the time of initiation. The Report concerning China was placed in the investigation file at the initiation stage. The complaint also contained some relevant evidence complementing the Report.

(42) The complainant relied on the evidence contained in the Report that there are distortions in the Chinese benzyl alcohol industry. These distortions stem from the organization of the People's Republic of China ('PRC'), which is based on the concept of social market economy that is developed under the leadership of the Chinese Communist Party ('CCP') and covers all essential aspects of the State. According to the complaint, at the economic level, the CCP exercises a particularly tight control, which is translated into the high importance of the State-Owned Enterprises (SOE') in the economy and the CCP's strong leverage over the private sector. The complainant pointed to three main channels of intervention by the GOC in the Chinese economy: administrative, financial and regulatory control of the State [7].

(43) The complainant also referred to Commission findings in several recent investigations concerning the chemical sector in China, which confirmed the existence of significant distortions with regard to certain alkyl phosphate esters [8].

(44) Moreover, the complaint recalled the following elements resulting in significant distortions.

[6] 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.

[7] Complaint (Open version), paras. 57-64.

[8] Commission Implementing Regulation (EU) 2024/1064 of 9 April 2024 imposing a provisional anti-dumping duty on imports of certain alkyl phosphate esters originating in the People's Republic of China.

(45) First, the benzyl alcohol sector is being served to a significant extent by enterprises that operate under the ownership, control or policy supervision or guidance of state authorities.

(46) The complainant argues that the GOC ensures a strong influence over both SOEs and private-owned companies, especially in encouraged industries like the chemical sector which encompasses benzyl alcohol. The GOC and CCP exercise control over SOEs and shape their corporate structure and competitive landscape in order to achieve strategic economic goals, notably, by the appointing and controlling key executives through the CCP Organization Department, and by providing SOEs with preferential access to important inputs ([9]).

(47) Moreover, at both national and local level, the GOC established the State-Owned Asset Supervision and Administration Commissions ('SASAC') intending to represent the State's shareholder interests in SOEs. In addition, the GOC adopted a Law on State-owned Assets of Enterprise among other measures mandating State control and ownership over strategic industries. Additionally, the complaint states that the 'Social Credit System' reinforces the Party's influence over enterprises in China and threatens to pressure foreign companies to comply with relevant Chinese industrial policies. The complainant further argues that with the 14th Five-Year-Plan ('FYP'), the GOC targets to uphold socialist policies and to bolster economic growth. With respect to SOEs, the FYP aims at building a stronger connection between the GOC and SOEs ([10]).

(48) According to the complaint, in the industry of toluene derivatives in particular, a substantial degree of ownership by the GOC continues to persist. SOEs have played a central role in facilitating the GOC's intervention in the PRC's chemical sector. These SOEs maintain a dominant position in the upstream feedstock supply chain, benefiting from privileged access to government-allocated resources, including financing, subsidies, land use rights, and other forms of state support. Moreover, their close alignment with state policy and significant influence over government decision-making processes further consolidate their strategic position within the industry ([11]).

(49) The complaint refers to at least three of the largest toluene producers globally which are all Chinese SOEs: China Petrochemical Corporation (SINOPEC Group), China National Petroleum Corporation (CNPC), and Sinochem Group. The GOC regularly allocates financial resources to these companies which distorts the toluene and the benzyl alcohol markets ([12]).

(50) Privately owned companies also remain under close control of the GOC. The complainant relies on the example of privately owned companies producing benzyl alcohol which were granted preferential corporate income tax rates, government grants or subsidies. The GOC's involvement in the benzyl alcohol market also includes the participation of CCP members in corporate governance structures ([13]).

(51) On the basis of the foregoing, the complainant concludes that the Chinese benzyl alcohol market is, to a significant extent, served by enterprises that are subject to GOC ownership, financial support, political control, or policy supervision and guidance.

(52) Second, the state presence in both SOEs and private benzyl alcohol companies also allows the authorities to interfere with prices and/or costs.

(53) According to the complaint, the GOC preserves its influence in SOEs through the appointment and removal of key management personnel in SOEs, which is the main responsibility of SASAC. It also does so by heavily influencing the production of critical raw materials for the production of benzyl alcohol, notably toluene ([14]).

([9]) Complaint (Open version), para. 79.
([10]) Complaint (Open version), paras. 92-94.
([11]) Complaint (Open version), para. 95.
([12]) Complaint (Open version), paras. 96-98.
([13]) Complaint (Open version), paras. 99-102.
([14]) Complaint (Open version), para. 106.

(54) One of the main strategies of the GOC to maintain control over SOEs is the appointment of personnel management, often members of the CCP. The Chinese SOE Law clearly establishes that SASAC and local SASACs have the power of appointing the management of SOEs. Additionally, the SASAC Regulation confirms that one of its duties is to 'appoint or remove the responsible persons' of SOEs. The complainant relies on the Commission's findings in the Report, to argue that this is a 'sign of significant State influence considering the scale of SOEs and the dominant role of the state-owned economy in China'. This strong influence is further reinforced by the fact that the CCP is directly involved in the appointment of SOE managers and has the right to set the relevant procedures and recommend specific candidates for the positions ([15]).

(55) Additionally, SOEs in China benefit from preferential access to a wide variety of inputs like land and energy, but also to financing systems. The strong State intervention within companies results therefore in a distorted allocation of resources, which is then translated into distorted costs and distorted prices for the products manufactured. Moreover, the GOC influences costs and prices of chemical products like benzyl alcohol through its presence and intervention in the upstream sectors of raw materials and inputs necessary for its production. For instance, the strong production of toluene in the PRC is mainly due to the rapid investment and expansion in the sector, as well as the availability of both financing and raw materials. The overcapacities in the production of toluene, resulted in bigger investments in the downstream industries, and in particular the one of benzyl alcohol. Furthermore, the GOC interferes with respect to prices and costs of energy. Although the GOC has undertook some efforts to create competition in the market and allow prices to be set by market forces, it remains that energy prices are still strongly controlled. This circumstance unquestionably allows the GOC to significantly lower the costs of energy to the benefit of chemical producers, notably of toluene and benzyl alcohol ([16]).

(56) Third, the GOC particularly intervenes in the energy sector and the electricity market through subsidization of coal as the main source of energy for steam production. In addition, the electricity market is being served to a significant extent by enterprises operating under the Chinese authorities.

(57) According to the complaint, through direct subsidies, preferential financing, and price controls, the GOC ensures that coal remains artificially cheap, benefiting industries that rely on it as a primary energy source. While coal is predominantly used for electricity generation, it is also essential for producing industrial steam, a critical input in chemical manufacturing and other energy-intensive processes. The GOC's influence extends further through price controls. For instance, the National Development and Reform Commission (NDRC) has set a 'reasonable range' for medium and long-term coal transaction prices between CNY 570 and 770 per tonne. Additionally, major state-owned miners such as China Shenhua Energy Co. and China Coal Energy Co. frequently sell coal at capped price, ensuring stable but artificially low costs for downstream industries ([17]).

(58) Moreover, the complaint argues that beyond steam production, China's subsidized coal sector also provides an unfair advantage to domestic industries through its impact on electricity supply and pricing. As of 2022, coal-fired power plants accounted for 60 % of China's electricity generation. The GOC's role in the electricity market extends beyond fuel subsidies to direct ownership and pricing controls, creating a system where electricity costs are artificially suppressed. The electricity sector is dominated by SOEs. The extensive state control over electricity pricing and distribution results in substantial market distortions. The PRC's model ensures artificially low electricity costs for industrial users. This intervention benefits energy-intensive sectors, in particular the chemical industry, where electricity is a significant component of production costs ([18]).

(59) Fourth, the GOC pursues public policies or measures discriminating in favour of domestic suppliers or otherwise influencing free market forces.

([15]) Complaint (Open version), paras 107-109.
([16]) Complaint (Open version), paras. 112-116.
([17]) Complaint (Open version), paras. 117-121.
([18]) Complaint (Open version), paras. 122-125.

(60) The development of the Chinese economy is determined by an elaborate system of planning which sets out priorities and prescribes the goals that the central and local governments must focus on and strive to implement. These plans, which cover virtually all economic sectors, set specific mandatory objectives which are monitored by authorities at each administrative level. The planning mechanism guides the allocation of resources, which is geared towards sectors designated as strategic or politically important by the government, rather than being allocated according to market forces ([19]).

(61) The GOC has consistently given a strong focus to the chemical industry in its different policy documents and has clearly shaped its measures to favour domestic chemical producers. For instance, the central 14th FYP lays out the strategic visions of the GOC for the transformation and upgrading of traditional industries, and the development axis for strategic emerging industries, like the chemical, building material, new material, and chemical fiber industries. Additionally, in the 2024 version of the Guidance Catalogue for the Industrial Structure Adjustment, the chemical and petrochemical industry appears as an encouraged one. Having this status allows for this industry to generally benefit from numerous subsidies and financial support by way of public finance, taxation, credit, import and export, as well as land. The complainant concludes that the production and sales of the entire benzyl alcohol chemistry value chain is actively controlled and regulated at the national and the provincial levels by the GOC ([20]).

(62) Fifth, much like in any other sector in the Chinese economy, the benzyl alcohol sector is subject to the distortions resulting from the discriminatory application or inadequate enforcement of Chinese bankruptcy, corporate and property rules.

(63) According to the complaint, the Chinese bankruptcy system delivers inadequately on its main objectives such as to fairly settle claims and debts, and to protect the rights of creditors and debtors. The Chinese Bankruptcy Law is systematically under-enforced and targets mainly small companies. The complainant relies on the Commission's Report to support the low enforcement of Bankruptcy Law, notably due to the lack of clarity in the criteria to open the proceedings and their outcome, and to the strong influence of State authorities in bankruptcy procedures. Moreover, the under-enforcement of bankruptcy laws impacts the Chinese financial and borrowing market, amounting to grant implicit State guarantees to these companies, which in turn distorts the costs of credits and access to finance ([21]). Furthermore, regarding property laws, the deficiencies of the system of property rights are particularly clear with regard to ownership of land and land-use rights in the PRC. Land allocation depends exclusively on the State, which may follow political goals rather than free market principles. While there are a number of laws that aim at allocating land use rights in a transparent manner and at market prices, the complainant argues that these provisions are frequently not respected ([22]). The complainant concludes that much like any other sector in the Chinese economy, producers of benzyl alcohol are subject to the Chinese bankruptcy, corporate and property rules, and are therefore also subject to the distortions resulting from the discriminatory application or inadequate enforcement of these laws.

(64) Sixth, wage costs are distorted in the benzyl alcohol sector as well.

(65) According to the complaint, since wage formation in the PRC does not stem from normal market forces or genuine free collective bargaining, wage costs are subject to significant distortions. A truly market-based wage system cannot fully emerge in the PRC due to structural impediments to the rights of workers and employers to freely organize. In practice, only one trade union is legally recognized, the All-China Federation of Trade Unions ('ACFTU'). However, the ACFTU lacks independence from the state. Moreover, evidence shows that senior positions within the ACFTU are often held by high-ranking party officials in SOEs or by managers in private companies ([23]).

([19]) Complaint (Open version), para. 126.
([20]) Complaint (Open version), paras. 126-130.
([21]) Complaint (Open version), para. 131.
([22]) Complaint (Open version), para. 132.
([23]) Complaint (Open version), paras. 135-137.

(66) Furthermore, the mobility of the Chinese workforce is significantly constrained by the household registration system (hukou), which restricts access to comprehensive social security and public welfare benefits to individuals officially registered as residents of a given administrative area. As a result, many low-skilled workers remain excluded from essential public services and are placed in a precarious employment position, often compelled to accept lower wages and inferior working conditions compared to their locally registered counterparts. According to the complaint, this difference of treatment inevitably results in a wage cost distortion on the Chinese labour market ([24]).

(67) Much like any other sector in the Chinese economy, the industry of benzyl alcohol is also subject to Chinese labour laws and consequently also affected by these distortions in wage costs. The wage costs distortions are further exacerbated by labour subsidies provided by the Chinese state, particularly to benzyl alcohol producers ([25]).

(68) In conclusion, the complainant argued that significant distortions pursuant to Article 2(6a) of the basic Regulation are present in the benzyl alcohol sector.

(69) 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. The Commission did so on the basis of the evidence available on the file. The evidence on the file included the evidence contained in the Report, which relies on publicly available sources.

(70) 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. 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.

3.2.2. *Significant distortions affecting the domestic prices and costs in China*

(71) The Chinese economic system is based on the concept of a 'socialist market economy'. That concept is enshrined in the Chinese Constitution and determines the economic governance of China. The core principle is the '*socialist public ownership of the means of production, namely, ownership by the whole people and collective ownership by the working people*' ([26]).

(72) The state-owned economy is the 'leading force in the national economy' and the state has the mandate to ensure its 'consolidation and growth' ([27]). Indeed, compared to the 13th FYP, SASAC confirmed that total assets of central enterprises grew by 44,6 % during the 14th FYP, '*effectively driving the integrated development of upstream and downstream enterprises in the industrial chain and providing strong support for the successful achievement of the main goals and tasks of my country's economic and social development*' ([28]).

(73) Consequently, the overall setup of the Chinese economy not only allows for substantial government interventions into the economy, but such interventions are expressly mandated. The notion of supremacy of public ownership over the private one permeates the entire legal system and is emphasized as a general principle in all central pieces of legislation.

(74) The Chinese property law is a prime example: it refers to the primary stage of socialism and entrusts the state with upholding the basic economic system under which the public ownership plays a dominant role. Other forms of ownership are tolerated, with the law permitting them to develop side by side with the state ownership ([29]).

([24]) Complaint (Open version), para. 138.
([25]) Complaint (Open version), paras. 139-140.
([26]) Report – Chapter 2, p. 7.
([27]) Report – Chapter 2, p. 7-8.
([28]) See at: http://finance.people.com.cn/n1/2026/0128/c1004-40654753.html (accessed on 19 May 2026).
([29]) Report – Chapter 2, p. 10, 18.

(75) In addition, under Chinese law, the socialist market economy is developed under the leadership of the CCP. The structures of the Chinese state and of the CCP are intertwined at every level (legal, institutional, personal), forming a superstructure in which the roles of CCP and the state are indistinguishable.

(76) Following an amendment of the Chinese Constitution in March 2018, the leading role of the CCP was given an even greater prominence by being reaffirmed in the text of Article 1 of the Constitution.

(77) Following the already existing first sentence of the provision: '[t]*he socialist system is the basic system of the People's Republic of China' a new second sentence was inserted which reads: '[t]he defining feature of socialism with Chinese characteristics is the leadership of the Communist Party of China.'* ([30]) This illustrates the unquestioned and ever growing control of the CCP over the economic system of China.

(78) This leadership and control is inherent to the Chinese system and goes well beyond the situation customary in other countries where the governments exercise general macroeconomic control within the boundaries of which free market forces are at play.

(79) The Chinese state engages in an interventionist economic policy in pursuance of goals, which coincide with the political agenda set by the CCP rather than reflecting the prevailing economic conditions in a free market ([31]). The interventionist economic tools deployed by the Chinese authorities are manifold, including the system of industrial planning, the financial system, as well as the level of the regulatory environment.

(80) First, on the level of overall administrative control, the direction of the Chinese economy is governed by a complex system of industrial planning which affects all economic activities within the country. The totality of these plans covers a comprehensive and complex matrix of sectors and crosscutting policies and is present on all levels of government.

(81) Plans at provincial level are detailed while national plans set broader targets. Plans also specify the means in order to support the relevant industries/sectors as well as the timeframes in which the objectives need to be achieved. Some plans still contain explicit output targets.

(82) Under the plans, individual industrial sectors and/or projects are being singled out as (positive or negative) priorities in line with the government priorities and specific development goals are attributed to them (industrial upgrade, international expansion etc.).

(83) The economic operators, private and state-owned alike, must effectively adjust their business activities according to the realities imposed by the planning system. This is not only because of the binding nature of the plans, but also because the relevant Chinese authorities at all levels of government adhere to the system of plans and use their vested powers accordingly, thereby inducing the economic operators to comply with the priorities set out in the plans ([32]).

(84) Second, on the level of allocation of financial resources, the financial system of China is dominated by the state-owned commercial and policy banks. Those banks, when setting up and implementing their lending policy need to align themselves with the government's industrial policy objectives rather than primarily assessing the economic merits of a given project ([33]).

(85) The same applies to the other components of the Chinese financial system, such as the stock markets, bond markets, private equity markets etc. Also, these parts of the financial sector are institutionally and operationally set up in a manner not geared towards maximizing the efficient functioning of the financial markets but towards ensuring control and allowing intervention by the state and the CCP ([34]).

([30]) Available at: http://www.npc.gov.cn/zgrdw/englishnpc/Constitution/node_2825.htm (accessed on 19 May 2026).
([31]) Report – Chapter 2, p. 29-30.
([32]) Report – Chapter 4, p. 57, 92.
([33]) Report – Chapter 6, p. 149-150.
([34]) Report – Chapter 6, p. 153 -171.

(86) Third, on the level of regulatory environment, the interventions by the state into the economy take a number of forms. For instance, the public procurement rules are regularly used in pursuit of policy goals other than economic efficiency, thereby undermining market-based principles in the area. The applicable legislation specifically provides that public procurement shall be conducted in order to facilitate the achievement of goals designed by state policies. However, the nature of these goals remains undefined, thereby leaving broad margin of appreciation to the decision-making bodies ([35]).

(87) Similarly, in the area of investment, the GOC maintains significant control and influence over destination and magnitude of both state and private investment. Investment screening as well as various incentives, restrictions, and prohibitions related to investment are used by authorities as an important tool for supporting industrial policy goals, such as maintaining state control over key sectors or bolstering domestic industry ([36]).

(88) In sum, the Chinese economic model is based on certain basic axioms, which provide for and encourage manifold government interventions. Such substantial government interventions are at odds with the free play of market forces, resulting in distorting the effective allocation of resources in line with market principles ([37]).

3.2.2.1. Significant distortions according to Article 2(6a)(b), first indent of the basic Regulation: the market in question being served to a significant extent by enterprises which operate under the ownership, control or policy supervision or guidance of the authorities of the exporting country.

(89) In China, enterprises operating under the ownership, control and/or policy supervision or guidance by the state represent an essential part of the economy.

(90) The sector of the product concerned is mainly served by private companies, such as Hubei Greenhome Materials Technology ([38]) or Wuhan Youji ([39]). Still, in the upstream sector of toluene, the single most important input used to produce benzyl alcohol, while some producers are private companies like Hengli Petrochemicals ([40]), the degree of state ownership remains significant, with a number of producers being controlled by the state, such as Sinopec ([41]) or Sinochem ([42]), both state owned enterprises ('SOEs') controlled by SASAC ([43]).

(91) Moreover, CCP interventions into operational decision making have become the norm not only in SOEs, but also in private companies ([44]), with 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. Moreover, the whole sector of the product concerned, is subject to several government policies such as, the 14th FYP on raw materials ([45]) which directly addresses the petrochemical and chemical sectors by stating that '[i]*n sectors including petrochemicals and chemicals, steel, non-ferrous metals, and building materials, we shall foster a number of industry chain pioneer enterprises exerting leadership on the ecosystem and characterized by core competitiveness, (…). The guiding role of leading enterprises in chemical and building materials sectors shall be leveraged to promote corporate reform and restructuring.*'

([35]) Report – Chapter 7, p. 204-205.
([36]) Report – Chapter 8, p. 207-208, 242-243.
([37]) Report – Chapter 2, p. 19-24, Chapter 4, p. 69, p. 99-100, Chapter 5, p. 130-131.
([38]) See at: http://www.greenhomechem.com/ (accessed on 19 May 2026).
([39]) See at: https://www.chinaorganic.com/ (accessed on 19 May 2026).
([40]) See Hengli Petrochemicals' annual report 2025, p. 67, available at: http://file.finance.sina.com.cn/211.154.219.97:9494/MRGG/CNSESH_STOCK/2026/2026-4/2026-04-15/12087185.PDF, (accessed on 20 May 2026).
([41]) See at: http://www.sinopec.com/listco/en/000/000/042/42474.shtml (accessed 19 May 2026).
([42]) See at: http://www.sinochemhx.com/shxsen/ywgl/zycp/hcszb/jyxpe/A076003001005002Gone1.html (accessed on 19 May 2026).
([43]) See at : http://wap.sasac.gov.cn/n2588045/n27271785/n27271792/c14159097/content.html (accessed on 19 May 2026).
([44]) Art. 33 of the CCP Constitution, Article 19 of the Chinese Company Law. See Report – Chapter 3, p. 47-50.
([45]) 14th FYP on raw materials, Sections IV.3 and IV.1, available at : https://www.miit.gov.cn/zwgk/zcwj/wjfb/tz/art/2021/art_2960538d19e34c66a5eb8d01b74cbb20.html (accessed on 19 May 2026).

(92) Additionally, the Work Plan for the steady growth of the petrochemical and chemical industry ([46]) is formulated in order '*to promote the stable operation and structural optimization and upgrading of the petrochemical industry*' and to '*expand effective investment and promote transformation and upgrading*'.

(93) Similarly, at provincial level, the Shandong 14th FYP on developing the chemical industry ([47]) seeks to '*promote the high-quality development of the chemical industry in the province*' and to '*comprehensively promote the upgrading of the industry base and the modernization of the industry chain,* […] *accelerate the withdrawal of backward and inefficient production capacity,* […] *guide enterprises to merge and reorganize, optimize resource allocation and industry chain structure and improve production efficiency and profitability*'.

(94) Also, the Hubei 14th FYP on economic and social development and 2035 perspectives ([48]) stipulates that the governmental authorities '*will optimize the development of specialty oils and downstream ethylene industries, upgrade traditional industries such as phosphorus chemicals, salt chemicals, and coal chemicals, vigorously develop high-end fine chemicals and new chemical materials, optimize the layout of the chemical industry along the Yangtze River, and focus on building a number of green and intelligent specialized chemical industrial parks in Wuhan, Yichang, Jingmen, Xiangyang, Jingzhou, Xiaogan, Huanggang, Qianjiang, and Xiantao to create a trillion-yuan-level modern chemical industry cluster*'.

(95) Government control and policy supervision can be also observed at the level of the relevant industry associations ([49]).

(96) For instance, the China Petrochemical and Chemical Industry Federation ('CPCIF') is the industry association for the sector of the product concerned. According to Art. 3 of CPCIF's Articles of Association, the organisation '*adheres to the comprehensive leadership of the CCP* [and] *accepts the professional guidance, supervision and management by the entities in charge of registration and management, by entities in charge of Party building, as well as by the relevant administrative departments in charge of industry management*' ([50]).

(97) Moreover, Article 36 of CPCIF's Articles of Association stipulates that the president, vice-presidents and secretary-general of the Association must '*adhere to the leadership of the CCP, support socialism with Chinese characteristics,* [and] *resolutely implement the Party's line, principles and policies* ([51])'.

(98) Furthermore, the CPCIF has set up a Light Hydrocarbons and Aromatics Special Committee covering aromatic hydrocarbons like toluene and aromatic alcohols like benzyl alcohol ([52]).

(99) Hengli Petrochemicals ([53]), Sinopec ([54]) and Sinochem ([55]) are members of CPCIF.

(100) Consequently, privately owned producers in the sector of the product concerned are prevented from operating under market conditions. Indeed, both public and privately owned enterprises in the sector are subject to policy supervision and guidance.

([46]) See at: https://gxt.fujian.gov.cn/jdhy/zxzcfg/gjzcfg/202510/P020251015562784139701.pdf, (accessed on 19 May 2026).
([47]) See at: https://huanbao.bjx.com.cn/news/20211201/1191133.shtml , (accessed on 19 May 2026).
([48]) See at: https://www.ndrc.gov.cn/fggz/fzzlgh/dffzgh/202104/P020210427315108290779.pdf (accessed on 19 May 2026).
([49]) Report – Chapter 2, p. 24-27.
([50]) See at: http://www.cpcif.org.cn/detail/40288043661e27fb01661e386a3f0001?e=1 (accessed on 20 May 2026).
([51]) Ibid.
([52]) See at: http://www.cpcif.org.cn/detail/d69629a0-ada2-44b4-86be-4505e97b0ace (accessed on 20 May 2026).
([53]) See at: http://www.cpcif.org.cn/list/40288043661dc14701661de263df0018 (accessed on 20 May 2026).
([54]) See at: http://www.cpcif.org.cn/list/40288043661dc14701661ddbe0980010 (accessed on 20 May 2026).
([55]) Ibid.

3.2.2.2. Significant distortions according to Article 2(6a)(b), second indent of the basic Regulation: State presence in firms allowing the state to interfere with respect to prices or costs.

(101) The GOC is in position to interfere with prices and costs through state presence in firms. Indeed, CCP cells in enterprises, state-owned and private alike, represent an important channel through which the state can interfere with business decisions.

(102) According to China's company law, a CCP organisation is to be established in every company (with at least three CCP members as specified in the CCP Constitution ([56])) and the company shall provide the necessary conditions for the activities of the Party organisation.

(103) In the past, this requirement appeared not to have always been followed or strictly enforced. However, since at least 2016 the CCP has been reinforcing its claims to control business decisions in companies as a matter of political principle ([57]), including exercising pressure on private companies to put 'patriotism' first and to follow Party discipline ([58]).

(104) Already 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 ([59]). These rules are of general application throughout the Chinese economy, across all sectors, including to the producers of the product concerned and the suppliers of their inputs.

(105) In addition, on 15 September 2020 a document titled General Office of CCP Central Committee's Guidelines on stepping up the United Front work in the private sector for the new era ('*the Guidelines*') ([60]) was released, which further expanded the role of the Party committees in private enterprises.

(106) Section II.4 of the Guidelines states: '[w]*e must raise the Party's overall capacity to lead private-sector United Front work and effectively step up the work in this area*'; and section III.6 states: '[w]*e must further step up Party building in private enterprises and enable the Party cells to play their role effectively as a fortress and enable Party members to play their parts as vanguards and pioneers*'. The Guidelines thus emphasise and seek to increase the role of the CCP in companies and other private sector entities ([61]).

(107) The investigation confirmed that overlaps between managerial positions and CCP membership / Party functions exist also in the benzyl alcohol sector.

(108) To provide an example, the General Manager of Wuhan Youji is also the Party Secretary and was rewarded as an outstanding CCP affairs worker by the Wuhan Municipality CCP Committee ([62]).

(109) Additionally, the 2022 annual report of the Sinopec Group, points out that '[t]*he company continuously improves the quality of party building work, boosting the spirit of the employees, strengthening discipline inspection and supervision work, helping the board of directors to effectively implement various decisions and arrangements, and promoting the high-quality development of the company*'. ([63]) Moreover, 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 ([64]). Sinopec

([56]) Report – Chapter 3, p. 40.
([57]) See for example: Blanchette, J. – Xi's Gamble: *The Race to Consolidate Power and Stave off Disaster*; Foreign Affairs, vol. 100, no. 4, July/August 2021, pp. 10-19.
([58]) Report – Chapter 3, p. 41.
([59]) Available at: https://www.reuters.com/article/us-china-congress-companies-idUSKCN1B40JU (accessed on 20 May 2026).
([60]) General Office of CCP Central Committee's Guidelines on stepping up the United Front work in the private sector for the new era: www.gov.cn/zhengce/2020-09/15/content_5543685.htm (accessed on 20 May 2026).
([61]) Financial Times (2020) - Chinese Communist Party asserts greater control over private enterprise: https://www.ft.com/content/582411f6-fc3b-4e4d-9916-c30a29ad010e?syn-25a6b1a6=1 (accessed on 20 May 2026).
([62]) See at: https://www.wuhan.gov.cn/sy/whyw/202106/t20210630_1729512.shtml (accessed on 20 May 2026).
([63]) See at: http://www.sinopec.com/u/cms/gfyw/202411/27092756kosx.pdf p. 26 (accessed on 20 May 2026).
([64]) See at: http://www.sinopecgroup.com/group/000/000/067/67517.shtml, (accessed on 20 May 2026).

Group stated that 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'* ([65]).

(110) Also, Sinochem's chairman of the board of directors and general manager are respectively secretary and deputy secretary of the Party committee ([66]).

(111) The state's presence and intervention in the financial markets as well as in the provision of raw materials and inputs further have an additional distorting effect on the market ([67]). Thus, the state presence in firms, in the benzyl alcohol sector and other sectors (such as the financial and input sectors) allows the GOC to interfere with respect to prices and costs.

3.2.2.3. Significant distortions according to Article 2(6a)(b), third indent of the basic Regulation: public policies or measures discriminating in favour of domestic suppliers or otherwise influencing free market forces

(112) The direction of the Chinese economy is to a significant degree determined by an elaborate system of planning which sets out priorities and prescribes the goals the central, provincial and local governments must focus on. Relevant plans exist at all levels of government and cover virtually all economic sectors. The objectives set by the planning instruments are of a binding nature and the authorities at each administrative level monitor the implementation of the plans by the corresponding lower level of government.

(113) Overall, the system of planning in China results in resources being driven to sectors designated as strategic or otherwise politically important by the government, rather than being allocated in line with market forces ([68]).

(114) The Chinese authorities have enacted a number of policies guiding the functioning of the sector of the product concerned.

(115) The 14thFYP on economic and social development and 2035 perspectives ([69]) aims to *'upgrade traditional industries, promote the optimization and structural adjustment of raw material industries such as petrochemicals, steel, nonferrous metals, and building materials, expand the supply of high-quality products in sectors such as light industry and textiles, speed up the transformation and upgrading of enterprises in key industries such as the chemical industry and papermaking, and improve the green manufacturing system* ([70]).'

(116) According to the 14th FYP on the raw materials industry ([71]), China *'will develop a batch of industrial clusters in petrochemicals.* […] *In sectors including petrochemicals and chemicals, steel, non-ferrous metals, and building materials,* [China] *will foster a number of pioneering enterprises that could lead the ecosystem of the industrial chain with core competitiveness'* ([72]).

([65]) See at: http://www.sinopecgroup.com/group/000/000/041/41878.shtml (accessed on 20 May 2026).
([66]) See at : https://www.sinochem.com/sinochem/guwm/zlzz/ds/A031002002002Gone1.html (accessed on 20 May 2026).
([67]) Report – Chapter 14, Sections 14.1 to 14.3.
([68]) Report – Chapter 4, p. 56-57, 99-100.
([69]) See at: https://www.gov.cn/xinwen/2021-03/13/content_5592681.htm (accessed on 20 May 2026).
([70]) Ibid. Section III.8.
([71]) See at: https://www.gov.cn/zhengce/zhengceku/2021-12/29/content_5665166.htm (accessed on 20 May 2026).
([72]) Ibid. See Section IV.2 and IV.3.

Additionally, the Guiding Opinion on promoting the high quality development of the petrochemical and chemical industry ([73]) requires to '*strengthen sectoral policies and scientifically regulate the scale of the industry: […] enhance the supply capacity of high-end polymers, specialty chemicals and other products*"[…] as well as to" [i]*mprove supporting policies: strengthen the coordination of fiscal, financial, regional, investment, import and export, energy, ecological, environmental, price and other policies with industrial policies* [and to g]*ive full play to the role of the national industry-finance cooperation platform […]*'.

(117) Also, the Hubei 14th FYP on the high quality development of the new materials industry aims at developing the downstream industry of the product concerned: '*the Xiantao and Qianjiang New Materials Industrial Bases, primarily focused on supporting materials for basic components, will leverage the Xiantao New Materials Industrial Park to vigorously develop advanced polymer new materials such as benzyl benzoate* ([74]).'

(118) Additionally, the Hubei 14th FYP on the high quality development of a modern chemical industry ([75]) requires to '*implement the upgrading and transformation of specialty oil products, promote product upgrading and premium brand development, expand the total scale of high-end products, further enhance the scale and efficiency of specialty products manufacturing bases with one million tons capacity, and accelerate the construction of chemical products manufacturing bases with one million tons capacity*; [to i]*ntegrate and optimize aromatic resources, actively connect with industries such as plastics and rubber, and create a petrochemical processing product industrial chain including C2, C3, C4, C5, toluene, C8, and C9 aromatics, promoting the transformation and development towards integrated refining, chemical, and specialty products*.' More specifically, as regards the Qianjiang Oil Upgrading and Deep Processing Project, the plan seeks to '*actively develop aromatic chemicals,* […] *and improve and extend the petrochemical industrial chain* ([76])'.

(119) Hubei Greenhome Materials Technology ([77]) or Wuhan Youji ([78]) are both located in Hubei, and Wuhan Youji has a benzyl alcohol production unit located in Qianjiang ([79]).

(120) Furthermore, Hubei Greenhome Materials Technology is a national 'little giant ([80])' enterprise. The GOC defines 'little giant' companies as '*the novel elites of China's small and medium-sized enterprises that are engaged in manufacturing, specialize in a niche market and boast cutting-edge technologies*' and intends to '*scale up support for "little giants" during the 2024-2026 period, with a focus on key industrial chains, strategic emerging industries and other sectors. These funds will be used to encourage these firms to tackle technological challenges, develop new products, build up the supporting capacities of the industrial chain, and support local governments in nurturing "little giants"*' ([81]). Moreover, the Shandong 14th FYP on the development of chemical industry ([82]) calls on the local authorities to '[i]*ncrease the technological transformation of existing enterprises, improve energy and resource utilization efficiency, and enhance the core competitiveness of enterprises* [and to] *establish a mechanism for enterprises to withdraw from parks, resolutely eliminate obsolete production capacity, strictly control restricted production capacity, and implement differentiated policies and measures for the allocation of resource factors such as land, electricity, and water to force enterprises to transform and develop". It also calls to* "[i]*ncrease financial support. Strengthen fiscal policy incentives, coordinate and involve special funds, support chemical companies in accelerating technological transformation, intelligent transformation, industrial transfers, relocation into parks, elimination of obsolete equipment, etc., and implement tax exemptions applicable to imports of major technical equipment, VAT refunds, research and*

([73]) See at: https://www.miit.gov.cn/zwgk/zcwj/wjfb/yj/art/2022/art_4ef438217a4548cb98c2d7f4f091d72e.html (accessed on 20 May 2026).
([74]) See at: https://jxt.hubei.gov.cn/fbjd/xxgkml/jhgh/202203/t20220325_4056642.shtml (accessed on 19 May 2026).
([75]) See at: https://jxt.hubei.gov.cn/fbjd/xxgkml/jhgh/202209/t20220906_4295137.shtml (accessed on 20 May 2026).
([76]) Ibid.
([77]) See at: http://www.greenhomechem.com/, (accessed on 20 May 2026).
([78]) See at : https://www.chinaorganic.com/ (accessed on 20 May 2026).
([79]) See at: https://en.chinaorganic.com/base/3.html (accessed on 20 May 2026).
([80]) See at: https://jxt.hubei.gov.cn/bmdt/szgz/202103/t20210329_3426767.shtml, (accessed on 20 May 2026).
([81]) See at : https://english.www.gov.cn/news/202406/19/content_WS6672c84ac6d0868f4e8e8531.html#:~:text=China%20will%20scale%20up%20support,of%20Industry%20and%20Information%20Technology , (accessed on 20 May 2026).
([82]) See at: http://gxt.shandong.gov.cn/module/download/downfile.jsp?classid=0&filename=17e54531cb74483596b5cca1a40ec8d8.pdf (accessed on 23 March 2026).

development policies such as additional deduction of expenses and insurance compensation for the first set of technical equipment. Actively guide various financial institutions and social capital to invest in the chemical industry, leverage the advantages of policy finance, development finance and commercial finance, and increase financial support for key areas of chemical technology'.

(121) Through these and other means, the GOC therefore directs and controls virtually every aspect in the development and functioning of the sector, as well as the upstream inputs and the downstream products.

(122) In sum, the GOC has measures in place to induce operators to comply with the public policy objectives concerning the sector. Such measures impede market forces from operating freely.

3.2.2.4. Significant distortions according to Article 2(6a)(b), fourth indent of the basic Regulation: the lack, discriminatory application or inadequate enforcement of bankruptcy, corporate or property laws

(123) According to the information on file, the Chinese bankruptcy system delivers inadequately on its own main objectives such as to fairly settle claims and debts and to safeguard the lawful rights and interests of creditors and debtors. This appears to be rooted in the fact that while the Chinese bankruptcy law formally rests on principles that are similar to those applied in corresponding laws in countries other than China, the Chinese system is characterised by systematic under-enforcement.

(124) The number of bankruptcies remains notoriously low in relation to the size of the country's economy, not least because the insolvency proceedings suffer from a number of shortcomings which effectively function as a disincentive for bankruptcy filings. Moreover, the role of the state in the insolvency proceedings remains strong and active, often having direct influence on the outcome of the proceedings ([83]).

(125) In addition, the shortcomings of the system of property rights are particularly obvious in relation to ownership of land and land-use rights in China ([84]). All land is owned by the state (collectively owned rural land and State-owned urban land) and its allocation remains solely dependent on the state. There are legal provisions that aim at allocating land use rights in a transparent manner and at market prices, for instance by introducing bidding procedures. However, these provisions are regularly not respected, with certain buyers obtaining their land for free or below market rates ([85]). Moreover, authorities often pursue specific political goals including the implementation of the economic plans when allocating land ([86]).

(126) Much like other sectors in the Chinese economy, the producers of the product concerned are subject to the ordinary rules on Chinese bankruptcy, corporate, and property laws. That has the effect that these companies, too, are subject to the top-down distortions arising from the discriminatory application or inadequate enforcement of bankruptcy and property laws. Those considerations, on the basis of the evidence available, appear to be fully applicable also in the benzyl alcohol sector. The present investigation revealed nothing that would call those findings into question.

(127) In light of the above, the Commission concluded that there was discriminatory application or inadequate enforcement of bankruptcy and property laws in the sector of the product concerned.

([83]) Report – Chapter 6, p. 171-179.
([84]) Report – Chapter 9, p. 260-261.
([85]) Report – Chapter 9, p. 257-260.
([86]) Report – Chapter 9, p. 252-254.

3.2.2.5. Significant distortions according to Article 2(6a)(b), fifth indent of the basic Regulation: wage costs being distorted

(128) A system of market-based wages cannot fully develop in China as workers and employers are impeded in their rights to collective organisation. China has not ratified a number of essential conventions of the International Labour Organisation, in particular those on freedom of association and on collective bargaining ([87]).

(129) Under national law, only one trade union organisation is active. However, this organisation lacks independence from the state authorities and its engagement in collective bargaining and protection of workers' rights remains rudimentary ([88]). Moreover, the mobility of the Chinese workforce is restricted by the household registration system, which limits access to the full range of social security and other benefits to local residents of a given administrative area.

(130) This typically results in workers who are not in possession of the local residence registration finding themselves in a vulnerable employment position and receiving lower income than the holders of the residence registration ([89]). Those findings lead to the distortion of wage costs in China.

(131) No evidence was submitted to the effect that the benzyl alcohol. sector would not be subject to the Chinese labour law system described. The sector is thus affected by the distortions of wage costs both directly (when making the product concerned or the main raw material for its production) as well as indirectly (when having access to capital or inputs from companies subject to the same labour system in China).

3.2.2.6. Significant distortions according to Article 2(6a)(b), sixth indent of the basic Regulation: access to finance granted by institutions which implement public policy objectives or otherwise not acting independently of the State

(132) Access to capital for corporate actors in China is subject to various distortions.

(133) First, the Chinese financial system is characterised by the strong position of state-owned banks ([90]), which, when granting access to finance, take into consideration criteria other than the economic viability of a project. Similar to non-financial SOEs, the banks remain connected to the state not only through ownership but also via personal relations (the top executives of large state-owned financial institutions are ultimately appointed by the CCP) ([91]) and they regularly implement public policies designed by the GOC.

(134) In doing so, the banks comply with an explicit legal obligation to conduct their business in accordance with the needs of the national economic and social development and under the guidance of the industrial policies of the state ([92]). While it is acknowledged that various legal provisions refer to the need to respect normal banking behaviour and prudential rules such as the need to examine the creditworthiness of the borrower, the overwhelming evidence, including findings made in trade defence investigations, suggests that these provisions play only a secondary role in the application of the various legal instruments.

(135) Recent developments further illustrate the extent of government influence over financial institutions in China. In March 2025, the GOC announced an issuance of CNY 500 billion in treasury bonds to provide substantial financial support to major banks, including the Bank of China, China Construction Bank, Bank of Communications, and Postal Savings Bank of China. This intervention was aimed at stabilising these institutions amidst declining profitability and record low net interest margins, highlighting the proactive measures taken by the state to maintain economic stability. ([93])

([87]) Report – Chapter 13, p. 360-361, 364-370.
([88]) Report – Chapter 13, p. 366.
([89]) Report – Chapter 13, p. 370-373.
([90]) Report – Chapter 6, p. 137-140.
([91]) Report – Chapter 6, p. 146-149.
([92]) Report – Chapter 6, p. 149.
([93]) GOC Ad hoc Support to Banks, Official announcement, Ministry of Finance, China, 29 March 2025 https://www.mof.gov.cn/zhengwuxinxi/caizhengxinwen/202503/t20250329_3961036.htm (accessed on 20 May 2026).

(136) Also, the GOC has clarified that even private commercial banking decisions must be overseen by the CCP and remain in line with national policies. One of the state's three overarching goals in relation to banking governance is now to strengthen the Party's leadership in the banking and insurance sector, including in relation to operational and management issues [94]. Also, the performance evaluation criteria of commercial banks have now to, notably, take into account how entities 'serve the national development objectives and the real economy', and in particular how they 'serve strategic and emerging industries' [95].

(137) Furthermore, on the level of allocation of financial resources, with Several Measures to Further Promote the Development of Private Investment [96], the GOC seeks to 'increase central budget resources to support qualified private investment projects and to actively play a guiding and leading role'. The GOC also intends to 'make good use of new policy financial instruments [and] support a number of qualified private investment projects in important industries and key areas' [97].

(138) Additionally, bond and credit ratings are often distorted for a variety of reasons including the fact that the risk assessment is influenced by the firm's strategic importance to the GOC and the strength of any implicit guarantee by the government [98]. This is compounded by additional existing rules, which direct finances into sectors designated by the government as encouraged or otherwise important [99]. This results in a bias in favour of lending to SOEs, large well-connected private firms and firms in key industrial sectors, which implies that the availability and cost of capital is not equal for all players on the market.

(139) Second, borrowing costs have been kept artificially low to stimulate investment growth. This has led to the excessive use of capital investment with ever lower returns on investment. This is illustrated by the growth in corporate leverage in the state sector despite a sharp fall in profitability, which suggests that the mechanisms at work in the banking system do not follow normal commercial responses.

(140) Thirdly, although nominal interest rate liberalization was achieved in October 2015, price signals are still not the result of free market forces but are influenced by government-induced distortions. The share of lending at or below the benchmark rate still represented at least one-third of all lending as of the end of 2018 [100]. Official media in China have recently reported that the CCP called for 'guiding the loan market interest rate downwards' [101]. Artificially low interest rates result in under-pricing, and consequently, the excessive utilization of capital.

(141) Overall credit growth in the China indicates a worsening efficiency of capital allocation without any signs of credit tightening that would be expected in an undistorted market environment. As a result, non-performing loans have increased rapidly, with the GOC a number of times opting to either avoid defaults, thus creating so called 'zombie' companies, or to transfer the ownership of the debt (e.g. via mergers or debt-to-equity swaps), without necessarily removing the overall debt problem or addressing its root causes.

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(94) See official policy document of the China Banking and Insurance Regulatory Commission of 28 August 2020: *Three-year action plan for improving corporate governance of the banking and insurance sectors (2020-2022)*: http://www.hunan.gov.cn/zqt/zcsd/202009/t20200914_13727273.html
(accessed on 20 May 2026). The Plan instructs to 'further implement the spirit embodied in General Secretary Xi Jinping's keynote speech on advancing the reform of corporate governance of the financial sector'. Moreover, the Plan's section II aims at promoting the organic integration of the Party's leadership into corporate governance: 'we shall make the integration of the Party's leadership into corporate governance more systematic, standardised and procedure-based […] Major operational and management issues must have been discussed by the Party Committee before being decided upon by the Board of Directors or the senior management'.

(95) See CBIRC's *Notice on the Commercial banks performance evaluation method,* issued on 15 December 2020: https://www.beijing.gov.cn/zhengce/zhengcefagui/qtwj/202204/t20220407_2656358.html (accessed on 20 May 2026.).

(96) See at: https://www.gov.cn/zhengce/content/202511/content_7047643.htm (accessed on 20 May 2026).

(97) Ibid, Section 11.

(98) Report – Chapter 6, p. 157-158.

(99) Report – Chapter 6, p. 150-152, 156-160, 165-171.

(100) OECD (2019), OECD Economic Surveys: China 2019, OECD Publishing, Paris. p. 29, available at:
https://doi.org/10.1787/eco_surveys-chn-2019-en (accessed on 20 May 2026).

(101) http://www.mof.gov.cn/zhengwuxinxi/caizhengxinwen/202006/t20200618_3534446.htm
(accessed on 20 May 2026).

(142) In essence, despite the steps that have been taken to liberalize the market, the corporate credit system in China is affected by significant distortions resulting from the continuing pervasive role of the state in the capital markets. Therefore, the substantial government intervention in the financial system leads to the market conditions being severely affected at all levels.

(143) No evidence was submitted in the present investigation demonstrating that the sector of the product concerned 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. Therefore, the substantial government intervention in the financial system leads to the market conditions being severely affected at all levels.

3.2.3. *Systemic nature of the distortions described*

(144) The Commission noted that the distortions described in the updated Report are characteristic for the Chinese economy. The evidence available shows that the facts and features of the Chinese system as described above as well as in Part I of the updated Report apply throughout the country and across the sectors of the economy. The same holds true for the description of the factors of production as set out above and in Part II of the updated Report.

(145) The Commission recalls that in order to produce the product concerned, certain inputs are needed. When the producers of the product concerned 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. These distortions were described in detail above, in particular in recitals 71 - 143. The Commission pointed out that the regulatory setup underpinning those distortions is generally applicable, benzyl alcohol producers being subject to those rules as any other economic operator in China. The distortions have therefore a direct bearing on the cost structure of the product concerned.

(146) As a consequence, not only the domestic sales prices of the product concerned 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 updated Report.

(147) Indeed, the government interventions described in relation to the allocation of capital, land, labour, energy and raw materials are present throughout China. This means, for instance, that an input that in itself was produced in China by combining a range of factors of production is exposed to significant distortions. The same applies for the input to the input and so forth.

(148) No evidence or argument to the contrary has been adduced by the GOC or the exporting producers in the present investigation.

3.2.4. *Representative country*

3.2.4.1. General remarks

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

— A level of economic development similar to the PRC. For this purpose, the Commission used countries with a gross national income per capita similar to the PRC on the basis of the database of the World Bank ([102]);

— Production of the product under investigation in that country;

([102]) World Bank Open Data – Upper Middle Income, https://data.worldbank.org/income-level/upper-middle-income.

— 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.

(150) As explained in recitals 31 and 32, 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 consider Türkiye as an appropriate representative country in the present case if the existence of significant distortions pursuant to Article 2(6a)(a) of the basic Regulation would be confirmed.

3.2.4.2. Choice of the representative country

(151) Following the First Note, the exporting producer Qianjiang Xinyihong proposed Brazil as a representative country, based on the existence of readily available financial statements showing a reasonable profitability. Qianjiang Xinyihong added that the raw materials and energy prices in Brazil were less volatile than those in Türkiye.

(152) Further to the First and the Second Note, the exporting producer Hubei Greenhome questioned the choice of Türkiye as a representative country because import prices of toluene were inflated given the existence of a licensing scheme for toluene imports and because toluene was almost exclusively imported from EU countries, each of which were high income economies. Hubei Greenhome added that import prices for toluene were inordinately high in relation to other markets (including the representative countries proposed by the Commission) and therefore inappropriate as a factor of production in constructing the normal value for benzyl alcohol.

(153) The complainants noted that the import prices of toluene and sodium carbonate into Indonesia and Malaysia closely mirror the average Chinese import prices, due to the fact that a large share originates in the PRC. The complainants outlined what was already mentioned by the Commission in the First Note, i.e. that, during the IP, the Chinese share in total toluene imports was 27 % in Indonesia and 59 % in Malaysia and the Chinese share in total sodium carbonate imports was 24,8 % in Indonesia and 24,9 % in Malaysia.

(154) The complainants also stressed that, during the IP, Türkiye imported 58 288 tonnes of toluene, while Brazil only 7 438 tonnes. The complainants noted that such substantial import volumes in Türkiye ensure a more representative and reliable basis for establishing undistorted toluene prices, which account for the largest share of the cost of the product concerned.

(155) In response to the complainants' comments, Hubei Greenhome invoked that Indonesia should not be dismissed as a representative country simply because 27 % of all toluene and 24,8 % of all sodium carbonate imports originate from China. Hubei Greenhome recalled that the Commission typically relied on import prices where the representative country imported less than 50 % of a given raw material from China.

(156) Furthermore, Hubei Greenhome disagreed with the complainants' argument for selecting Türkiye over Brazil, which rests solely on the difference in import volume between Türkiye and Brazil during the investigation period. Hubei Greenhome hinted that the large volume of imports into Türkiye was the consequence of weak domestic production of toluene. According to Hubei Greenhome, a lower level of import quantities (such as noted in Brazil) does not automatically mean that prices are unrepresentative, or that they are not market prices.

(157) As to the differences in volatility and level of toluene import prices in Türkiye on the one hand, and the four other proposed countries on the other hand, as claimed by Qianjiang Xinyihong and Hubei Greenhome (see recitals 151 and 152), the Commission observed that, as a matter of fact, the respective toluene import prices per kilogram of the five proposed countries were in a close range between 5,64 CNY and 7,00 CNY in the investigation period. In that regard, the Commission disagrees with Hubei Greenhome on the allegation that toluene import prices for Türkiye were extraordinarily high when compared to other markets. Moreover, the price difference between

Türkiye and Brazil (7,00 versus 6,57 CNY/kg, which is just about 6 %) seems not to support Hubei Greenhome's assumption that the applicable import licence scheme or the alleged strong share of EU origin in Türkiye's toluene imports inflated prices. The Commission also notes that Brazil also has licensing scheme for toluene regarding imports and exports in force. Hubei Greenhome's claim was thus rejected.

(158) In addition, the Commission notes that 99,5 % of toluene imports into Brazil come from only one country, Argentina, contrary to imports into Türkiye. In addition, Argentina has imposed a tax of 4,5 % on toluene exports to other countries, including Brazil.

(159) As to the share of Chinese import volumes (see Hubei Greenhome's claim under recital 156), the Commission clarifies that even if in some cases a share of such imports in the magnitude of about 25 % may not have stood in the way of accepting the concerned representative country, priority should generally be given to representative countries with raw material imports that are found not to be distorted by Chinese imports. As in the present case, since Türkiye reported no Chinese imports of toluene, Türkiye should be given priority over the countries reporting Chinese imports.

3.2.4.3. A level of economic development similar to the PRC

(160) In the First Note, the Commission explained that the product under investigation appears to be produced only in the USA and India, none of which is a country with a level of economic development similar to the PRC in accordance with the criteria mentioned in recital 149 above. The Commission based its further research on countries producing organic chemical products (classified under NACE 2014). On this basis, Brazil, Indonesia, Malaysia, Mexico and Türkiye were identified as countries with a similar level of economic development as the PRC 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 organic chemical products production was known to take place.

(161) Hubei Greenhome agreed with the Commission that an upper middle-income country with imports of toluene and sodium carbonate should be selected as a representative country, and the five proposed countries met that criteria. Both sampled exporting producers expressed however a preference for Brazil to be selected as a representative country, mainly in view of the better ranking of Brazil on the level of social and environmental protection when compared to, for instance, Türkiye.

(162) In the First Note, the Commission explained that the product under investigation appears to be produced only in countries none of which is a country with a level of economic development similar to the PRC in accordance with the criteria mentioned in recital 149.

(163) The Commission therefore indicated it would use chemical products classified under NACE code 2014, covering producers active in the industry of organic chemical products, to establish an appropriate representative country for the application of Article 2(6a) of the basic Regulation.

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

(164) As pointed out in the First Note, the Commission could not find financial data related to the year 2024 of any Mexican producer, active in the organic chemical industry, manufacturing chemical products that fall under NACE code 2014. By contrast, the Commission could find such data of 2 producers in Indonesia, 1 producer in Malaysia, 6 producers in Brazil and 7 producers in Türkiye.

(165) In light of the above considerations in combination with the fact that Türkiye had reported the by far largest volume of toluene imports, which in addition were not found distorted by imports from China, the Commission informed the interested parties with the Second Note that it intended to use Türkiye as an appropriate representative country 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.

(166) Specifically, the Commission found financial data for 38 producers within the same category of manufacture as benzyl alcohol, i.e. NACE Code C2014 ('Manufacture of other organic basic chemicals') [103] in Türkiye.

(167) The Commission analysed the readily available financial data of the 38 Turkish companies and found that 26 of them had incomplete data and one was in a loss-making situation. It therefore considered only the eleven companies with a positive profit margin. The financial data pertaining to these eleven producers were listed in Annex III to the Second Note [104].

(168) Based on the financial data of the above eleven companies, the Commission established a weighted average rate of SG&A costs of 25,56 % and a profit margin of 11,22 %.

(169) Interested parties were invited to comment on the appropriateness of Türkiye as a representative country and the eleven companies listed in Annex III to the Second Note as producers in the representative country, as well as on other elements of the Note.

(170) Following the Second Note, Hubei Greenhome claimed that the Commission should rely on the financial statements of either Aksa Akrilik Kimya Sanayii A.Ş. (Aksa Akrilik), a Turkish producer of acrylic fibre, or Türkiye Petrol Rafinerileri A.Ş. (Tüpraş,) a Turkish producer of petrochemicals, rather than relying on the Orbis data provided in Annex III to the Second Note. The Orbis data related to the eleven Turkish companies would provide no detail on the companies selected by the Commission. Moreover, Hubei Greenhome referred to a previous antidumping case, in which the Commission selected a company outside of the NACE code applicable to the exporting producer when this resulted in a more appropriate choice [105].

(171) The Commission rejected this claim. The underlying facts of the case quoted by Hubei Greenhome were different from the current case and the approach taken is compliant with the requirements of the basic Regulation. As a general practice, the Commission has selected appropriate companies to determine SG&A costs and profits for the sake of constructing normal values based on a given NACE code. There was no obvious reason why the Commission would not follow this general practice in the present case, by relying on the appropriate eleven companies found in Türkiye under NACE code 2014.

(172) Furthermore, Hubei Greenhome claimed that the Commission should remove companies from the selection under NACE code 2014, for whom inappropriate costs were included in the line item for operating expenses, i.e. SG&A costs. In that regard, Hubei Greenhome referred to the First Note, where the Commission had disregarded companies with abnormally high SG&A costs. In the Second Note, Tarimsal Kimya Teknolojileri Sanayi ve Ticaret Anonim Sirketi ('Tarkim') was added back to the list of representative producers after the Commission found that "all reported SG&A and profit rates were deemed reasonable". Given that Tarkim's SG&A costs is over half of its cost of goods sold, which is almost double that of every other producer included in the Orbis data except one, the Commission should exclude Tarkim from the list of producers used to assess SG&A costs. The Commission should do the same for Hurkimsa Kimya Sanayi ve Ticaret Anonim Sirketi, the second company re-added to the group of representative producers. Hubei Greenhome specified that Tarkim maintained its own transportation fleet and presumably provided specialized transportation services to customers as part of its operating expenses. These expenses should not be reflected in the SG&A costs because the constructed normal value should reflect costs at an ex-works level, i.e. without transportation costs.

[103] EUROPA - Competition - List of NACE codes.

[104] The list of producers was updated between the First Note and the Second Note due to the reclassification of activities by the Orbis, the source of the financial intelligence.

[105] See Commission Implementing Regulation (EU) 2026/114 of 15 January 2026 imposing a definitive anti-dumping duty and definitively collecting the provisional duty imposed on imports of fused alumina originating in the People's Republic of China (OJ L, 2026/114, 16.1.2026, ELI: http://data.europa.eu/eli/reg_impl/2026/114/oj), at recital 70 where it is stated that 'the Commission reassessed its selection to identify companies with activities more technically and economically comparable to fused alumina production, even if classified under a different but related NACE code 24.1'.

(173) In response to the claim under recital 172, the Commission pointed out that it lies in the nature of anti-dumping proceedings that considerations and resulting conclusions may alter from step to step. Having revisited the selection of companies in the chosen representative country, the Commission found that there were no objective grounds to reject the two re-added companies in view of the level of their SG&A costs. Moreover, among the eleven companies listed in the footnote of recital 32, there are companies with relatively low SG&A and profit rates, showing that the Commission calculated the weighted average of SG&A and profit based on objective criteria such as classification under NACE 2014. In addition, when revisiting the selection of companies in the chosen representative country, the Commission found that the compounded rates of SG&A costs and profit of each of the eleven companies were within normal ranges. Last, in this claim, Hubei Greenhome relied inter alia on the assumption that specialized transportation services to customers as part of Tarkim's operating expenses. This part of the claim was hence not substantiated. The claim was therefore rejected.

(174) Following the Second Note, Hubei Greenhome reiterated its disagreement over selecting Türkiye as a representative country, and instead proposed Brazil as a representative country. Hubei Greenhome acknowledged that Türkiye reported greater volumes of toluene imports than Brazil did but felt that other factors, in particular a better performance of Brazil on the level of social and environmental protection, spoke in favour of Brazil. In that regard, Hubei Greenhome referred to the Article 2(6a)(a), 2nd subparagraph, 1st indent of the basic Regulation, which provides that in case of more than one possible representative country, preference shall be given, where appropriate, to countries with an adequate level of social and environmental protection.

(175) The Commission considered Hubei Greenhome's reasoning flawed. For all the reasons stated above from recital 149 and following, and since toluene is the main raw material needed to produce the product concerned, the Commission considers the volume of imports into each representative country to be an additional factor to conclude on the choice of the representative country. Indeed, Türkiye's relevant imports of toluene, of which none originated in China, Russia or a non-WTO member country, were more than seven times greater than those from Brazil. Based on that, the Commission confirmed the choice of Türkiye over Brazil.

3.2.4.5. Level of social and environmental protection

(176) As explained above the Commission initially considered five potential representative countries: Brazil, Indonesia, Malaysia, Mexico and Türkiye. As mentioned in recital 153, Indonesia and Malaysia were found not to be appropriate representative countries in this case because both imported significant volumes of toluene and sodium carbonate from China. The total imports of these two major raw materials were thus found to be distorted as shown by the average import prices being close to the corresponding import price from China. As explained in recital 164, Mexico was found not to be an appropriate representative country in this case because no Mexican producer making chemical products falling under NACE code 2014 was found to have relevant readily available data. As explained in recital 175, Brazil was not considered an appropriate representative country in view of the relatively low toluene import volumes. It follows that Türkiye was the only appropriate representative country.

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

3.2.4.6. Conclusion

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

3.2.5. *Sources used to establish undistorted costs*

(179) 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.

(180) Subsequently, in the Second Note, the Commission stated that, in order to construct the normal value in accordance with Article 2(6a)(a) of the basic Regulation, it would use GTA to establish the undistorted cost of most of the factors of production, notably the raw materials. In addition, the Commission stated that it would use data published by the Turkish Statistical Institute and by the Turkish Energy Market Regulatory Authority for establishing undistorted costs of labour and energy.

3.2.5.1. Factors of production

(181) 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 product under investigation

Factor of Production	Commodity Codes	Source of data the Commission intends to use	Value (CNY) ([106])	Unit of measurement
Raw materials				
Toluene	2902 30	Global Trade Atlas (GTA) ([107])	7,00	Kg
Sodium Carbonate	2836 20	Global Trade Atlas (GTA)	1,99	Kg
Consumables ([108]) (Liquid Chlorine, Liquid Caustic and Chinoline)				
Labour				
Labour	[N/A]	Turkish Statistical Institute ([109])	89,64	Working hour
Energy				
Electricity	[N/A]	Turkish Energy Market Regulatory Authority ([110])	0,66	kWh
Natural gas	[N/A]	Turkish Statistical Institute	4,63	m3
Steam	[N/A]	Turkish Statistical Institute	501,61 ([111])	tonne
Coal	2701 12 90	Global Trade Atlas (GTA)	0,78	Kg
By-product				
Dibenzyl ether	2909 30 90 90	Global Trade Atlas (GTA)	12,62	Kg

([106]) The Commission identified some discrepancies between the Second Note and its annexes. The correct values were provided originally in the annexes of Second Note and in the above table 1.
([107]) https://connect.spglobal.com/
([108]) In Second Note, liquid chlorine was erroneously mentioned both in consumables and in annex I with the factors of production. Liquid Chlorine is treated as consumable.
([109]) http://www.turkstat.gov.tr => Press releases => select Producer Price Index.
([110]) epdk.gov.tr => Press releases => select Electricity Market board decisions.
([111]) There was a clerical error in the calculation of the benchmark of steam in the Second Note. The benchmark of steam was established at 501,61CNY/tonne.

(182) Following the complainants' comments on the Second Note, Hubei Greenhome requested that the Commission uses the undistorted benchmark for non-coking coal (thermal coal) as used by Hubei Greenhome in its production process, and not the bituminous coal that includes the coking coal that is used for steel making (thus, is more expensive). The Commission accepted Hubei Greenhome's claim, as this coal type was found to be commonly used for heating processes in the manufacturing of chemical products.

(183) The Commission included a value for manufacturing overhead costs in order to cover costs not included in the factors of production referred to above. To establish this amount, the Commission used the verified data reported by the sampled exporting producers and added research and development costs for the IP as they were incurred and accounted by the exporting producers.

(184) Further to the Second Note, Hubei Greenhome claimed that research and development costs should be regrouped under SG&A costs because under Turkish Accounting Law they are in general classified under such SG&A costs. If the Commission relied on the SG&A costs of eleven Turkish chemical manufacturers to construct the normal value used in the dumping calculations of the co-operating Chinese exporting producers, research and development costs could potentially be double counted when regrouped under manufacturing overheads.

(185) The Commission rejected the claim for the following reasons. First, the Turkish accounting law rules submitted by Hubei Greenhome do not clearly provide to book research and development costs solely under SG&A costs. Second, the data of the eleven companies considered do not break down research and development costs under SG&A costs in the available financial statements. In other words, Hubei Greenhome did not demonstrate that the R&D costs were included in the SG&A costs used by the Commission to establish the SG&A rates to arrive at reasonable amounts within the meaning of Article 2(6a)(a) of the basic Regulation.

Raw materials

(186) In order 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.

(187) The import price in the representative country was determined as the weighted average of unit prices of imports from all third countries excluding the PRC, 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 ([112]).

(188) The Commission decided to exclude imports from the PRC into the representative country as it concluded in Section 3.2.4 that it is not appropriate to use domestic prices and costs in the PRC due to the existence of significant distortions in accordance with Article 2(6a)(b) of the basic Regulation.

(189) 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.

(190) The Commission expressed the transport cost incurred by the sampled 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.

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

Labour

(191) Labour is a factor of production representing between 1 % to 2 % of total cost of production. The Commission intends to use the statistics published by the TurkStat, the Turkish labour costs statistics [113], to determine the wages in Türkiye using the detailed information on wages in the producing sector for 2022, for the economic activity for NACE code 2014 – manufacturing of basic organic chemicals, in which the production of benzyl alcohol falls, according to NACE Rev.2 classification.

(192) The average monthly value has been duly adjusted for inflation using the domestic producer price index as published by the Turkish Statistical Institute [114] to adapt to the investigation period, going from 1 October 2024 to 30 September 2025. The hourly rate for the investigation period obtained after indexation amounts to 89,64 CNY/hour.

Electricity

(193) The Commission used the electricity price statistics published by the EMRA, Energy Market Regulatory Authority of Türkiye [115] in its regular press releases. The Commission used the average industrial electricity prices in the corresponding consumption band in kWh covering the investigation period. The Commission established the cost for electricity for the investigation period at 0,66 CNY/kWh.

Natural gas

(194) The Commission used the average natural gas prices in m^3 from the Turkish statistical institute. These prices were duly adjusted for inflation using the Producer Price Index published by the Turkish Statistical Institute [116] to adapt to the investigation period. The price was adjusted to remove the VAT of 18 %, as the quoted price is VAT included. The Commission established the price for natural gas for the investigation period at 4,63 CNY/m^3.

Steam

(195) The Commission established the benchmark for steam on the basis of the benchmark calculated for natural gas, considering that the unit for steam is GigaJoule (GJ). One GJ is converted into m^3 gas based on the general accepted content of mmbtu (million metric British thermal units) in 1 GJ [117], and the general accepted content of natural gas in 1 mmbtu [118]. The consumption of steam by the exporting producers is expressed in tonnes, so the Commission converted the equivalent of 1 GJ into tonnes [119]. The Commission also noted a clerical mistake in the conversion formula from GJ into tonnes which had resulted in an incorrect steam benchmark price in the Second FOP Note and it therefore put on file during pre-disclosure, a revised version of the Annex V to the second FOP Note, correcting the mistake. By applying the benchmark for natural gas, the Commission established a benchmark of 501,61 CNY/tonne for steam, as presented in Table 1 above.

(196) The complainants identified the clerical mistake in the steam calculation and requested the Commission to revise the steam benchmark in Türkiye according to its established practice in anti-dumping investigations, such as relying on the methodology outlined by the U.S. Department of Energy.

[113] https://data.tuik.gov.tr/Bulten/Index?p=Labour-Cost-Statistics-2022-49571.
[114] TurkStat, Labour Input Indices, Quarter IV: October-December, 2025 - https://veriportali.tuik.gov.tr/en/press/57965.
[115] epdk.gov.tr => Press releases => select Electricity Market board decisions.
[116] http://www.turkstat.gov.tr => Press releases => select Producer Price Index.
[117] Convert gigajoule to million Btu - Conversion of Measurement Units (convertunits.com/from/gigajoule/to/million+Btu).
[118] Natural Gas MMBTU To m3 and m^3 to MMBTU Calculator + Chart (learnmetrics.com).
[119] Convert gigajoule to tonnes – Conversion of Measurement Units (convertunits.com/from/gigajoule/to/tons).

(197) Further to the complainants' comments, Hubei Greenhome replied that, should the Commission decide to revise its calculations for the steam benchmark in Türkiye, then should calculate a benchmark for steam produced from coal, claiming that its steam supplier uses coal instead of natural gas for the production of the steam. In support of this claim, Hubei Greenhome has provided a contract for the purchase of coal by its steam supplier which is used to generate steam. The Commission considered that the sales agreement provided did not prove the end use of the coal purchased under this agreement, nor that the steam supplier uses exclusively coal for the steam production sold. At this stage of the investigation, the Commission, therefore, rejected the claim.

Coal

(198) In the First Note, the Commission established a benchmark of 1,01 CNY/kg for coal, as classified under Commodity code 2701 12.

(199) Further to the Second Note, Hubei Greenhome claimed that the Commission should use the code which is most specific to the coal which is actually purchased and used by Hubei Greenhome to value the factor of production of coal – which, in this case, is non-coking coal. Coking coal (or 'metallurgical coal') has a higher cost than non-coking coal and is almost exclusively used for steelmaking. The coal purchased by Hubei Greenhome is for energy production, not steelmaking, and thus it is clear that HS code 2701 12 90 covering non-coking coal should apply. The Commission agreed with Hubei Greenhome's reasoning and accepted the claim.

(200) The Commission decided to exclude imports of coal from Russia into the representative country because of significant distortions. Coal originating in Russia is subject to several distortions, such as dual pricing policies, restrictions on critical raw materials and discounted export sales prices as a result of international sanctions targeting Russian coal exports ([120]). This is also shown by the fact that 80 % of Türkiye's total coal imports originate in Russia at low prices, giving Russian imports a dominant position over other suppliers in Türkiye and pressing prices downwards.

Consumables

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

(202) 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.

By-product

(203) In the First note, the Commission identified five by-products i.e. industrial salt, crude epichlorohydrin, sodium hypochlorite, hydrochloric acid and dibenzyl ether. Based on the questionnaire replies of the two sampled exporting producers and given the low share of some of the identified by-products such as the industrial salt, crude epichlorohydrin, sodium hypochlorite and hydrochloric acid in the total cost of production, the Commission calculated the percentage of these by-products in the total cost of production and applied this percentage to the recalculated cost of production based on benchmarks.

(204) The Commission identified dibenzyl ether as a by-product obtained from the production of the product under investigation which can be sold without further processing. The Commission used the import statistics from the GTA database as benchmark of dibenzyl ether. The Commission established an undistorted import price of 12,62 CNY/Kg for dibenzyl ether.

Manufacturing overhead costs, SG&A costs and profits

([120]) Export restrictions on critical raw materials | OECD; Prices and costs – Coal 2025 – Analysis - IEA.

(205) 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.

(206) The manufacturing overheads incurred by the sampled cooperating exporting producers were expressed as a share of the costs of manufacturing actually incurred by these producers. As mentioned in recital 182, the Commission included in the manufacturing overheads the research and development costs allocated by the sampled exporting producers to the investigation period. The resulting percentage was applied to the undistorted costs of manufacturing.

(207) For establishing an undistorted and reasonable amount for SG&A costs and profit, the Commission relied on the financial data for the year 2024 for the eleven Turkish companies active in NACE code 2014 and listed in the footnote of recital 32, as extracted from Orbis.

Calculation

(208) Based on the above, the Commission constructed the normal value on an ex-works basis in accordance with Article 2(6a)(a) of the basic Regulation.

(209) First, the Commission established the undistorted manufacturing costs. The Commission applied the undistorted unit costs to the actual consumption of the individual factors of production of the cooperating exporting producer. These consumption rates were verified during the performed on-spot verifications. The Commission multiplied the usage factors by the undistorted costs per unit observed in the representative country, as listed in Table 1 above.

(210) Once the undistorted manufacturing cost were established, the Commission assessed the manufacturing overheads, SG&A costs and profit as noted in recitals 206 and 207. They were determined based on the financial statements of the eleven companies listed in paragraph (203) above.

(211) Then the Commission added manufacturing overheads, as explained in recital 210 to the undistorted cost of manufacturing in order to arrive at the undistorted costs of production.

(212) To the costs of production established as described in the previous recital, the Commission added the weighted average SG&A costs and profit of the eleven companies listed in recital 203. SG&A costs, expressed as a percentage of the Costs of Goods Sold ('COGS') and applied to the undistorted costs of production, amounted to 25,56 %. The profit expressed as a percentage of the COGS and applied to the undistorted costs of production, amounted to 11,22 %.

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

3.3. **Export price**

(213) As all sampled exporting producers exported to the Union directly to independent customers, 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.

3.4. **Comparison**

(214) 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.

(215) 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.

3.4.1. *Adjustments made to the normal value*

(216) As explained in Section 3.2 above, the normal value was established at the ex-works level of trade by using costs of production together with amounts for SG&A costs 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.

(217) 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.

3.4.2. *Adjustments made to the export price*

(218) In order to net the export price back to the ex-works level of trade, adjustments were made on the account of: freight, insurance, handling loading and ancillary expenses.

(219) Allowances were made for the following factors affecting prices and price comparability: credit cost, bank charges and commissions.

3.5. **Dumping margins**

(220) For the sampled cooperating exporting producers, the Commission compared the weighted average normal value of the like product with the weighted average export price of the product concerned, in accordance with Article 2(11) and (12) of the basic Regulation.

(221) 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
Hubei Greenhome Materials Technology, Inc.	71,2 %
Qianjiang Xinyihong Organic Chemical Co., Ltd.	52,6 %

(222) 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.

(223) On this basis, the provisional dumping margin of the cooperating exporting producers outside the sample is 66,8 %.

(224) For all other exporting producers in the PRC, the Commission established the dumping margin on the basis of the facts available, in accordance with Article 18 of the basic Regulation.

(225) 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 PRC to the Union in the investigation period, that were established on the basis of imports statistics from Eurostat for the CN code listed in recital 23.

(226) The level of cooperation in this case is high because the exports of the cooperating exporting producers constituted around 90 % of the total imports 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 cooperating sampled individually examined company with the highest dumping margin.

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

Company	Provisional dumping margin
Hubei Greenhome Materials Technology, Inc.	71,2 %
Qianjiang Xinyihong Organic Chemical Co., Ltd.	52,6 %
Other cooperating companies: — Chongqing Zoteq Aroma Chemical Co.,Ltd, — Hubei Kelin Bolun New Materials Co., Ltd, — Tianjin Dacals Chemical Co., Ltd.	66,8 %
All other imports originating in the PRC	71,2 %

4. **INJURY**

4.1. **Definition of the Union industry and Union production**

(228) During the investigation period, the like product was manufactured by three producers belonging to two distinct groups in the Union. They constitute the Union industry within the meaning of Article 4(1) of the basic Regulation.

(229) As the Union industry consists of two groups of companies, the figures in this and the next section are given in ranges for confidentiality reasons.

(230) The total Union production during the investigation period was established at [31 000 – 33 000] tonnes. The Commission established the figure on the basis of the questionnaires replies of the two sampled Union producers and the questionnaire reply on macro-indicators. As indicated in recital 7, the two sampled Union producers represented over 95 % of the total Union production of the like product.

4.1.1. *Determination of the relevant Union market*

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

(232) The Commission found that a minor part of the sampled Union producers' production was destined for captive use. This concerned around [1-2,5] % of the Union production and one producer only. The product was simply transferred (without invoice) and/or delivered at transfer prices within the same company or groups of companies for further downstream processing.

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

(234) To provide a picture of the Union industry that is as complete as possible, the Commission obtained data for the entire product activity and determined whether the production was destined for captive use or for the free market.

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

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

4.2. **Union consumption**

(237) The Commission established the Union consumption as the sum of the free market and the captive market. The free market was established on the basis of the sales volume of the Union industry to unrelated parties on the Union market plus imports from all third countries as recorded in Eurostat. The captive market reflects captive transactions as reported by the Union industry.

(238) Union consumption developed as follows:

Table 2

Union consumption (tonnes)

	2022	2023	2024	IP
Total Union consumption	[30 500 – 32 500]	[29 500 – 31 500]	[30 500 – 32 500]	[31 000 - 33 000]
Index	*100*	*95*	*100*	*102*
Captive market	[500 – 700]	[500 – 700]	[500 – 700]	[500 – 700]
Index	*100*	*88*	*93*	*91*
Free market	[30 000 – 32 000]	[29 000 – 31 000]	[30 000 – 32 000]	[30 500 - 32 500]
Index	*100*	*95*	*100*	*102*

Source: Macro-questionnaire reply, questionnaire replies of sampled Union producers and Eurostat.

(239) Overall, Union consumption remained at stable levels. After a drop in 2023, it recovered. At the end of the period considered it was 2 % higher than in 2022.

(240) The captive market concerned captive use for the production of blends for personal care applications. It represented a minor share of the Union production and was stable throughout the period considered.

(241) As far as the free market is concerned, 2023 saw unusually lower figures due to *force majeure* supply issues experienced by one Union producer, as well as temporarily weaker Union demand due to a general destocking by customers taking place that year ([121]). Otherwise, free market consumption in the Union was relatively stable. It experienced a slight growth in the second half of the period considered to reach [30 500 - 32 500] tonnes in the investigation period.

4.3. **Imports from the country concerned**

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

(242) The Commission established the volume of imports on the basis of Eurostat. The market share of the imports was established on the basis of imported volumes compared to Union consumption in the free market as per table 2.

([121]) https://lanxess.com/en/investors/news-and-events/news/2023/11/07/17/19/persistently-weak-demand-impacts-third-quarter.

(243) Imports into the Union from the country concerned developed as follows:

Table 3

Import quantity (tonnes) and market share (%)

	2022	2023	2024	IP
Quantity of imports from the country concerned (tonnes)	5 059	9 246	10 611	13 067
Index	*100*	*183*	*210*	*258*
Market share (%)	[15 – 20]	[30 – 35]	[32 – 37]	[39 – 53]

Source: Eurostat (tonnes).

(244) Imports from the country concerned increased significantly over the period considered, from 5 059 tonnes in 2022 to 13 067 tonnes in the investigation period. This represents an increase by 158 %.

(245) Similarly, the market share of Chinese imports more than doubled, from around [15 – 20] % in 2022 to [39 – 53] % in the investigation period.

4.4. **Prices of the imports from the country concerned and price undercutting**

(246) The Commission established the prices of imports on the basis of Eurostat data. Price undercutting of the imports was established on the basis of data provided by sampled exporting producers and sampled Union producers.

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

Table 4

Import prices (EUR/tonne)

	2022	2023	2024	IP
Country concerned	2 737	1 846	1 690	1 444
Index	*100*	*67*	*62*	*53*

Source: Eurostat.

(248) Import prices from the country concerned shrank over the period considered, from 2 737 EUR/tonne in 2022 to 1 444 EUR/tonne in the investigation period. The fall by almost 900 EUR/tonne between 2022 and 2023 can be partly attributed to the fall of all-time high shipping prices in 2022 to more normalised levels in 2023. However, Chinese import prices continued their downward trend in 2024 (notwithstanding the surge of global shipping costs that year ([122])) and the investigation period.

([122]) Source of shipping costs evolution: https://unctad.org/news/high-freight-rates-strain-global-supply-chains-threaten-vulnerable-economies and Review of maritime transport 2025, UNCTAD, available at https://unctad.org/publication/review-maritime-transport-2025.

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

(1) the weighted average sales prices of the imports from the sampled cooperating Chinese 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; and

(2) the corresponding weighted average sales prices of the sampled Union producers charged to unrelated customers on the Union market, adjusted to an ex-works level.

(250) The price comparison was made after deduction of rebates and discounts. 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 of over 18 % by the imports from the country concerned on the Union market. 100 % of the imported volumes were found to be undercutting.

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

4.5.1. *General remarks*

(251) 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.

(252) As mentioned in recital 7, sampling was used for the determination of possible injury suffered by the Union industry.

(253) For the injury determination, the Commission distinguished between macroeconomic and microeconomic injury indicators. The Commission evaluated the macroeconomic indicators on the basis of data contained in the questionnaire reply on macro-data. The data related to all Union producers. The Commission evaluated the microeconomic indicators on the basis of data contained in the questionnaire replies from the sampled Union producers. The data related to the sampled Union producers. Both sets of data were found to be representative of the economic situation of the Union industry.

(254) 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.

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

4.5.2. *Macroeconomic indicators*

4.5.2.1. Production, production capacity and capacity utilisation

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

Table 5

Production, production capacity and capacity utilisation

	2022	2023	2024	IP
Production quantity (tonnes)	[37 500 – 39 500]	[30 000 – 32 000]	[34 000 – 36 000]	[31 000 – 33 000]
Index	*100*	*78*	*91*	*82*

	2022	2023	2024	IP
Production capacity (tonnes)	[50 000 – 58 000]	[50 000 – 58 000]	49 000 – 57 000]	[50 000 – 58 000]
Index	*100*	*100*	*100*	*100*
Capacity utilisation (%)	79	61	72	65
Index	*100*	*78*	*91*	*82*

Source: Macro-questionnaire reply.

(257) Between 2022 and 2023, Union production fell by [20-30] %, from [37 500 - 39 500] tonnes to [31 000 – 33 000] tonnes. In the period considered, production reached its lowest point in 2023. This occurred largely due to a force majeure event that year with regards to the supply of chlorine to one Union producer, which forced the company to reduce its production.

(258) The production capacity remained relatively stable throughout the period. The number of turnaround days resulted in some fluctuations in the effective production capacity. However, nameplate capacity did not change at all during the period.

(259) Capacity utilisation is an important injury indicator for a commodity producer. Capacity utilization decreased overall during the period considered from [75-85] % in 2022 to [65-75] % by the end of the investigation period. Although the capacity utilization seems to have improved between 2023 and 2024, this was in fact a reflection of the end of the force majeure incident in 2023 referred to in recital 257 above.

4.5.2.2. Sales quantity and market share

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

Table 6

Sales quantity and market share

	2022	2023	2024	IP
Total sales quantity on the Union market (tonnes)	20 000 – 25 000	18 000 – 23 000	20 000 – 25 000	17 000 – 22 000
Index	*100*	*82*	*89*	*79*
Captive market	500 - 700	500 - 700	500 - 700	500 – 700
Index	*100*	*88*	*93*	*91*
Free market sales	20 000 – 25 000	18 000 – 23 000	20 000 – 25 000	17 000 – 22 000
Index	*100*	*82*	*89*	*79*
Market share of free market sales (%)	[65 – 75]	[60 – 70]	[60 – 70]	[50 – 60]

Source: Macro-questionnaire reply.

(261) The sales of the Union industry fell by around 20 %, from [20 000 – 25 000] tonnes in 2022 to [17 000 – 22 000] tonnes in the investigation period, despite the slight growth of Union consumption. Lower sales in 2023 were partly due to a force majeure event that year with regards to the supply of chlorine to the main Union producer, which forced the company to reduce its production.

(262) Accordingly, the market share of the Union industry dropped around 17 percentage points in the investigation period.

4.5.2.3. Growth

(263) The Union industry has shown no growth over the period considered. In the investigation period, despite a slightly increasing Union consumption, the Union industry lost sales volumes, market share, decreased its production and production capacity utilisation and lost bargaining power, thus had a worse position than in 2022.

4.5.2.4. Employment and productivity

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

Table 7

Employment and productivity

	2022	2023	2024	IP
Number of employees	[100 - 120]	[100 - 120]	[100 - 120]	[100 - 120]
Index	*100*	*97*	*102*	*92*
Productivity (unit/ employee)	[300 - 400]	[250 - 350]	[250 - 350]	[250 - 350]
Index	*100*	*80*	*89*	*89*

Source: Macro-questionnaire reply.

(265) Employment levels remained relatively stable, with few jobs lost by the end of the investigation period (- 8 %).

(266) Given a drop in production volumes higher than the decline of job levels, productivity shrank from [300 – 400] tonnes/employee in 2022 to [250 – 350] tonnes/employee in the investigation period.

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

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

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

4.5.3. *Microeconomic indicators*

4.5.3.1. Prices and factors affecting prices

(269) 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 & Unit cost of production

	2022	2023	2024	IP
Average unit sales price in the Union on the free market (EUR/tonne)	[2 500 – 3 000]	[2 000 – 2 400]	[1 800 – 2 200]	[1 600 – 2 000]
Index	*100*	*80*	*74*	*66*
Unit cost of production (EUR/tonne)	[2 400 – 2 900]	[2 400 – 2 900]	[2 100 – 2 600]	[2 100 – 2 600]
Index	*100*	*98*	*84*	*84*

Source: Questionnaire replies of sampled Union producers.

(270) The Union sales prices in the Union free market fell by over 30 %, from [2 500 – 3 000] EUR/tonne in 2022 to [1 600 – 2 000] tonnes in the investigation period, in an attempt not to lose customers in a context of increasing Chinese imports at decreasing prices. The Unit sales prices were below the unit cost of production during the entire period considered. As of 2023, the gap between the average prices by Union producers and Chinese import prices was significant, the highest gap occurring in the investigation period.

(271) The unit cost of production fell by 16 %, from [2 400 – 2 900] EUR/tonne in 2022 to [2 100 – 2 600] EUR/tonne in the investigation period. This was the result of a normalisation of the energy prices (all-time high in 2022) and cost reduction programmes, namely within one Union producer facing financial difficulties.

4.5.3.2. Labour costs

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

Table 9

Average labour costs per employee

	2022	2023	2024	IP
Average labour costs per employee (EUR)	[100 000 – 115 000]	[95 000 - 105 000]	[90 000 - 105 000]	[95 000 – 110 000]
Index	*100*	*90*	*90*	*95*

Source: Questionnaire replies of sampled Union producers.

(273) The average labour cost per employee of the sampled Union producers varied over the period considered, partly due to changes in the labour base resulting from new recruitments and the fulfilment of salary indexation commitments. Labour costs per employee were relatively high in 2022 because of the bonus paid to employees by one of the sampled producers that year.

4.5.3.3. Inventories

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

Table 10

Stocks

	2022	2023	2024	IP
Closing stock (tonnes)	[1 200 – 1 900]	[1 700 – 2 000]	[1 200 – 1 600]	[900 – 1 300]
Index	*100*	*107*	*86*	*61*
Closing stock as a percentage of production (%)	5	7	5	4

Source: Questionnaire replies of sampled Union producers.

(275) Closing stock fell by 39 % over the period considered. As to stock as a percentage of production, it ranged from 7 % in 2023, when the gap between Union and Chinese prices started to widen, to 4 % in the investigation period. The deteriorating situation of the Union producers led to actions to reduce working capital in the investigation period.

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

(276) 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

	2022	2023	2024	IP
Profitability of sales in the Union to unrelated customers (% of sales turnover)	[0 – 10]	[- 17 – - 21]	[- 13 – - 6]	[- 20 – - 15]
Cash flow (EUR)	[2 000 000] – [5 000 000]	[- 13 000 000] – - 10 000 000]	[- 8 000 000] – [- 5 000 000]	[- 13 000 000 – [- 10 000 000]
Index	*100*	*- 617*	*- 376*	*- 631*
Investments (EUR)	1 500 000 – 3 500 000	1 000 000 – 3 000 000	800 000 – 1 800 000	1 000 000 – 3 000 000
Investments -*Index*	*100*	*65*	*49*	*72*
Return on investments (%)	2	- 60	- 45	- 66
Index	*100*	*- 2 668*	*- 2 031*	*- 2 947*

Source: Questionnaire replies of sampled Union producers.

(277) 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. 2022 was an exceptional year, with high raw material and energy prices and disruptions following Russia's war of aggression against Ukraine that year. However, 2022 was the only year in the period considered in which Union producers made profits as a result of their contracted volumes and prices and the lower presence of Chinese imports at fairer prices. Profitability turned from positive in 2022 to negative the following year and was extremely loss-making since as a result of the developments in the Union industry's average sales prices and costs of production described in recitals 270-271, lower capacity utilisation and lower production to absorb fixed costs.

(278) The net cash flow is the ability of the Union producers to self-finance their activities. The trend in net cash flow developed negatively throughout the period considered and followed closely the profitability trend and fluctuations in stock levels. Since 2023, the net cash flow available became too short even for the maintenance and replacement of machinery in plants.

(279) Other than one more significant investment coming from a decision that had been made all the way back in 2018, the Union industry had limited investments in the period considered, even if continuous investment in a chemical plant is essential to long-term survival and keeping up with regulatory requirements. These few investments focused on reducing energy consumption, rationalisation and efficiency gains.

(280) The return on investments is the profit in percentage of the net book value of investments. It developed negatively over the period considered reflecting the trends previously described for profitability and cash flow.

(281) The sampled Union producers' ability to raise capital was hindered by the drop in profitability and cashflow. One of them was in severe financial difficulties ([123]).

4.6. **Conclusion on injury**

(282) Over the period considered, the Union industry experienced decreasing sales prices (- 34 %), which together with high cost of production have caused the low profit level of 2022 to turn into losses in 2023, 2024 and the investigation period. These trends resulted in substantial falls in cash flow, return on investment and investment levels. Despite a healthy and stable Union consumption, significant negative trends were also observed in volume indicators such as production, which decreased by 18 %, sales volume, which decreased by 21 %, and market share, that went from [65 – 75] % in 2022 to [50 – 60] % in the investigation period. Also, capacity utilisation levels shrank to unsustainable levels, being too low for a commodity chemical producer to recover relevant costs. These developments left the Union industry in an injurious situation. Jobs in the Union disappeared. None of the indicators examined showed a positive development.

(283) 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**

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

([123]) https://www.denieuwestermaastricht.nl/chemische-fabriek-in-financiele-problemen/

5.1. Effects of the dumped imports

(285) Over the period considered, there was a clear and constant overtake by Chinese imported volumes of the growing EU market, as depicted in table 3. As a result, the Union industry lost significant sales volumes and market share and other sources of supply (i.e. non-Chinese imports) faded out.

(286) In 2022, Chinese imports arrived at prices close to those of the Union industry. From 2023 onwards, Chinese exporters permanently sold at prices below the Union industry prices. The Chinese import prices were below the Union industry's cost of production during the entire period considered.

(287) Imports from China into the Union exerted a major price and volume pressure on the EU market, which explains the fall of Union industry prices (below cost of production). Indeed, as a commodity, competition in the benzyl alcohol market is extremely price-sensitive and customers are likely to switch to alternative suppliers in response to minor price changes.

(288) Undercutting is significant considering the price sensitive nature of an interchangeable homogenous commodity such as benzyl alcohol. This resulted in a strong price suppression on the Union market.

(289) The reduction in sales opportunities undermined Union producers' ability to operate efficiently. Union producers' utilization of their capacities became far from optimal. The underutilization of production capacity in 2023, 2024 and the investigation period intensified the financial losses of the Union industry. With important production costs spread over a smaller output, unit costs increased significantly, worsening the injury caused by dumped imports.

5.2. Effects of other factors

5.2.1. *Imports from third countries*

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

Table 12

Imports from third countries

Country		2022	2023	2024	IP
India	Quantity (tonnes)	3 049	1 498	230	646
	Index	*100*	*49*	*8*	*21*
	Market share (%)	[8 – 11]	[3 – 7]	[0 – 4]	[0 – 4]
	Average price (EUR/tonne)	2 367	1 887	2 848	1 599
	Index	*100*	*80*	*120*	*68*
Other third countries	Quantity (tonnes)	804	556	674	624
	Index	*100*	*69*	*84*	*78*
	Market share (%)	[1 – 4]	[0 – 3]	[1 – 4]	[0 – 3]
	Average price (EUR/tonne)	6 072	6 902	6 635	6 477
	Index	*100*	*114*	*109*	*107*

Country		2022	2023	2024	IP
Total of all third countries except the country concerned	Quantity (tonnes)	3 853	2 054	904	1 270
	Index	*100*	*53*	*23*	*33*
	Market share (%)	[9 – 13]	[6 – 10]	[2 – 5]	[3 – 5]
	Average price (EUR/tonne)	3 141	3 245	5 671	3 994
	Index	*100*	*103*	*181*	*127*

Source: Eurostat.

(291) China has consistently accounted for the vast majority of imports into the Union. In the investigation period, its share of imports had grown to 91 % of all imports. Other third country imports were limited in volume and originated mainly in India, the UK and the US. In this respect, the investigation found that imports from certain origins were resales to the extent such imports originated in countries with no benzyl alcohol commercial production (e.g. from the UK or Norway).

(292) All other third country imports (excluding China) represented a market share of 12,3 % in 2022 and barely 4 % in the investigation period.

(293) Overall, imports from all other third countries were more expensive than imports from the country concerned. India, the main third country importer into the Union after China, had higher import prices into the Union compared to China during the period considered (with the exception of 2022). Although Indian import prices were below the Union industry's cost of production in the investigation period, their volume and market share was low.

(294) The Commission therefore concluded that, overall, other third country imports did not contribute to the material injury suffered by the Union industry.

5.2.2. *Export performance of the Union industry*

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

Table 13

Export performance of the sampled Union producers

	2022	2023	2024	IP
Export volume to related and unrelated customers (tonnes)	[6 000 – 17 000]	[5 000 – 12 000]	[5 000 –16 000]	[4 000 – 14 000]
Index	*100*	*68*	*93*	*79*
Average price for sales to unrelated customers (EUR/tonne)	[2 600 – 2 900]	[2 300 – 2 500]	[1 900 – 2 100]	[1 900 - 2 100]
Index	*100*	*85*	*73*	*70*

Source: Macro-questionnaire questionnaire reply and questionnaire replies of sampled Union producers (EUR/tonne).

(296) Union producers and many of their customers are active globally, thus exports represent a significant share of the Union industry's production during the period considered.

(297) Over the period considered, the average export sales price shrank. Prices of the Union industry's exports fluctuated in light of supply-demand and market conditions prevailing in the destination and product mix, while facing fierce competition by Chinese products.

(298) In light of the above, the Commission concluded that the export performance of Union producers contributed to the injury suffered by the Union industry but did not attenuate the causal link between Chinese dumped imports and the resulting material injury suffered by Union producers in the Union market recognised in section 5.1.

5.2.3. *Fluctuation of prices of material factors of production*

(299) The cost of production of benzyl alcohol is primarily driven by the price of the main raw material, toluene. Energy costs, while representing a smaller share than toluene, still constitute a significant share of the overall cost of production. Following the start of Russia's war of aggression against Ukraine, prices of energy increased considerably resulting in an increase of cost of production in the first part of the period considered.

(300) The evolution of gas/energy prices and inputs in the period considered could not explain the massively shrinking profits in this case, as in 2022, when gas/energy prices and inputs peaked, the Union industry was profitable. The Union industry became loss-making at a time when gas/energy prices normalised and cost saving initiatives were implemented.

(301) The Commission therefore concluded that the fluctuation of prices of main raw materials and energy prices did not attenuate the causal link between dumped imports and the material injury suffered by Union producers in the Union market. In a level playing field, Union producers should have been able to increase their sales prices to a sustainable/profitable level, which was not the case.

5.3. **Conclusion on causation**

(302) On the basis of the above, the Commission concluded at this stage that imports from the country concerned caused material injury to the Union industry. Whilst the export performance of Union producers might have contributed to it, this factor does not attenuate the causal link between the dumped imports and the injury. Other factors, considered individually or collectively, did not attenuate the causal link between the dumped imports and the material injury.

6. **LEVEL OF MEASURES**

(303) 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**

(304) 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.

(305) In accordance with Article 7(2c) of the basic Regulation, for establishing the target profit, the Commission took into account the following factors: the level of profitability before the increase of imports from the country under investigation, 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 %.

(306) As a first step, the Commission established a basic profit covering full costs under normal conditions of competition on the basis of the profitability achieved by the Union producer for which data was available. The profit margin was established at 15,8 %. This was the level of profitability that the Union producer obtained in 2018, the most recent year in which the Union industry's profitability was not affected by low-priced imports from the country under investigation.

(307) One Union producer provided evidence that its level of investments, research and development (R&D) and innovation during the period considered would have been higher under normal conditions of competition. The Commission verified the reasons why an upstream investment had started and then abandoned. The claims were found to be warranted. To reflect this in the target profit, the Commission calculated the difference between investments, R&D and innovation ('IRI') expenses under normal conditions of competition as provided by the EU Industry and verified by the Commission with actual IRI expenses over the period considered. Such difference, expressed as a percentage of turnover, was less than 1 %.

(308) For the relevant party, such percentage was added to the basic profit of 15,8 % mentioned in the recital 306, leading to a target profit of [15,9 – 16,5] %.

(309) On this basis, the non-injurious price per tonne is [€2 350 - €2 950], resulting from applying the above-mentioned profit margin of [15,9 – 16,5] % to the cost of production of the sampled Union producer during the investigation period.

(310) In accordance with article 7(2d) of the basic Regulation, as a final step, the Commission assessed the future costs resulting from Multilateral Environmental Agreements, and protocols thereunder, to which the Union is a party, and of ILO Conventions listed in Annex Ia that the Union industry will incur during the period of the application of the measure pursuant to Article 11(2). Based on the evidence provided along with the questionnaire reply, for one company the Commission established an additional cost of [€25 - €80] per tonne for indirect $CO2$ costs. This difference was added to the non-injurious price mentioned in recital 309.

(311) On this basis, the Commission calculated a non-injurious price of [€2 375 - €2 995] per tonne for the like product of the Union industry by applying the basic profit of 15,8 % to one sampled Union producer and the above-mentioned target profit margin (see recital 308) to the cost of production of the second sampled Union producer during the investigation period. The adjustments under Article 7(2d) referred to in the previous recital concern the second sampled Union producer only.

(312) 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 country 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.

(313) The injury elimination level for 'other cooperating companies' and for 'all other imports originating in country concerned' is defined in the same manner as the dumping margin for these companies and imports (see recitals 222 to 227).

Company	Dumping margin (%)	Underselling margin (%)
Hubei Greenhome Materials Technology, Inc.	71,2	93,4
Qianjiang Xinyihong Organic Chemical Co., Ltd.	52,6	97,9
Chongqing Zoteq Aroma Chemical Co.,Ltd	66,8	94,5
Hubei Kelin Bolun New Materials Co., Ltd,	66,8	94,5
Tianjin Dacals Chemical Co., Ltd.	66,8	94,5
All other imports originating in the PRC	71,2	97,9

(314) In the present case, the complainant claimed the existence of raw material distortions within the meaning of Article 7(2a) of the basic Regulation. Thus, in order to conduct the assessment on the appropriate level of measures, the Commission first established the amount of duty necessary to eliminate the injury suffered by the Union industry in the absence of distortions under Article 7(2a) of the basic Regulation. Then it examined whether the dumping margin of sampled exporting producers would be higher than their injury margin.

6.2. Examination of the margin adequate to remove the injury to the Union industry

(315) As explained in the Notice of Initiation, the complainant provided the Commission sufficient evidence that there are raw material distortions in the country concerned regarding the product under investigation. Therefore, in accordance with Article 7(2a) of the basic Regulation, this investigation examined the alleged distortions to assess whether, if relevant, a duty lower than the margin of dumping would be sufficient to remove injury.

(316) However, as the margins adequate to remove injury are higher than the dumping margins, the Commission considered that, at this stage, it was not necessary to address this aspect.

(317) Following the above assessment the Commission concluded that it is appropriate to determine the amount of provisional duties in accordance with Article 7(2) of the basic Regulation.

7. UNION INTEREST

(318) 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. The determination of the Union interest was based on an appreciation of all the various interests involved, including those of the Union industry, importers, users and suppliers.

7.1. Interest of the Union industry

(319) There are three companies under two groups producing benzyl alcohol in the Union directly employing [100-120] people. The plants are located in Germany and the Netherlands. All Union producers co-operated with the investigation and support the imposition of measures.

(320) Bearing in mind the finding of material injury to the Union industry described in section 4.6 of this regulation, imposing measures would allow the Union industry improving its profitability towards sustainable levels, increasing investment, and thus regaining a competitive position in the Union market. The Union industry would also be able to regain lost market share by increasing production and sales volumes in the Union market. The injurious situation of Union producers threatens their ability to continue producing benzyl alcohol in the Union for both captive (limited volumes) and free market use.

(321) The absence of measures is likely to have further negative and significant effects on the Union industry. The reliance on the product varies depending on the site, but, given the level of integration and interlinks amongst production steps, problems in one leg of production could hinder the viability of a whole plant. The existence of one of the sampled Union producers is already seriously threatened ([124]), and the continued production of benzyl alcohol in the Union is at stake if measures are not imposed and the decline of the industry's viability is not stopped. This would represent an irreversible loss of industrial capacity, knowledge and qualified jobs.

(322) The imposition of measures on benzyl alcohol from the country concerned is therefore clearly in the interest of the Union industry.

([124]) https://www.denieuwestermaastricht.nl/chemische-fabriek-in-financiele-problemen/

7.2. **Interest of unrelated importers**

(323) The product concerned is imported to the Union mainly by users but also by some distributors. Few distributors came forward although none submitted questionnaire replies. Gadot Belgium B.V., offering chemical value chain management solutions, welcomed the investigation.

(324) An unrelated importer, Fenchem Biochemie GmbH, submitted an incomplete questionnaire response and stopped cooperation thereafter. The deficiencies in the response did not allow to conclude on the effects (if any) of the measures on its business.

(325) The investigation did not identify any negative consequences on unrelated importers in the Union that could outweigh the positive impact of the imposition of measures on the Union industry. The Commission concluded that importers in the Union should continue to be able to import benzyl alcohol from China as the objective of the investigation was not to block imports from China but to raise their prices to non-dumped levels.

7.3. **Interest of users**

(326) One user submitted a questionnaire reply and opposed to measures. The party noted that its Austrian affiliate uses benzyl alcohol as an essential raw material in the production of various resins. The party anticipated a significant increase in the cost of benzyl alcohol because of anti-dumping measures and of Union suppliers of benzyl alcohol subsequently adjusting their prices upwards as competitive pressure from imports decreases. This would result in a shift to imported resins produced with lower-priced benzyl alcohol outside the Union. Resin producers in the Union would thus suffer from a dual impact: higher input costs and increased competition from more cost-advantaged imports, i.e. from a transfer of the competitive imbalance one step further down the value chain. The party alleged that any further increase in raw material costs would erode its competitiveness and threaten the profitability—and in some cases the viability—of its downstream products.

(327) The questionnaire reply of this small user, accounting for less than 1 % of imports from China, does not suggest that an increase in benzyl alcohol purchase price would have a material impact on its operations. For a portion of its products, benzyl alcohol costs represent a variable share of the costs of final products (i.e. between 1 % and 20 %, depending on the products). (Potential) cost implications for specific products of the co-operating user were not found to justify refraining from duties that will protect Union benzyl alcohol manufacturers, demonstrably suffering from unfair competition. The Commission further noted that anti-dumping measures are not intended to confer an advantage to EU producers. Anti-dumping measures aim at halting certain illegal unfair trading practices that distorted market conditions and caused injury to the Union industry.

(328) As a whole, the investigation did not identify negative consequences on users in the Union that could outweigh the positive impact of the imposition of measures on the Union industry. On the contrary, measures would ensure local supply and avoid reliance on Chinese imports. Such a reliance could have devastating effects in case, for instance, of changes in strategic measures or logistics problems affecting Chinese imports.

7.4. **Interest of suppliers**

(329) No (associations representing the interests of) suppliers submitted questionnaire replies.

(330) Nonetheless, the Commission considered that measures would be beneficial for suppliers in the Union as local demand for raw materials such as toluene and chlorine will be secured. The continuation of the benzyl alcohol plants in the Union will support local companies providing services (to Union producers) such as maintenance, spare parts and machinery.

7.5. **Conclusion on Union interest**

(331) 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 benzyl alcohol originating in the country concerned at this stage of the investigation.

8. **PROVISIONAL ANTI-DUMPING MEASURES**

(332) 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.

(333) Provisional anti-dumping measures should be imposed on imports of benzyl alcohol originating in the PRC, in accordance Article 7(2) of the basic Regulation.

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

Company	Provisional anti-dumping duty (%)
Hubei Greenhome Materials Technology, Inc.	71,2
Qianjiang Xinyihong Organic Chemical Co., Ltd.	52,6
Chongqing Zoteq Aroma Chemical Co.,Ltd	66,8
Hubei Kelin Bolun New Materials Co., Ltd,	66,8
Tianjin Dacals Chemical Co., Ltd.	66,8
All other imports originating in the PRC	71,2

(335) 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 the People's Republic of China'. They should not be subject to any of the individual anti-dumping duty rates.

(336) 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 the People's Republic of China'.

(337) 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.

(338) 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

(339) 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.

(340) In view of the findings at provisional stage, the registration of imports should be discontinued.

(341) 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

(342) 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 the website of DG Trade and Economic Security. Interested parties were given three working days to provide comments on the accuracy of the calculations specifically disclosed to them.

(343) Qianjiang Xinyihong submitted that the calculation of the benchmark for the by-products was erroneously increasing the cost of production, thus resulting in higher normal value. The Commission accepted the claim and revised the calculations accordingly.

(344) Hubei Greenhome noted one clerical error related to the handling and auxiliary costs, as reported in the underlying transactions listing of the export sales. The Commission accepted the claim and revised the calculations accordingly.

(345) In order to ensure effective monitoring of imports of the direct upstream product of benzyl alcohol i.e. benzyl chloride currently falling, among with other products, under CN code 2903 99 80, the Commission considers appropriate to introduce a specific TARIC code for monitoring purposes. This measure will allow the Commission to gather accurate and detailed statistics on trade flows, assess market trends, and detect any potential circumvention of trade defence measures. The introduction of this TARIC code is for monitoring purposes only and does not impose any additional duties or restrictions on imports at this stage.

(346) The specific TARIC code should be structured in a way that distinguishes benzyl chloride from other products under the same CN heading, ensuring precise data collection. The Commission should regularly review the data collected under this code to determine whether further action, such as the initiation of an anti-dumping or an anti-subsidy investigation, is warranted.

11. FINAL PROVISIONS

(347) 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.

(348) 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 benzyl alcohol (also known as phenylmethanol, benzenemethanol, phenylcarbinol and hydroxytoluene), an aromatic alcohol, currently falling under CN code 2906 21 00, usually falling under CUS 0011660-9, CAS RN 100-51-6, and originating in the People's Republic of China.

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

Company	Provisional anti-dumping duty (%)	TARIC additional code
Hubei Greenhome Materials Technology, Inc.	71,2	88FF
Qianjiang Xinyihong Organic Chemical Co., Ltd.	52,6	88FG
Chongqing Zoteq Aroma Chemical Co.,Ltd	66,8	88FH
Hubei Kelin Bolun New Materials Co., Ltd,	66,8	88FI
Tianjin Dacals Chemical Co., Ltd.	66,8	88FJ
All other imports originating in the People's Republic of China	71,2	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 tonnes of benzyl alcohol sold for export to the European Union covered by this invoice was manufactured by (company name and address) (TARIC additional code) in the People's Republic of China. 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 People's Republic of China 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. For the purpose of monitoring imports of the direct upstream product of benzyl alcohol i.e. benzyl chloride, the following TARIC code is introduced:

2903	- Halogenated derivatives of aromatic hydrocarbons :
2903 99	- - Other:
2903 99 80 81	- - - Benzyl Chloride

2. Imports under the TARIC code 2903 99 80 81 shall be subject to surveillance to allow the Commission to follow the statistical trends of imports of the direct upstream product of benzyl alcohol which is subjected to the provisional anti-dumping duty of Article 1, in accordance with Article 56(5) of Regulation (EU) No 952/2013 of the European Parliament and of the Council ([125]) laying down the Union Customs Code.

3. Surveillance measures introduced by paragraph 1 shall cease when the anti-dumping duty on imports of benzyl alcohol originating in the People's Republic of China is terminated or lapses.

([125]) Regulation (EU) No 952/2013 of the European Parliament and of the Council of 9 October 2013 laying down Customs Code (OJ L 269, 10.10.2013, p. 1, ELI: http://data.europa.eu/eli/reg/2013/952/oj).

Article 3

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

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

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

Article 4

1. Customs authorities are hereby directed to discontinue the registration of imports established in accordance with Article 1 of Implementing Regulation (EU) 2026/362.

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 5

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

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

Done at Brussels, 27 July 2026.

For the Commission
The President
Ursula VON DER LEYEN