



2026/2107

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COMMISSION IMPLEMENTING REGULATION (EU) 2026/2107

of 22 September 2026

imposing a definitive countervailing duty on imports of continuous filament glass fibre products ('GFR') originating in Egypt following an expiry review pursuant to Article 18 of Regulation (EU) 2016/1037 of the European Parliament and of the Council

THE EUROPEAN COMMISSION,

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

Having regard to Regulation (EU) 2016/1037 of the European Parliament and of the Council of 8 June 2016 on protection against subsidised imports from countries not members of the European Union ⁽¹⁾ ('the basic Regulation'), and in particular Article 18 thereof,

Whereas:

1. PROCEDURE

1.1. Previous investigations and measures in force

- (1) By Commission Implementing Regulation (EU) 2020/870 ⁽²⁾ ('the original Regulation'), the European Commission ('the Commission'), imposed a definitive countervailing duty on imports of continuous filament glass fibre products originating in the Arab Republic of Egypt ('Egypt' or 'the country concerned') following an anti-subsidy investigation ('the original investigation'). The countervailing duties currently in force amount to 13,1 % ('the original measures').
- (2) By Commission Implementing Regulation (EU) 2026/831 ⁽³⁾, the Commission imposed an anti-dumping duty on, *inter alia*, imports of continuous filament glass fibre products originating in Egypt. The anti-dumping duty currently in force amounts to 11 %.
- (3) Anti-dumping and anti-subsidy measures are also in force on imports of GFR originating in the People's Republic of China ('PRC', 'China'). Anti-dumping measures ranging from 7,3 % to 13,8 % were first imposed in 2011 ⁽⁴⁾. Anti-subsidy measures ranging from 4,9 % to 10,3 % were imposed in 2014. The resulting combined countervailing and anti-dumping measures ranged from 4,9 % to 30,2 % ⁽⁵⁾. After successive interim and expiry reviews, the combined measures on imports from China currently range from 24 % to 33,2 %. The Commission is currently conducting an expiry review of the anti-subsidy measures ⁽⁶⁾.
- (4) Measures are also in force on imports of GFR originating in Thailand (between 15,3 % and 25,4 %) and Bahrain (11,8 %) ⁽⁷⁾.

⁽¹⁾ OJ L 176, 30.6.2016, p. 55, ELI: <http://data.europa.eu/eli/reg/2016/1037/oj>.

⁽²⁾ Commission Implementing Regulation (EU) 2020/870 of 24 June 2020 imposing a definitive countervailing duty and definitively collecting the provisional countervailing duty imposed on imports of continuous filament glass fibre products originating in Egypt and levying the definitive countervailing duty on the registered imports of continuous filament glass fibre products originating in Egypt (OJ L 201, 25.6.2020, p. 10, ELI: http://data.europa.eu/eli/reg_impl/2020/870/oj).

⁽³⁾ Commission Implementing Regulation (EU) 2026/831 of 14 April 2026 imposing a definitive anti-dumping duty on imports of certain continuous filament glass fibre products (GFR) originating in Bahrain, Egypt and Thailand (OJ L, 2026/831, 15.4.2026, ELI: http://data.europa.eu/eli/reg_impl/2026/831/oj).

⁽⁴⁾ Council Implementing Regulation (EU) No 248/2011 of 9 March 2011 imposing a definitive anti-dumping duty and collecting definitively the provisional duty imposed on imports of certain continuous filament glass fibre products originating in the People's Republic of China (OJ L 67, 15.3.2011, p. 1, ELI: http://data.europa.eu/eli/reg_impl/2011/248/oj).

⁽⁵⁾ Commission Implementing Regulation (EU) No 1379/2014 of 16 December 2014 imposing a definitive countervailing duty on imports of certain filament glass fibre products originating in the People's Republic of China and amending Council Implementing Regulation (EU) No 248/2011 imposing a definitive anti-dumping duty on imports of certain continuous filament glass fibre products originating in the People's Republic of China (OJ L 367, 23.12.2014, p. 22, ELI: http://data.europa.eu/eli/reg_impl/2014/1379/oj).

⁽⁶⁾ Notice of initiation of an expiry review of the anti-subsidy measures applicable to imports of Continuous Filament Glass Fibre Products originating in the People's Republic of China (OJ C, C/2026/1139, 24.2.2026, ELI: <http://data.europa.eu/eli/C/2026/1139/oj>).

⁽⁷⁾ See Footnote 3.

1.2. Request for an expiry review

- (5) Following the publication of a notice of impending expiry ⁽⁸⁾ on imports of continuous filament glass fibre products originating in Egypt, the Commission received a request for a review pursuant to Article 18(2) of the basic Regulation.
- (6) The request for review was submitted on 21 March 2025 by Glass Fibre Europe ('the applicant', 'GFE') on behalf of the Union industry of continuous filament glass fibre products in the sense of Article 10(6) of the basic Regulation. The request for review was based on the grounds that the expiry of the measures would be likely to result in continuation of subsidisation and continuation or recurrence of injury to the Union industry.
- (7) Prior to the initiation of the expiry review, and in accordance with Article 10(7) of the basic Regulation, the Commission notified the Government of Egypt ('GOE') that it had received a properly documented review request. The Commission invited the GOE for pre-initiation consultations with the aim of clarifying the situation as regards the contents of the review request and arriving at a mutually agreed solution. While the Commission understood that the GOE would be in a position to obtain the necessary information regarding the allegations put forward in the request, it also offered the GOE the possibility to extend the invitation to the consultations to the Government of China ('GOC'), in case the GOE considered that the participation of the GOC would have been useful to clarify the situation.
- (8) Consultations with the GOE were held on 23 June 2025, when the GOE expressed its views regarding the initiation of the investigation to the Commission. The GOE argued first that the investigation of 'cross-country' subsidies breached the WTO Agreement on Subsidies and Countervailing Measures ('SCM Agreement'). More specifically, there was allegedly no evidence that Egypt had 'acknowledged and adopted' Chinese subsidies, and that, therefore, such financial contribution cannot be attributed to Egypt.
- (9) Second, the GOE considered that the support for capital investment to the exporting producer in Egypt does not constitute a subsidy under the basic Regulation, since the support was not granted by the exporting country's government, and because under Egypt's Investment Law No. 72/2017, capital incentives are granted across sectors and are not specific to the GFR industry.
- (10) Third, the GOE claimed that VAT and import duty exemptions on equipment that is imported into Egypt do not apply specifically to GFR producers and therefore do not constitute a subsidy under the basic Regulation. In addition, there was no benefit in the period of 1 January 2024 to 31 December 2024 ('the review investigation period', or 'RIP') since the exporting producer in Egypt had no VAT credit balance in that period, and government revenue is not foregone since the GOE retains the right to recover import duties for a period of five years.
- (11) Fourth, the GOE considered that the enterprise income tax exemption that was implemented via the 2016 special tax rule for treating foreign exchange losses as a tax loss does not confer a benefit. Furthermore, it is not specific to GFR producers since all entities similarly affected can access this treatment.
- (12) Finally, the GOE claimed that the plots of land purchased by the exporting producer in Egypt were not provided by the GOE for less than adequate remuneration and did not constitute a subsidy under the basic Regulation, since land in the TEDA Suez Zone is allocated at publicly disclosed rates, with no evidence of the provision below market value.
- (13) The Commission addressed the first claim in recitals (67) to (73) of this Regulation.
- (14) As regards the second claim, the Commission referred to the original investigation, which established that the equity injections that were found to be countervailable, were supported by the Chinese State with the aim of setting up and expanding the production facilities of the China National Building Material Co. Ltd. ('CNBM') in Egypt. Such support would equally fall under the items agreed upon between China and Egypt in the Cooperation Agreement to set up the Suez Economic and Trade Cooperation Zone ('SETC-Zone'). The support was therefore attributable to the GOE, even though it was not granted directly by Egypt, the exporting country's government ⁽⁹⁾.

⁽⁸⁾ Notice of the impending expiry of certain anti-subsidy measures (OJ C, C/2024/5917, 3.10.2024, ELI: <http://data.europa.eu/eli/C/2024/5917/oj>).

⁽⁹⁾ See recitals 215 and 240 of the original Regulation.

- (15) Furthermore, the original investigation showed that the mandate and objective of the Chinese state-owned entities that have ultimate control over the exporting producer's parent companies is to implement governmental policies and plans, including by providing financial support and funding for the encouraged sectors, among which GFR, in order to enact China's going-out strategy. Therefore, this form of cross-country capital support was deemed to be specific to the GFR industry in Egypt. Whether according to Egypt's investment laws capital incentives are granted across sectors within Egypt, is therefore not relevant to this provision ⁽¹⁰⁾. Third, concerning the VAT and import duty exemptions on imported equipment, the Commission recognises that these exemptions do not apply specifically to the GFR industry in Egypt. However, as detailed in section 3.5.4 of this Regulation, it does apply only to the companies located in Economic Zones of a Special Nature, such as the Suez Canal Economic Zone ('SCZone'), which confirms that it is not generally applicable in Egypt and is specific within the meaning of Article 4(2)(a) of the basic Regulation. The Commission further noted that the GOE's claims regarding the alleged non-existence of a benefit and government revenue forgone were addressed in the original Regulation ⁽¹¹⁾.
- (16) The Commission addressed the fourth claim in sections 3.7.4 and 3.7.5 of this Regulation.
- (17) Fifth, concerning the claim that in the original investigation there was no evidence that land was provided to the exporting producer in Egypt for less than adequate remuneration, the Commission noted that this claim runs counter to the findings in the original Regulation, which rely on the facts on file or on facts available in case of non-cooperation ⁽¹²⁾. The Commission's findings regarding how the benefit amount of this countervailable subsidy was established were subsequently confirmed by the Court of Justice of the European Union ⁽¹³⁾. The Commission has furthermore confirmed that these subsidies have continued and expanded during the review investigation period (see recitals (124) to (220) of this Regulation). Finally, while the Commission understands that the usufruct of land in the TEDA Suez Zone is allocated based on rates set by the GOE, this is irrelevant to the plots of land on which the exporting producer operates, since those have been purchased by the company rather than obtained via usufruct rights.
- (18) Based on the above arguments, the claims of the GOE were rejected.

1.3. Initiation of an expiry review

- (19) Having determined, after consulting the Committee established by Article 15(1) of the basic Regulation ⁽¹⁴⁾, that sufficient evidence of a likelihood of subsidisation and injury existed to justify the initiation of an expiry review, the Commission, on 24 June 2025, initiated an expiry review with regard to imports into the Union of continuous filament glass fibre products originating in Egypt on the basis of Article 18(2) of the basic Regulation ⁽¹⁵⁾. It published a Notice of Initiation in the *Official Journal of the European Union* ⁽¹⁶⁾ ('the Notice of Initiation').

1.4. Review investigation period and period considered

- (20) The investigation of a continuation or recurrence of subsidisation covered the period of 1 January 2024 to 31 December 2024 ('the review investigation period', or 'RIP'). The examination of trends relevant for the assessment of the likelihood of a continuation or recurrence of injury covered the period starting on 1 January 2021 to the end of the review investigation period ('the period considered').

⁽¹⁰⁾ See recital 217 of the original Regulation.

⁽¹¹⁾ See recitals 302 and 313 of the original Regulation.

⁽¹²⁾ See recitals 242 – 286 of the original Regulation.

⁽¹³⁾ Judgment of the General Court (First Chamber) in Case T-480/20, 1 March 2023, <https://infocuria.curia.europa.eu/tabs/document/T/2020/T-0480-20-00000000RD-01-P-01/ARRET/270781-EN-1-html> & Judgment of the General Court (Second Chamber) in Joined Cases C-269/23 P and C-272/23 P, 28 November 2024, <https://infocuria.curia.europa.eu/tabs/document/C/2023/C-0269-23-00000000PV-01-P-01/ARRET/292740-EN-1-html>.

⁽¹⁴⁾ See Footnote 1.

⁽¹⁵⁾ Idem.

⁽¹⁶⁾ Notice of initiation of an anti-subsidy proceeding concerning imports of continuous filament glass fibre products originating in Egypt (OJ C 192, 7.6.2019, p. 30, https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.C_2019.192.01.0030.01.ENG).

1.5. Interested parties

- (21) In the Notice of Initiation, interested parties were invited to contact the Commission in order to participate in the investigation. In addition, the Commission specifically informed the applicant, other known Union producers, the known producer in Egypt, the GOE, known importers, users, traders, as well as associations known to be concerned about the initiation of the expiry and invited them to participate. The GOC was also informed and invited to participate, in view of the GOC's involvement and very close cooperation with the GOE as regards the subsidisation granted to GFR originating in Egypt.
- (22) Interested parties had an opportunity to comment on the initiation of the expiry review and to request a hearing with the Commission and/or the Hearing Officer in trade proceedings. No comments on initiation, nor hearing requests were received.

1.6. Sampling

- (23) In the Notice of Initiation, the Commission stated that it might sample interested parties in accordance with Article 27 of the basic Regulation.

1.6.1. Sampling of Union producers

- (24) In the Notice of Initiation, the Commission stated that it had provisionally selected a sample of Union producers. The Commission selected the sample on the basis of representativity in terms of volume of production and sales of the like product in the Union between 1 January 2024 and 31 December 2024. This sample consisted of three Union producers. The sampled Union producers accounted for 63 % of the estimated total volume of production and 70 % of sales of the like product in the Union. In accordance with Article 27(2) of the basic Regulation, the Commission invited interested parties to comment on the provisional sample. No comments were received on the provisional sample. The sample was representative of the Union industry.

1.6.2. Sampling of importers

- (25) To decide whether sampling was necessary and, if so, to select a sample, the Commission asked unrelated importers to provide the information specified in the Notice of Initiation.
- (26) No unrelated importer replied to the sampling form.

1.6.3. Sampling of exporting producers in Egypt

- (27) To decide whether sampling was necessary and, if so, to select a sample, the Commission asked all known producers in Egypt to provide the information specified in the Notice of Initiation. In addition, the Commission asked the Mission of the Arab Republic of Egypt to the European Union to identify and/or contact other producers, if any, that could be interested in participating in the investigation.
- (28) Only one exporting producer from Egypt provided a sampling reply and sampling was therefore not deemed necessary. The GOE confirmed that this exporting producer continued to be the only GFR producer in Egypt. The Commission invited the company to complete the questionnaire for exporting producers.

1.7. Replies to the questionnaire

- (29) To obtain the information deemed necessary for its investigation, the Commission published online⁽¹⁷⁾ the questionnaires for the exporting producers, the unrelated importers, the Union producers and their association, the users and sent a questionnaire to the GOE.

⁽¹⁷⁾ <https://tron.trade.ec.europa.eu/investigations/case-view?caseId=2802>.

- (30) Questionnaire replies were received from the GOE, the exporting producer Jushi Egypt for Fiberglass Industry S.A.E ('Jushi Egypt'), the Union producers 3B Fibreglass Company Sprl ('3B Fibreglass'), European Owens Corning Fibreglas Sprl ('Owens Corning'), Johns Manville Slovakia a.s, ('Johns Manville') as well as the association of Union producers, Glass Fibre Europe. Users Tolnatek Fonalfeldolgozó és Műszakiszövet-gyártó Bt. ('Tolnatek') and Rymatex sp. z o. o. ('Rymatex') also submitted replies to the users' questionnaire.

1.8. Verification

- (31) The Commission sought and verified all the information deemed necessary for the determination of likelihood of continuation or recurrence of subsidisation and injury and for the determination of the Union interest. Verification visits pursuant to Article 26 of the basic Regulation were carried out at the premises of the following groups of companies:

— Union producers:

— 3B Fibreglass, Battice, Belgium;

— Remote cross-checking ('RCC') was carried out for Owens Corning and Johns Manville.

— Exporting producer in Egypt:

— Jushi Egypt, Suez, Egypt.

- (32) A verification visit took place also at the premises of the GOE in Cairo and Ain Sokhna of the following Egyptian government authorities:

— General Authority for Investment ('GAFI'), Cairo, Egypt;

— General Authority of the Suez Canal Economic Zone ('General Authority of the SCZone'), Suez Canal Economic Zone, Egypt.

1.9. Subsequent procedure

- (33) On 8 July 2026, the Commission disclosed the essential facts and considerations on the basis of which it intended to maintain the countervailing duties in force. All parties were granted a period within which they could make comments on the disclosure.
- (34) The GOE commented on the disclosure. These comments were considered by the Commission and assessed in the relevant sections below. The exporting producer in Egypt did not comment on the disclosure. No party requested a hearing.

2. PRODUCT UNDER REVIEW, PRODUCT CONCERNED AND LIKE PRODUCT

2.1. Product under review

- (35) The product under review is the same as in the original investigation, namely chopped glass fibre strands, of a length of not more than 50 mm; glass fibre rovings, excluding glass fibre rovings which are impregnated and coated and have a loss on ignition of more than 3 % (as determined by the ISO Standard 1887); and mats made of glass fibre filaments excluding mats of glass wool, currently falling under CN codes 7019 11 00 , ex 7019 12 00 (TARIC codes 7019 12 00 22, 7019 12 00 25, 7019 12 00 26, 7019 12 00 39), 7019 14 00 and 7019 15 00 . The CN and TARIC codes are given for information only without prejudice to a subsequent change in the tariff classification ('the product under review').
- (36) The product under review is a raw material most often used to reinforce thermoplastic and thermoset resins in the composites industry. The resulting composite materials (filament glass fibre reinforced materials) find their use in a large number of industries: transportation (automotive, marine, aerospace, military), electric/electronics, wind energy, building and construction, tanks/pipes, consumer goods etc.

2.2. **Product concerned**

- (37) The product concerned is the product under review originating in Egypt.

2.3. **Like product**

- (38) As established in the original investigation, this expiry review investigation confirmed 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 review produced and sold on the domestic market of Egypt,
- the product under review produced and sold by the exporting producers to the rest of the world; and
- the product under review produced and sold in the Union by the Union industry.

- (39) These products are therefore considered to be like products within the meaning of Article 2(c) of the basic Regulation.

2.4. **Claims regarding product scope**

- (40) No claims were received regarding the product scope.

3. **LIKELIHOOD OF CONTINUATION OR RECURRENCE OF SUBSIDISATION**

- (41) In accordance with Article 18 of the basic Regulation, and as stated in the Notice of Initiation, the Commission examined whether the exporting producer concerned continued to benefit from countervailable subsidies during the review investigation period and whether the expiry of the existing measures would likely lead to a continuation or recurrence of subsidisation.
- (42) On the basis of the information contained in the request for review, the Memorandum of Sufficiency of Evidence, Notice of Initiation, and the GOE and exporting producer's reply to the Commission's questionnaire, the alleged subsidisation through the following subsidies by the GOE were investigated:

Direct transfer of funds

- (a) Provision of preferential loans
- (b) Support for capital investment

Government revenue forgone or not collected that is otherwise due

- (c) Enterprise income tax privileges
- (d) VAT exemptions and import tariff rebates for imported equipment
- (e) VAT exemptions and import tariff rebates for imported materials

Provision of goods or services for less than adequate remuneration

- (f) Provision of land

- (43) The original investigation found that subsidies in the form of government revenue foregone or not collected that is otherwise due and of provision of land for less than adequate remuneration (under (c), (d), (e), and (f) above) were provided directly by the GOE to Jushi Egypt⁽¹⁸⁾. However, direct transfers of funds were found to be provided by the GOC through banks which are state-owned or otherwise directed by the state⁽¹⁹⁾.

⁽¹⁸⁾ See recitals (244) – (321) of the original Regulation.

⁽¹⁹⁾ See recitals (111) – (241) of the original Regulation.

- (44) The original investigation found that the GOE had acknowledged and adopted these subsidies, and they were thus attributed to the GOE as its own subsidies. The GOE was therefore considered to be the granting authority for the purpose of Article 4(1) of the basic anti-subsidy Regulation in respect of these subsidies ⁽²⁰⁾.
- (45) The request for review alleged that the above subsidies continued in the same way.

3.1. Cooperation from the Egyptian exporting producer and the GOE

- (46) The exporting producer Jushi Egypt and the GOE cooperated partially in the investigation and provided questionnaire replies.
- (47) The questionnaire for the GOE also included a specific questionnaire for TEDA Egypt Investment Co. ('TEDA Egypt'), and the GOE was requested to provide this information as well for Tianjin Teda Investment Holding Co. Ltd. ('TEDA Tianjin'). The GOE was asked to collect the responses provided by these entities and to send it to the Commission.
- (48) During the investigation, both parties informed the Commission that they would not cooperate in on-site verifications to assess the completeness and accuracy of the submitted information. Accordingly, by the respective Notes Verbale of 11 November 2026 and of 18 November 2026, the Commission informed the GOE of its intention to apply Article 28 of the basic Regulation and base its findings regarding the exporting producer and the GOE on the facts available. Both parties however later informed the Commission that they would resume cooperation and participate in on-site verifications, which took place as described in recital (31).
- (49) The questionnaire replies submitted by the exporting producer and the GOE did not include all the information required in the questionnaire. The Commission requested the outstanding information through deficiency letters or during the verification visit to the exporting producer and the GOE.
- (50) However, the Commission considered that even after the verification it had not received full explanations to certain questions raised during the investigation, and certain documents requested were not submitted by the exporting producer and by the GOE. In addition, as regards the GOE specifically, even though the visit to TEDA Egypt was originally planned for the verification visit, TEDA Egypt ultimately refused to participate in the verification visit.
- (51) Accordingly, by Note Verbale of 18 March 2026, the Commission informed the GOE of this fact, highlighting that it intended to apply Article 28 of the basic Regulation in respect of the issues that were not fully clarified by the GOE and invited it to comment. Additionally, by Note Verbale of 30 March 2026, the Commission informed the GOE that it intended to apply Article 28 of the basic Regulation and base its findings regarding the exporting producer Jushi Egypt partially on the facts available.
- (52) The GOE objected to the application of Article 28 of the basic Regulation towards the GOE, arguing that this should be an exceptional measure which requires demonstrating that the concerned party has deliberately refused to grant access to necessary information or has significantly impeded the investigation. The GOE stressed that it cooperated diligently throughout the investigation and that any difficulties in providing all the requested details stemmed from factual or legal inability to provide the information.
- (53) The GOE further stressed that relying on Article 28 of the basic Regulation cannot be used as a punitive tool aimed at penalising the interested party. Rather, the sole purpose of resorting to facts available under this provision is to allow the Commission to continue its investigation despite the absence of certain data.
- (54) Finally, the GOE stressed that the Commission did not provide adequate reasoning to justify the total rejection of actual data provided by the GOE, as required under Article 28(4) of the basic Regulation.

⁽²⁰⁾ See recitals (35) – (110) of the original Regulation.

- (55) In that regard, the Commission clarified that, as was indicated in the Note Verbale of 18 March 2026 and other communication with the GOE, the Commission recognised the efforts and diligence with which the GOE cooperated with the Commission and the fact that it provided most of the requested explanations and documents. As was explained in the Note Verbale, the Commission did not intend to completely reject all data provided by the GOE. Instead, the Note Verbale was to inform the GOE that the Commission intends to resort to facts available only with regard to a number of issues which were not fully clarified, precisely to allow the Commission to continue its investigation despite the absence of certain data.
- (56) Furthermore, the Commission highlighted that the Note Verbale was not imputing an attempt at concealing information. In any event, it is immaterial whether certain information and/or documents would be deliberately concealed or could not be provided for technical, factual, or legal reasons. The list of missing information provided with the Note Verbale was a statement of facts without a value judgment, indicating which documents were requested but not received and which explanations the Commission considered incomplete, thus warranting the application of facts available limited to those points. Specific elements for which the Commission relied on facts available are detailed in the relevant parts of the below analysis.
- (57) The exporting producer also objected to the application of Article 28 of the basic Regulation. It pointed out that the information requested by the Commission and not provided by the company, primarily related to alleged inter-company financing by certain related companies in China or in third countries with parent companies in China. It argued that this information was requested by the Commission to investigate alleged financial contributions from the GOC or Chinese state entities and attribute those to the GOE, and that this approach in the original regulation and expiry review investigation was inconsistent with the WTO panel report in the case *European Union – Countervailing and Anti-Dumping Duties on Stainless Steel Products from Indonesia (DS616)* ⁽²¹⁾. The company therefore considered that the requested information was not necessary for the Commission to reach WTO-consistent findings.
- (58) The company further stressed that it did not exercise control over related entities outside the Jushi Group and, therefore, was not in a position to compel those companies to provide the information requested by the Commission. It argued that, for this reason, the Commission should use the information that it already had on record for those related entities, rather than fully rejecting their information.
- (59) In that regard, the Commission noted that it has appealed the findings concerning cross-border subsidies in the panel report in DS616. Therefore, it disagrees that its approach is inconsistent with WTO case law. The Commission also referred to the Court of Justice's rulings which is detailed in recitals (69) - (70). Therefore, it maintained that the information requested was necessary and that the application of Article 28 of the basic Regulation was justified and warranted.
- (60) Furthermore, the Commission clarified that this review investigation covered any financial contribution provided by the GOC in the context of its close cooperation with the GOE, as specified in detail in the complaint. The financial contributions received by Jushi Egypt from the GOC covered in this proceeding can be provided by the GOC either directly, or indirectly via its parent companies that are under Chinese state control.
- (61) With regards to the exporting producer, the review investigation found that the Jushi Egypt's main parent companies are the China-based Jushi Group Co. Ltd (the 'Jushi Group') and another parent company (the 'second parent company') that is ultimately owned by a Chinese state-owned fund. The Jushi Group is wholly owned by China Jushi Co. Ltd ('Jushi China'), which is part of the China National Building Material Group Co. Ltd. ('CNBM group') and is ultimately controlled by the Chinese State-owned Assets Supervision and Administration Commission of the State Council ('SASAC').

⁽²¹⁾ See recital (69) of title 3.2 in this Regulation.

- (62) The Commission considers that the exporting producer and its parent companies are related within the meaning of Article 127 of Commission Implementing Regulation (EU) 2015/2447 ⁽²²⁾, which, as per the instructions of the questionnaire and the subsequent correspondence, warrants the submission of a subsidy questionnaire reply as a related party, which was deemed necessary for the investigation. The claim that the company could not compel its related entities to provide the requested information can therefore not be accepted. The Commission can legally rely on facts available under Article 28 of the basic Regulation when the necessary information is not provided or made available by parties, regardless of the reasons.
- (63) The Commission therefore rejected these claims. Accordingly, the Commission used for its analysis all facts available to it, in particular:
- The findings of the original investigation;
 - The findings of the most recent anti-subsidy investigations and expiry reviews carried out by the Commission concerning encouraged industries in China, such as:
 - The Commission Implementing Regulation imposing countervailing duties on imports of new battery electric vehicles originating in China ⁽²³⁾; and
 - The Commission Implementing Regulation imposing countervailing duties on imports of aluminium road wheels Originating in Morocco ⁽²⁴⁾; and
 - International benchmarks, such as the interest deposit rates and inflation rates for Egypt, as published by the World Bank.

3.2. Cooperation between Egypt and China and attribution analysis

- (64) Jushi Egypt is located in the SETC-Zone. The zone covers an area of 7,34 km², which is divided into a starting area of 1,34 km² and an expansion area of 6 km².
- (65) The original investigation found that this special economic zone was set up jointly by China and Egypt. The factual and legal background of the setup of the SETC-Zone was described in recitals (35) – (58) of the original investigation.
- (66) Against such background, in the original investigation the Commission had found that GOE endorsed the granting by the GOC of preferential financial support to the producers located in the SETC-Zone, in line with the agreed commitments to develop and support the economic activities within the zone.
- (67) During the pre-initiation consultations held with GOE, the government argued that the investigation of such ‘cross-country’ subsidies breached the WTO Agreement on Subsidies and Countervailing Measures (‘SCM Agreement’) and that there was no evidence that Egypt had ‘acknowledged and adopted’ Chinese subsidies. The GOE and the exporting producer repeated these claims throughout the investigation, claiming that there is no legal basis either in the SCM Agreement or in the basic Regulation to attribute to the GOE financial support provided from China to Jushi Egypt.

⁽²²⁾ Commission Implementing Regulation (EU) 2015/2447 of 24 November 2015 laying down detailed rules for implementing certain provisions of Regulation (EU) No 952/2013 of the European Parliament and of the Council laying down the Union Customs Code (OJ L 343, 29.12.2015, p. 558, ELI: http://data.europa.eu/eli/reg_impl/2015/2447/oj).

⁽²³⁾ Commission Implementing Regulation (EU) 2024/1866 of 3 July 2024 imposing a provisional countervailing duty on imports of new battery electric vehicles designed for the transport of persons originating in the People's Republic of China (OJ L, 2024/1866, 4.7.2024, ELI: http://data.europa.eu/eli/reg_impl/2024/1866/oj).

⁽²⁴⁾ Commission Implementing Regulation (EU) 2025/500 of 13 March 2025 imposing definitive countervailing duties on imports of certain aluminium road wheels originating in Morocco (OJ L, 2025/500, 14.3.2025, ELI: http://data.europa.eu/eli/reg_impl/2025/500/oj).

- (68) During the course of this investigation, the panel's report in *European Union – Countervailing Duties on Stainless Steel Cold-Rolled Flat Products from Indonesia (DS616)* was circulated. The panel found that attributing financial contributions provided by one government (Chinese state entities) to the government of another country (Indonesia) violates the SCM Agreement. The GOE and the exporting producer claimed that the Panel's findings validated its arguments on illegality of described attribution under the SCM Agreement and that the Commission should therefore terminate this investigation.
- (69) However, the Commission has appealed the findings of the panel described above, with no final decision yet delivered by the Dispute Settlement Body. Therefore, the panel's findings from DS616 case do not constitute a relevant precedent at this time. At the same time, in joined cases C-269/23P and C-272/23P⁽²⁵⁾ challenging the original Regulation as well as Implementing Regulation (EU) 2020/870, the Court of Justice ruled that a financial contribution given by the government of a country A to exporting entities established in country B can, in fact, be attributed to country B under certain conditions.
- (70) The Court of Justice held that under Articles 2 and 6 of the basic Regulation, a subsidy may take the form of a foreign investment, made by the government of a given third country (country A), in one or more companies established in another third country (country B), provided that the conduct of the latter country's government permits the inference that they granted that financial contribution to those companies, by formally granting it to them or by allowing them in practice to benefit from it⁽²⁶⁾. That may be the case, in particular, where the establishment of legislation, the adoption of a decision, the grant of an authorisation or the use of any other measure by country B is necessary to enable those companies to obtain, in the territory of the country B, a financial contribution from country A, whether that need is legal or arises from the fact that country A has, in practice, made entitlement to that financial contribution subject to such legislation, decision, authorisation or other measure.
- (71) As found in the original investigation, the GOC and the GOE closely cooperated in establishing the SETC-Zone as a zone with special legal and economic features, which enabled the GOC to pursue the aims of outward expansion of its industries under the 'Belt and Road' initiative and 'going out' policies, and to confer the facilities inherent to these initiatives. Such efforts by the GOE to set up the SETC-Zone, and extensive coordination with the GOC in relation thereto, clearly amount to conduct that permits the inference that the GOE granted those financial contributions to Jushi Egypt, by allowing the company in practice to benefit from it in the framework of the described cooperation.
- (72) No new evidence was submitted in the expiry review that would invalidate any of the conclusions reached in relation thereto.
- (73) Thus, the Commission concluded on the basis of the evidence available, that financial contributions in the form of preferential financing from Chinese public bodies to Jushi Egypt can be attributed to the GOE as the government of the country of origin or export under Article 3.1 (a) of the basic Regulation⁽²⁷⁾. In this specific case, the provision of financial support by the GOC or Chinese public bodies to Jushi Egypt can therefore be attributed to the GOE.
- (74) To establish whether there was continuation of subsidisation, the Commission examined whether the subsidies countervailed in the original investigation continued to confer a benefit to the exporting producer of GFR from Egypt.
- (75) Following the disclosure, the GOE repeated its claims that attributing to the GOE any financial support provided from China to Jushi Egypt is contrary to the provisions of the SCM Agreement and the basic Regulation, as confirmed in DS616, and that the Commission failed to establish, based on positive evidence, that the GOE granted, entrusted, directed, authorized or adopted any financial contribution allegedly provided by Chinese entities.

⁽²⁵⁾ Judgment of 28 November 2024, *Hengshi Egypt Fiberglass Fabrics SAE and Jushi Egypt for Fiberglass Industry SAE*, joined cases C-269/23P and C-272/23P, ECLI:EU:C:2024:984.

⁽²⁶⁾ Joined cases C-269/23P and C-272/23P, paras. 69 – 101.

⁽²⁷⁾ See, in particular, recitals (59) – (87) of the original Regulation.

- (76) The Commission highlighted that it has already explained in recitals (69) to (71) that the panel's findings in DS616 do not constitute a relevant precedent since the Commission has appealed those findings. At the same time, as described in the same recitals, the Court of Justice confirmed that such attribution is possible under the basic Regulation. In addition, the Commission considers that it had brought forward positive evidence, as set out in recital (71) to (73) and in the original regulation, that financial contributions in the form of preferential financing from Chinese public bodies to Jushi Egypt can be attributed to the GOE as the government of the country of origin or export.
- (77) In the absence of new arguments to the contrary, the Commission therefore dismissed the GOE's claims.

3.3. Direct transfer of funds in the form of the provision of preferential loans

3.3.1. Findings of the original investigation

- (78) The original investigation found that Jushi Egypt had been subsidised through the provision of preferential lending arrangements from Chinese policy banks, acting as public bodies within the meaning of Articles 2(b) and 3 of the basic Regulation. These loans were provided both directly to Jushi Egypt by the China Development Bank ('CDB') and the Export-Import Bank of China ('EXIM') ⁽²⁸⁾.
- (79) Furthermore, the Commission found that Jushi Egypt had been subsidised through the provision of preferential lending arrangements in the form of inter-company loans from its mother company, Jushi China ⁽²⁹⁾. Rather than Jushi Egypt getting the loans directly from the Chinese banks, Jushi China had financed those intracompany loans via external financing from Chinese financial institutions at preferential terms and then allocated the benefit of those loans to its manufacturing activities in Egypt (Jushi Egypt).
- (80) The Commission concluded that such financing constituted a financial contribution conferring a benefit and was specific within the meaning of the basic Regulation.

3.3.2. Continuation of subsidisation

- (81) Evidence collected during this investigation shows that the financing pattern found in the original investigation continued during the review investigation period. The exporting producer relied heavily on external financing provided by the related Chinese entities, mainly to finance its daily operations and to fund investment projects in the expansion of its production capacity.
- (82) More specifically, one part of the external financing was provided to Jushi Egypt by its parent companies in the form of long-term intracompany loans. Another part of the external financing came in the form of a range of short-term loans directly provided to the exporting producer by a privately-owned Hong Kong-based bank. In absolute terms, external financing in the form of bank loans accounted for a total amount in the same range as in the original investigation.
- (83) These intracompany loans were provided to Jushi Egypt by the Jushi Group and by its second parent company, of which the shareholding structures are described in recital (61), and these were provided, among others, to invest in the expansion of Jushi Egypt's production capacity.
- (84) The investigation revealed that Jushi Group itself relied on external financing from Chinese financial institutions that were all found in previous anti-subsidy investigations to be state-owned financial institutions that qualify as public bodies within the meaning of Article 2(b) of the Basic Regulation read in conjunction with Article 3(1)(a)(i) of the basic Regulation and in accordance with the relevant WTO case-law ⁽³⁰⁾.

⁽²⁸⁾ See recitals (111) – (172) of the original Regulation.

⁽²⁹⁾ See recitals (173) – (184) of the original Regulation.

⁽³⁰⁾ See, in particular, recitals (142) and (144) of the original Regulation and Implementing Regulation (EU) 2024/1866, recitals (463)-(465).

- (85) The presence and details of subsidy schemes and details regarding external financing at the level of the Jushi Egypt's second parent company have not been made available to the Commission, as referred to in recital (50). Neither was this the case for the parent companies of Jushi China, CNB and CNMB Group. The exact nature, number, amount, and preferential terms of loans at the level of the parent company are not publicly available information and could therefore not be precisely determined by the Commission.
- (86) Given the above, there was no evidence to suggest that subsidisation under this scheme was discontinued. In addition, since several of Jushi Egypt's parent companies did not cooperate, and on the grounds that money is fungible and can be transferred from one related entity to another regardless of the market where sales are taking place, the Commission concluded, based on the facts that were available to it, that Jushi Egypt continued to benefit from an intracompany financing structure that was similar to the original investigation.
- (87) The Commission therefore concluded that the subsidy scheme continued to exist and that, as in the original investigation, the parent companies had itself financed these intracompany loans via external financing from Chinese financial institutions. In other words, rather than Jushi Egypt getting the loans directly from the Chinese banks, its parent companies obtained the preferential financing from these institutions and then allocated the benefit of those loans to its manufacturing activities in Egypt (Jushi Egypt).
- (88) Furthermore, the Commission considered that the underlying preferential loans channelled through the Jushi Group and through the second parent company, which had its respective parent companies in China, are also attributable to the GOE, as set out in recital (73).
- (89) The Commission did not investigate further whether countervailable loans from policy banks directly to Jushi continued to exist. For the purpose of the current expiry review investigation, it was sufficient to demonstrate that there is continuation of subsidisation based on the preferential financing via intracompany loans, which constituted an important share of Jushi Egypt's overall means of financing in the review investigation period.

3.3.3. *Benefit*

- (90) The Commission assessed the benefit conferred on the recipients during the review investigation period. According to Article 6 (b) of the basic Regulation, the benefit conferred on the recipients is the difference between the amount of interest that the company pays on the preferential loan and the amount that the company would pay for a comparable commercial loan obtainable on the market.
- (91) As in the original investigation, the Commission analysed the loans as financial contributions from the GOC ⁽³¹⁾. In this context, as mentioned in recital (84) above, the Commission found that all State-owned Chinese financial institutions that provided loans to the Jushi Group and Jushi Egypt were public bodies.
- (92) The Commission thus compared the average interest rate that Jushi Egypt pays on the outstanding amount of the intracompany loan during the review investigation period with the amount that the parent company Jushi Group and the second parent company would have to pay for a comparable commercial loan obtainable on the market.
- (93) The company reported during the review investigation it was not assigned an individual credit rating, and that the Jushi Group was assigned a corporate credit AA+ rating by a Chinese rating entity in the investigation period of the original investigation. However, in the original investigation the Commission considered that the overall financial situation of the Jushi Group corresponded to a BB rating, which is the highest rating that no longer qualifies as 'investment grade', and that the use of US B (instead of BB) corporate bonds would be more appropriate to determine the market-based benchmark ⁽³²⁾. Given that no evidence was found in the review investigation that contradicted this assessment, the Commission maintained this approach.

⁽³¹⁾ See recitals (174) and (175) of the original Regulation.

⁽³²⁾ See, in particular, recitals (167) and (177) of the original Regulation.

- (94) The Commission therefore used as the appropriate benchmark to determine the market-based interest rate of intracompany loans denominated in USD, the applicable interest rate as set by the People's Bank of China adjusted with a mark-up. As a mark-up, the Commission used the relative spread between US AA and US B corporate bonds. For intracompany loans denominated in euro, the appropriate benchmark was considered to be below-investment grade EUR corporate bonds.
- (95) All the elements concerning the financing described above in section 3.3.2 show that Jushi Group and the second parent company allocated all the benefits from the preferential financing received from the Chinese financial institutions to Jushi Egypt. For all these reasons the calculated benefit was thus attributed to Jushi Egypt.

3.3.4. *Specificity*

- (96) As described in sections 3.1 and 3.2 above, the Commission concluded that the GOE was the granting authority with respect to the preferential financing. The GOE allowed Jushi Egypt in practice to benefit from preferential financing in the framework of the described cooperation with the GOC, acknowledging and adopting the designation by the GOC of the SETC-Zone as an overseas investment territory under Article 4 of the Cooperation Agreement and endorsed the fully-fledged implementation thereof by, inter alia, the GOC's provision of preferential financing.
- (97) Within that framework, these subsidies were limited to the companies set up in the SETC-Zone. The Commission therefore concluded that these were regional subsidies within the meaning of Article 4(3) of the basic Regulation and falling within the jurisdiction of the granting authority in accordance with Articles 4(2) through (4) of the basic Regulation.

3.3.5. *Conclusion*

- (98) In light of the above considerations and given that this investigation did not bring into light any information contradicting the original findings, the Commission concluded that Jushi Egypt continued to receive countervailable subsidies in the form of preferential financing from Chinese policy banks, in line with the policy stipulated in specific plans and directives referring to the GFR industry. Those loans were provided in the form of intracompany loans from its mother companies, the Jushi Group and the second parent company.
- (99) All subsidies found were established for the total turnover of the company. The subsidy amount was then allocated to the turnover of the product concerned sold to the Union for the review investigation period.
- (100) The subsidy rate found for preferential financing through loans from Chinese policy banks via the parent companies amounted to 1,23 %.

3.4. **Direct transfer of funds in the form of support for capital investment**

3.4.1. *Findings of the original investigation*

- (101) The original investigation found that Jushi Egypt also benefited from countervailable subsidies in the form of grants, channelled to it by CNBM, a state-controlled entity, by way of paid-in capital injections and transfer of funds through other types of capital accounts. These funds were needed to, in addition to the direct and intracompany loans described above, cover the financial needs of Jushi Egypt's investments ⁽³³⁾.
- (102) The original investigation found that, between 2012 and the original investigation period, Jushi Egypt's capital increased to 162 million USD ⁽³⁴⁾.

⁽³³⁾ See recitals (195) – (241) of the original Regulation.

⁽³⁴⁾ See recital (196) of the original Regulation.

3.4.2. *Legal basis*

(103) The core legal framework relevant for this scheme remained unchanged. Therefore, the Commission concluded the materially relevant legislation in the review investigation period remained the same as in the original investigation:

- 13th Five-Year Plan for the Development of Foreign Trade, issued by MOFCOM, 26 December 2016 and succeeded by the 14th Five-Year Plan for National Economic and Social Development and Long-Range Objectives for 2035 ⁽³⁵⁾;
- Guiding Opinions of the State Council on the Promotion of International Production Capacity and Equipment Manufacturing Cooperation, issued in 2015 ('Guiding Opinions');
- Building Materials Industry Development Plan 2016-2020, Ministry of Industry and Information Technology, GXBG [2016] No 315;
- The 13th Five-Year Plan for Fibre and Composite Materials Industry;
- Made in China 2025, State Council, July 7, 2015.

3.4.3. *Continuation of subsidisation*

- (104) The review investigation showed that based on Jushi Egypt's financial accounts, the paid-in capital of Jushi Egypt appeared to remain stable between the original investigation period and the review investigation period. The available evidence demonstrated that no additional equity injections to Jushi Egypt took place over the period concerned.
- (105) The Commission also found that the capital that was initially paid in by CNBM in China was still reported in the financial accounts of Jushi Egypt. On that basis, the Commission concluded that the capital was still available to the company and that the subsidisation under this scheme continued.

3.4.4. *Benefit*

- (106) In the original investigation, the Commission established the subsidisation amount for the investigation period by amortising the grant over a period of time. In doing so, the Commission decided to follow a conservative approach and used an amortisation period of 12 years, based on the assumption that the funding was used to fill the gap for the company's investment projects in manufacturing ⁽³⁶⁾.
- (107) To establish the subsidisation amount for the review investigation period, the Commission applied the same methodology and amortisation period as in the original investigation. On this basis, the Commission concluded that the benefit related to the support for the capital investments that were found in the original investigation and that were not fully depreciated according to the method described in the previous recital, constituted the benefit amount that applied in the review investigation period.

3.4.5. *Specificity*

- (108) The subsidy in question is specific within the meaning of Article 4(2)(c) of the basic Regulation taking into account that its availability is restricted to certain companies in Egypt established within the SCZone, and for the reasons set out in recitals (14) to (15) of this Regulation.

⁽³⁵⁾ See: https://www.gov.cn/xinwen/2021-03/13/content_5592681.htm. An English translation is available at: https://cset.georgetown.edu/wp-content/uploads/t0284_14th_Five_Year_Plan_EN.pdf.

⁽³⁶⁾ See recital (227) of the original Regulation.

3.4.6. *Comments on disclosure*

- (109) In its comments on the disclosure, in line with its comments already described in recital (9), the GOE repeated the claim that no financial contributions were demonstrated to have been provided to the Egyptian exporting producers by Egyptian public bodies or by private entities entrusted or directed by the GOE.
- (110) As no new arguments or evidence were presented to invalidate any of the conclusions reached in Sections 3.3 and 3.4 above, the Commission dismissed these claims.

3.4.7. *Conclusion*

- (111) In light of the above and in absence of any evidence to the contrary, the Commission concluded that during the review investigation period Jushi Egypt continued to benefit from paid-in capital injections and transfers of funds through other types of capital accounts just as in the original investigation.
- (112) Therefore, in light of the above considerations, the Commission concluded that Jushi Egypt continued to benefit from countervailable subsidies in the form of the support for capital investments.
- (113) All subsidies found were established for the total turnover of the company. The subsidy amount was then allocated to the turnover of the product concerned sold to the Union.
- (114) The subsidy rate found for direct transfer of funds in the form of support for capital investment amounted to 0,44 %.

3.5. **Government revenue forgone or not collected that is otherwise due in the form of Value Added Tax ('VAT') exemptions and import tariff rebates for the use of imported equipment**

3.5.1. *Findings of the original investigation*

- (115) The original investigation found that Jushi Egypt benefitted from an exemption from VAT and import tariffs for imports of equipment used in the production process of the companies located in the SCZone ⁽³⁷⁾.
- (116) The original investigation found that, according to Article 22 of Law 83/2002, as amended by Law No. 27/2015 Amending some Provisions of Law of Economic Zone of Special Nature issued by Law No. 83/2002 ('Law 27/2015'), the SCZone is part of a separate customs area in Egypt. According to Article 42 of Law 83/2002, imported equipment, tools, or apparatus shall be exempted from import taxes and duties as long as they are allocated to produced goods or services for the licensed activity within the SCZone.
- (117) As concerns VAT treatment, the original investigation found that companies located outside of the SCZone pay import VAT upfront and net it against the VAT on their domestic sales or, if applicable, apply for a refund when finished goods are exported. For companies located in the SCZone, VAT is withheld and is thus initially not charged. Tax authorities only retained a right to reclaim VAT afterwards.
- (118) The original investigation found that companies located in mainland Egypt (outside the SCZone) that buy machines subject to the applicable VAT rate should utilize the amounts of VAT they pay as a credit against future payments. However, where the credit balance is retained for more than 6 consecutive tax periods (months), which will be the case for companies heavily engaging in exports which thus cannot offset input VAT as a credit against future payments, the registered person shall apply for a refund of the outstanding balance. The Egyptian Tax Authority should check the correctness of the balance and refund within 45 days of the date of submitting the application.

⁽³⁷⁾ See recitals (290) – (306) of the original Regulation.

- (119) Against this background, in the original investigation the Commission considered that the amount of import taxes and duties which companies in SCZone are exempted from constituted a countervailable financial contribution. The reason being that any equipment used in the manufacturing of products, including the product under review, will in all likelihood be used for its entire useful life within the Egyptian territory without being re-exported or sold domestically. There is therefore no rationale for granting an exemption from taxes or duties on import of such equipment, other than benefiting the companies located in the SCZone. This therefore constitutes revenue forgone in the amounts of import taxes and duties not collected on import of such equipment. In order to ensure that the countervailable amount only covered the investigation period the benefit received was amortized over the useful life of the equipment.
- (120) As concerns VAT treatment of machinery imported for production in the SCZone, in the original investigation the Commission considered withheld VAT as benefit only insofar as withholding it had a positive impact on the cash flow of a company in SCZone, as opposed to companies in the rest of Egypt, which would have to pay the VAT upfront ⁽³⁸⁾. As a result, the cash flow benefit on the VAT withheld was considered to be equivalent to the average interest rate on deposits in Egypt during the original investigation period, applied to the VAT amounts which were withheld for goods purchased since 2017.
- (121) The Commission therefore examined whether this legal framework was still in place and if Jushi Egypt continued to benefit from this scheme in the review investigation period.

3.5.2. *Legal basis*

- (122) The core legal framework relevant for this scheme remained unchanged, although customs procedural framework has been modernised. New Customs Law No. 207 was enacted in 2020 ('Law 207/2020'), replacing the old Law No. 66 of 1963. The new Law 207/2020, which applies nationally, unified customs procedures (including those for special economic zones) and consolidated tax exemptions that were scattered under different laws. The GOE highlighted, however, that the Law 207/2020 did not alter the specific customs duty regime that applies in the SCZone.
- (123) Therefore, the Commission concluded the materially relevant legislation in the review investigation period remained the same as in the original investigation:
- Law 83/2002 on Economic Zones of a Special Nature ('Law 83/2002'),
 - Decree of the President of the Arab Republic of Egypt on Law No 27/2015 Amending some Provisions of Law of Economic Zone of Special Nature issued by Law No 83/2002 ('Law 27/2015'),
 - Investment Law No. 72 of 2017 ('Law 72/2017'),
 - The Prime Minister's Draft Resolution No. (2310) of 2017 Concerning issuing the Executive Regulations of Investment Law Issued by virtue of Law No. 72 of 2017,
 - Value Added Tax Law No. (67) of 2016 ('Law 67/2016') and
 - Executive Regulations of the VAT Law, Decree of the Ministry of Finance No. 66/2017.

3.5.3. *Continuation of subsidisation*

- (124) The rules governing the exemption from import taxes and duties of machinery imported into SCZone, as well as its special VAT treatment, compared to the rest of Egypt, as described in recitals (115) to (120) above thus remained unchanged from the original investigation.

⁽³⁸⁾ See, in particular, recitals (303), (305) and (307) of the original Regulation.

- (125) Evidence collected during this review investigation showed that Jushi Egypt continued to import substantial volumes of new equipment in the period between the end of the original investigation and the end of the review investigation period. Both the company and the GOE confirmed that companies that operate in the SCZone, which includes Jushi Egypt, continued to benefit from import duty rebates and VAT exemptions on equipment that was imported into the SCZone in the same manner as in the original investigation and without having to pay a deposit.
- (126) Furthermore, to calculate the subsidy amount under this scheme in the original investigation period, the Commission amortized the benefit received over the useful life of the equipment that Jushi Egypt imported. Most of the equipment on which these calculations were based in the original investigation was still being depreciated in the review investigation period. Therefore, as a mathematical necessity, the exporting producer continued to receive benefit under this scheme concerning that equipment also in the review investigation period.
- (127) As the legal framework has not changed from the original investigation and based on the evidence collected in the current investigation, the Commission concluded that the company benefitted from this scheme with regard to that equipment in the same way as in the original investigation.

3.5.4. *Specificity*

- (128) As established both in the original and current investigations, Article 42 of Law 83/2002 specifically provides for an exemption of import duties on equipment, tools, or apparatus insofar they are allocated to produced goods or services for the licensed activity within the SCZone. This exemption is not applicable for importation of equipment into the rest of Egypt.
- (129) As concerns the special VAT treatment, as was explained in recitals (120) and (122) above, just as in the original investigation, the Commission considered that the fact that VAT on equipment imported into the SCZone could be withheld resulted in a positive impact on a cash flow of a company in SCZone, as opposed to companies in the rest of Egypt which would have to pay the VAT upfront. The Commission therefore found no reason to change its conclusions.
- (130) The Commission thus concluded that this subsidy continued to be specific within the meaning of Article 4(2)(a) of the basic Regulation, as it is not generally applicable in Egypt, and applies only to the companies located in Economic Zones of a Special Nature, such as the SCZone.

3.5.5. *Benefit*

- (131) The amount of this countervailable subsidy is calculated in terms of the benefit conferred on the recipient, which was found to exist during review the investigation period. The benefit conferred on the recipient is considered to be:
- (a) The amount of customs duties exempted on the imported equipment that was purchased by the company, and was in use and not yet fully depreciated in the review investigation period. To ensure that the countervailable amount only covered the review investigation period, the benefit received was amortized over the useful life of the equipment according to the company's normal accounting procedures, except for one of the asset categories, where the amortization period was adapted to better reflect the actual useful life, as verified by the Commission services; and
 - (b) The cash flow advantage to the exporting producers on VAT exemptions regarding imported equipment that was purchased by the company and was in use and not yet fully depreciated in the review investigation period. To ensure that the countervailable amount of the VAT exemption only covered the review investigation period, the amount was amortized as described in the previous indent. Subsequently, the cash flow benefit conferred on the recipient was considered to be equal to the average interest rate on deposits in Egypt during the review investigation period (19,2 %) ⁽³⁹⁾, applied to the withheld VAT amounts that were applicable in the review investigation period.

⁽³⁹⁾ Deposit interest rate (%) for the Arab Republic of Egypt for the year 2024, reported by the World Bank Group. Consulted on 15 May 2026, available on <https://data.worldbank.org/indicator/FR.INR.DPST?locations=EG>.

3.5.6. *Conclusion*

- (132) In light of the above considerations, and absent any argument to the contrary, the Commission concluded that the GFR producer in Egypt continued to benefit from this scheme. In view of the existence of a financial contribution, a benefit conferred and specificity, this subsidy programme continues to be considered countervailable.
- (133) The subsidy rate established, as per recital (99), with regard to this type of subsidies regarding imported equipment was 0,08 % for VAT exemptions and 0,35 % for import tariff rebates.

3.6. **Government revenue forgone or not collected that is otherwise due in the form of VAT exemptions and import tariff waivers for imported input materials used in exported finished goods**

3.6.1. *Findings of the original investigation*

- (134) In the original investigation, the Commission found that companies operating in a special economic zone, such as the SCZone where Jushi Egypt is located, benefitted from VAT exemptions and import tariff waivers for imported input materials ⁽⁴⁰⁾.
- (135) According to article 42 of Law 83/2002, imported raw materials, supplies, spare parts, and any other material or components imported from overseas shall be exempted from payment of taxes and duties insofar they are allocated to produced goods or services for the licensed activity within the SCZone. On the other hand, all taxes and duties need to be paid for any products released into the domestic market outside of the SCZone. However, considering that the SCZone is part of a separate customs area, as mentioned in recital (116) above, all taxes and duties need to be paid for any products released into the domestic Egyptian market outside of the SCZone.
- (136) In the original investigation the Commission found that, in line with the provisions of the Law 83/2002, the exporting producer had received waivers for import duties on input materials used in the production of the exported product concerned. Such a setup corresponds to a duty drawback scheme as described in Annex I(i) of the basic Regulation. Pursuant to point (i) of Annex I, substitution drawback systems can constitute an export subsidy to the extent that they result in an excess drawback of the import charges levied initially on the imported inputs for which drawback is being claimed.
- (137) The Commission concluded in the original investigation that a duty drawback monitoring system, which could verify that no excess drawback of the import charges was taking place, had not been effectively applied during the original investigation period. The Commission therefore considered this duty drawback scheme countervailable.
- (138) The VAT treatment of imported materials was found to be the same as for imported machinery described in section 3.5 above: VAT on imported goods was withheld instead of being paid upfront in the SCZone, which resulted in a positive impact on the cash flow of a company in the SCZone as opposed to companies in the rest of Egypt. Tax authorities only retain a right to reclaim VAT afterwards.
- (139) In this investigation the Commission thus sought to examine whether a reliable verification system to check that no excess drawback of the import charges was taking place existed during the review investigation period, whether the legal framework governing VAT exemptions on imported materials remained in place, and whether Jushi Egypt continued to benefit from this scheme in the review investigation period.

3.6.2. *Legal basis*

- (140) Just as was the case regarding the importation of equipment into the SCZone, as explained in recitals (122) and (123) above, the legal framework relevant for this scheme remained unchanged. However, the customs procedural framework has been modernised since the original investigation with the introduction of the new customs Law 207/2020 and relevant by-laws, which initiated novelties into the functioning of customs procedures.

⁽⁴⁰⁾ See recitals (309) – (321) of the original Regulation.

(141) Therefore, the Commission concluded that the legislation relevant for the examination of this scheme in the review investigation period was:

- Decree of the Chairman of Customs Authority No. 34 of 2020 ('Decree 34/2020') on establishing a dedicated Committee to oversee goods entering and leaving the SCZone (the 'SCZone Customs Committee');
- Law No 83/2002 on Economic Zones of a Special Nature ('Law 83/2002');
- Decree of the President of the Arab Republic of Egypt on Law No 27/2015 Amending some Provisions of Law of Economic Zone of Special Nature issued by Law No 83/2002 ('Law 27/2015');
- Investment Law as Enacted by Law No 72 of 2017;
- The Prime Minister's Draft Resolution No. (2310) of 2017 Concerning issuing the Executive Regulations of Investment Law Issued by virtue of Law No. 72 of 2017;
- VAT Law as Enacted by Law No 67 of 2016;
- Executive Regulations of the VAT Law, Decree of the Ministry of Finance No. 66/2017; and
- Customs Law 207/2020 (as referred to in recital (122)).

3.6.3. Continuation of subsidisation

(142) The rules on the exemption from import taxes and duties of materials imported into SCZone, as well as its special VAT treatment compared to the rest of Egypt, described in recital (138) above, as governed by the Law 83/2002 and other material legislation specifically relating to special economic zones such as the SCZone, thus remained unchanged from the original investigation.

(143) Evidence collected during this review investigation shows that Jushi Egypt continued to import nearly all its input materials in the review investigation period from countries outside Egypt. It also showed that in the same period a share of the product under review produced by Jushi Egypt was sold on the domestic market in Egypt.

(144) Concerning the collection of taxes and duties on imported input materials, both the GOE and Jushi Egypt confirmed that the payment of customs duties on the importation of those materials into the SCZone is suspended, since the SCZone is considered a separate customs area, and that companies located in the SCZone are exempted from paying VAT on those purchases. Instead, as described in recital (135), only if the final products are subsequently imported into Egypt, the import duties and VAT on raw materials are paid by the customer in Egypt, based on the value of the imported products.

(145) In its questionnaire reply and subsequent exchanges with the Commission, the GOE explained that the new customs Law 207/2020 unified customs procedures, including those for special economic zones.

(146) The main change as compared to the original investigation period was the procedural modernisation, specifically the introduction and mandatory implementation of the Advanced Cargo Information ('ACI') system through the IT platform/interface called 'Nafeza' ⁽⁴¹⁾, which digitises the tax collection and assessment process. In addition, the Nafeza system automatically calculates duties and VAT on imported inputs. The GOE explained that the General Authority for the SCZone has access to specific modules of this system, relevant to approve permits and monitor stocks for companies in the SCZone, ensuring integration between the SCZone's approvals and Customs Authority's clearances.

⁽⁴¹⁾ Acronym for 'National Single Window for Foreign Trade Facilitation'.

- (147) The GOE and the company also explained that the General Authority of the SCZone and the Customs Authority monitor the destination of finished products from the SCZone with the help of 'destination certificates'. Producers in the SCZone need to submit such certificates both for sales of finished products into the domestic market in Egypt and for exports. The Customs Authority calculates the proportion of domestic sales out of all sales recorded for a given producer and determines the tax burden on imported inputs on that basis. The GOE explained that Customs Authorities keep company-specific files for these calculations.
- (148) In addition, considering that the SCZone is a separate customs area in Egypt, a dedicated SCZone Customs Committee was established by the Decree 34/2020, to monitor inputs imported into and products exported out of the SCZone. The GOE claimed that with the new IT infrastructure, the General Authority can track the inventory of companies within the SCZone in real time. Production formulations of final products provided by the producers are relied on to determine the amount of import duties that need to be paid on imports of inputs when the downstream product is sold into the Egyptian market.
- (149) Finally, the GOE also claimed that post-clearance audits are undertaken to verify that what was declared at the time of customs clearance or exportation corresponds to what is actually recorded in the companies' accounts and records. However, such audits did not take place at Jushi Egypt during the review investigation period.
- (150) The legal and procedural framework for a duty drawback monitoring system thus seemed to be in place. The Commission was, however, unable to verify whether it effectively operated in practice.
- (151) First, the GOE provided the inbound and outbound transaction summaries of Jushi Egypt for the financial years 2023 to 2024 and 2024 to 2025. This information was, however, limited to the overall weight and value of all inputs imported and exports of products in the period. These files showed that certain sales of final products to the domestic Egyptian market took place. However, these files did not show any calculations of the amount of import duties that would need to be paid on inputs used in production of these products, described in recital (147) above.
- (152) The Commission received no verifiable documents that showed the calculations of the VAT and import duties that were levied on input materials that were imported by Jushi Egypt and subsequently used in the company's production of goods that were destined for sales to the Egyptian domestic market.
- (153) Second, during the verification visits of the GOE and Jushi Egypt it was not possible for the Commission to see the functioning and interface of Nafeza system as described above. Therefore, the Commission was not able to verify how the system actually works and that import duties drawbacks could be or were being effectively monitored through the system.
- (154) Third, no documentary evidence was provided that the GOE performed any on-spot checks or audit of Jushi Egypt's inventories of input materials in the review investigation period.
- (155) The GOE was requested in the deficiency letter to provide company-specific files mentioned in recitals (146) and (147) above for Jushi Egypt, showing the calculation of the amounts of VAT and import duties to be paid on imported raw materials used in the production of goods which have been sold on the domestic market. However, only after the verification visit the GOE submitted an electronic file listing all the transactions of imported materials and the amount of duties and VAT that would normally have to be paid on those imports, had they not been imported into the SCZone. While at face value it appeared to corroborate the existence of a system that calculates duties and VAT normally due on imported inputs into the SCZone, the Commission could no longer verify this document.
- (156) The Commission was therefore not able to confirm that a reliable verification system to monitor and prevent excess drawback of the import charges exists or is being effectively implemented. This was communicated to the GOE by means of a Note Verbale ⁽⁴²⁾, highlighting that the Commission intends to apply Article 28 of the basic Regulation and base its conclusions on the facts available with regard to this point.

⁽⁴²⁾ See recitals (51) - (56) above.

- (157) In their comments objecting to the application of Article 28 of the basic Regulation provided after the deadline, as referred to in recital (51) above, the GOE claimed that the files with company-specific calculations of VAT and customs duty mentioned in recital (152) above, constitute internal company documents and were not in possession of the General Authority of the SCZone. However, the Commission considered this to be a moot point and not in line with previous explanations: the GOE stated in its questionnaire reply that the Customs Authority keeps these files. They could have, therefore, been provided in the course of the investigation.
- (158) The GOE also claimed that, during the verification visit, the Commission was granted access to the Customs Administration staff at the premises of the General Authority and was allowed to view the Nafeza interface. The Commission did not dispute that the case team was allowed access to the staff to discuss and observe the interface of the system and headline data for Jushi Egypt. However, it was explained by said staff that the Nafeza system functionalities, which show how the GOE calculates and monitors the collection of VAT and import duties, could not be accessed from that station. The Commission was therefore unable to verify the functioning of the system in real time during the verification visit.
- (159) Therefore, as described above, despite a new legislative framework for monitoring the duty drawback system being in place, the Commission was not provided with evidence showing that the new framework was effectively applied in practice. The Commission therefore concluded the duty exemption scheme did not have all the characteristics of a permissible duty drawback system within the meaning of Article 3(1)(a)(ii) of the basic Regulation, nor did the scheme conform to the rules laid down in Annex I item (I) and Annex II (definition and rules for drawback) of the basic Regulation. It was not demonstrated that there was an effective system or procedure in place to confirm which inputs were consumed in the production of the products sold to the domestic market and in what amounts. In addition, the GOE did not carry out an examination or an audit of actual inputs involved.
- (160) As concerns the VAT treatment of imported materials, even if such a system would be in place, the Commission considered, just as in the original investigation, that the fact that VAT on raw materials imported into the SCZone was being withheld resulted in a positive impact on a cash flow of companies in the SCZone. Companies operating outside the SCZone must pay the VAT upfront, thereby preventing them from benefiting from interest on the withheld VAT. The Commission found no reason to change its conclusions in that regard.
- (161) As mentioned in recital (143), evidence collected in the investigation showed that Jushi Egypt imported raw materials into the SCZone during the period concerned and made sales to the domestic Egyptian market. As the legal framework governing VAT and import duty exemption has not changed from the original investigation, and no reliable verification system to monitor and prevent excess drawback of the customs duties for imports of raw materials was shown to exist, the Commission concluded that the company benefitted from this scheme in the same way as in the original investigation.

3.6.4. *Specificity*

- (162) As was established also in the original investigation, excess remissions are specific within the meaning of Article 4(2)(a) of the basic Regulation as they are not generally applicable in Egypt and apply only to the companies located in the SCZone. Similarly, the cash flow benefit from the VAT exemption is specific since the legislation limits the VAT exemption only to enterprises that are located within the SCZone.
- (163) The Commission thus concluded that this subsidy continued to be specific within the meaning of Article 4(2)(a) of the basic Regulation, as it is not generally applicable in Egypt, and applies only to the companies located in Economic Zones of a Special Nature, such as the SCZone.

3.6.5. *Benefit*

- (164) The amount of this countervailable subsidy is calculated in terms of the benefit conferred on the recipient, which is found to exist during the review investigation period.
- (165) Concerning the import duties, the benefit conferred on the recipient is considered to be the difference between the amount of import duties due during the review investigation period and the actual amount of import duties paid during the same period.

- (166) As was the case in the original investigation, to determine the amount of import duties due, it first established the quantity of materials imported during the review investigation period. Second, it calculated the ratio between the domestic sales in comparison with the total production of Jushi Egypt. Third, the Commission applied this domestic sales ratio to the total volume of imported materials, and it determined the quantity of imported materials for which import duties would be due.
- (167) Finally, in order to establish the amount of benefit regarding import duties, the Commission calculated the amount of import duty payable for the quantities of materials used for the production of goods sold on the domestic market.
- (168) Concerning the revenue foregone in the form of a de facto VAT exemption, as was the case in the original investigation, the cash flow benefit referred to in recital (160) was considered to be equivalent to the average interest rate on deposits in Egypt during the review investigation period (19,2 %) ⁽⁴³⁾, applied to the VAT amounts which were withheld for materials purchased since 2017. Specifically for VAT amounts that were withheld during the review investigation period, this amount was calculated pro rata to the number of days within the review investigation period.
- (169) The GOE also claimed during the review investigation that, as confirmed by WTO Appellate Body in *EU – PET (Pakistan)* (DS486) case, in the context of duty drawback schemes, the financial contribution element of the subsidy is limited to the excess remission or drawback of import charges on inputs and does not encompass the entire amount of the remission or drawback of import charges.
- (170) The Commission, however, did not consider this claim pertinent since the Commission cannot change the level of subsidy margins in expiry review investigations from the margins that were established in the original investigation. The Commission merely examines if the same schemes are still in place, i.e., if there is a likelihood of continuation or recurrence of subsidisation. If these findings are affirmative, the level of duties calculated in the original investigation will be applied unchanged. Finally, in its calculations in the original investigation the Commission did, in fact, countervail only the excess drawback of the import charges, i.e. the charges which ought to have been levied on input materials processed into GFR which was then sold to the domestic market in Egypt ⁽⁴⁴⁾. The Commission therefore dismissed this argument as moot.

3.6.6. *Comments on disclosure*

- (171) First, in its comments on disclosure, the GOE reiterated the claim the VAT regime applicable in the Suez Canal Economic Zone forms part of Egypt's general taxation system and does not constitute government revenue otherwise due that is forgone. The GOE did not bring forward, however, any additional arguments or evidence to invalidate any of the conclusions the Commission reached in sections 3.5 and 3.6 above as concerns the VAT treatment of materials and machinery imported into the SCZone. This claim was therefore rejected.
- (172) Second, similarly to the above claim, the GOE reiterated its claim that the customs regime operates under a comprehensive monitoring and verification mechanism, and that the Commission failed to demonstrate any excess remission of duties taking place, without additional arguments or evidence to contest the Commission's conclusions outlined in sections 3.5 and 3.6 above.
- (173) The Commission already explained why the exemption of machinery imported into the SCZone from import duties and taxes constitutes revenue forgone ⁽⁴⁵⁾ and why it did not consider that a reliable verification system to monitor and prevent excess drawback of the import charges on imported materials exists or is being effectively implemented ⁽⁴⁶⁾. The Commission therefore rejected these claims as unfounded.

⁽⁴³⁾ Deposit interest rate (%) for the Arab Republic of Egypt for the year 2024, reported by the World Bank Group. Consulted on 15 May 2026, available on <https://data.worldbank.org/indicator/FR.INR.DPST?locations=EG>.

⁽⁴⁴⁾ See recitals (309) – (321) of the original Regulation.

⁽⁴⁵⁾ See, in particular, recital (119) above.

⁽⁴⁶⁾ See, in particular, recitals (150) to (159) above.

3.6.7. Conclusion

- (174) In light of the above considerations, and absent any argument to the contrary, the Commission concluded that the GFR producer in Egypt continued to benefit from this scheme. In view of the existence of a financial contribution, a benefit conferred and specificity, this subsidy programme continues to be considered countervailable.
- (175) The subsidy rates established, as per recital (99), with regard to this type of subsidies regarding imported input materials was 1,57 % for VAT exemptions and 0,11 % for import tariff rebates.

3.7. Government revenue foregone through Direct Tax Exemption and Reduction programmes

3.7.1. Findings of the original investigation

- (176) The original investigation found that Jushi Egypt benefitted from enterprise income tax privileges ⁽⁴⁷⁾, based on a special accounting standard and a special tax rule for treating foreign exchange differences, which were introduced by the GOE. As referenced to in recital (289) of the original Regulation, this legislation was introduced in order to address sudden currency fluctuations caused by the introduction of a floating exchange rate for the EGP in 2016. As a result of these rules, companies were allowed to deduct foreign exchange differences due to the devaluation of the EGP from their taxable income more extensively.
- (177) Although this legislation was generally applicable to all companies in Egypt and was meant to offset the negative effects of the devaluation of the Egyptian currency, it *de facto* created a substantial benefit for the companies that are export oriented and operate their business almost entirely in foreign currencies such as USD or EUR, which was found to be the case for Jushi Egypt. This category of companies did not incur any significant actual losses as a consequence of the devaluation of the EGP but could benefit from the special accounting standard issued by the GOE for tax purposes. On the other hand, Egyptian companies operating their business in EGP had suffered actual losses that had a real impact on their business, which was addressed by the special tax rule issued by the GOE.
- (178) The Commission therefore examined whether the relevant legislation was still applicable and if Jushi Egypt continued to benefit from this scheme in the review investigation period.

3.7.2. Legal basis

- (179) The GOE confirmed that the laws concerning corporate taxation remain the same as they were in the original investigation. The GOE also confirmed that the special accounting treatment continued to exist in the review period considered, with decrees in 2022, 2023, and 2024 reintroducing/extending this accounting standard. The legal basis applicable during the period considered therefore were:
- The Income Tax Law as enacted by law 91 of 2005; and
 - Prime Ministerial Decree No. 4706 of 2022, and subsequent amendments thereof (Prime Ministerial Decree 1847 of 2023 and Prime Ministerial Decree 1711 of 2024).
- (180) Apart from limited amendments, the rules on corporate income tax have, thus, not substantively changed from the original investigation. As concerns the accounting standard itself, the GOE explained that the currency devaluation that took place in the review period considered resulted in abnormal currency fluctuations. For that reason, the GOE reintroduced the Annex 'The Effects of Changes in Currencies Exchange Rates' to the Egyptian Accounting Standard (EAS) No. 13.

⁽⁴⁷⁾ See recitals (287) – (289) of the original Regulation.

3.7.3. Continuation of subsidisation

- (181) Based on the regulations referred to in the previous section, the Commission concluded that rules allowing companies to deduct foreign exchange differences due to the devaluation of the EGP from their taxable income, as established in the original investigation, applied to the same effect in the review investigation period.
- (182) The Commission then sought to establish whether Jushi Egypt continued to operate its business almost entirely in foreign currencies. Based on the evidence collected during the review investigation, the Commission established that the external financing provided by Chinese entities during the review investigation period, referred to in recital (81) above, was provided to the company exclusively in foreign currency. The same conclusion applied to the company's imports of equipment and input materials referred to in sections 3.5.3 and 3.6.3, which as well were purchased exclusively in foreign currency. Finally, the company's records showed that a vast majority of its production is intended for export, and consequently a large proportion of its sales were conducted as well in foreign currency. In light of this, the Commission concluded that Jushi Egypt continued to conduct its business almost entirely in foreign currencies.

3.7.4. Specificity

- (183) The Commission considered that this subsidy is *de facto* specific to the exporting producer Jushi Egypt, as this subsidy creates a substantial benefit for a limited group of companies operating almost exclusively in foreign currencies.
- (184) The GOE claimed in the course of the review investigation that this scheme could not be considered a subsidy, as it concerns a general accounting rule applicable to all companies in Egypt, which was introduced as a regulatory response to hyperinflationary pressures.
- (185) The Commission did not dispute the fact that this rule is generally applicable to all companies in Egypt. However, as in the original investigation, the Commission maintained that the companies that are mainly export oriented and operate their business almost entirely in foreign currencies such as USD or EUR benefited disproportionately from this legislation, while Egyptian companies that conduct their business only in EGP could not benefit from the legislation.
- (186) Namely, export-oriented companies which conduct their business mostly in foreign currencies would not incur any significant actual losses as a consequence of the devaluation of the EGP, since the exchange rate losses suffered on their purchases/liabilities in USD could be offset by the exchange rate gains on their sales in USD. As a result, instead of offsetting a loss, this legislation actually created a tax benefit, which this type of companies could specifically benefit from.
- (187) The Commission thus rejected the claim and concluded that this subsidy continued to be *de facto* specific to the exporting producers Jushi Egypt, in accordance with Article 4(2)(c) of the basic Regulation.

3.7.5. Benefit

- (188) As in the original investigation, the Commission considered that the benefit conferred on the recipient is equal to the tax benefit incurred under this scheme.
- (189) The benefit to Jushi Egypt was established on the basis of the information contained in the company's income tax declaration for the financial year 2024. First, the amount was established that was deducted from the taxable income under the accounting standard referred to in recital (180). Second, the generally applicable enterprise income tax rate of 22,5 % was applied to this deducted amount.

3.7.6. Comments on disclosure

- (190) In its comments on disclosure, the GOE reiterated the claim that the tax treatment of foreign exchange losses, described in section 3.7 above, was adopted as a general response to exceptional macroeconomic circumstances, and it thus neither confers a specific benefit nor constitutes a countervailable subsidy. The GOE did not, however, bring forward any additional arguments or evidence in support of that claim. That claim was therefore rejected.

3.7.7. Conclusion

- (191) In light of the above considerations, the Commission concluded that the GFR producer in Egypt continued to benefit from this scheme. In view of the existence of a financial contribution, a benefit conferred and specificity, this subsidy programme continues to be considered countervailable.
- (192) The subsidy rate established, as per recital (99), with regard to this type of subsidies regarding the enterprise income tax deduction was 7,35 %.

3.8. Provision of land for less than adequate remuneration

3.8.1. Findings of the original investigation

- (193) The original investigation found that Jushi Egypt was awarded land at less than adequate remuneration. In particular, Jushi Egypt bought land from the Egypt China Joint Venture Company ('ECJV') and its successor TEDA Egypt at prices set in a non-transparent manner by public bodies or private bodies entrusted or directed by the State.
- (194) With the promulgation of Law 83/2002, the ownership of all state land in the SCZone was vested with the General Authority. Since the adoption of Law 27/2015, it is no longer possible to purchase the full ownership of land from the General Authority. The General Authority gives only usufruct rights of the land to the Main Development Company ('MDC'), an Egyptian developer. The MDC then puts the usufruct of the land up for bidding to sub-developers such as TEDA Egypt. These sub-developers subsequently rent out the land to the companies located in the zone.
- (195) However, entities which owned land in the area prior to these legislative changes, retained and could transfer the ownership of that land. Jushi Egypt could thus buy a plot of land from TEDA Egypt in 2011, when it began setting up its plant. TEDA Egypt acquired this plot from its predecessor, ECJV, who in 1998 acquired it from the Suez Governorate at a low price (less than 1 USD/m²), and without any bidding procedure. Following the initial purchase in 1998, TEDA Egypt invested in basic infrastructure to make the undeveloped desert land viable for industrial projects.
- (196) In the original investigation the Commission also concluded that ECJV and TEDA Egypt were public bodies within the meaning of Articles 3 and 2(b) of the basic Regulation. Even if they had not been public bodies, they would at least have been considered entrusted or directed by the GOC and the GOE to carry out functions normally vested in the government within the meaning of Article 3(1)(a)(iv) of the basic Regulation. Thus, their conduct would be attributed to the GOE in any event ⁽⁴⁸⁾.
- (197) In addition, Jushi Egypt purchased another plot of land from another Egyptian development company – Wadi Degla – in 2016. The Commission considered that this developer had also been entrusted or directed by the State in the sense of Article 3(1)(a)(iv), first indent of the basic Regulation to pursue governmental policies and provide land at a preferential price to Jushi Egypt ⁽⁴⁹⁾.
- (198) The Commission therefore concluded that Jushi Egypt was receiving a benefit from the GOE in the original investigation period, in the form of provision of land for less than adequate remuneration, which should be considered a subsidy within the meaning of Article 3(1)(a)(iii) and Article 3(2) of the basic Regulation. The programme was found to be specific within the meaning of Article 4(2)(a) as it had been directed only to certain companies in a particular geographical area ⁽⁵⁰⁾.

⁽⁴⁸⁾ See recitals (259) – (260) of the original Regulation.

⁽⁴⁹⁾ See recitals (263) – (265) of the original Regulation.

⁽⁵⁰⁾ See recitals (270) – (272) of the original Regulation.

3.8.2. *Legal basis*

(199) This investigation confirmed that the legal framework remained the same as in the original investigation:

- Law No 83/2002 on Economic Zones of a Special Nature ('Law 83/2002');
- Decree of the President of the Arab Republic of Egypt on Law No 27/2015 Amending some Provisions of Law of Economic Zone of Special Nature issued by Law No 83/2002 ('Law 27/2015');
- Law No. 8 of 1997 On Investment Guarantees and Incentives ('Law 8/1997')
- Investment Law as Enacted by Law No. 72 of 2017; and
- The Prime Minister's Draft Resolution No. (2310) of 2017 Concerning issuing the Executive Regulations of Investment Law Issued by virtue of Law No. 72 of 2017.

3.8.3. *Continuation of subsidisation*

- (200) As explained in recital (199) above, the rules governing land use in the SCZone have not changed since the original investigation, which was confirmed by the GOE. The General Authority of the SCZone cannot sell the land that it owns in the SCZone, but allocates it by means of usufruct or concessions to the development companies, who then market and develop the land, and grant use rights on this land to production companies for a price they consider appropriate.
- (201) TEDA Egypt has usufruct rights over the land it develops, as was already established in the original investigation. A committee of experts periodically values the land, which serves as the basis on which the General Authority establishes the price in usufruct contracts.
- (202) In the original investigation, the subsidy amount for Jushi Egypt was calculated by comparing the prices that Jushi Egypt paid per square meter of land in 2011 and 2016 with a benchmark price. This benchmark price was calculated on the basis of the usufruct contract for the 6 km² expansion zone signed between TEDA Egypt and the SCZone and a 2016 real estate valuation by the committee of experts, which established a pricing map for the usufruct of land in the SCZone. From this pricing map the average yearly value of usufruct for the land in SCZone was calculated. This average yearly price for usufruct was then multiplied by the duration of the said usufruct (50 years), and appropriate amounts for the costs of infrastructure works and profit of the developer were added, to calculate the benchmark price ⁽⁵¹⁾.
- (203) Considering that the benchmark price was calculated on the basis of a usufruct of a duration of 50 years, the benefit for Jushi Egypt's purchase of land continues to be applicable for that period of time. Jushi Egypt thus continued to benefit from this scheme in the review investigation period.
- (204) This investigation has furthermore shown that the land acquisition pattern found in the original investigation continued during the review investigation period.
- (205) More specifically, land purchase contracts and other evidence collected during this investigation showed that Jushi Egypt bought five additional plots of land after the original investigation, thereby nearly doubling the surface area owned by the company. The company purchased 4 plots of land of around 254 000 square meters from the sub-developer Red Sea Copper in the period 2019 to 2023. As explained in recital (207) below, this Egyptian sub-developer in turn appears to have purchased these plots of land from the ECJV, which were part of the larger plot of land that was transferred from the Suez Governate to the ECJV in 1998 that is referred to in the original investigation ⁽⁵²⁾. In addition, Jushi Egypt purchased another plot of land of around 9 000 square meters directly from the ECJV in 2020.

⁽⁵¹⁾ See recitals (273) – (286) of the original Regulation.

⁽⁵²⁾ See recitals (37) and (253) of the original Regulation.

- (206) The Commission analysed whether the Egyptian developer had been entrusted or directed by the GOE to grant land to Jushi Egypt at preferential terms within the meaning of Article 3(1)(a)(iv) of the basic Regulation.
- (207) The Commission requested from the GOE the land allocation agreements and land sale contracts between the Suez Governorate and subsequent parties, such as the ECJV and the sub-developer Red Sea Copper related to the plots of land that were purchased by Jushi Egypt as from 2019, but none were submitted during the investigation or in the deficiency process. Only after the verification visit, a document was submitted that appeared to be a land sale contract between the ECJV and the sub-developer Red Sea Copper. However, it was not possible for the Commission to draw any conclusions relevant to the investigation from this document, since it was submitted in a heavily redacted format, information that would have enabled the Commission to ascertain whether the plot of land that was the subject of this contract included the plots of land purchased by Jushi Egypt after 2019 was missing, and was submitted only after the verification visit which made it impossible for the Commission to verify its contents. Further examination of the situation was also not possible due to non-cooperation of TEDA Egypt and TEDA Tianjin, as referred to in recitals (47) and (50).
- (208) The Commission therefore considered that it had not received the requested documentation and necessary information relating to the new acquisition of land by Jushi Egypt. The Commission informed the GOE on this matter by Note Verbale of 18 March 2026 ⁽⁵³⁾, indicating that it might resort to the application of Article 28 of the basic Regulation and base its findings on facts available in that regard.
- (209) Based on the land purchase contracts between Jushi Egypt and the sub-developer Red Sea Copper, the Commission noted that there was a clear involvement of the Authorities of the SCZone in the sales of land that were purchased by Jushi Egypt as from 2019. Similar to the original investigation, some of those contracts contained explicit references of the involvement of the Suez Canal General Authority in the sales process and the need to seek its approval on the contract details.
- (210) Given that Jushi Egypt was able to purchase land through channels that were very similar to the original investigation, that there was only partial cooperation from the GOE, and that there were clear indications of involvement of the Authorities of the SCZone in the sales of land in the SCZone, the Commission concluded that the Egyptian sub-developer Red Sea Copper had been entrusted or directed by the GOE to grant land to Jushi Egypt at preferential terms within the meaning of Article 3(1)(a)(iv) of the basic Regulation.
- (211) In addition, given that the legal framework regarding the purchases of land in the SCZone remained the same as in the original investigation and that no information was found during this investigation that contradicted the findings of the original investigation, the Commission considered that ECJV and TEDA Egypt were public bodies within the meaning of Articles 3 and 2(b) of the basic Regulation. As set out in recital (196) above, even if they had not been public bodies, they would at least have been considered entrusted or directed by the GOC and the GOE to carry out functions normally vested in the government within the meaning of Article 3(1)(a)(iv) of the basic Regulation. Thus, their conduct would be attributed to the GOE in any event.

3.8.4. *Specificity*

- (212) The subsidy was considered specific within the meaning of Article 4(2)(a) of the basic Regulation, since the provision of land to companies in the SETC-Zone for less than adequate remuneration is reserved to certain companies in a particular geographical area.

3.8.5. *Benefit*

- (213) The amount of the countervailable subsidy is calculated in terms of the benefit conferred on the recipients, which is found to exist during the review investigation period. The benefit conferred on the recipients is calculated by taking into consideration the difference between the amount actually paid by the exporting producer for land and the amount that should normally have been paid on the basis of a market-based benchmark. The benefit for the purchase of land by Jushi Egypt was calculated as follows.

⁽⁵³⁾ See recital (51) above.

- (214) Neither Jushi Egypt nor the GOE was able to provide reference prices for purchasing land in the SCZone. Therefore, as the benchmark for determining the market-based price of land purchases, the Commission continued to use the prices and duration of land leases (usufruct contracts) in the SCZone and SETC-Zone. Regarding the benchmark prices, the Commission continued to rely on the real estate valuation that was referred to in recital (202), since this was the most recent information made available by the GOE during the review investigation and adjusted this price for inflation.
- (215) In line with the above explanation, in the absence of an updated reference price, the Commission used the 2016 land benchmark as a basis. This benchmark price was adjusted to reflect inflation on the price of land as well as the cost of sub-developers that install basic infrastructure before selling the plots of land to the next sub-developer or final customer. To do this, the Commission applied to yearly inflation rate as published by the World Bank ⁽⁵⁴⁾ to the benchmark.

3.8.6. *Comments on disclosure*

- (216) In its comments on disclosure, the GOE reiterated its position that the Commission has failed to establish that land sales or lease agreements within the Suez Canal Economic Zone were provided for less than adequate remuneration, while also claiming that the benchmarks prices that the Commission relied on in the original investigation did not reflect the prevailing market conditions.
- (217) The GOE did not bring forward any new arguments or evidence to invalidate the Commission's conclusions outlined in this section, nor to demonstrate that the benchmark price did not reflect prevailing market conditions. At the same time, the Commission has described in detail why it considered the calculated benchmark price appropriate for a developed plot of land in that area ⁽⁵⁵⁾.
- (218) The Commission therefore rejected these claims as unfounded.

3.8.7. *Conclusion*

- (219) In light of the above considerations, and absent arguments to the contrary, the Commission concluded that the GFR producer in Egypt continued to benefit from this scheme. In view of the existence of a financial contribution, a benefit conferred and specificity, this subsidy programme continues to be countervailable.
- (220) The subsidy rate established, as per recital (99), with regard to this type of subsidies regarding the provision of land for less than adequate remuneration was 2,29 %.

3.9. **Overall conclusion on continuation of subsidisation**

- (221) In the original investigation the Commission established a total amount of countervailable ad valorem subsidy rate of 13,1 % for the sole known exporting producer. The same rate was imposed for all other exporting producers in Egypt.
- (222) The Commission found evidence that subsidisation of the GFR industry in Egypt, through the various subsidy schemes examined, continued during the review investigation period at a level exceeding the *de minimis* threshold. This is likely to continue in the future, bearing in mind that the legal framework of the investigated subsidy schemes has not fundamentally changed, and considering that in the review investigation period the exporting producer acquired additional plots of land for less than adequate remuneration to double its production capacity and continued to import the majority of its equipment and input materials from outside of Egypt.
- (223) The Commission concluded that the benefits to the Egyptian GFR exporting producers derived from those schemes will therefore likely continue in the future.

⁽⁵⁴⁾ Lending interest rate (%) for the Arab Republic of Egypt as published by the World Bank Group, consulted on 1 May 2026, available at <https://data.worldbank.org/indicator/FR.INR.LEND?locations=EG>.

⁽⁵⁵⁾ See recitals (202) to (203) above.

3.10. Development of imports should the measures be repealed

- (224) Further to the finding of the existence of continued subsidisation during the review investigation period, the Commission investigated the likelihood of continuation of subsidised imports from the country concerned, should the measures be repealed. The following additional elements were analysed in recitals (225) to (229) of this Regulation: the production capacity, increases in exports, the continued attractiveness of the Union market and circumvention practices.
- (225) In this respect the following elements were analysed by the Commission: the production capacity in Egypt, the development in the post-RIP period of import volumes and prices, the continued attractiveness of the Union market and the role of circumvention.
- (226) The investigation determined that Jushi Egypt, the sole producer in Egypt, increased its capacity by 200 000 tonnes during the period considered and announced plans in 2025 for further expanding its production capacity.
- (227) Towards the end of the RIP and the post-RIP period (2024 Q3 – 2025 Q2), imports of GFR from Egypt increased by nearly 7 percentage points. In the same period, the average price of Egyptian GFR imports decreased by 25 %, reaching levels as low as €709/MT ⁽⁵⁶⁾.
- (228) The continuing attractiveness of the Union market for Egyptian producers was demonstrated by the increasing level of import volumes during the period considered and in the post-RIP period.
- (229) Chinese investments in Egypt were made to circumvent the anti-dumping and countervailing measures imposed on Chinese GFR imports to the Union ⁽⁵⁷⁾ demonstrating that the Union is a long term, crucial export market for Egypt that would be targeted even more in case the measures were allowed to lapse.
- (230) Based on this analysis, the Commission found that the repeal of the countervailing measures would likely result in an increase of exports of subsidised GFR from Egypt to the Union market.

3.10.1. Conclusion on the continuation of subsidisation

- (231) In view of its findings on the continuation of subsidisation during the review investigation period and on the likely development of increasing exports to the Union should the measures lapse, the Commission concluded that there is a strong likelihood that the expiry of the countervailing measures would result in the continuation of subsidisation.

4. INJURY

4.1. Definition of the Union industry and Union production

- (232) The like product was manufactured by ten producers in the Union at the beginning of the period considered, while two of them ceased production during the RIP. They constitute the 'Union industry' within the meaning of Article 9(1) of the basic Regulation.
- (233) Total Union production during the review investigation period was established at 529 828 tonnes. The Commission established this figure on the basis of the information provided by GFE. As indicated in recital (24), three Union producers were selected in the sample, representing 63 % of the total Union production of the like product.

⁽⁵⁶⁾ Submission by the sampled Union producers. Sherlock number t26.000075. In the RIP, the average price was 712 €/MT.

⁽⁵⁷⁾ This claim has been addressed in recital 10 and 11 of Implementing Regulation (EU) 2026/831.

4.2. Union consumption

- (234) The Commission established Union consumption on the basis of (i) the volume of sales of the Union industry on the Union market based on data provided by GFE; and (ii) imports from third countries based on data extracted from Eurostat.
- (235) Part of the Union industry is vertically integrated and GFR is used as an intermediate material for the production of various downstream products. As a result, captive and free market consumption were analysed separately.
- (236) The distinction between the captive and free market was relevant for the injury analysis because products destined for captive use were not exposed to direct competition from imports as they were sold within the same company or groups of companies on the basis of transfer prices set according to internal price policies thus not directly linked to prices on the free market. By contrast, production destined for free market sales was in direct competition with imports of the product concerned.
- (237) To provide a picture as complete as possible of the Union industry, the Commission requested data for the entire activity of GFR, including both captive use and the free market. This information was verified.
- (238) The Commission examined certain economic indicators relating to the Union industry on the basis of data for the free market only. These indicators were: sales volume and sales prices on the Union market; market share; export volume and prices; profitability; return on investment; and cash flow. Where possible and appropriate, the findings of the examination were compared with data for the captive market, in order to provide a complete picture of the situation of the Union industry.
- (239) Other economic indicators could be examined meaningfully only by referring to the whole GFR activity, including the captive use of the Union industry because they depended on the whole production activity, whether GFR was kept for captive use or sold on the free market. These indicators were: production; capacity and capacity utilisation; investments; stocks; employment; productivity; wages and ability to raise capital.
- (240) Union consumption developed as follows:

Table 1

Union consumption (tonnes)

	2021	2022	2023	Review Investigation Period
Total Union consumption	959 623	1 056 590	927 463	936 119
<i>Index</i>	100	110	97	98
Captive market	104 510	103 486	94 143	94 765
<i>Index</i>	100	99	90	91
Free market consumption	855 113	953 104	833 320	841 354
<i>Index</i>	100	111	97	98

Source: GFE, Eurostat.

- (241) As shown in Table 1, over the period considered, a maximum of 10 % of the Union consumption of GFR was destined for the captive market. The rest of the GFR was sold on the free market.

- (242) By the end of the period considered, total Union consumption decreased by 2 %. First, increasing from 2021 to 2022 by 10 %, followed by a decrease of 12 % in 2023 and a subsequent increase in the RIP to a level nearly equal to the start of the period considered.
- (243) Free market consumption also decreased by 2 % over the period considered and followed the same trend as total Union consumption, starting with an increase of 11 % from 2021 to 2022, followed by a decrease of 13 % and then an increase to the level close to that of the start of the period considered. The increase observed in 2022 in free Union consumption was mainly due to the economic recovery following the lifting of the COVID-19 measures, as users resumed placing orders to restock inventories and restarted production. In 2023, however, demand for GFR in the Union decreased resulting in a decline in consumption demonstrating that the recovery expected for that year was slow to materialize. In the RIP, however, Union consumption finally recovered nearly to the level recorded in 2021.
- (244) Captive consumption decreased over the period considered by 9 %. Since the absolute level of captive consumption was only approximately 10 % of the total, the impact of this decrease did not have a major impact on total Union consumption.

4.3. Imports from the country concerned

4.3.1. Volume and market share of the imports from the country concerned

- (245) The Commission established the volume of imports on the basis of Eurostat data. The market share of the imports was established by comparing the volume of imports with the Union consumption.
- (246) Imports into the Union from the country concerned developed as follows:

Table 2

Import quantity and market share

	2021	2022	2023	Review Investigation Period
Quantity of imports from Egypt (tonnes)	102 756	108 876	106 324	151 285
<i>Index</i>	100	106	103	147
Market share (%)	12	11	13	18
<i>Index</i>	100	95	106	150

Source: Eurostat.

- (247) Imports from the country concerned increased both in relative and absolute terms over the period considered by 47 %, with a slight drop in the year 2023. The increase was most significant from 2023 to the RIP.
- (248) Consumption remained relatively stable in the Union market when comparing the beginning and the end of the period considered, with a 10 % spike in 2022. The market share of Egypt increased from 12 % in 2021 to 18 % in the RIP, constituting a 50 % rise. In 2022, however, as consumption grew, Egyptian market share fell by one percentage point, recovering slightly in 2023 to a level just one percentage point above 2021.

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

(249) The Commission established the prices of imports on the basis of Eurostat data.

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

Table 3

Import prices (EUR/ tonne)

	2021	2022	2023	Review Investigation Period
Egypt	792	1 178	931	712
<i>Index</i>	100	149	118	90

Source: Eurostat.

(251) The average price of imports into the Union from Egypt decreased over the period considered by 10 % and was consistently below the Union industry sales price level, see recital (285). The initial upward swing in import prices from Egypt in 2022 was attributed to the demand created by the attempt to restock inventories after the COVID slump, as mentioned in recital (243).

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

- (1) the weighted average sales prices per product type of the sampled Union producers charged to unrelated customers on the Union market, adjusted to an ex-works level; and
- (2) the corresponding weighted average prices per product type of the imports from the cooperating exporting producer from the country concerned to the first independent customer on the Union market, established on a Cost, Insurance, Freight (CIF) basis with appropriate adjustments for customs duties, including countervailing duties, see recital (1), and post-importation costs.

(253) The price comparison was made on a type-by-type basis for transactions at the same level of trade, duly adjusted where necessary, and 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 review investigation period. It showed that during the RIP, imports of the product under investigation originating in the countries concerned undercut Union industry prices by 24,2 %.

(254) In addition to price undercutting, it was established that significant price suppression and depression also took place. Due to the acute price pressure caused by the low-priced subsidised imports from Egypt, the Union industry was forced to reduce its price in order to compete with imports. Union producers were unable to raise prices throughout the RIP in line with the increase of costs of production, failing to achieve a reasonable level of profit, as set out in Table 12 below. The significant price suppression and depression was confirmed by the data in Table 3. As a result, the Union industry was forced to sell at prices insufficient to cover its costs, resulting in the deterioration of its financial situation.

4.4. **Imports from third countries other than Egypt**

(255) The imports of GFR from third countries other than Egypt were mainly from Malaysia, the PRC, Bahrain, the United Kingdom ('UK') and Thailand (in order of decreasing market share).

- (256) The volume of imports into the Union as well as the market share and price trends for imports of GFR from other third countries developed as follows:

Table 4

Imports from other third countries

Country		2021	2022	2023	Review Investigation Period
Malaysia	Volume (MT)	136 086	114 653	76 909	86 033
	<i>Index</i>	100	84	57	63
	Market share (%)	16	12	9	10
	<i>Index</i>	100	75	56	63
	Average price (EUR/MT)	1 049	1 389	1 146	967
	<i>Index</i>	100	132	109	92
PRC	Volume (MT)	44 137	94 916	78 515	78 586
	<i>Index</i>	100	215	178	178
	Market share (%)	5	10	9	9
	<i>Index</i>	100	200	180	180
	Average price (EUR/MT)	1 228	1 584	1 002	918
	<i>Index</i>	100	129	82	75
Bahrain	Volume (MT)	20 894	21 057	21 973	31 387
	<i>Index</i>	100	100	105	150
	Market share (%)	2	2	3	4
	<i>Index</i>	100	100	150	200
	Average price (EUR/MT)	892	1 359	953	823
	<i>Index</i>	100	152	107	92
UK	Volume (MT)	32 186	41 385	32 883	26 640
	<i>Index</i>	100	129	102	83
	Market share (%)	4	4	4	3
	<i>Index</i>	100	100	100	75
	Average price (EUR/MT)	1 024	1 327	1 426	1 244
	<i>Index</i>	100	130	139	122

Country		2021	2022	2023	Review Investigation Period
Thailand	Volume (MT)	28	4 942	16 226	17 664
	<i>Index</i>	100	17 415	57 316	62 244
	Market share (%)	0	1	2	2
	<i>Index</i>	0	100	200	200
	Average price (EUR/MT)	1 693	2 065	859	830
	<i>Index</i>	100	123	51	49
Other third countries	Volume (MT)	113 784	128 451	121 643	111 861
	<i>Index</i>	100	113	107	98
	Market share (%)	13	13	15	13
	<i>Index</i>	100	100	115	100
	Average price (EUR/MT)	1 093	1 608	1 421	1 286
	<i>Index</i>	100	147	130	118
Total of all third countries except the country concerned	Volume (MT)	347 115	405 404	348 149	352 171
	<i>Index</i>	100	114	101	112
	Market share (%)	41	43	42	42
	<i>Index</i>	100	105	102	102
	Average price (EUR/MT)	1 010	1 435	1 145	954
	<i>Index</i>	100	142	113	94

Source: Eurostat.

- (257) Malaysian imports into the Union from 2021 to the RIP declined both in volume and market share, alongside fluctuations in pricing. Import volumes dropped sharply from 136 086 metric tonnes in 2021 to 76 909 metric tonnes in 2023, before a minor recovery to 86 303 tonnes in the RIP. Correspondingly, the market share of Malaysian imports decreased from 16 % to 10 % over the period considered. Although the average price per metric tonne rose by 32 % in 2022, there was a significant drop in the price in 2023 and in RIP.
- (258) Between 2021 and the RIP, Chinese imports into the Union rose by 78 %, increasing their market share from 5 % to 9 %. Import volumes more than doubled in 2022, falling back to a level 78 % higher than in 2021 in both 2023 and the RIP. Chinese prices, including duties in place, were above the Union industry level in 2021 and 2022, however, in 2023 and during the RIP they were below the Union industry price level.

- (259) Import volumes of GFR from Bahrain remained relatively steady during the period from 2021 to 2023 and increased by 100 % in the RIP. The absolute quantities remained low, accounting for only 4 % of market share in the RIP. Prices followed the same trend as seen for prices from other imports sources, rising significantly in 2022, followed by a slight dip in 2023 and a significant drop in the RIP.
- (260) Imports of GFR from the UK into the Union between 2021 and the RIP displayed a decrease in volume and a relatively steady market share. Import volumes from the UK increased from 2021 to 2022, before declining by around 27 % in 2023 and a further dropping by 19 % in the RIP. Market share decreased from 4 % to 3 % during period considered. Import prices from the UK first rose by 39 % from 2021 to 2023, before a decrease to EUR 1 244, close to double the Egyptian import price in the RIP.
- (261) The volume of imports of GFR from Thailand was insignificant at the beginning of the period considered but increased sharply in 2022. In 2023, imports almost quadrupled bringing their absolute number to 16 226 tonnes. This amount increased only marginally in the RIP. Despite of the significant increase in the volume of imports in the period considered, the market share of Thailand remained low, reaching 2 % of total consumption in 2023 and 2024. Prices peaked in 2022, dropping significantly in 2023 and the RIP.
- (262) Import volumes from other sources increased by 13 % in 2022, dropping somewhat in 2023, sinking in the RIP to a level that was 2 % lower than in 2021. Their market share reached 15 % in 2022 but otherwise it was stable capturing 13 % of the Union market. Prices followed the general trend of increasing in 2022, declining in 2023 and further dropping in the RIP.
- (263) Imports from all sources except Egypt, peaked in 2022, declined in the next year but managed to climb back in the RIP close to their maximum level. Due to a decline in Union consumption, see recital (240), the market share of imports, albeit lower in absolute volume than in 2022, peaked at 42 % of the market in the RIP. Import prices fluctuated following the general trend. They remain significantly higher than prices from Egypt, in the RIP the average import price of imports from other third countries was 34 % higher than the price of GFR imported from Egypt.

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

4.5.1. *General remarks*

- (264) In accordance with Article 8(4) of the basic Regulation, the examination of the impact of the subsidised 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.
- (265) As mentioned in recital (23), sampling was used for the determination of possible injury suffered by the Union industry.
- (266) For the injury determination, the Commission distinguished between macroeconomic and microeconomic injury indicators. The Commission evaluated the macroeconomic indicators, relating to all Union producers, on the basis of information provided by GFE. The Commission evaluated the microeconomic indicators on the basis of data contained in the questionnaire replies of the sampled Union producers.
- (267) The macroeconomic indicators are: production, production capacity, capacity utilisation, sales volume, market share, growth, employment and productivity.
- (268) 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

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

Table 5

Production, production capacity and capacity utilisation

	2021	2022	2023	Review Investigation Period
Production volume (tonnes)	616 388	620 455	528 204	529 828
<i>Index</i>	100	101	86	86
Production capacity (tonnes)	711 692	696 059	683 048	665 311
<i>Index</i>	100	98	96	93
Capacity utilisation (%)	87	89	77	80
<i>Index</i>	100	103	89	92

Source: GFE.

- (270) Production volume decreased by 14 % over the period considered. In 2022, it increased slightly in comparison to 2021 following relaxation of the COVID-19 measures which facilitated more stable production. Furthermore, in 2022 several sampled Union producers increased production in order to accumulate inventories of finished products as they were heading into planned furnace rebuilds. In 2023 and the RIP, however, there was a significant drop in production volume as amid the closure of some production facilities, see recital (271), Union producers were selling off accumulated inventories while the Union industry faced an increase in subsidised imports of GFR from Egypt.
- (271) Production capacity declined consistently throughout the period considered and contracted by 7 % by the end of the RIP. The decrease in production capacity from 2021 to the end of the RIP was partly due to some Union producers ceasing production, with Krosoglass S.A. halting GFR production in Poland and Electric Glass Fiber NL, B.V. declaring bankruptcy.
- (272) Capacity utilisation decreased by 8 %, from 87 % to 80 %, over the period considered as production volume decreased more than production capacity.

4.5.2.2. Sales volume and market share

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

Table 6

Free sales volume and market share

	2021	2022	2023	Review Investigation Period
Union industry free sales volume on the Union market (tonnes)	405 241	373 138	341 558	344 948
<i>Index</i>	100	92	84	85

	2021	2022	2023	Review Investigation Period
Market share of free Union consumption (%)	47	39	41	40
<i>Index</i>	100	83	87	85

Source: GFE.

(274) During the period considered, the sales volume on the Union free market of Union producers decreased by 15 %. Free market consumption decreased by 2 %, see recital (240), leading to a 15 % drop in their market share from the initial 47 % in 2021 to 40 % in the RIP.

(275) As far as the captive market is concerned, captive volume and market share on the Union market developed over the period considered as follows:

Table 7

Captive sales volume and market share

	2021	2022	2023	Review Investigation Period
Captive volume (tonnes)	104 510	103 486	94 143	94 765
<i>Index</i>	100	99	90	91
Total production of the Union industry (tonnes)	616 388	620 455	528 204	529 828
<i>Index</i>	100	101	86	86
Share of captive market over total Union production (%)	17	17	18	18
<i>Index</i>	100	98	105	105

Source: GFE.

(276) Captive market sales quantity on the Union market declined by 9 % over the period considered. While sales in both the free market and the captive market fell between 2021 to the end of the RIP, the decline in sales in the captive market was 6 percentage points less than in the free market.

(277) The Union industry's captive market share (expressed as a percentage of total Union production) was steady at 17 % in 2021 and 2022, increasing slightly and remaining stable at 18 % over the rest of the period.

4.5.2.3. Growth

- (278) Union consumption remained relatively stable in 2023 and the RIP with an increase in 2022. The production and sales volume of the Union industry on the Union market decreased by 14 % and 15 % respectively over the period considered. As a result, the Union industry lost market share, as opposed to the increase of the market share of imports from the country concerned in the period considered.

4.5.2.4. Employment and productivity

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

Table 8

Employment and productivity

	2021	2022	2023	Review Investigation Period
Number of employees (FTE)	3 240	3 293	3 178	2 681
<i>Index</i>	100	102	98	83
Productivity (tonne/FTE)	190	188	166	198
<i>Index</i>	100	99	87	104

Source: GFE.

- (280) In the period considered, the number of employees in the Union industry decreased by 17 %, exhibiting an initial slight increase and subsequently, a considerable decline. The initial increase of 2 % in 2022, corresponded to the increased production and sales following the relaxation of COVID-19 restrictions. Subsequently, the Union industry had to reduce employment to adjust to the challenging market conditions and maintain operational efficiency resulting in an overall decrease of 17 % over the period considered. Plant closures were one of the causes of the reduction in employment.
- (281) Productivity increased over the period considered by 4 %. It decreased between 2021 and 2023 from 190 MT/FTE to 166 MT/FTE before picking up in the RIP to 198 MT/FTE. The latter is the result of a significant contraction in employment. Efficiency gains resulted from the investment in furnaces by several Union producers of GFR, as detailed in recital (270).

4.5.2.5. Magnitude of subsidisation and recovery from past subsidisation

- (282) Subsidisation continued during the review investigation period, as explained under Section 3 above.
- (283) The subsidy margin was significantly above the *de minimis* level. The impact of the magnitude of the actual subsidisation on the Union industry was substantial, given the volume and prices of imports from Egypt.
- (284) Continuous unfair pricing by the exporter from Egypt made it also impossible for the Union industry to recover from the past subsidization practices.

4.5.3. Microeconomic indicators

4.5.3.1. Prices and factors affecting prices

- (285) 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 9

Sales prices and cost of production in the Union

	2021	2022	2023	Review Investigation Period
Average unit sales price in the Union on the total market (EUR/tonne)	1 100	1 540	1 343	1 182
<i>Index</i>	100	140	122	107
Unit cost of production (EUR/tonne)	1 161	1 437	1 458	1 435
<i>Index</i>	100	124	126	124

Source: Sampled Union producers.

- (286) The average unit sales price increased over the period considered by 7 %. It increased sharply with 40 % in 2022 in comparison to 2021, as sampled Union producers were able to pass the increase in costs driven by inflation onto customers due to a surge in demand. In 2023 and during the RIP, however, average sales prices decreased due to a decline in demand on the Union market, a partial recovery from the COVID-19 slump and the increased price pressure from imports. Prices in the RIP were only 7 % higher than in 2021 despite the significant 24 % increase in production cost in the Union, see recital (287).
- (287) Unit production costs increased by 24 % over the period considered. They increased 26 % from 2021 to 2023 due to an increase in labour and raw material costs. Additionally, energy costs have been volatile, significantly impacting industries that rely heavily on energy. The unit cost of production retracted slightly in the RIP compared to 2023, remaining far above the 2021 level, due to decreasing energy prices, improved energy efficiency and successful cost management strategies. Unit production costs increased by 24 % over the period concerned. Due to the price pressure of subsidised imports, the Union industry was unable to increase its sales prices in accordance with the increased cost of production.

4.5.3.2. Labour costs

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

Table 10

Average labour costs per employee

	2021	2022	2023	Review Investigation Period
Average labour costs per employee (EUR)	59 946	64 857	66 777	68 186
<i>Index</i>	100	108	111	114

Source: Sampled Union producers.

- (289) Average labour cost per employee followed a consistent upward trend with an overall increase of 14 % during the period considered. The increase was mainly due to labour market pressures, as companies raised wages to retain and attract employees in a tight post-COVID job market marked by high inflation.

4.5.3.3. Inventories/Stocks

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

Table 11

Stocks

	2021	2022	2023	Review Investigation Period
Closing stocks (tonnes)	41 544	68 278	51 620	56 678
Index	100	164	124	136

Source: Sampled Union producers.

- (291) Closing stocks increased over the period considered by 36 %. The increase in 2022 was initially driven by a strategic stock buildup in anticipation of planned furnace rebuilds, see recital (294). This aligned with an earlier period during post-COVID-19 recovery when there was a significant surge in demand causing supply chain issues prompting Union producers to over-order raw materials to meet production requirements. Following the completion of furnace rebuilds, inventories decreased as sampled Union producers managed to sell off existing stocks in 2023. However, in the RIP compared to 2023, an increase in inventories of 9,8 % was found as consumption increased more strongly than Union sales, with imports gaining market share. As production exceeded sales growth, inventories accumulated.

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

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

Table 12

Profitability, cash flow, investments and return on investments

	2021	2022	2023	Review Investigation period
Profitability of sales in the Union to unrelated customers (% of sales turnover)	- 5,4	8,0	- 7,3	- 10,6
Index	- 100	148	- 136	- 178
Cash flow (EUR)	10 165 478	26 151 455	20 865 951	10 401 264
Index	100	257	205	102
Investments (EUR)	29 103 848	35 118 981	72 272 923	28 398 153
Index	100	121	248	87

	2021	2022	2023	Review Investigation period
Return on investments (%)	- 6	13	- 6	- 8
<i>Index</i>	- 100	228	- 109	- 145

Source: Sampled Union producers.

- (293) The Commission established the profitability of the sampled Union producers by expressing the pre-tax net profit of the sales of the like product to unrelated customers in the Union as a percentage of the turnover of those sales. While the Union industry incurred losses in 2021, there was a temporary increase in profitability in 2022 as the sampled Union producers could pass the increase in unit production costs onto customers thanks to favourable market conditions linked to high demand. In 2023 and in the RIP, however, profitability dropped due to increased costs which could no longer be compensated with an increase in sales prices attributable to an increase in subsidised import volumes undercutting and suppressing the Union industry's prices.
- (294) Investments decreased in the RIP after an increase of 21 % in 2022 and an increase of 148 % in 2023 in relation to 2021. In the RIP, however, investment decreased by 13 % in relation to 2021 and 60 % in relation to 2023. The initial increase in investments consisted mainly of the cost of rebuilding the furnaces of the sampled Union producers. These rebuilds are mandatory after a certain period of time for technical reasons. These necessary investments, planned according to a schedule based on the life cycle of the furnaces, took place against the background of unfavourable market conditions prevailing in 2023 and in the RIP.
- (295) From 2021 to the RIP, cash flow fluctuated driven by volatile market conditions. During the period considered, 2022 was the only year in which all sampled Union producers achieved significant profits leading to a positive cashflow. They were subsequently depleted in the build-up of inventories heading into planned furnaces rebuilds. In 2023 and in RIP, despite experiencing severe loss, cash flows remained positive. This seemingly contradictory situation could largely be attributed to the significant positive cash flow impact resulting from reductions in inventory levels that had been accumulated in 2022, i.e. the stocks built up during the period immediately after the recovery were sold off resulting in cash flow for the industry.
- (296) Return on investments stands for the profit as a percentage of the net book value of investments. Return on investment developed in line with profitability, first increasing in 2022 before deteriorating in 2023 and dropping even further in the RIP, making it more difficult for the Union industry to raise capital and grow.

4.6. Conclusion on injury

- (297) During the period considered, the Union industry was only profitable in 2022, making losses in 2021, 2023 and the RIP. with an increase of imports from Egypt at prices below the Union industry's average sales prices and costs of production. Prices, both for the Union industry and imports, were out of the ordinary in the year 2022 due to the high expectations of more consumption during the recovery from COVID and the increase in energy costs due to the war of aggression in Ukraine. In this period, the steep increase in prices allowed the Union industry to be profitable.
- (298) In 2023 and in the RIP, the difference between the Union industry sales prices and import prices from Egypt increased. Union prices increased by 7 % during the period considered, while import prices from Egypt decreased by 10 %. The presence of low-priced imports from Egypt available at increasing volumes in the Union market, forced the Union industry to lower its prices below its cost of production and to sell at a loss. Its market share declined from 47 % to 40 % at the end of the RIP.

- (299) Almost all injury indicators displayed an overall negative trend throughout the period considered. Production, production capacity, capacity utilisation, profitability, return on investments deteriorated in line with decreased sales volumes and market share. In 2022, the Union was able to recover to a certain extent as demand for GFR increased in the wake of the lifting of the COVID-19 measures. In 2023 and in the RIP, however, due to the increase in the volume of subsidised imports from Egypt at decreasing prices, the Union industry's situation deteriorated further as illustrated by its increased losses.
- (300) Other economic indicators such as return on investment were negative during the period considered with the exception of the year 2022. This affected the ability of the Union industry to self-finance operations and to raise capital impeding its growth and threatening its very survival in the medium to long term.
- (301) On the basis of the above, the Commission concluded that the Union industry suffered material injury within the meaning of Article 8(5) of the basic Regulation during the review investigation period.

5. CAUSATION

- (302) In accordance with Article 8(5) of the basic Regulation, the Commission examined whether the subsidised imports from the country concerned caused material injury to the Union industry. In accordance with Article 8(6) 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 subsidised imports from the country concerned was not attributed to it. These factors were: imports from third countries other than Egypt, the export performance of the Union industry, the increase in cost of raw materials and cost of energy on the Union industry and development on the captive market.

5.1. Effects of the subsidised imports

- (303) The investigation revealed that the volume of subsidised imports from Egypt undercutting the Union industry's prices, see recital (253), increased both in absolute and relative terms, i.e. as a percentage of total consumption, during the period considered. Their market share increased from 12 % in 2021 to 18 % in the RIP. At the same time, the Union industry saw its market share drop by 7 %.
- (304) The average unit price of the subsidised imports from Egypt decreased by 10 % between 2021 and the RIP following a significant upswing in 2022. In each period examined, Egyptian prices were lower than those charged by the Union industry during the same period.
- (305) The investigation established that import prices from Egypt undercut Union industry sales prices during the review investigation period. At the same time, import prices were found to be significantly below the Union industry's cost of production, while the Union industry's average unit costs increased by 24 % over the period considered, due primarily to higher energy and raw material costs, its sales prices could not be raised accordingly because of the price pressure exerted by subsidised imports from Egypt. As a result, the only period when Union industry sales prices were above cost of production was during the 2022 upswing. In 2021 and subsequent years, they remained below cost levels, preventing the Union industry from covering its costs and achieving a reasonable profit margin.
- (306) The combined effect of sustained price undercutting and the inability of the Union industry to increase its prices in line with the increasing costs of production led to significant price depression and suppression.
- (307) The Union industry was loss making in 2021, became profitable in 2022 and went back to being loss making from 2023 onwards. While profitability improved significantly in 2022, it deteriorated sharply thereafter, reaching – 7,3 % in 2023 and – 10,6 % in the review investigation period. This deterioration coincided with a marked decline in import prices from the country concerned after 2022. Although import prices increased in 2022 compared to 2021, they fell substantially in 2023 and decreased further during the review investigation period. Import volumes from Egypt increased in 2022, showed a slight decline in 2023 remaining above 2021 levels, and peaked in the RIP by an upswing to a level 47 % higher than in 2021. The combination of falling Union prices, increasingly low-priced imports and renewed growth in import volumes exerted downward pressure on the Union industry's economic situation, contributing to the worsening of its profitability from 2023 onwards.

- (308) In view of the considerations above, the Commission concluded that the increase over the period considered in subsidised imports from the country concerned lead to significant increase of their market share at the expense of the Union industry. These imports exercised a significant pressure on the Union industry as they were also undercutting and suppressing the Union industry prices, thereby leading to the significant deterioration of their situation over the period considered.

5.2. **Effects of other factors**

5.2.1. *Imports from third countries*

- (309) The volume, market share and average price of imports from other third countries developed over the period considered as shown in recital (256).
- (310) The evolution of their volume and market share has been analysed in recitals (257) to (263). An analysis of the price trends and the conclusion per third country (in order of importance in terms of market share) regarding causality is provided below in recitals (311) - (315).
- (311) The average price per metric tonne of GFR imports from Malaysia initially rose by 32 % in 2022, followed by a significant drop in 2023 and in the RIP. The Commission, therefore, concluded that imports from Malaysia may have contributed to some extent to the material injury suffered by the Union industry, notably because their import price was below the Union producers' unit cost of production. In view of their overall declining volumes and market share over the period considered, however, these imports did not attenuate the genuine and substantial causal link between the subsidised imports from the country concerned and the material injury found.
- (312) PRC prices, including the duties in place, were above the Union industry level in 2021 and 2022, however, in 2023 and during the RIP they fell below the Union industry level also possibly contributing to the material injury suffered. While the Commission found that imports from China contributed to the injury found during the investigation period, the Commission concluded that this factor, though important, could not attenuate the genuine and substantial causal link between subsidised imports from Egypt and the material injury suffered by the Union industry, because the increase in volumes and the sustained price pressure from Egypt coincided directly with the deterioration of the Union industry's sales, market share, and profitability, thereby being a clear source of injury.
- (313) The average price of imports into the Union from Bahrain first increased by 57 % than declined gradually in 2023 and the RIP to a level 8 % below its 2021 level. Their price stayed well below the price level of the sales price of the Union industry, with the exception of the price level in 2022. The average price of imports into the Union from Thailand decreased by 50 % during the period considered mainly due to prices being unreasonably high in 2021 and 2022 when import quantities were insignificant. After that period, the average price of imports into the Union from Thailand was well below the price level of the sales price of the Union industry. The Commission found that imports from Bahrain and Thailand caused injury during the investigation period, the Commission concluded that this factor, though important, could not attenuate the genuine and substantial causal link between subsidised imports from Egypt and the material injury suffered by the Union industry, because the increase in volumes and the sustained price pressure from Egypt coincided directly with the deterioration of the Union industry's sales, market share, and profitability, thereby being a clear source of injury.
- (314) The average price per metric tonne from the UK was similar or higher than the average price of the Union industry, and significantly above the price of imports from Egypt. They rose by 39 % from 2021 to 2023, before a decrease to EUR 1 244 in the RIP. The Commission, therefore, concluded that, given their declining volume, limited market share and higher price levels than all other import sources, imports from the UK did not contribute to the material injury suffered by the Union industry and do not attenuate the causal link with the subsidised imports from the country concerned.

- (315) Average prices from other third countries than Malaysia, the PRC, Bahrain, the UK and Thailand were higher than prices of imports from Egypt. The Commission concluded that imports from other third countries may have contributed to some extent to the material injury suffered by the Union industry, insofar as their import prices were below the Union producers' unit cost of production. However, due to higher price levels compared to the subsidised imports from Egypt these imports did not attenuate the genuine and substantial causal link between the subsidised imports from the country concerned and the material injury found.
- (316) The weighted average price level of all imports of GFR, except from Egypt, fluctuated in line with the general trend of increasing in 2022 followed by a gradual decrease in 2023 and the RIP. Import prices from these sources were significantly higher than the price of GFR imported from Egypt, nevertheless, they remained below the cost of production of the Union industry. In view of their significant market share and decreasing price that was below the cost of production of the Union industry, the Commission concluded that imports from all other third countries may have contributed to the material injury suffered by the Union industry. Due to significantly higher price levels compared to the subsidised imports from Egypt these imports did not attenuate the genuine and substantial causal link between the subsidised imports from the country concerned and the material injury found.
- (317) In light of the above, the Commission concluded that imports from other third countries did not attenuate the genuine and substantial causal link between the injury suffered by the Union industry and the subsidised imports from the country concerned.

5.2.2. *Export performance of the Union industry*

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

Table 13

Export performance of the sampled Union producers

	2021	2022	2023	Review Investigation Period
Export volume (tonnes)	83 052	85 859	88 712	110 802
<i>Index</i>	100	103	107	133
Average price (EUR/tonnes)	1 204	1 807	1 715	1 599
<i>Index</i>	100	150	142	133

Source: GFE, Sampled Union producers.

- (319) During the period considered, the Union industry's exports increased by 33 %, though remained small compared to total sales. These exports were largely composed of products of higher technical specifications, which shielded them from direct price competition. Consequently, the Union could achieve higher prices for these GFR products in international markets relative to the Union market. This reflected a strategic focus on niche markets abroad.
- (320) Export sales allowed the Union industry to improve its overall financial situation thanks to the increased sales volume and achieved price levels, which were higher than on the Union market.

5.2.3. *Energy and raw material costs*

Table 14

Energy and raw material prices in the Union (EUR)

	2021	2022	2023	Review Investigation Period
Average cost of energy per tonne in the Union	210	412	233	204
<i>Index</i>	100	197	111	97
Average cost of raw materials per tonne in the Union	182	240	261	231
<i>Index</i>	100	132	144	127

Source: Sampled Union producers.

- (321) The trend in energy prices in the Union during the period considered displayed significant volatility and eventual stabilisation. The sharp increase in 2022, in comparison to 2021, was exacerbated by the consequences of the geopolitical tensions affecting energy supply, mainly due to Russia's unjustified and unprovoked war of aggression against Ukraine. The spike in energy prices significantly impacted the production costs of the sampled Union producers. By 2023, however, the price of energy decreased.
- (322) The investigation revealed that the cost of the main raw materials increased substantially in 2022, contributing to a significant rise in the unit sales price as the Union industry could pass these costs on to customers. To the contrary, whereas in 2023 raw material costs continued to increase, the unit sales price declined as the Union industry was unable to pass these additional costs on to customers. In the RIP, while raw material costs decreased in comparison to the costs observed in years 2023 and 2022, the Union market prices dropped even further because Union industry was not able to maintain or increase its prices due to price pressure by subsidised imports.
- (323) The Commission concluded that higher energy and raw material costs may have contributed to the increasing the production costs of Union producers, they did not attenuate the genuine and substantial causal link between subsidised imports and the injury suffered by the Union industry.

5.2.4. *Captive use*

- (324) Sales in both the free and captive markets exhibited a similar trend over the period considered, with captive sales, constituting only 10 % of total consumption, experiencing a slower decrease. Captive sales, therefore, could not be viewed as a factor that undermined the causal relationship between the subsidised imports from the country concerned and their effect on the Union industry.

5.3. **Conclusion on causation**

- (325) There was an overall deterioration of the Union industry's financial situation in 2023 and in RIP. These negative circumstances coincided in time with an increased market share of subsidised imports of GFR from the country concerned, undercutting and suppressing the Union industry's prices and costs.
- (326) Other factors which could have caused injury to the Union industry have also been analysed. In this respect, the Commission found that imports from all other third countries together and the increase in energy prices might have contributed to the material injury found for the Union industry but did not attenuate the genuine and substantial link with the injury suffered by the Union industry.

- (327) In addition, the market share in the review investigation period from the country concerned is significant, above *de minimis*, subsidisation was also established, Egyptian imports undercut the Union industry's prices, price depression and suppression has been established. Those elements show that even in the absence of other imports, whether subsidised or not, the subsidised imports from the country concerned caused material injury to the Union industry.
- (328) The Commission distinguished and separated the effects of all known factors on the situation of the Union industry from the injurious effects of the subsidised imports.
- (329) On the basis of the above, the Commission concluded that the subsidised imports from the country concerned caused material injury to the Union industry and that the other factors, considered individually or collectively, did not attenuate the causal link between the subsidised imports and the material injury.

6. LIKELIHOOD OF CONTINUATION OF INJURY

- (330) The Commission concluded in recital (301) that the Union industry suffered material injury during the review investigation period. Therefore, the Commission assessed, in accordance with Article 18(3) of the basic Regulation, whether there would be a likelihood of continuation of injury caused by the subsidised imports from Egypt if the measures against were allowed to lapse.
- (331) The following additional elements were analysed in recitals (225) to (229) of this Regulation: the production capacity, increases in exports, the continued attractiveness of the Union market and circumvention practices.
- (332) In view of the above, it was concluded that the absence of measures would, in all likelihood, result in a significant increase of subsidised imports from Egypt at injurious levels and injury caused by subsidised imports would continue.
- (333) In view of the above, the Commission concluded that the repeal of the measures would in all likelihood result in a significant increase of subsidised imports from the country concerned at injurious price levels, and, therefore, further aggravating the injury suffered by the Union industry. As a consequence, the viability of the Union industry would be at serious risk.

7. UNION INTEREST

- (334) In accordance with Article 31 of the basic Regulation, the Commission examined whether maintaining the existing countervailing measures would be against the interest of the Union as whole. The determination of the Union interest was based on an appreciation of all the various interests involved, including those of the Union industry, importers, traders and users.

7.1. Interest of the Union industry

- (335) The investigation established that the Union industry has suffered material injury caused by the subsidised imports from the country concerned during the RIP. As explained in the recital (271), during the RIP two Union producers stopped production of GFR altogether due to unfavourable market conditions.
- (336) The continuation of the measures would allow the Union industry to maintain and/or regain its market share, increase production and capacity utilisation, increase prices to cover cost of production and achieve a level of profitability which would be expected under normal conditions of competition, also bearing in mind that anti-dumping measures were imposed on GFR originating in Egypt in April 2026, see recital (2). On this basis, the Union industry would need to return to a sustainable situation which allows it to make future investments.
- (337) The repeal of the measures would likely lead to a further loss of market share and deterioration of profitability, which turned negative in 2023 and in the RIP. This would possibly cause additional closures of production facilities and dismissals thus endangering the viability of the Union industry.

- (338) The Commission, therefore, concluded that the continuation of the countervailing measures on imports of GFR originating in Egypt would be in the interest of the Union industry.

7.2. Interest of unrelated importers and traders

- (339) Unrelated importers and traders did not submit information regarding their interests affected by this investigation.
- (340) The Commission found that since GFR is to a large extent standardised, Union importers and traders of GFR can change supply sources easily and efficiently ⁽⁵⁸⁾.
- (341) The Commission examined whether the situation of unrelated importers, as examined in the original Regulation ⁽⁵⁹⁾, has changed and found no significant alterations, they continued importing despite of the measures, as predicted.
- (342) The Commission found that any negative impact of the measures on unrelated importers and traders is expected to be limited and will not clearly outweigh the positive effect of measures on Union producers.

7.3. Interest of users

- (343) Users Tolnatex and Rymatex submitted replies to the users' questionnaire. Tolnatex submitted the same letter it had submitted in the anti-dumping investigation against Bahrain, Egypt and Thailand ⁽⁶⁰⁾, arguing against the imposition of anti-dumping measures on those three countries. The Commission addressed below the arguments that seemed relevant to this proceeding.
- (344) Tolnatex argued that Union producers have not increased their capacity to supply the Union market with GFR, especially direct rovings, to adequately meet user demands although they were protected by existing anti-dumping and countervailing measures. They also noted that certain rovings such as low-tex rovings were not actively promoted and sold by Union producers, and, for some, the technical specifications required by users were not met by Union producers, which makes users extremely dependent on the availability of specified products from alternative sources. Furthermore, users were negatively impacted by increasingly concentrated oligopoly of a few Union producers creating further risk of decreasing availability of low-tex rovings.
- (345) The investigation determined that the allegation that Union producers have not increased their capacity to supply the Union market with GFR was unfounded. The Union industry has made substantial investments despite challenging market conditions and has spare capacity. Further capacity expansion necessitates long-term capital commitments, which rely on maintaining a level playing field where competitive producers can anticipate a fair return on investments. The Union industry was also faced with unfair competition and difficult market conditions.
- (346) The Commission further disagreed with the claim that Union producers do not produce certain specific types of GFR or lack sufficient capacity to supply them, or that certain technical requirements are not met. Specifically, several Union producers have the technology and capacity to manufacture low-tex direct rovings, and that the Union industry has spare capacity that could be allocated to additional production.
- (347) On that basis, the Commission concluded that the Union industry has the technological capability and the capacity to supply the product types concerned and rejected the argument.
- (348) Furthermore, the Commission found that the continuation of the countervailing measures would not prevent Jushi Egypt from supplying the Union market at fair prices, as evidenced by the continued presence of Egyptian GFR on the Union market.

⁽⁵⁸⁾ Complaint, recital 200.

⁽⁵⁹⁾ See Footnote 2.

⁽⁶⁰⁾ See the imposition of measures by the regulation cited in Footnote 3.

(349) The Commission found that any negative impact of the measures on users is expected to be limited and will not clearly outweigh the positive effect of measures on the Union Industry.

7.4. Conclusion on Union interest

(350) On the basis of the above, the Commission concluded that there were no compelling reasons of Union interest against the maintenance of the existing measures on imports of GFR originating in Egypt.

8. COUNTERVAILING MEASURES

(351) On the basis of the conclusions reached by the Commission on the likelihood of both the continuation of subsidisation and continuation of injury caused by subsidised imports from Egypt as well as Union interest, the countervailing measures on GFR from Egypt should be maintained.

(352) In view of Article 109 of Regulation (EU, Euratom) 2024/2509 of the European Parliament and of the Council ⁽⁶¹⁾ when an amount is to be reimbursed following a judgment of the Court of Justice of the European Union, the interest to be paid should be the rate applied by the European Central Bank to its principal refinancing operations, as published in the C series of the Official Journal of the European Union on the first calendar day of each month.

(353) The measures provided for in this regulation are in accordance with the opinion of the Committee established by Article 25(1) Regulation (EU) 2016/1037,

HAS ADOPTED THIS REGULATION:

Article 1

1. A definitive countervailing duty is imposed on imports of chopped glass fibre strands, of a length of not more than 50 mm; glass fibre rovings, excluding glass fibre rovings which are impregnated and coated and have a loss on ignition of more than 3 % (as determined by the ISO Standard 1887); and mats made of glass fibre filaments excluding mats of glass wool, currently falling under CN codes 7019 11 00 , ex 7019 12 00 (TARIC codes 7019 12 00 22, 7019 12 00 25, 7019 12 00 26, 7019 12 00 39), 7019 14 00 and 7019 15 00, and originating in Egypt.

2. The rate of the definitive countervailing duty applicable to the net, free-at-Union-frontier price before duty of the product described in paragraph 1 and manufactured by the company listed below, shall be as follows:

Company	Countervailing duty (%)	TARIC Additional Code
Jushi Egypt for Fiberglass Industry S.A.E.	13,1	C540
All other imports originating in Egypt	13,1	C999

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

⁽⁶¹⁾ Regulation (EU, Euratom) 2024/2509 of the European Parliament and of the Council of 23 September 2024 on the financial rules applicable to the general budget of the Union (OJ L, 2024/2509, 26.9.2024, ELI: <http://data.europa.eu/eli/reg/2024/2509/oj>).

Article 2

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, 22 September 2026.

For the Commission
The President
Ursula VON DER LEYEN
